



CONTENTS

- Board of Directors
- Report of the Board of Directors to the Twelfth Annual General Meeting
- Auditors Report
- Balance Sheet & Profit and Loss Account with Schedules
- Ten Year's Financial Highlights
- Management Team



Report of the Board of Directors To The Twelfth Annual General Meeting

Dear Shareholders,

I cordially welcome you to the Twelfth Annual General Meeting of Himalayan Bank Limited. I would like to begin by drawing your attention to the financials of our Bank. The Balance Sheet as on July 15, 2004, the Profit and Loss Account for the fiscal year 2003-04, the Profit and Loss Appropriation Account and other financial statements as required have been presented together with our Report for approval by the General Meeting.

Review of the Bank's Operations

I am delighted to inform you that the Bank's operations were satisfactory even in the prevailing hard time in the country.

The Bank's total deposit reached Rs. 22,010.3 million during the period under review, recording an increase of 4.59 percent over the deposit of Rs. 21,045.1 million during the previous year. Similarly, the loans and advances reached Rs. 11,951.9 million during the period under review, recording an increase of 19.50 percent over the figure of Rs. 10,001.8 million during the previous year. I would like to inform you with some pride that these deposit and loan figures were the highest among the joint-venture and private-sector banks.

The loan loss provision increased by 14.83 percent during the review period vis-à-vis 30.98 percent during the previous year. Although loan loss provision had to be made at a higher percentage for the Bank's loans and advances that had aged during the preceding years, the percentage of the provision came down as we had revised the Credit Policy and Procedure for analyzing and deciding on the credit proposals. In this regard, our Bank has fully complied with the NRB directives.

The net assets of the Bank increased by 20.26 percent, reaching Rs. 2,291.9 million during the review period, while the gross assets increased by 6.37 percent and is valued at Rs. 24,762 million.

The Bank was able to make an operating profit of Rs. 664.5 million during the review period vis-à-vis Rs. 602.9 million in the previous year.

Implementation of Programme

I would like to mention the status of the implementation of the programmes formulated by the Bank for the fiscal year 2003-04 as follows:

1. The network of ATMs was extended in Kathmandu as per the agreement made with SmartChoice Technology (SCT) Pvt. Ltd.
2. Locker services were made available even during the holidays.
3. Provision was made for home loan, hire-purchase loan to professionals, foreign employment loan and consumer loan for the purchase of consumer durables under the loan diversification plan.
4. The Internet banking service is under trial.
5. Staff were deputed to some additional countries in the Gulf to promote remittance business.



Comparative Indicators

The comparative financial indicators of the fiscal years 2002-03 and 2003-04 are presented below:

(Rs. in Million)

S.N.	Particulars	2002-03 As on July 16	2003-04 As on July 15	Incr./ (Decr.) Percent
1.	Net Assets	1,905.88	2,291.93	20.26
2.	Gross Assets	23,279.34	24,762.02	6.37
3.	Deposits	21,045.09	22,010.33	4.58
4.	Loans, Overdrafts and Bills Purchased and Discounted	10,001.85	11,951.87	19.49
5.	Investments	10,175.44	9,292.10	(9.13)
6.	Net Interest Income	647.11	754.35	16.57
7.	Other Income	253.07	273.72	8.16
8.	Operating and Staff Expense	297.28	363.56	22.29
9.	Operating Profit	602.90	664.52	10.22
10.	Net Profit	212.13	263.05	24.00

The following graphs/charts are presented as annexes to give information on the financial activities of the Bank:

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

Change in the Board of Directors

There were some important changes in the Board of Directors during the fiscal year 2003-04. The tenure of Chairman Mr. Himalaya SJB Rana expired from April 2004 and the Board unanimously nominated me as Chairman with effect from April 2004. Mr. Aziz Rajkotwala has been nominated as Vice-Chairman as the representative to the Board from Habib Bank Limited, Pakistan with effect from December 4, 2004 in place of Vice-Chairman Mr. Khaleeq Kayani. The Board has elected Director Mr Prem Prakash Khetan as Second Vice-Chairman. Mr. Jharendra Narayan Singh, who was nominated as Director from the Group Ka 1 on April 9, 2004, resigned from the board on October 13, 2004. In his place, Mr. Amar SJB Rana has been nominated as Director with effect from February 17, 2005.

Ex-Chairman Mr. Himalaya SJB Rana has graciously accepted the request of the Board of Directors to assume the post of Chief Advisor.

I would like to extend cordial thanks to ex-Chairman Mr. Himalaya SJB Rana, ex-Vice-Chairman Mr. Khaleeq Kayani, ex-Director Mr. Jharendra Narayan Singh and ex-Chief Advisor Mr. Narsingh Bahadur Shrestha for their sterling contribution to the progress and prosperity of the Bank. I would like to heartily welcome the newly appointed Vice-Chairman, elected Second Vice-Chairman, newly appointed Director and Chief Advisor.



Impact of National Events on the Activities of the Bank

The law and order situation in the country could not improve during the review period due to the persistence of the state of conflict. This adversely affected the economic activities of the country, constraining the activities of the banks and other financial institutions. The country had to face a hard time as inland and foreign trade as well as the tourism sector witnessed downturn.

The deposits in the banking sector rose by 15.60 percent to reach Rs. 233,670 million during the fiscal year 2003-04, whereas the loans and advances registered a growth of 7.9 percent to reach Rs. 138,560 million.

Himalayan Bank continued to lead the joint-venture and private-sector banks in terms of the mobilization of deposits and loans and advances during the review period.

Current Financial and Banking Environment

During the first few months of the fiscal year 2004-05, the foreign currency reserves registered satisfactory growth vis-à-vis the previous year. Also, the total exports registered encouraging growth vis-à-vis the previous year, but imports drastically declined. Nepal has been a member of the World Trade Organization since this year.

By the end of the first quarter of the fiscal year 2004-05, the deposits in the banking sector reached Rs. 235,620 million, and loans and advances Rs. 146,850 million.

The number of commercial banks operating in the country reached 17 by the end of Aswin, 2061. During the current fiscal year, four more development banks have been established and the number of such banks has reached 24. There are five rural development banks, 69 finance companies, 21 cooperatives engaged in limited banking transactions and 45 micro-credit institutions scattered throughout the country. Thus, the number of institutions directly involved in financial transactions has reached over 170. This will certainly lead to growing competition between banks and other financial institutions. However, the Bank has, from the very beginning, stressed that competition must be healthy.

The financial status of the Bank as on January 13, 2005 (Poush-end of the current fiscal year) is given below:

(Rs. in Million)

S.N.	Particulars	2003-04 As on Jan 13	2004-05 As on Jan 13	Incr./ (Decr.) Percent
1.	Gross Assets	25,184.34	30,065.71	19.38
2.	Deposits	21,799.36	25,123.31	15.24
3.	Loans, Overdrafts and Bills Purchased and Discounted	12,596.41	13,835.01	9.83
4.	Investments	10,312.95	12,223.04	18.52
5.	Operating Profit	401.45	379.15	(9.44)



Future Programmes

1. To establish a new branch at Butwal, which could not be completed in the previous year.
2. To start Internet banking service.
3. To extend ATM network in Pokhara.
4. To introduce Debit Card.
5. To introduce concessional loan facility for social activities.
6. To send representatives to the cities of Riyadh, Dammam and Jeddah to render banking services to over 250,000 Nepalese working in Saudi Arabia.
7. To construct additional working space for the Head Office and Thamel Branch by taking on lease the basement of the KSK building in order to provide better services to customers.
8. To establish sub-branches at appropriate locations of the valley with permission from NRB in order to reduce the increasing pressure of customers.

Audit and Balance Sheet

The Balance Sheet as on July 15, 2004, the Profit and Loss Account for the fiscal year 2003-04, the Cash Flow Statement for the fiscal year 2003-04, relevant annexes and the Auditors' Report form integral part of this report.

Profit and Loss Appropriation

The net profit reached Rs. 263.053 million during the review period. With the retained earnings of Rs. 122.494 million, a total amount of Rs. 385.547 million is available for appropriation, out of which, Rs. 52.610 million, i.e. 20 percent of the net profit for this year, has been appropriated to the Statutory General Reserve Fund and Rs. 2.270 million, i.e. 25 percent of the income of this fiscal year from exchange fluctuation, to the Exchange Equalization Fund. It is imperative to increase our paid-up capital so as to meet the criteria on capital adequacy, which is increasing year after year, as prescribed by Nepal Rastra Bank. Therefore, I would like to announce with pleasure a special resolution on giving a 20 percent bonus share to the shareholders for the fiscal year 2003-04. For this, an amount of Rs. 107.250 million have been earmarked. The remaining amount of Rs. 169.968 million has been posted to the Balance Sheet to strengthen the Capital Fund. Such an amount was Rs. 122.494 million in the previous year.

Vote of Thanks

On behalf of the Board of Directors, I would like to extend sincere thanks to the shareholders, esteemed customers, officials of His Majesty's Government and Nepal Rastra Bank for helping in the progress of the Bank. I would also like to place on record special thanks to the management of Habib Bank Limited, the Bank's Chief Executive Officer, General Manager, Deputy General Managers and all other staff for making valuable contributions to the growth of the Bank. Finally, I would like to extend hearty thanks to the media for giving wide coverage of our activities and to all our well-wishers who have supported us.

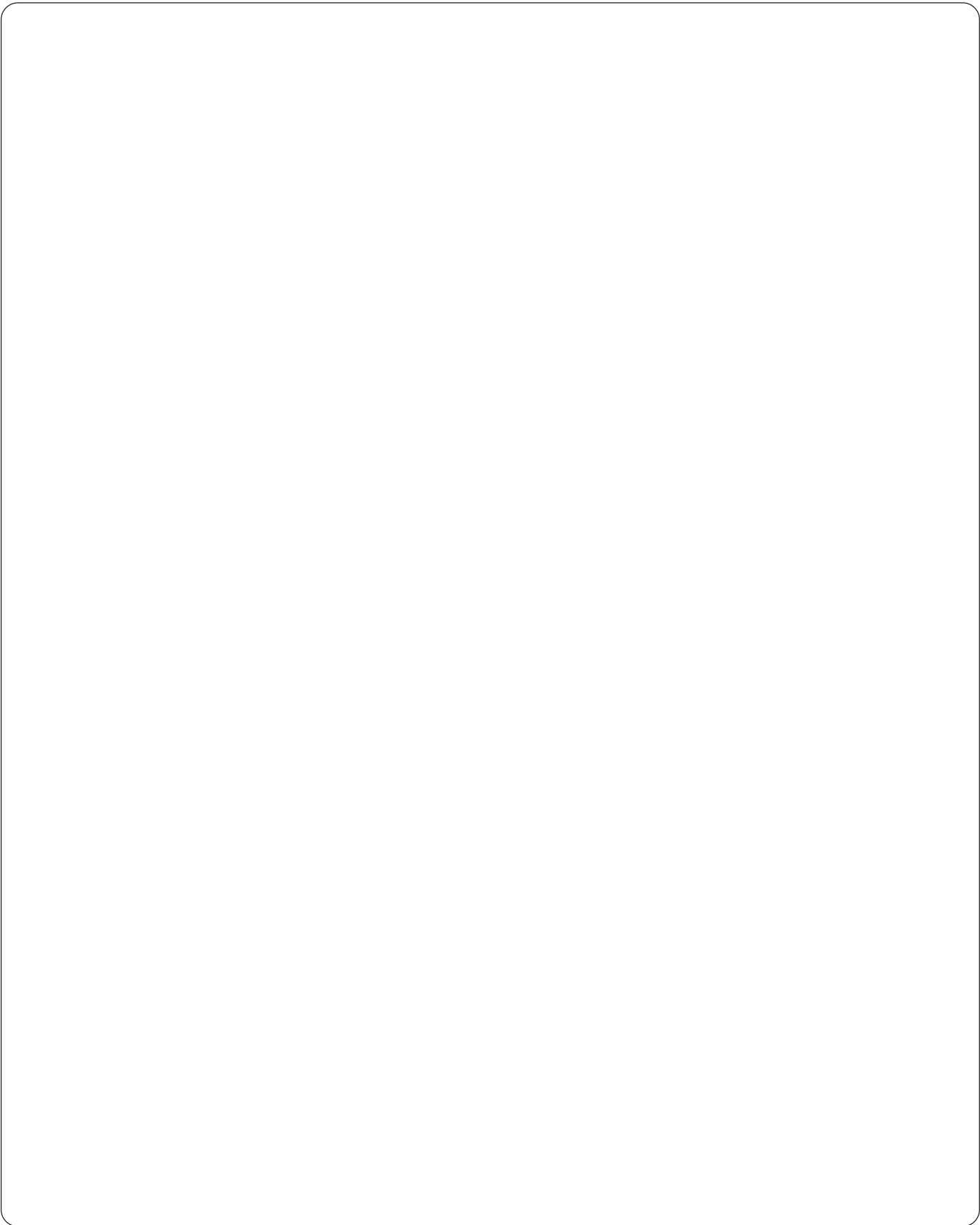
Thank you.

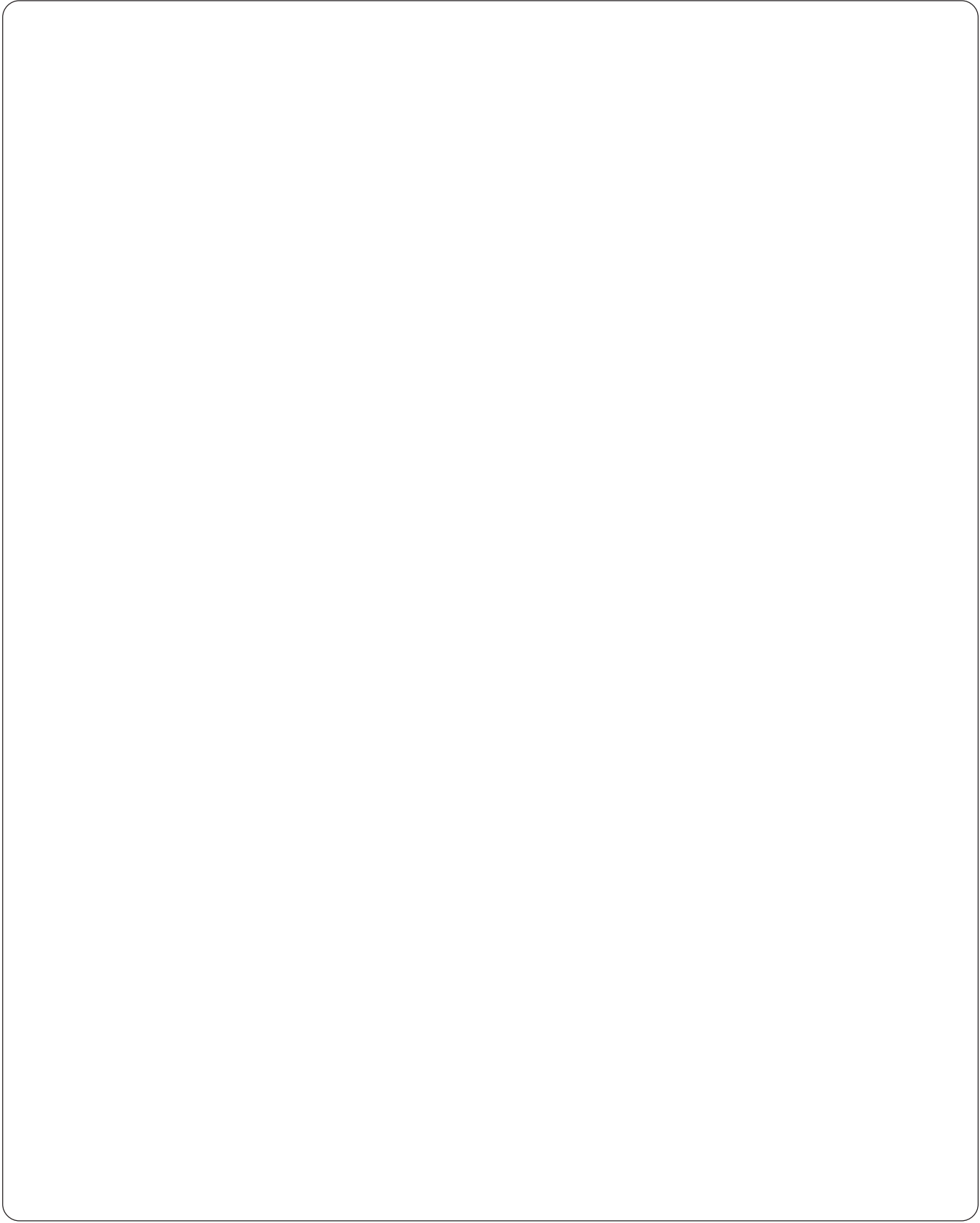
March 1, 2004

On behalf of the Board of Directors
Chairman
Manoj Bahadur Shrestha



हिमालयन बैंक लिमिटेड
Himalayan Bank Limited
(A Joint Venture with Habib Bank Limited - Pakistan)







AUDITOR'S REPORT TO THE SHAREHOLDERS OF HIMALAYAN BANK LTD.

HLB P. L. Shrestha & Co.
Chartered Accountants

1. We have audited the accompanying Balance Sheet of Himalayan Bank Limited as of Ashad 31, 2061 (July 15, 2004), and the related Statement of Income and Cash Flows for the year then ended. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with Nepal Standards on Auditing and other applicable standards. Those Standard require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. On the basis of our examination, we would like to report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose for our audit.
 - ii. The Balance Sheet, Cash Flow Statement, Income Statement and attached Schedules dealt with by this report are in agreement with the books of account maintained by the Bank.
 - iii. In our opinion, proper books of accounts as required by law have been kept by the Bank in so far as it appears from our examination of those books of account.
 - iv. The returns received from branches of the Bank were adequate for the purpose of our audit.
 - v. In our opinion and to the best of our information and according to the explanations given to us and from our examination of the books of account of the Bank, we have not come across cases where the Board of Directors or any member there of or any employee of the Bank has acted contrary to the provisions of law or caused loss or damage to the bank.
4. In our opinion, the financial statements give a true and fair view of the financial position of the Bank as of Ashad 31, 2061, and of the results of its operations and its cash flows for the year then ended in accordance with applicable Accounting Standards and comply with Company Act 2053, Banks and Financial Institutions Ordinance, 2061 and Nepal Rastra Bank's Directives.
5. In addition to above report, we further report that:
 - i. The bank has made provision for possible losses in its investment as per Nepal Rastra Bank's directives,
 - ii. The operations of the Bank were within its jurisdiction,
 - iii. The Bank has acted as per Nepal Rastra Bank's directives, and
 - iv. The operations were carried out in the interest of the Bank and its depositors.

Place: Kathmandu
Date: April 29, 2005

P.L. Shrestha, FCA
P.L. Shrestha & Co.
Chartered Accountants

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P. L. Shrestha & Co. is a member of **HLB** International. A world-wide organization of accounting firms & business advisors.



BALANCE SHEET AS ON 15 JULY 2004 (31 ASHAD 2061)

Capital and Liabilities				Assets			
Previous Year Rs.		Schedule	This Year Rs.	Previous Year Rs.		Schedule	This Year Rs.
429,000,000	1. Share Capital	1	536,250,000	397,189,317	1. Cash Balance	7	274,235,328
634,132,203	2. Reserve Funds	2	787,916,357	1,582,019,679	2. Balance with Banks	8	1,726,948,893
608,132,458	3. Borrowings	3	659,005,881	150,100,000	3. Money at call and Short Notice	9	368,900,000
21,045,086,740	4. Deposit Accounts	4	22,010,332,984	10,175,435,017	4. Investments	10	9,292,102,510
46,727,205	5. Bills Payable	5	64,381,663	10,001,848,185	5. Loan Advances and Bills Purchase	11	11,951,869,350
516,262,698	6. Other Liabilities	6	704,138,106	229,871,112	6. Fixed Assets	12	299,642,817
				742,877,994	7. Other Assets	13	848,326,093
23,279,341,304	Total Liabilities		24,762,024,991	23,279,341,304	Total Assets		24,762,024,991

Contingent Liabilities	Schedule 14
Directors Declaration	Schedule 23
Capital Adequacy	Schedule 24
Key Indicators	Schedule 25
Cash Flow Statement	Schedule 26
Principal Accounting Policies	Schedule 27
Notes to Accounts	Schedule 28

Schedules 1 to 14 form integral part of the Balance Sheet

Sd. Sushiel Joshi
 Dy. General Manager

Sd. Ashoke SJB Rana
 Chief Executive officer

Directors

1. Sd. Prachanda Bahadur Shrestha
2. Sd. Dr. Ramesh Kumar Bhattarai
3. Sd. Bijay Bahadur Shrestha
4. Sd. Amar SJB Rana
5. Sd. Tulu Islam

Sd. Prem Prakash Khetan
 Second Vice Chairman

Sd. Manoj Bahadur Shrestha
 Chairman

As per our report of even date attached
 Sd. P.L. Shrestha, FCA
 P.L. Shrestha & Co.
 Chartered Accountants
 Date: April 29, 2005



PROFIT AND LOSS ACCOUNT FOR THE PERIOD 17 JULY 2003 TO 15 JULY 2004

Previous Year Rs.	Expense	Sched- ule	This Year Rs.	Previous Year Rs.	Income	Sched- ule	This Year Rs.
554,128,247	1. Interest Expenses	15	491,543,353	1,201,233,722	1. Interest Income	18	1,245,895,020
120,146,464	2. Employees Expenses	16	152,508,886	102,560,741	2. Commission and Discount	19	123,928,995
177,132,463	3. Office Overhead Expenses	17	211,046,959	109,599,294	3. Exchange Gain	20	112,419,406
-	4. Exchange Loss	20	-	10,759,557	4. Non-Operating Income	21	3,299,067
-	5. Non-Operating Expenses	21	-	30,153,519	5. Other Income	22	34,076,151
-	6. Bad Debts Written off		-	-	6. Net Loss Carried Down		-
202,872,613	7. Provision for Loan Loss		186,225,770				
-	8. Provision for Non Banking Assets		10,987,917				
40,002,705	9. Provision for Staff Bonus		46,730,575				
147,895,856	10. Provision for Income Tax		157,521,684				
212,128,485	11. Net Profit Carried Down		263,053,495				
1,454,306,833	Total		1,519,618,639	1,454,306,833	Total		1,519,618,639

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

Sd. Sushiel Joshi
Dy. General Manager

Sd. Ashoke SJB Rana
Chief Executive officer

Directors

1. Sd. Prachanda Bahadur Shrestha
2. Sd. Dr. Ramesh Kumar Bhattarai
3. Sd. Bijay Bahadur Shrestha
4. Sd. Amar SJB Rana
5. Sd. Tulu Islam

Sd. Prem Prakash Khetan
Second Vice Chairman

Sd. Manoj Bahadur Shrestha
Chairman

As per our report of even date attached
Sd. P.L. Shrestha, FCA
P.L. Shrestha & Co.
Chartered Accountants
Date: April 29, 2005



PROFIT AND LOSS APPROPRIATION ACCOUNT FOR THE PERIOD 17 JULY 2003 TO 15 JULY 2004

Previous Year Rs.	Particulars	This Year Rs.	Previous Year Rs.	Particulars	This Year Rs.
-	1. Accumulated loss up to last year	-	120,300,369	1. Accumulated Profit up to Last Year	122,493,662
-	2. This year's Loss	-	-	-	-
42,425,697	3. General Reserve Fund	52,610,699	212,128,485	2. This Year's Profit	263,053,495
-	4. Contingent Reserve	-	-	3. Accumulated Loss	-
-	5. Bank Development Fund	-	-	-	-
-	6. Dividend Equalization Fund	-	-	-	-
-	7. Employees Related Fund	-	-	-	-
5,644,737	8. Interim and Proposed Dividend	-	-	-	-
107,250,000	9. Issue of Bonus Share	107,250,000	-	-	-
51,428,571	10. Special Reserve Fund	51,428,571	-	-	-
1,719,773	11. Exchange Fluctuation Reserve	2,270,446	-	-	-
1,466,414	12. Prior Period Tax	2,019,341	-	-	-
122,493,662	13. Accumulated Profit	169,968,100	-	-	-
332,428,854	Total	385,547,157	332,428,854	Total	385,547,157

Sd. Sushiel Joshi
Dy. General Manager

Sd. Ashoke SJB Rana
Chief Executive officer

Directors

1. Sd. Prachanda Bahadur Shrestha
2. Sd. Dr. Ramesh Kumar Bhattarai
3. Sd. Bijay Bahadur Shrestha
4. Sd. Amar SJB Rana
5. Sd. Tulu Islam

Sd. Prem Prakash Khetan
Second Vice Chairman

Sd. Manoj Bahadur Shrestha
Chairman

As per our report of even date attached
Sd. P.L. Shrestha, FCA
P.L. Shrestha & Co.
Chartered Accountants
Date: April 29, 2005



Schedule 1 : Share Capital and Ownership

Previous Year Rs.	Particulars	This Year Rs.
-	1. Share Capital	-
1,000,000,000	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
-	b.Non -redeemable shares of Rs.....each	-
-	c.Redeemable shares of Rs..... each	-
650,000,000	1.2 Issued Capital	650,000,000
650,000,000	a. 6,500,000 Ordinary Shares of Rs 100 each	650,000,000
-	b.Non-redeemable shares of Rs.....each	-
-	c.Redeemable shares of Rs.....each	-
429,000,000	1.3 Paid up Capital	536,250,000
429,000,000	a. 5,362,500 Ordinary Shares of Rs 100 each (Last year 4,290,000 ordinary shares of Rs. 100 each)	536,250,000
-	b.Non-redeemable shares of Rs.....each	-
-	c.Redeemable shares of Rs.....each	-

Share Ownership

Previous Year Rs.	Particulars	%	This Year Rs.
<u>343,200,000</u>	1. Local Ownership	80.00	<u>429,000,000</u>
-	1.1 His Majesty's Government	-	-
-	1.2 Commercial Banks	-	-
66,108,900	1.3 Financial Institutions	15.41	82,636,125
218,489,700	1.4 Organized Institutions	50.93	273,112,125
58,172,400	1.5 General Public	13.60	72,930,000
429,000	1.6 Others	0.06	321,750
<u>85,800,000</u>	2. Foreign Ownership	20.00	<u>107,250,000</u>
429,000,000	Total	100.00	536,250,000

5,362,500 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
F.Y. 2002-03	Issued 1,072,500 Bonus Shares of Rs. 100 each fully paid up



Schedule 2 : Reserve and Funds

Previous Year Rs.	Particulars		This Year Rs.
329,178,267	1. General Reserve Fund		381,788,966
-	2. Capital Reserve Fund		-
-	3. Share Premium		-
182,460,274	4. Other Reserve Fund		236,159,291
-	a. Contingent Reserve	-	
-	b. Bank Development Fund	-	
-	c. Dividend Equalization Fund	-	
23,781,703	d. Exchange Fluctuation Reserve	26,052,148	
51,428,571	e. Special Reserve Fund (HBL Bond 2066 redemption reserve)	102,857,143	
107,250,000	f. Proposed Bonus Share	107,250,000	
-	g. Other Free Reserves	-	
122,493,662	5. Accumulated Profit / Loss		169,968,100
634,132,203	Total		787,916,357

Schedule 3 : Borrowings

Previous Year Rs.	Particulars		This Year Rs.
	A. Local		
-	1. His Majesty's Government		-
-	1.1 Earthquake Affected Sector Reconstruction		-
43,666,950	2. Nepal Rastra Bank		67,200,000
-	2.1 Loan		
43,666,950	2.2 Refinance	67,200,000	
135,090,000	3. Inter Bank		1,000,000
135,090,000	3.1 Borrowings	1,000,000	
-	3.2 Loan	-	
-	3.3 Agency Account Overdrawn		
-	4. Other Financial Institutions		-
360,000,000	5. Other (8.5% HBL BOND 2066)		360,000,000
538,756,950	Total (1 + 2 + 3 + 4 + 5)		428,200,000
69,375,508	B Foreign		230,805,881
-	1. Banks	-	
-	1.1 Overdraft	-	
69,375,508	1.2 Agency Account Overdrawn	230,805,881	
69,375,508	Total		230,805,881
608,132,458	Total (A + B)		659,005,881



Schedule 4 : Statement of Deposits

Previous Year Rs.	Particulars	This Year Rs.		
	1. Non Interest Bearing Accounts			
3,540,851,170	A. Current Deposits		4,145,447,916	
2,149,154,610	1. Local Currency	3,098,880,912		
446,805,185	1.1 His Majesty's Government	843,261,347		
10,456,777	1.2 Commercial Banks	26,081,132		
390,787,662	1.3 Financial Institutions	737,386,495		
1,157,892,172	1.4 Other Organized Institutions	841,107,444		
58,046,239	1.5 Individuals	141,464,626		
85,166,575	1.6 Others	509,579,868		
1,391,696,560	2. Foreign Currency	1,046,567,004		
821,972,227	2.1 His Majesty's Government	429,993,918		
456	2.2 commercial Banks	1,488,181		
477,634	2.3 Financial Institutions	14,503,595		
498,252,067	2.4 Other Organized Institutions	313,895,064		
9,568,518	2.5 Individuals	52,989,684		
61,425,658	2.6 Others	233,696,562		
386,830,523	B. Margin Deposit		425,019,903	
-	1. Employees Guarantee	-		
91,551,745	2. Guarantee Margin	237,681,226		
295,278,778	3. Letters of Credit Margin	187,338,677		
-	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	-		
3,927,681,693	Total of Non-Interest Bearing Accounts			4,570,467,819



Previous Year Rs.	Particulars	This Year Rs.	
-	2. Interst Bearing Accounts		
10,870,542,377	A. Saving Deposit		11,759,602,072
9,708,766,376	1. Local Currency	10,669,502,581	
822,101,069	1.1 Organized Institutions	812,481,082	
8,710,613,990	1.2 Individuals	9,618,863,669	
176,051,317	1.3 Others	238,157,830	
1,161,776,001	2. Foreign Currency	1,090,099,491	
93,751,865	2.1 Organized Institutions	413,186,703	
1,013,228,818	2.2 Individuals	617,105,772	
54,795,318	2.3 Others	59,807,016	
3,205,372,779	B. Fixed Deposit		4,710,176,693
1,916,234,237	1. Local Currency	1,857,785,828	
708,735,094	1.1 Organized Institutions	758,311,595	
1,171,524,322	1.2 Individuals	1,038,438,025	
35,974,821	1.3 Others	61,036,208	
1,289,138,542	2. Foreign Currency	2,852,390,865	
1,168,221,518	2.1 Organized Institutions	2,238,181,786	
117,743,309	2.2 Individuals	137,888,165	
3,173,715	2.3 Others	476,320,914	
3,041,489,891	C. Call Deposit		970,086,400
345,260,799	1. Local Currency	427,286,704	
332,020,698	1.1 Organized Institutions	413,954,962	
9,146,101	1.2 Individuals	13,331,742	
4,094,000	1.3 Others	-	
2,696,229,092	2. Foreign Currency	542,799,696	
2,682,630,933	2.1 Organized Institutions	489,383,056	
13,598,159	2.2 Individuals	8,866,858	
-	2.3 Others	44,549,782	
-	D. Certificate of Deposit		-
17,117,405,047	Total of Interest Bearing Accounts		17,439,865,165
21,045,086,740	Total Deposit (1 + 2)		22,010,332,984



Schedule 5 : Bills Payable

Previous Year Rs.	Particulars	This Year Rs.
34,543,459	1. Local Currency	49,049,434
12,183,746	2. Foreign Currency	15,332,229
46,727,205	Total	64,381,663

Schedule 6 : Other Liabilities

Previous Year Rs.	Particulars	This Year Rs.
32,156,443	1. Pension / Gratuity Fund	46,975,692
-	2. Employees Provident Fund	-
-	3. Employees Welfare Fund	-
40,002,705	4. Provision for Staff Bonus	46,730,575
7,863,992	5. Unpaid Dividend	6,320,634
(75,881,824)	6. Provision for Income Tax (less advance tax paid)	(55,344,879)
6,969,989	7. Interest Payable on Deposit	5,403,711
16,941,905	8. Interest Payable on Borrowings	17,045,022
-	9. Unearned Discount, Commission, Interest	40,079,142
5,644,737	10. Proposed Dividend	-
322,671,871	11. Interest Suspense	417,489,204
7,678,700	12. Sundry Creditors	12,255,796
43,239,079	13. Branch Adjustment Account	21,039,378
108,975,101	14. Others	146,143,831
516,262,698	Total	704,138,106

Schedule 7 : Cash Balance

Previous Year Rs.	Particulars	This Year Rs.
315,807,099	1 Local Currency (Including coins)	208,488,911
81,382,218	2. Foreign Currency	65,746,417
397,189,317	Total	274,235,328



Schedule 8 : Balance with Banks

Previous Year Rs.	Particulars	Local Currency Rs.	Foreign Currency			This Year Rs.
			INR Rs.	Foreign Currency Rs.	Total Rs.	
1,153,139,483	1. Nepal Rastra Bank	1,623,936,972	-	2,046,264	2,046,264	1,625,983,236
1,153,139,483	a. Current Account	1,623,936,972	-	2,046,264	2,046,264	1,625,983,236
-	b. Other Account	-	-	-	-	-
41,522,411	2. Other Local Banks	36,759,409	-	-	-	36,759,409
41,522,411	a. Current Account	36,759,409	-	-	-	36,759,409
-	b. Other Account	-	-	-	-	-
387,357,785	3. Foreign Banks	-	39,632,213	24,574,035	64,206,248	64,206,248
387,357,785	a. Current Account	-	39,632,213	24,574,035	64,206,248	64,206,248
-	b. Other Account	-	-	-	-	-
1,582,019,679	Total	1,660,696,381	39,632,213	26,620,299	66,252,512	1,726,948,893

Note: Total Balance as per the confirmations received from respective banks is Rs. 1,824,433,671

Schedule 9 : Money At Call and Short Notice

Previous Year Rs.	Particulars	This Year Rs.
-	1. Local Currency	220,000,000
150,100,000	2. Foreign Currency	148,900,000
150,100,000	Total	368,900,000



Schedule 10 : Investments

Previous Year Rs.	Particulars	Purpose		This Year Rs.
		Trading	Other	
3,998,870,490	1. HMG Securities			3,431,728,940
3,334,766,550	a. Treasury Bills	-	2,781,700,000	
651,768,000	b. Development Bonds	-	637,693,000	
-	c. National Saving Bonds	-	-	
12,335,940	d. HMG special stock	-	12,335,940	
	2. Foreign Govt. Securities		-	-
-	3. Nepal Rastra Bank Bonds		-	-
34,265,797	4. Shares, Debentures and Bonds	-	34,265,797	34,265,797
6,142,298,730	5. Other Investments			5,826,107,773
-	a. Certificate of Deposits	-	-	
-	b. Mutual Fund	-	-	
120,000,000	c. Local Bank	-	50,000,000	
6,001,298,730	d. Foreign Banks	-	5,776,107,773	
21,000,000	e. Others	-	-	
10,175,435,017	Total Investment	-	-	9,292,102,510
-	Provision	-	-	-
10,175,435,017	Net Investment	-	-	9,292,102,510

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

Previous Year Rs.	Particulars	This Year Rs.
	1. Investment Shares	
22,356,000	1.1 Himalayan Distillery Ltd. 223,560 Shares @ Rs. 100	22,356,000
5,195,000	1.2 Rural Microfinance Dev Centre 51,950 Shares @ Rs. 100	5,195,000
3,000,000	1.3 Western Rural Development Bank 30,000 Shares @ Rs. 100	3,000,000
1,200,000	1.4 Nirdhan Utthan Bank Ltd. 12,000 Share @ Rs. 100	1,200,000
1,200,000	1.5 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	1,200,000
114,797	1.7 Swift SC 1 Share @ Rs. BEF 61,000	114,797
-	2. Investment in Debentures and Bonds	-
34,265,797	Total Investment	34,265,797
	3. Provision for Loss	
	3.1 Up to Previous Year	
	3.2 Additional This Year	
-	Total Provision	-

Note: Shares of Himalayan Distillery Limited and Nirdhan Utthan Bank Limited are listed in Nepal Stock Exchange and non of the above mentioned companies had declared the dividend for last 3 years.



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

Previous Year Rs.	Particulars	Advances					Bills Purchased/Discounted				This Year Rs.	
		Domestic			Foreign	Total	Domestic		Foreign	Total		
		Priority		Other			Priority	Other				
		In-sured	Uninsured		In-sured	Un-insured						
9,751,759,501	1. Performing Loan	89,099,699	372,965,149	10,990,344,733	-	11,452,409,581	-	-	319,758,775	-	319,758,775	11,772,168,356
9,566,445,731	1.1 Pass Loan	89,099,699	372,965,149	10,494,168,559		10,956,233,407			319,758,775		319,758,775	11,275,992,182
185,313,770	1.2 Re-structured	-	-	496,176,174		496,176,174			-		-	496,176,174
1,092,839,487	2. Non-Performing Loan	27,521,219	-	1,117,832,100	-	1,145,353,319	-	-	2,109,319	-	2,109,319	1,147,462,638
224,318,058	2.2 Substandard	7,748,066		415,415,288		423,163,354					-	423,163,354
375,017,864	2.3 Doubtful	-		54,474,884		54,474,884					-	54,474,884
493,503,565	2.4 Loss	19,773,153		647,941,928		667,715,081		2,109,319		2,109,319		669,824,400
10,844,598,988	(A) Total Loan	116,620,918	372,965,149	12,108,176,833	-	12,597,762,900	-	-	321,868,094	-	321,868,094	12,919,630,994
-	3. Loan Loss Provision					-					-	-
96,016,810	3.1 Pass	222,749	3,729,651	105,632,514		109,584,914		3,197,588		3,197,588		112,782,502
23,164,221	3.2 Re-structured	-		62,022,022		62,022,022		-		-		62,022,022
62,628,890	3.2 Substandard	484,254		109,853,822		110,338,076		-		-		110,338,076
184,229,769	3.3 Doubtful	-		27,624,508		27,624,508		-		-		27,624,508
476,711,113	3.4 Loss	4,943,288		647,941,928		652,885,216		2,109,320		2,109,320		654,994,536
842,750,803	(B) Total Provision	5,650,291	3,729,651	953,074,794	-	962,454,736	-	-	5,306,908	-	5,306,908	967,761,644
-	4. Provision up to Previous Year					-					-	-
-	4.1 Pass	309,541	3,605,768	89,059,202		92,974,511		3,042,299		3,042,299		96,016,810
-	4.2 Re-structured	-		23,164,221		23,164,221		-		-		23,164,221
-	4.3 Substandard	421,465		62,207,426		62,628,891		-		-		62,628,891
-	4.4 Doubtful	1,351,824		182,859,088		184,210,912		-		-		184,210,912
-	4.5 Loss	5,597,484		467,462,335		473,059,819		3,670,151		3,670,151		476,729,970
643,414,439	(C) Total Previous Year Provison	7,680,314	3,605,768	824,752,272		836,038,354		6,712,450		6,712,450		842,750,804
202,872,613	(D) Additions this year										-	125,010,840
	(E) Write Off during Year											61,214,931
	(F) Total Provision this Year										-	186,225,771
10,001,848,185	Net Loan (A-B)	110,970,627	369,235,498	11,155,102,039		11,635,308,164		316,561,186		316,561,186		11,951,869,350



Schedule 12 : Fixed Assets

Previous Year Rs.	Particulars	Assets					This Year Rs.
		Building	Vehicles	Machinery	Office Equipment	Others (Land)	
	1. At Cost						
416,050,259	a. Previous Year Balance	24,284,078	62,581,098	97,984,493	84,968,473	76,259,714	346,077,856
33,537,586	b. Addition This Year	818,347	15,919,800	72,290,825	18,740,631	-	107,769,603
-	c. Revaluation / Written back this year	-	-	-	-	-	-
(103,509,988)	d. This Year Sold	-	(5,897,600)	(103,400)	(516,079)	-	(6,517,079)
-	e. This Year Written Off	-	-	-	(1,452,501)	-	(1,452,501)
346,077,857	Total Cost (a + b + c + d + e)	25,102,425	72,603,298	170,171,918	101,740,524	76,259,714	445,877,879
	2. Depreciation						
99,265,123	a. Up to previous year	4,299,421	20,257,825	55,898,357	38,223,082	-	118,678,685
23,278,822	b. For this year	999,233	7,587,167	18,750,136	7,390,923	-	34,727,459
(3,865,259)	c. Depreciation on sale of assets	-	(3,275,737)	(27,480)	(1,395,924)	-	(4,699,141)
118,678,686	Total Depreciation	5,298,654	24,569,255	74,621,013	44,218,081	-	148,707,003
227,399,171	3. Book Value (WDV) (1-2)	19,803,771	48,034,043	95,550,905	57,522,443	76,259,714	297,170,876
2,471,941	4. Capital Construction (Pending Capitalization)	2,471,941	-	-	-	-	2,471,941
-	5. Leasehold assets	-	-	-	-	-	-
229,871,112	Total (3 + 4 + 5)	22,275,712	48,034,043	95,550,905	57,522,443	76,259,714	299,642,817

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

Previous Year Rs.	Particulars	This Year Rs.
10,844,598,988	(A) Secured	12,919,630,994
9,473,278,734	1. Collateral of Movable / Immovable Assets	10,127,279,692
69,857,000	2. Guarantee of Local Banks and Financial Institutions	9,085,793
-	3. HMG Guarantee	202,461,986
16,460,000	4. Foreign Banks Guarantee	42,682,587
108,600,000	5. Export Documents	475,308,512
212,999,620	6. Fixed Deposit Receipts	568,182,615
212,616,675	a. Own FDR	15,697,583
382,945	b. FDR of other Banks	
299,275,000	7. Government Bonds	307,387,968
-	8. Counter Guarantee	-
50,339,847	9. Personal Guarantee	57,130,946
613,788,787	10. Other Securities	1,114,413,312
-	(B) Unsecured	-
10,844,598,988	Total	12,919,630,994



Schedule 13 : Other Assets

Previous Year Rs.	Particulars	This Year Rs.	
5,933,549	1. Stock of Stationery		7,833,080
48,071,237	2. Income Receivable on investments		37,710,510
418,462,401	3. Accrued interest on Loan		526,648,395
-	4. Commission Receivable		-
10,396,597	5. Sundry Debtors		15,645,249
30,391,867	6. Staff Loan and Advances		56,223,034
12,114,685	7. Prepayments		14,199,447
-	8. Cash in Transit		-
-	9. Other Transit Items(Including Cheques)		-
-	10. Drafts Paid without Notice		-
30,881,796	11. Expenses not written off		69,897,240
36,456,595	12. Non-Banking Assets	47,253,125	36,265,208
-	Less: Provision for Non Banking Assets	<u>(10,987,917)</u>	
-	13. Branch Adjustment Account		-
<u>150,169,267</u>	14. Others		83,903,930
-	a. Advance Income Tax Deposited		-
150,169,267	b. Others	83,903,930	
742,877,994	Total		848,326,093

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

Previous Year Rs.	Particulars	This Year Rs.			
		Upto 1 year	Upto 1 year	Upto 1 year	Upto 1 year
418,462,401	1. Accrued interest on Loan	260,874,371	112,773,509	153,000,515	526,648,395
-	2. Drafts Paid without Notice	-	-	-	-
-	3. Branch Adjustment Account	-	-	-	-



Schedule 14 : Contingent Liabilities

Previous Year Rs.	Particulars	This Year Rs.	
-	1. Claims on Bank not Acknowledged as Liabilities by the Bank		-
<u>2,008,618,405</u>	2. Letters of Credit (full amount)		2,420,343,017
2,004,614,655	a. Less than 6 months maturity	2,420,343,017	
4,003,750	b. More than 6 months maturity		
-	3. Rediscounted Bills	-	-
<u>2,006,486,686</u>	4. Unmatured Guarantees/Bonds		2,026,005,361
301,449,597	a. Bid Bond	336,999,721	
1,705,037,089	b. Performance Bond	1,689,005,640	
-	5. Unpaid Shares in Investment		-
19,994,587	6. Forward Exchange Contract Liabilities		116,132,077
85,757,348	7. Bills under collection		356,170,604
518,109,529	8. Acceptance and Endorsements		610,304,432
-	9. Underwriting Commitments		-
-	10. Irrevocable Loan Commitments		-
595,416,509	11. Counter Guarantee of Internationally Rated Banks		547,600,112
234,037,211	12. Advance Payment Guarantee		107,594,581
40,000,000	13. Financial Guarantee		24,437,243
20,975,483	14. Contingent Liabilities on Income Tax		20,975,483
-	15 Others		336,375
5,529,395,758	Total		6,229,899,285



Schedule 15 : Interest Expenses

Previous Year Rs.	Particulars	This Year Rs.	
	A. On Deposit Liabilities		
<u>176,057,059</u>	1. Fixed Deposits		121,386,597
109,254,946	1.1 Local Currency	88,348,326	
66,802,113	1.2 Foreign Currency	<u>33,038,271</u>	
<u>289,783,760</u>	2. Saving Deposits		256,448,804
283,646,016	1.1 Local Currency	252,209,374	
6,137,744	1.2 Foreign Currency	<u>4,239,430</u>	
<u>52,146,244</u>	3. Call Deposit		78,042,778
36,582,522	1.1 Local Currency	57,443,175	
15,563,722	1.2 Foreign Currency	<u>20,599,603</u>	
-	4. Certificate of Deposits		-
<u>4,820,861</u>	B. On Borrowings		4,720,029
-	1. Overdraft	-	
-	2. Loan from Nepal Rastra Bank	591,737	
4,820,861	3. Inter Bank Borrowing	<u>4,128,292</u>	
-	4. Other Loan and Refinances	-	
<u>31,320,323</u>	C. Others		30,945,145
30,919,870	1. Hbl Bond	30,600,000	
400,453	2 Credit Card Deposit	<u>345,145</u>	
554,128,247	Total		491,543,353

Schedule 16 : Expenses Relating to Employees

Previous Year Rs.	Particulars	This Year Rs.
52,455,619	1. Salary	70,253,745
40,089,485	2. Allowances	47,558,979
4,334,121	3. Contribution to Provident Fund	5,786,960
2,652,248	4. Training Expenses	5,309,496
1,464,899	5. Uniform	1,709,247
-	6. Medical	-
3,719,574	7. Insurance	4,064,735
12,578,368	8. Pension and Gratuity Provision	15,049,800
2,852,150	9. Others	2,775,924
120,146,464	Total	152,508,886



Schedule 17 : Office Overhead Expenses

Previous Year Rs.	Particulars	This Year Rs.	
21,252,283	1. House Rent		25,137,239
7,080,340	2. Electricity and Water		8,426,637
<u>8,895,256</u>	3. Repair and Maintance		8,865,699
1,914,650	a. Building	2,666,276	
543,782	b. Vehicles	484,435	
6,436,824	c.Others	5,714,988	
6,627,078	4. Insurance		6,764,817
11,599,970	5. Postage Telex, Telephone Fax		13,365,990
501,636	6. Repair of office Equipment & Furniture		741,630
6,920,338	7.Travelling Allowances and Expenses		7,360,714
8,835,269	8. Stationery and Prinitng		12,528,902
435,863	9. Book and Periodicals		480,208
9,660,169	10 Advertisements		8,999,406
110,203	11. Legal Expenses		727,601
40,070	12. Donations		42,013
<u>881,490</u>	13. Expenses Relating to Board of Directors		1,191,348
262,400	a. Meeting Fees	225,774	
619,090	b. Other Expenses	965,574	
1,295,766	14. Annual General Meeting Expenses		1,268,796
<u>218,536</u>	15. Expenses Relating to Audit		685,374
115,000	a. Audit Fees	200,000	
103,536	b. Other Expenses	485,374	
-	16. Commission on Remittances		-
23,278,821	17. Depreciation on Fixed Assets		34,727,459
-	18. Amortization of Preliminary Expenses		-
-	19. Share Issue Expenses		-
3,582,940	20 Technical Services Fee		-
1,993,536	21. Entertainment		2,047,049
-	22. Written off Expenses		-
2,961,137	23. Security Expenses		3,427,174
1,931,745	24. Credit Guarantee Premium		1,358,390
15,433,216	25. Commission and Discount		20,975,484
<u>43,596,801</u>	26. Others		51,925,029
18,130,703	A Registration Fee and Charges	19,771,168	
10,382,879	B.Amortization	13,599,300	
15,083,219	C. Others	18,554,561	
177,132,463	Total		211,046,959



Schedule 18 : Interest Income

Previous Year Rs.	Particulars	This Year Rs.		
<u>903,838,860</u>	A. On Loan Advances and Overdraft			970,166,098
674,783,063	1. Loan and Advances		767,037,447	
229,055,797	2. Overdraft		<u>203,128,651</u>	
	B. On Investment'			170,332,866
<u>121,543,735</u>	1. HMG Securites		170,332,866	
121,543,735	a. Treasury Bills	129,507,034		
-	b. Development Bonds	40,825,832		
-	c. National Saving Certificate	-		
-	d. Other	-		
-	2. Foreign Securites		-	-
-	3. Nepal Rastra Bank Bonds			-
-	4. Debenture and Bonds			-
-	a. Financial Institutions		-	-
-	b. Other Organizations		-	-
-	C. On Agency Balance			-
	1. Local Banks			-
	2. Foreign Banks			-
<u>4,618,868</u>	D. On Money at Call and Short Notice			6,309,330
2,622,656	1. Local Banks		4,232,475	
1,996,212	2. Foreign Banks		<u>2,076,855</u>	
<u>171,232,259</u>	E. On Others			99,086,726
-	1. Certificate of Deposits			-
335,000	2. Inter-Bank Loan			
170,897,259	3. Others		99,086,726	
1,201,233,722	Total			1,245,895,020



Schedule 19 : Commission and Discount

Previous Year Rs.	Particulars	This Year Rs.	
19,283,904	A. Bills Purchase and Discount		21,662,585
	1. Local		
	2. Foreign		
<u>68,661,213</u>	B. Commission		78,802,925
27,909,253	1. Letters of Credit	28,984,767	
19,174,284	2. Guarantees	20,293,897	
2,833,022	3. Collection Fees	5,174,342	
12,552,137	4. Remittance Fees	16,979,734	
5,913,345	5. Credit Cards	7,084,048	
-	6. Share Underwriting /Issue	-	
279,172	7. Government Transaction	286,137	
-	8. Agency Commissions	-	
-	9. Exchange Fees	-	
14,615,624	C. Others		23,463,485
102,560,741	Total		123,928,995

Schedule 20 : Exchange Gain / Loss

Previous Year Rs.	Particulars	This Year Rs.
6,879,092	(A) Revaluation Gain	9,081,785
102,720,202	(B) Trading Gain (except exchange Fee)	103,337,621
109,599,294	Total Income (Loss)	112,419,406



Schedule 21 : Non-Operating Income/Loss

Previous Year Rs.	Particulars	This Year Rs.
-	1. Profit (Loss) on Sale on Investment	-
9,288,482	2. Profit (Loss) on Sale of Assets	2,203,996
-	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	-
-	d. Other	-
1,471,075	5. Others	1,095,071
10,759,557	Total Non- Operating Income (Loss)	3,299,067

Schedule 22 : Other Income

Previous Year Rs.	Particulars	This Year Rs.
3,726,400	1. Rental on Safe Deposit Locker	4,678,508
3,997,599	2. Issue and Renewals of Credit Cards	4,391,583
314,900	3. Issue and Renewals of ATM Cards	1,258,215
15,424,244	4. Telex/ T. T	15,339,600
-	5. Service Charges	-
-	6. Renewal Fees	-
-	7. Loss Provision Written Back	-
6,690,376	8. Others	8,408,245
30,153,519	Total	34,076,151



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/Chief Executive	Last Years's Balance		This Year Recovery		Additinal Lending in this Year Rs.	Balance as of Ashad End
	Principal	Interest	Principal	Interest		
(A) Directors						
(B) Chief Executive						
(C) Promoters	27,306,143	-	-	591,509	9,033,779	36,339,922
Syakar Company Pvt. Ltd.	27,306,143	-	-	591,509	9,033,779	36,339,922
(D) Employees						
(E) Shareholders' Holding more than 1 %						
Total	27,306,143			591,509	9,033,779	36,339,922



Schedule 24: Capital Adequacy

Particulars	Previous Year Rs.	This Year Rs.
A. Core Capital	1,038,620,500	1,297,384,208
1. Paid Up Capital	429,000,000	536,250,000
2. Share Premium	-	-
3. Non-Redeemable Preference Share	-	-
4. General Reserve Fund	329,178,267	381,788,966
5. Cumulative Profit/ Loss(upto previous year)	119,530,369	122,493,662
6. Current Year Profit/ Loss as per Balance Sheet	110,213,293	154,724,437
7. Bond (HBL) Redemption Reserve	51,428,571	102,857,143
8. Excess Investment in Shares	(730,000)	(730,000)
B. Supplementary Capital	565,591,625	498,834,651
1. Loan Loss provision	181,809,922	112,782,502
2. Exchange Equalization Reserve	23,781,703	26,052,149
3. Assets Revaluation Reserve	-	-
4. Hybrid Capital instruments	-	-
5. Unsecured Subordinated Term Debt	360,000,000	360,000,000
6. Interest Rate Fluctuation Fund	-	-
7. Other Free Reserves	-	-
C. Total Capital Fund (A + B)	1,604,212,125	1,796,218,859
D. Minimum Capital Fund required to be maintained on the basis of Risk Weighted Assets		
Capital Fund	10.93	10.65
Core Capital	7.07	7.69
Capital fund Excess/Short	0.93	(0.35)
Core Capital Excess/Short	2.07	2.19



Schedule 24 : Table of Risk Weighted Assets Statement

On Balance Sheet Assets	Weightage	Last Year		This Year	
		Amount	Risk Weighted Assets	Amount	Risk Weighted Assets
Cash Balance	0%	397,189,317	-	274,235,328	-
Gold (Tradable)	0%	-	-	-	-
Balance with Nepal Rastra Bank	0%	1,153,139,483	-	1,625,983,235	-
Investment in Govt. Securities	0%	3,347,102,490	-	2,781,700,000	-
Investment in NRB Bond	0%	651,768,000	-	650,028,940	-
Fully secured loan against own Fixed Deposit Receipt	0%	212,616,675	-	568,182,615	-
Fully secured loan against Govt. Securites	0%	299,275,000	-	307,387,968	-
Balance with Domestic Banks and Financial Institution	20%	41,522,411	8,304,482	36,759,409	7,351,882
Fully secured FDR loan against FDR of Other Bank	20%	382,946	76,589	15,697,582	3,139,516
Balance with Foreign Banks	20%	387,357,785	77,471,557	64,206,248	12,841,250
Money at Call	20%	150,100,000	30,020,000	368,900,000	73,780,000
Loan against Guarantee of Internationally Rated Bank	20%	16,460,000	3,292,000	42,682,587	8,536,517
Onter Investments in Internationally Rated Banks	20%	6,001,298,730	1,200,259,747	5,776,107,773	1,155,221,555
Investment in Shares Debentures and Bonds	100%	34,265,797	34,265,797	34,265,797	34,265,797
Other Investments	100%	141,000,000	141,000,000	50,000,000	50,000,000
Loan Advances and Bills Purchased / Discounted	100%	10,315,864,368	10,315,864,368	11,985,680,241	11,985,680,241
Fixed Assets	100%	229,871,112	229,871,112	299,642,817	299,642,817
All Other assets	100%	818,759,818	818,759,818	848,326,093	848,326,093
Total (A)		24,197,973,932	12,859,185,470	25,729,786,633	14,478,785,668
Off Balance Sheet Items					
Bills Collection	0%	85,757,348	-	356,170,604	-
Forward Foreign Exchange Contract	10%	19,994,587	1,999,459	116,132,077	11,613,208
Letters of Credit with maturity of less than 6 months	20%	2,004,614,655	400,922,931	2,420,343,017	484,068,603
Guarantees provided against counter guarantee of internationally rated foreign banks	20%	595,416,509	119,083,302	547,600,112	109,520,022
Letters of credit with maturity more than 6 months	50%	4,003,750	2,001,875	-	-
Bid Bond	50%	301,449,597	150,724,798	336,999,721	168,499,861
Performance Bond	50%	1,705,037,089	852,518,544	1,689,005,640	844,502,820
Advance Payment Guarantee	100%	234,037,211	234,037,211	107,594,581	107,594,581
Financial Guarantee	100%	40,000,000	40,000,000	24,437,243	24,437,243
Other Guarantee	100%	-	-	-	-
Irrevocable Loan Commitment	100%	-	-	-	-
Contingent Liability in respect of income tax	100%	20,975,483	20,975,483	20,975,483	20,975,483
All other contingent liabilities	100%	-	-	610,640,807	610,640,807
Total (B)		5,011,286,229	1,822,263,603	6,229,899,285	2,381,852,628
Total Risk Weighted Assets		29,209,260,161	14,681,449,073	31,959,685,918	16,860,638,296



Schedule 25 : Key Indicators of Last Five Years

Particulars	Unit	F.Y.	F.Y.	F.Y.	F.Y.	F.Y.
		1999/00 2056/2057	2000/01 2057/2058	2001/02 2058/2059	2002/03 2059/2060	2003/04 2060/2061
Net Profit/Total Income	Percent	30.77	33.39	28.96	27.51	30.75
Per Share Income	Rs.	83.08	93.57	60.26	49.45	49.05
Per Share Market Value	Rs.	1700	1500	1000	836	840
Price Earning Ratio	Ratio	20.46	16.03	16.59	16.91	17.12
Dividend in Share Capital (Including Bonus)	Percent	75.00	57.50	35.00	25.00	20.00
Cash Divident in Share Capital	Percent	50	27.5	25	1.32	-
Interest Income/Loan and Advances	Percent	14.31	14.71	12.89	11.08	9.64
Staff Expenses/Total Operating Expenses	Ratio	0.42	0.46	0.48	0.39	0.40
Interest Expenses in Total Deposit	Percent	4.24	4.19	3.11	2.64	2.23
FX Fluctuation Gain/Total Income	Percent	19.9	19.3	12.89	7.54	7.40
Staff Bonus/Total Staff Expenses	Percent	36.79	38.6	27.63	24.98	23.45
Net Profit/Loan and Advances	Percent	2.76	3.11	2.64	2.12	2.20
Net Profit/Total Assets	Ratio	1.26	1.44	1.14	0.91	1.06
Total Loan/Deposits	Percent	51.45	51.42	47.89	47.61	54.30
Total Operating Expenses/Total Income	Percent	29.7	26.43	21.31	23.19	27.00
Capital Adequacy Ratio:						
A. Core Capital	Percent	4.44	4.67	6.55	7.07	7.69
B. Supplimentary Capital	Percent	3.59	3.34	5.01	3.85	2.96
C. Total Capital Fund	Percent	8.03	8.01	11.56	10.93	10.65
Liquidity (CRR)	Percent	10.47	11.77	11.69	8.30	8.28
Non-performing Loan/Total Loan	Percent			12.10	10.08	8.88
Weighted Average Interest Rate Spread	Percent	3.87	4.05	3.53	3.33	3.25
Book Networth	Rs.	362.7	399.42	393.34	444.26	427.40
Total Share	Number	2,400,000	3,000,000	3,900,000	4,290,000	5,362,500
Total Staff	Number	311	359	357	385	455



Schedule 26 : Cash Flow Statement

Previous Year Rs	Particulars	This Year Rs.
<u>636,561,358</u>	A. Cash Flow from Operations	<u>725,692,002</u>
1,454,306,833	1. Cash Receipt	1,519,618,639
1,201,233,722	1.1 Interest Income	1,245,895,020
102,560,741	1.2 Commission and Discount	123,928,995
109,599,294	1.3 Exchange Income	112,419,406
10,759,557	1.4 Non Operating Income	3,299,067
30,153,519	1.5 Other Income	34,076,151
817,745,475	2. Cash Payment	793,926,637
554,128,248	2.1 Interest Expenses	491,543,353
120,146,464	2.2 Staff Expenses	152,508,886
143,470,763	2.3 Operating Expenses	149,874,398
-	2.4 Exchange Fluctuation Loss	-
-	2.5 Non Operating Expenses	-
-	2.6 Other Expenses	-
<u>3,134,273,263</u>	B. Cash Flow from Investing Activities	<u>1,921,645,410</u>
780,124,606	1. Increase/(Decrease) in Bank Balances	144,929,213
(202,250,000)	2. Increase/(Decrease) in Money at call	218,800,000
1,018,328,361	3. Increase/(Decrease) in Investments	(883,332,507)
1,088,124,619	4. Increase/(Decrease) in Loan and Advances and BP	2,136,246,935
(65,694,032)	5. Increase/(Decrease) in Fixed Assets	102,295,169
515,639,709	6. Increase/(Decrease) in Other Assets	202,706,600
<u>2,432,124,497</u>	C. Cash Flow from Financing Activities	<u>1,072,999,419</u>
111,826,692	1. Increase/(Decrease) in Borrowing	50,873,423
2,388,004,411	2. Increase/(Decrease) in Deposits	965,246,244
(8,848,922)	3. Increase/(Decrease) in Bills Payable	17,654,458
(58,857,684)	4. Increase/(Decrease) in Other Liabilities	39,225,294
(65,587,408)	D. This Year's Net Cash Flow	(122,953,989)
462,776,725	E. Opening Cash Balance	397,189,317
397,189,317	F Closing Cash Balance	274,235,328



Schedule 27 : Principal Accounting Policies

The Financial Statements have been prepared in conformity with generally accepted accounting principles in Nepal, requirement of Nepalese Company Act 2053, Nepal Rastra Bank's Directives and Banks and Financial Institutions Ordinance. The major accounting policies are summarized below:

A. Basis of Accounting:

i. Accrual Basis of Accounting

Financial Statements are prepared on Accrual Basis of Accounting, except specially stated.

ii. Interest Income/Expense Recognition:

- a. Interest expenses on deposits and interest income on loans and advances are computed on the basis of 365 days a year.
- b. Interest expense on interest bearing deposit liabilities and interest income on interest earning assets other than loans and advances are accounted for on accrual basis.
- c. Interest income on Loans and Advances are recognized as income on cash basis in accordance with Nepal Rastra Bank's Directive. As per the same directive, interest collected during the month of the following fiscal year, i.e. Shrawan, 2061 has been accounted in income of fiscal year 2060/61. Uncollected interest reflected as Accrued Interest Receivable has been booked in Interest Suspense Account.
- d. Interest income on Investment is recognized on accrual basis.

iii. Commission Income Recognition:

Commission and Fees on Bills Purchased and Discounted, Guarantee and Documentary Credit are accounted on Cash Basis.

iv. Gratuity:

Gratuity has been accounted for on accrual basis. The Bank has created Gratuity Fund to the extent of gratuity liabilities for eligible employees as per Bank's Gratuity scheme assuming the year end date as retirement date and such Fund has been shown under "Other Liabilities".

v. Income from Staff Loans and Advance:

Income from staff loans has been accounted for on cash basis.

vi. Staff Leave Encashment:

Staff leave encashment has been accounted for on cash basis.

B. Translation of Foreign Currency Transactions

- i. Foreign currency assets and liabilities have been converted into Rupees at the prevailing middle exchange rate (i.e. the average buying and selling rate) as of 15 July 2004 (Ashad 31, 2061).
- ii. Income earned from the difference arising from on current days' transaction, converted at the days' average buying and selling rates is accounted for and shown as "Trading Gain/Loss" under Schedule 20 as "Exchange Gain/Loss".
- iii. Income earned from the difference arising from previous day balance of foreign currency assets and liabilities converted at current day's average buying and selling rates buying and selling rates of Foreign Exchange is accounted for and shown as "Revaluation Gain/Loss" Twenty five percent of such revaluation gain Rs. 2,270,446 has been transferred to Exchange Fluctuation Reserve as per the directives of Nepal Rastra Bank through Profit and Loss Appropriation Account.



C. Provision for Possible Losses:

- i. Provision for possible losses has been made as per Nepal Rastra Bank's Directive to cover the risk inherent in Bank's lending portfolio.
- ii. The applicant of one letter of credit refused to honor the document. The correspondent Bank has acknowledged the document as forged. Nepal Rastra Bank vide letter dated 2060.09.14 has directed the Bank to make 100% provision amounting to Rs. 126,110,312.50 within Chaitra end 2060. Accordingly the Bank had provisioned Rs. 60,055,156, which is 50% of L/C amount in F.Y. 2059/2060 and balance amount in F. Y. 2060/61.

D. Fixed Assets Depreciation & Amortization:

- i. Fixed Assets have been accounted on historical cost concept.
- ii. Fixed Assets are depreciated on diminishing balance method at the following rates. In case of fixed assets purchased during the year depreciation is charged from the subsequent month of acquisition.

S.N.	Particulars	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 for Income Tax purpose is calculated at the rates and manner prescribed by the Income Tax Act 2058.

- i. Deferred expenditures/Leasehold improvements are amortized in equal installments over the period of lease. Accordingly, Rs. 3,814,405 has been amortized during the year.
- ii. Software application costs are amortized in 5 years. Accordingly, Rs. 9,690,950 has been amortized during the year.
- iii. Expenses on furnishing of Bank premises/office are amortized in 3 years. Accordingly, Rs. 93,945 has been amortized during the year.
- iv. Non-consumable items normally having useful life less than one year and/or costing less than Rs. 5,000 are expensed off during the year of acquisition.

E. Investment in Government Securities and Companies' Shares:

Investments in Government securities and in companies' shares are valued at cost or market value whichever is lower. Non-listed investments are valued at their face value as per Nepal Rastra Bank's Directives.



F. Income Tax Matters:

i. Corporate Tax:

The corporate tax has been calculated as per the Income-Tax Act, 2058. Accordingly, provision of Rs. 157,521,684 has been made for the same.

ii. Contingent Tax Liability:

Inland Revenue Department has assessed Bank's income tax up to the FY 2000/2001 (2057/58). There is a contingent liability of Rs.20,975,483 on account of tax assessment made by Inland Revenue Department on income for the Fiscal Years 1996/97 (2053/54), FY1997/98 (2054/55) and 19998/99 (2055/56) against which, Bank has filed appeals. Matter is still pending with the authorities.

G. Non- Banking Assets

Non- Banking assets are valued at Panchakrit Mulya.

H. Staff Advance

Staff Advances provided as per Employee Rule are accounted as Other Assets.



Schedule 28 : Notes to the Accounts

1. Branch Reconciliation

A sum of Rs. 21,039,378 is outstanding in Inter Branch Account. Major part of these pending pertains to LC payments made by the branches through Head Office Nostro Accounts, inter-branch transfers etc. Most of these pending items have been reconciled.

2. Amortization of expenses not written off

- i) Expenses incurred by way of construction and other improvement 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 installments during the lease period. Accordingly, Rs. 3,814,405 has been amortized during the year, leaving a balance of Rs.33,262,897 for future amortization (Previous year amortized Rs.5,878,764 and balance Rs.23,083,316).
- ii) The computer software program 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 for any subsequent purchase. Accordingly, a sum of Rs.9, 690,950 has been amortized during the year, leaving a balance of Rs.36, 500,831 for future amortization (Previous year amortized Rs.4, 246,991 and balance Rs.7, 683,222).
- iii. 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.93,945 has been amortized during the year under review, leaving a balance of Rs. 133,512 (Previous year amortized Rs.257, 124 and balance Rs.114,835.)

3. Staff Bonus

Bonus to staff is provided at 10% of the net profit before tax.

4. Employees' Housing Scheme

In view of the Bank providing housing loan facilities to its employees and as per the practice followed by other financial institutions, provision for Employees' Housing Fund as required under the Labor Act 2048 has not been provided for.

5. Summary of Loans and Advances

Rs. in '000

Particulars	2060-61	2059-60
Loan & Advances Outstanding	12,919,631	10,844,599
Loan Written-off	61,215	3,536

6. Arihant Apparels P. Ltd.

Arihant Apparels P. Ltd. went into a voluntary liquidation on August 2004. The sureties of the company had agreed to pay the consortium banks the Principal amount and 25% of outstanding interest as full and final settlement of the outstanding loan, interest and penal interest of which initial payment of Rs. 17.00 million



has already been received. Provision for loan loss at the rate of 12.50% on Principal amount has been made in FY 2060/061. This provision has been increased to 100% on the Principal amount of Rs. 26.81 million in FY 2061/062 as per requirement of NRB Directives.

7. Advances entirely settled after Balance Sheet Date but before financial statements are finalized are considered as good and provisioned accordingly.

8. **System:**

The Bank was mainly using Pumori, Pumori Plus and other software during the year under review. The Bank has decided to replace its existing software by Globus Banking Software during the last year 2002/03. System installation (Globus) and data transfer is under progress till the year end. Financial Statements are prepared on the basis of report generated from these software.

9. **Summary of Changes in Deposit Liabilities**

Figure in Rs

Particulars	Current Year	Last Year	Change
Current and Margin Accounts	4,570,467,818	3,927,681,693	642,786,125
Saving Account	11,759,602,072	10,870,542,,377	889,059,695
Call Deposits	970,086,399	3,041,489,891	(2,071,403,492)
Fixed Deposits	4,710,176,693	3,205,372,779	1,504,803,914

10. **Weighted Average Interest Spread**

Figure in Rs

Particulars	Rate%
Average Rate of Credit and Investments	5.44
Average Rate on Deposits	2.19
Net Spread	3.25

11. **Particulars of Amortized Expenses yet to be Expenses - off**

Figure in Rs '000

Particulars	Amount
Software Cost	36,500
Others	33,396
Total	69,896

12. **Summary of Concentration of Exposure**

Figure in Million Rs.

Particulars		Amount
Total Amount as on 15 July 2004	12,920	6,230
Highest Exposure to single unit	271	206
Highest % of exposure to single unit	2.10%	3.31%



13. Classification of Assets and Liabilities based on Maturity

Particulars	1-90 Days	91-180 Days	181-270 Days	271 Days-1 Year	Over 1 Year	Total
a) Assets						
1. Cash Balance	318					318
2. Balance with Bank	1,495					1,495
3. Investment in Foreign Banks	1,922	795	1886	949	372	5,925
4. HMG Securities	-	900		1,882		2,782
5. Nepal Rastra Bank Bond	-				637	637
6. Inter Bank Lending	50		170			220
7. Loan, Advance & B/Purchased	1,633	4247	972	2,722	3,506	1,3080
8. Other Assets						
Total Assets	5,418	5,942	3,028	5,553	4,515	24,456
b) Liabilities						
1. Borrowing		67				67
2. Current Deposits	892				3,460	4,352
3. Saving Deposits					11,720	11,720
4. Fixed Deposits	1,823	2,850	955	470	166	6,264
5. Debentures (Bonds)					360	360
6. Other Liabilities, Capital & Reserve						
Total Liabilities	2,715	2,917	955	470	15,706	22,763
Net Financial Assets	2,703	3,025	2,073	5,083	(11,191)	(1,693)
Cumulative Net Financial Assets	2,703	5,728	7,801	12,884	1,693	

14. Borrowing by Bank against the collateral of own assets is nil



15. Statement of Changes in Equity

Particulars	Share Capital	Pro. Bonus Share	General Reserve	Capital Adj. Fund	Exchange Fluctuation Reserve	Accumulated Profit	Total
Balance at 16 July 2003	429,000	107,250	329,178	51,429	23,782	122,494	10,63,133
Change in A/c Policy							
Restated Balance	429,000	107,250	329,178	51,429	23,782	122,494	10,63,133
Surplus on Revaluation of Properties							
Deficit on Revaluation of Investment							
Currency Translation Difference							
Prior Period Tax Liability						(2,019)	(2,019)
Net Profit for the period						263,053	263,053
Transfer to General Reserve			52,611			(52,611)	-
Declaration of Dividend							
Issue of Share Capital	107,250					(107,250)	-
Deficit on Revaluation of Properties							
Surplus on Revaluation of Investment							
Currency Transaction Difference					2,270	(2,270)	-
Capital Adj. Fund/Bond Redemption Reserve				51,429		(51,429)	-
Balance at 15 July 2004	536,250	107,250	381,789	102,858	26,052	169,968	1,324,167

16. Schedules 2, 6, 8, 10A and 28 of Balance Sheet have been revised to comply the instruction of Nepal Rastra Bank. Similarly schedules 24, 25 and 26 have also been revised.

17. Schedule 17 of Profit & Loss Account has been revised and provision for Non Banking Assets disclosed separately in the Profit & Loss Account as per the instruction of Nepal Rastra Bank.

18. Regrouping

Previous year's figures have been regrouped where necessary for comparison with those of the current year.

19. Rounding Off

Figures have been rounded off to the nearest rupee.



10 Years' Financial Summary BALANCE SHEET

(Rs. '000)

PARTICULARS	2051/52 1994/95	2052/53 1995/96	2053/54 1996/97	2054/55 1997/98	2055/56 1998/99	2056/57 1999/00	2057/58 2000/01	2058/59 2001/02	2059/60 2002/03	2060/61 2003/04
Assets										
Cash & Bank Balances	566,822	575,822	1,001,734	1,029,104	802,208	901,907	1,435,175	1,264,672	1,979,209	2,001,184
Placements	327,517	694,030	855,107	2,146,929	4,125,854	4,682,762	4,057,654	352,350	150,100	368,900
Investments	392,800	693,552	1,352,181	973,980	468,945	2,216,416	4,083,160	9,157,107	10,175,435	9,292,103
Loans, Advances & Bills Purchased	2,053,976	2,863,324	3,321,420	4,223,067	5,245,975	7,224,727	9,015,347	9,557,137	10,844,599	12,919,631
Fixed Assets	67,160	87,191	100,766	110,602	171,313	193,046	201,679	318,844	229,871	299,643
Other Assets	73,891	90,894	159,208	250,861	429,801	644,882	707,557	665,738	818,760	848,326
Total Assets	3,482,166	5,004,813	6,790,416	8,734,543	11,244,096	15,863,740	19,500,572	21,315,848	24,197,974	25,729,787
Liabilities										
Borrowings	5,094	-	264,768	-	232,653	128,646	79,527	534,013	645,840	659,006
Deposit Liabilities	3,028,188	4,518,004	5,839,043	7,713,601	9,772,736	14,043,097	17,532,404	18,619,375	21,007,379	22,010,333
Other Liabilities	234,866	165,938	254,244	457,527	543,604	821,462	690,369	660,931	638,872	768,520
Total Liabilities	3,268,148	4,683,942	6,358,055	8,171,128	10,548,993	14,993,205	18,302,300	19,814,319	22,292,091	23,437,859
Net Assets	214,018	320,871	432,361	563,415	695,103	870,535	1,198,272	1,501,529	1,905,883	2,291,928
Shareholders' Equity										
Paid up Capital	120,000	120,000	120,000	120,000	192,000	240,000	300,000	390,000	429,000	536,250
Proposed capitalisation of profits	-	-	-	72,000	48,000	60,000	90,000	39,000	107,250	107,250
Reserves	32,666	59,132	85,322	122,895	157,144	200,600	261,697	309,585	404,389	510,698
Reserve for Doubtful Debts	60,975	86,068	121,464	179,349	243,919	344,484	477,683	643,414	842,751	967,762
Retained Earnings	377	55,671	105,575	69,171	54,040	25,451	68,912	119,530	122,493	169,968
Total Shareholders' Equity	214,018	320,871	432,361	563,415	695,103	870,535	1,198,272	1,501,529	1,905,883	2,291,928
Total Capital + Liabilities	3,482,166	5,004,813	6,790,416	8,734,543	11,244,096	15,863,740	19,500,572	21,315,848	24,197,974	25,729,787
Contingent Liabilities										
Letter of Credit	572,690	784,661	852,358	1,298,878	1,933,970	2,413,461	1,965,318	2,445,699	2,008,618	2,420,343
Guarantees	629,381	837,367	1,055,049	1,478,562	2,029,963	2,078,969	1,992,446	2,572,031	3,394,050	3,315,942
Forward Exchange Contract				380,763	844,294	780,093	1,096,562	224,349	19,995	116,132
Other Contingent Liabilities						37,438	58,413	142,975	106,733	377,482
Total Contingent Liabilities	1,202,071	1,622,028	1,907,407	3,158,203	4,808,227	5,309,961	5,113,239	5,385,054	5,529,396	6,229,899



10 Years' Financial Summary PROFIT & LOSS STATEMENT

(Rs. '000)

PARTICULARS	2051/52 1994/95	2052/53 1995/96	2053/54 1996/97	2054/55 1997/98	2055/56 1998/99	2056/57 1999/00	2057/58 2000/01	2058/59 2001/02	2059/60 2002/03	2060/61 2003/04
Income										
Interest Income	281,532	460,048	640,255	753,973	862,054	1,033,660	1,326,378	1,148,998	1,201,233	1,245,895
Interest Expense	152,409	249,659	365,162	474,490	533,590	594,800	734,518	578,134	554,128	491,543
Net Interest Income	129,123	210,389	275,093	279,483	328,464	438,860	591,860	570,864	647,105	754,352
Commission & Discount	52,039	64,026	60,145	71,682	101,983	110,330	96,065	101,704	102,562	123,929
Foreign Exchange Income	31,595	31,782	22,429	75,775	63,958	87,327	119,261	104,601	109,599	112,419
Other Income	360	1,677	5,548	4,391	5,624	9,685	31,220	32,038	30,154	34,076
Non Operating Income			21	625	1,061	1,695	2,303	2,451	10,760	3,299
Total Income	213,117	307,874	363,236	431,956	501,090	647,897	840,709	811,658	900,179	1,028,075
Expenses										
Staff Expenses	16,573	22,888	29,811	45,252	47,364	59,880	85,575	101,537	120,146	152,508
Operating Expenses	43,835	61,747	72,146	87,735	109,746	132,545	141,116	155,786	177,132	211,047
Provision for Doubtful Debts	37,227	25,093	35,396	57,885	64,570	103,249	134,320	166,506	202,873	186,226
Provision for Staff Bonus	11,548	19,814	22,574	24,108	27,941	34,855	48,336	38,783	40,003	46,731
Non-Operating Expenses	-	-	144	-	-	3,672	-	-	-	10,988
Total Expenses	109,183	129,542	160,071	214,980	249,621	334,201	409,347	462,612	540,154	607,500
Profit before Tax	103,934	178,332	203,165	216,976	251,469	313,696	431,362	349,046	360,025	420,575
Income Tax provision	34,924	54,217	65,072	81,007	86,221	114,316	154,323	114,023	147,896	157,522
Net Profit after Tax	69,010	124,115	138,093	135,969	165,248	199,380	277,039	235,023	212,129	263,053
P/L Appropriation										
Profit/Loss carried down	87,574	124,492	193,764	241,544	234,419	253,420	302,491	303,936	332,429	385,547
Interest Spread Reserve reversed									770	-
Statutory General Reserve	23,802	24,823	27,618	27,194	33,050	39,876	57,117	47,005	42,426	52,611
Exchange Equalisation Fund	2,196	-	(1,429)	10,379	429	3,580	3,962	901	1,720	2,270
Interest Spread Reserve Fund					770				770	
HBL Bond 2066 redemption fund									51,429	51,429
Interim Dividend		12,000	18,000	18,000	28,800	36,000	60,000	-	-	-
Proposed Dividend		30,000	42,000	42,000	67,200	84,000	22,500	97,500	5,645	-
Transfer to Paid up Capital	60,000	-	-	-	-	-	-	-	-	-
Proposed capitalisation of profit-Bonus Share				72,000	48,000	60,000	90,000	39,000	107,250	107,250
Income Tax of last year	1,199	-	-	-	-	813	-	-	1,466	2,019
Staff Gratuity Fund		1,998	2,000	2,800	2,130	3,700				
Profit Transferred to Balance Sheet	377	55,671	105,575	69,171	54,040	25,451	68,912	119,530	122,494	169,968



Management Team

Head Office

Mushtaq Ali	:	Chief of Internal Audit & Inspection
Maheshwar Prasad Joshi	:	Deputy Manager (Legal & Share)
Kanchan Basnyet	:	Deputy Manager (Systems)
Sisam Pradhanang Joshi	:	Assistant Manager (Loan Management)
Vinay Kumar Joshi	:	Assistant Manager (Systems)
Nirmal Dahal	:	Assistant Manager (Consortium Cell)
Gyem Raj Adhikari	:	Assistant Manager (Internal Audit and Inspection)
Babu Ram Gyawali	:	Assistant Manager (Account & Treasury)
Satish Raj Joshi	:	Assistant Manager (Internal Audit and Inspection)
Samir Dahal	:	Assistant Manager (Internal Audit and Inspection)

Branches

Ujjal Raj Rajbhandari	:	Deputy Manager (Manager-Patan Branch)
Anup Maskey	:	Deputy Manager (Customer Relation Department- Thamel Branch)
Janardhan Dev Pant	:	Deputy Manager (New Road Branch)
Yadav Raj Pandey	:	Deputy Manager (Maharajgunj Branch)
Sulap Raj Aryal	:	Deputy Manager (Manager-Narayangarh Branch)
Sunita Shrestha	:	Deputy Manager (Bills & Remittance- Thamel Branch)
Bina Pandey	:	Deputy Manager (Operations, Thamel Branch)
Govinda Gurung	:	Assistant Manager (Manager-Pokhara Branch)
Rabindra Narayan Pradhan	:	Assistant Manager (Manager-Birgunj Branch)
Robin Kumar Nepal	:	Assistant Manager (International Banking- Thamel Branch)
Navaraj Giri	:	Assistant Manager (Manager-Biratnagar Branch)
Nabin Kumar Paudyal	:	Assistant Manager (Birgunj Branch)
Mrigendra Pradhan	:	Assistant Manager (Manager-Hetauda Branch)
Bijaya Man Nakarmi	:	Assistant Manager (Credit Card)
Gaurav Bikram Shah	:	Assistant Manager (New Road Branch)
Lokesh Rana	:	Assistant Manager (New Road Branch)
Kapil Prasad Lohani	:	Assistant Manager (Manager-Dharan Branch)
Sujit Kumar Shakya	:	Assistant Manager (New Road Branch)
Sunil Prasad Gorkhali	:	Assistant Manager (Patan Branch)
Pritam Lal Shrestha	:	Assistant Manager (Marketing-Thamel Branch)
Sundar Bastola	:	Incharge (Siddharthanagar Branch)
Satyaman Maharjan	:	Incharge (Banepa Branch)
Madhusudhan Khadka	:	Incharge (Bhaktapur Branch)
Gajendra Bahadur Pradhan	:	Incharge (Tandi Branch)

