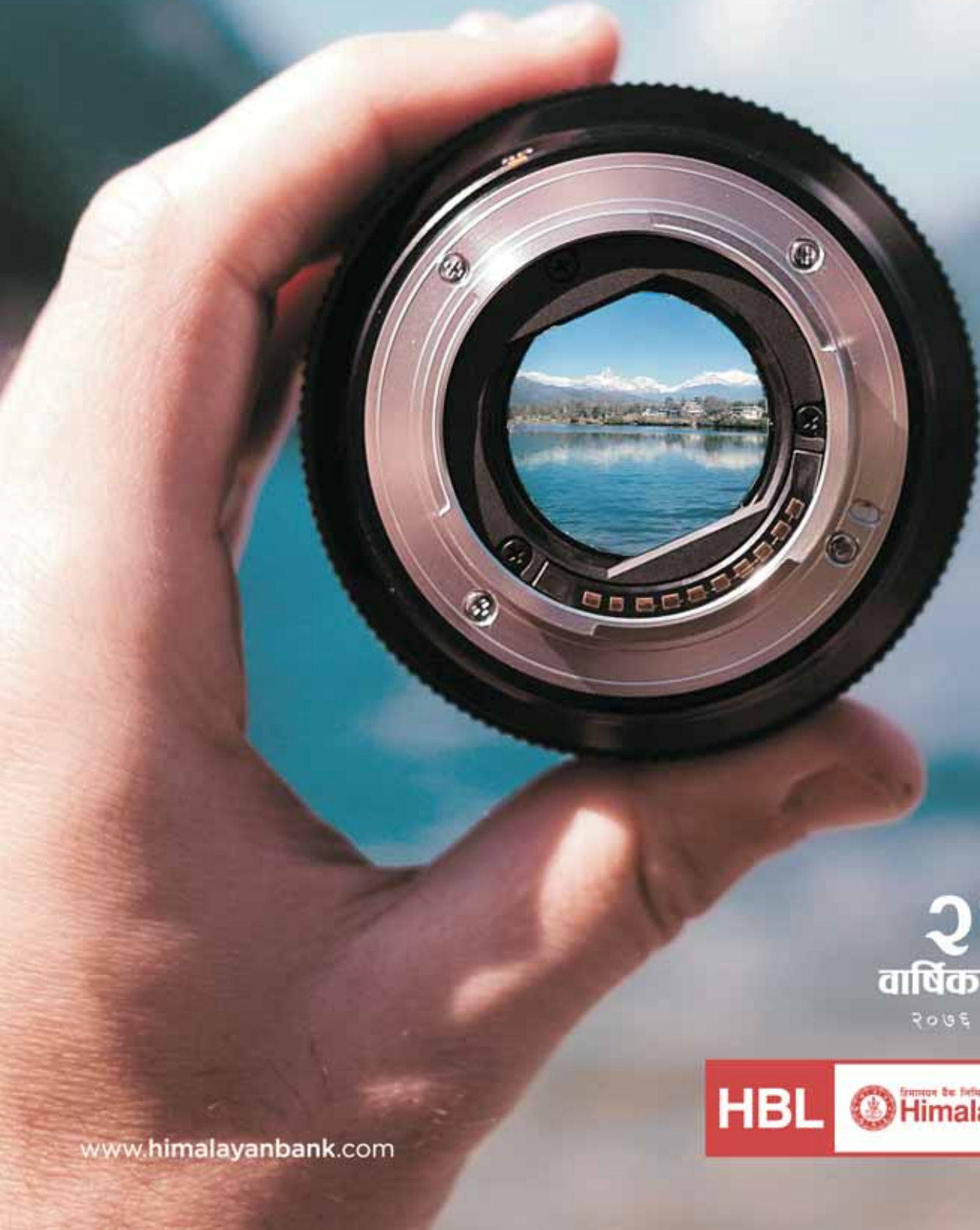


2019 - 2020
HBL 28th ANNUAL REPORT

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वार्षिक प्रतिवेदन
२०१९ - २०२०

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HBL



हिमालय बैंक लिमिटेड
Himalayan Bank Ltd.

पुस्तिकामा समाविष्ट सामग्रीहरू (Content)

● साधारण सभा सम्बन्धी सामान्य जानकारी	2
● अझाइसौं वार्षिक साधारण सभा बस्ने मिति, समय र स्थान तथा छलफलको लागि विषय-सूची	3
● प्रबन्ध पत्र तथा नियमावलीमा प्रस्तावित संशोधन सम्बन्धी विशेष प्रस्तावको विवरण	4
● भिडियो कन्फ्रेन्समार्फत उपस्थिति फाराम	7
● अझाइसौं वार्षिक साधारण सभाका लागि संचालक समितिको प्रतिवेदन	9
● कम्पनी ऐन २०६३ को दफा १०९ उपदफा ४ अनुसारको अतिरिक्त विवरण	15
● धितोपत्र दर्ता तथा निष्काशन नियमावली २०७३ को अनुसूची-१५ (नियम २६ को उपनियम (२) संज्ञा सम्बन्धित)	18
● HBL's History, Vision, Mission, Objective	19
● Board of Directors	20
● Message from the Chairman	21
● From the desk of CEO	22
● Senior Management Team	23
● Organisational Chart	24
● Report of the Board of Directors	25
● Principal Indicators	30
● Key Indicators (Graphical)	31
● Independent Auditors' Report	35
● Financial Statements	41
● 10 Year's Financial Summary	111
● नेपाल राष्ट्र बैंकले दिइएको निर्देशन	113
● CSR Activities	114
● Branch Network	118

अठ्ठाइसौं वार्षिक साधारण सभासम्बन्धी सामान्य जानकारी

- समग्र विश्वमा फैलिएको कोरोना भाइरसको (COVID-19) महामारी नेपालमा समेत फैलिएको तथा सो महामारीको उच्च जोखिमका कारण नेपाल सरकारबाट उक्त महामारी रोकथाम तथा नियन्त्रणका लागि विभिन्न समयमा जारी भएको स्वास्थ्य सम्बन्धी मापदण्डहरूको पूर्णरूपमा पालना गर्न गराउन सूचित गरिरहेको परिप्रेक्षमा बैंकले साधारण सभा गर्दा विशेष स्वास्थ्य सुरक्षा मापदण्ड पालना गर्नुपर्ने भएकोले साधारण सभा विद्युतीय माध्यम/भिडियो कन्फरेन्स (Online Meeting) मार्फत गरिने तथा सभामा भाग लिन सकिने व्यवस्था मिलाइएको हुँदा शेयरधनी महानुभावहरूलाई विद्युतीय माध्यम/भिडियो कन्फरेन्सको माध्यमबाट सभामा भाग लिई कोरोना भाइरस (COVID-19) महामारीको जोखिमबाट बच्न तथा बचाउन सादर अनुरोध छ ।
- साधारण सभामा भिडियो कन्फरेन्स (Online Meeting) मार्फत उपस्थित हुन चाहने शेयरधनी महानुभावहरूले साधारण सभा संचालन हुनु भन्दा कम्तीमा ४८ घण्टा अगाडी आफ्नो परिचयपत्र, डिम्याट खाता नं तथा धारण गरेको शेयर संख्यासहित कानुन तथा शेयर शाखामा सम्पर्क राख्न वा इमेल ठेगाना: hblagm@himalayanbank.com मा सो विवरण पठाउन वा बैंकको वेबसाइटमा उपलब्ध फारम भरी बुझाउन अनुरोध छ । यसरी सम्पर्क गर्नु हुने शेयरधनी महानुभावलाई Meeting Link/Passcode उपलब्ध गराई सभामा सहभागी हुने व्यवस्था मिलाईने छ ।
- सभा शुरु हुनुभन्दा १ घण्टा अगाडीबाट भिडियो कन्फरेन्स (Online Meeting) खुल्ला गरिने छ । उक्त १ घण्टा समय भित्र सभामा शेयरधनीहरूले दिईएको Meeting Link/Passcode को माध्यमबाट Online Login गरी सभामा उपस्थिति हुनुपर्ने छ । यसरी भएको उपस्थितिलाई पनि सभा स्थलमा उपस्थित भए अनुसार मान्यता दिईनेछ । शेयरधनीको उपस्थितिबाट कम्पनी ऐनको व्यवस्था बमोजिम सभाका लागि आवश्यक गणपुरक संख्या पुरा भए पश्चात सभाको कारवाही अगाडी बढाईने छ ।
- नेपाल सरकारको घोषित नीति अनुरूप सभा सञ्चालन गर्नुपर्ने भएकोले तोकिएको स्वास्थ्य सम्बन्धी मापदण्ड पालना गरिदिनुहुन शेयरधनीको लागि विशेष अनुरोध गरिनेछ ।
- शेयरधनी महानुभावहरूको जानकारीका लागि बैंकको संक्षिप्त आर्थिक विवरण यसै सूचनासंग प्रकाशित गरिएको छ । संक्षिप्त आर्थिक विवरण लगायतका वार्षिक साधारणसभामा पेश हुने सम्पूर्ण प्रस्तावहरू बैंकको Website: www.himalayanbank.com मा पनि हेर्न सकिनेछ ।
- साधारणसभा तथा लाभांश प्रयोजनको निम्ति मिति २०७७/०९/१४ गते देखि मिति २०७७/०९/२७ गते सम्म शेयरधनी दर्ता पुस्तिका बन्द रहने छ । नेपाल स्टक एक्सचेञ्ज लिमिटेडमा मिति २०७७/०९/१३ गतेसम्म कारोबार भई नियमानुसार शेयर नामसारी भएका शेयरधनीहरूले मात्र साधारण सभामा भाग लिन पाउनु हुनेछ ।
- अन्य जानकारीको लागि बैंकका केन्द्रीय कार्यालय, कमलादी, काठमाण्डौमा कार्यालय समयभित्र सम्पर्क राख्नु हुन अनुरोध छ ।

संचालक समितिको आज्ञाले



बिपिन हाडा
(कम्पनी सचिव)

हिमालयन बैंक लिमिटेडको अट्टाइसौं वार्षिक साधारण सभाबारे सूचना

२०७७ साल पौष महिना २ गते बसेको संचालक समितिको बैठक नं ३९५ को निर्णयानुसार यस बैंकको अट्टाइसौं वार्षिक साधारण सभा निम्न मिति, समय र स्थानमा बस्ने भएको हुँदा शेयरधनी महानुभावहरूको जानकारीका लागि यो सूचना प्रकाशित गरिएको छ। आवश्यक कागजातहरू शेयरधनी महानुभावहरूलाई यथासमयमा पठाइने व्यहोरा अनुरोध छ।

अट्टाइसौं वार्षिक साधारण सभा बस्ने मिति, समय र स्थान

- १) मिति : २०७७ साल पौष २७ गते सोमबार (तदनुसार जनवरी ११, २०२१)
- २) समय : बिहान ११:०० बजे
- ३) स्थान : हिमालयन बैंक लिमिटेडको केन्द्रीय कार्यालय, कमलादी, काठमाडौंबाट भिडियो कन्फरेन्स (Virtual/Online) मार्फत सभा संचालन हुनेछ। (साधारण सभामा भिडियो कन्फरेन्स मार्फत सहभागी हुन शेयरधनी महानुभावहरूलाई Meeting Link/Passcode उपलब्ध गराउने व्यवस्था गरिएको छ।)

छलफलका विषय-सूची

क) सामान्य प्रस्ताव

- १) अट्टाइसौं वार्षिक साधारण सभाको लागि संचालक समितिको प्रतिवेदन,
- २) लेखापरीक्षकको प्रतिवेदन सहित २०७७ साल असार मसान्तको वासलात, सोही मितिमा समाप्त आ.व. २०७६/७७ को नाफा-नोक्सान हिसाब तथा नगदप्रवाह विवरण छलफल गरी पारित गर्ने,
- ३) यस बैंकको सहायक कम्पनी हिमालयन क्यापिटल लि को आ.व २०७६/७७ को वित्तीय विवरण सहितको एकिकृत वित्तीय विवरण स्वीकृत गर्ने,
- ४) संचालक समितिले सिफारिश गरेबमोजिम नाफाको बाँडफाँट तथा चुक्ता पूँजी रु. ९,३७,२२,८१,४२८/- को ६ (छ) प्रतिशत (कर सहित) ले हुने जम्मा रु. ५६,२३,३६,८८५/- नगद लाभांश दिने प्रस्ताव स्वीकृत गर्ने,
- ५) कम्पनी ऐन, २०६३ को दफा १११ अनुसार आर्थिक वर्ष २०७७/७८ का लागि लेखापरीक्षक नियुक्त गर्ने र निजको पारिश्रमिक तोक्ने।

ख) विशेष प्रस्ताव

- १) बैंकको अधिकृत पूँजी रु १२,००,००,००,०००/- (अक्षरेपी बाट अर्ब रुपैयाँ) बाट वृद्धि गरी रु. १५,००,००,००,०००/- (अक्षरेपी पन्ध्र अर्ब रुपैयाँ) पुर्याउने सम्बन्धी विशेष प्रस्ताव स्वीकृत गर्ने।
- २) संचालक समितिले सिफारिश गरेबमोजिम बैंकको जारी र हालको चुक्ता पूँजी रु. ९,३७,२२,८१,४२८/- बाट वृद्धि गर्न चुक्ता पूँजीको १४ (चौध) प्रतिशतले हुने जम्मा रु. १,३१,२१,१९,४००/- बोनस शेयर जारी गर्ने सम्बन्धी विशेष प्रस्ताव स्वीकृत गर्ने।
- ३) बैंकले आर्थिक वर्ष २०७६/७७ मा संस्थागत सामाजिक उत्तरदायित्व बहन गर्ने क्रममा आर्थिक सहायता प्रदान गर्दा कम्पनी ऐन २०६३ को दफा १०५ को उपदफा १ को खण्ड (ग) ले निर्धारण गरेको सीमा भन्दा माथि गरेका सहयोग अन्तर्गत नेपाल सरकारको कोरोना भाइरस रोगथाम, नियन्त्रण तथा उपचार कोषसहित विभिन्न संघ संस्थाहरूलाई प्रदान गरेको कुल रकम अक्षरेपी ४,३४,१०,१८४.४७ अनुमोदन गर्ने। (संस्थागत सामाजिक उत्तरदायित्व अन्तर्गत खर्च भएको रकमहरूको विस्तृत विवरणहरू बैंकको २८ औं वार्षिक प्रतिवेदनमा उल्लेख गरिएको छ।)
- ४) हिमालयन बैंक लिमिटेडले उपयुक्त समयमा उपयुक्त बैंक तथा वित्तीय संस्थाहरू गाभ्ने वा गाभिने वा प्राप्त गर्न उपयुक्त देखिएमा यस बैंकको चल अचल सम्पत्ति, बैंकको दायित्व तथा सम्पूर्ण कारोबारहरूको मूल्याङ्कन गर्न मान्यता प्राप्त राष्ट्रिय तथा अन्तर्राष्ट्रिय मूल्याङ्कनकर्तालाई नियुक्त गरी गाभ्ने, गाभिने वा प्राप्त गर्नको लागि आवश्यक पर्ने सम्झौताहरू गर्न तथा गाभ्ने, गाभिने वा प्राप्त गर्न आवश्यक पर्ने सम्पूर्ण प्रक्रिया पुरा गर्न संचालक समितिलाई अख्तियारी प्रदान गर्ने।
- ५) बैंकको प्रबन्धपत्र र नियमावलीमा संशोधन गर्ने विशेष प्रस्ताव पारित गर्ने तथा प्रस्तावित संशोधनमा नेपाल राष्ट्र बैंक वा अन्य निकायले फेरबदल गरेमा आवश्यक समायोजन गर्न संचालक समितिलाई वा संचालक समितिले तोकेको पदाधिकारीलाई अधिकार दिने,

ग) विविध,

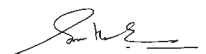
जानकारी

- १) मिति २०७७ साल पौष महिना १४ गते देखि २०७७ साल पौष महिना २७ गते सम्म शेयर दाखिल खारेज बन्द रहने कुरा जानकारी गराइन्छ।
- २) शेयरधनी महानुभावहरूलाई बैंकको शेयरधनी लगतमा कायम रहेको ठेगानामा वार्षिक प्रतिवेदन, प्रस्तावित प्रबन्धपत्र र नियमावलीको संशोधन सहितको विवरण पठाइने छ।

शेयरधनी महानुभावहरूलाई जानकारी:

- (क) बैंकले आफ्ना शेयरधनीहरूलाई न्यूनतम मौज्दात रु. ५००/- (पाँच सय) मा शेयरधनी बचत खाता खोल्ने व्यवस्था गरेको छ। त्यसरी खाता खोल्ने शेयरधनीहरूको लाभांश रकम उक्त खातामा जम्मा गरिनेछ।
- (ख) आ.व २०७५/७६ र सो भन्दा अगाडिको लाभांश तथा बोनस शेयर नलिनु भएका शेयरधनीहरूले हिमालयन क्यापिटल लि. ठमेलबाट लिनु हुन अनुरोध छ।

संचालक समितिको आज्ञाले



बिपिन हाडा
(कम्पनी सचिव)

अनुसूची

हिमालयन बैंक लिमिटेडको अट्टाइसौं वार्षिक साधारण सभामा विशेष प्रस्तावद्वारा
प्रबन्धपत्र तथा नियमावलीमा भएको संशोधन

प्रबन्धपत्र संशोधनको विशेष प्रस्तावः

विद्यमान व्यवस्था	प्रस्तावित संशोधन	संशोधन गर्नु पर्ने कारण
<p>दफा ५. बैंकको पूँजीको संरचना:</p> <p>(क) बैंकको अधिकृत पूँजी रु. १२,००,००,००,०००/- (अक्षरेपी बाह्र अर्ब रुपैयाँ) हुनेछ। उक्त पूँजिलाई रु. १००/- का दरले १२,००,००,०००/- (बाह्र करोड थान) साधारण शेयरमा विभाजन गरिएको छ।</p> <p>(ख) तत्काल जारी पूँजी रु. ९,३७,२२,८१,४२८/- (अक्षरेपी नौ अर्ब सैतिस करोड बाईस लाख एकासी हजार चार सय अट्टाइस रुपैयाँ) हुनेछ।</p> <p>(ग) तत्काल चुक्ता पूँजी रु. ९,३७,२२,८१,४२८/- (अक्षरेपी नौ अर्ब सैतिस करोड बाईस लाख एकासी हजार चार सय अट्टाइस रुपैयाँ) हुनेछ।</p>	<p>दफा ५. बैंकको पूँजीको संरचना:</p> <p>(क) बैंकको अधिकृत पूँजी रु. १५,००,००,००,०००/- (अक्षरेपी पन्ध्र अर्ब रुपैयाँ) हुनेछ। उक्त पूँजिलाई रु. १००/- का दरले १५,००,००,०००/- (पन्ध्र करोड थान) साधारण शेयरमा विभाजन गरिएको छ।</p> <p>(ख) तत्काल जारी पूँजी रु. १०,६८,४४,००,८२८/- (अक्षरेपी दश अर्ब अठसठ्ठी करोड चवालिस लाख आठ सय अट्टाइस रुपैयाँ) हुनेछ।</p> <p>(ग) तत्काल चुक्ता पूँजी रु. १०,६८,४४,००,८२८/- (अक्षरेपी दश अर्ब अठसठ्ठी करोड चवालिस लाख आठ सय अट्टाइस रुपैयाँ) हुनेछ।</p>	<p>बैंकको विद्यमान पूँजी संरचना वृद्धि गर्नको लागि</p> <p>आ.ब २०७६/७७ को नाफाबाट बोनस शेयर जारी गर्दा बैंकको विद्यमान पूँजी संरचनामा हेरफेर हुने हुँदा।</p>
<p>दफा ५ (घ) १ बमोजिम लगानी गर्ने संस्थापकहरू उपसमूह – क २ अन्तरगत</p> <ul style="list-style-type: none"> - छाया इण्टरनेशनल प्रा. लि., महाराजगंज - श्रीमती इन्दीरा मल्ल, लाजिम्पाट - श्री नयनतारा मास्के, नरदेवी - सुश्री मेनुका श्रेष्ठ - शशी कान्त अग्रवाल, बत्तिसपुतली - स्याकार कम्पनी प्रा. लि., कान्तिपथ 	<p>दफा ५ (घ) १ बमोजिम लगानी गर्ने संस्थापकहरू क २ उपसमूह अन्तरगत</p> <ul style="list-style-type: none"> - छाया इण्टरनेशनल प्रा. लि., महाराजगंज - श्रीमती इन्दीरा मल्ल, लाजिम्पाट - श्री नयनतारा मास्के, नरदेवी - सुश्री मेनुका श्रेष्ठ - श्री शशी कान्त अग्रवाल, बत्तिसपुतली - कर्मचारी संचय कोष - एन. ट्रेडिङ कम्पनी प्रा.लि. - श्रीमती इलु शर्मा 	<p>प्रबन्धपत्रको दफा ५ (घ) को क २ उप समूह मिलान गर्न (स्याकार कम्पनी प्रा. लि. को संस्थापक शेयर स्याकार ट्रेडिङ कम्पनी प्रा. लि.को नाममा नामसारी भएकोमा, स्याकार ट्रेडिङ कम्पनी प्रा. लि. कान्तिपथले ०.९९ प्रतिशत संस्थापक शेयर विभिन्न संस्थापक समूहलाई विक्रि गरेकोले शेयर स्वामित्व मिलान गर्नु पर्ने भएकोले।)</p>

नियमावली संशोधनको विशेष प्रस्तावः

विद्यमान व्यवस्था	प्रस्तावित संशोधन	संशोधन गर्नु पर्ने कारण
<p>नियम ३.(ख) : बैंकको अधिकृत पूँजीको अंक र विभिन्न प्रकारको शेयर संख्या :</p> <p>(क) बैंकको अधिकृत पूँजी रु. १२,००,००,००,०००/- (अक्षरेपी बाह्र अर्ब रुपैयाँ) हुनेछ। उक्त पूँजिलाई रु. १००/- का दरले १२,००,००,०००/- (बाह्र करोड थान) साधारण शेयरमा विभाजन गरिएको छ।</p> <p>(ख) तत्काल जारी पूँजी रु. ९,३७,२२,८१,४२८/- (अक्षरेपी नौ अर्ब सैतिस करोड बाईस लाख एकासी हजार चार सय अट्टाइस रुपैयाँ) हुनेछ।</p> <p>(ग) तत्काल चुक्ता पूँजी रु. ९,३७,२२,८१,४२८/- (अक्षरेपी नौ अर्ब सैतिस करोड बाईस लाख एकासी हजार चार सय अट्टाइस रुपैयाँ) हुनेछ।</p>	<p>नियम ३.(ख) : बैंकको अधिकृत पूँजीको अंक र विभिन्नप्रकारको शेयर संख्या:</p> <p>(क) बैंकको अधिकृत पूँजी रु. १५,००,००,००,०००/- (अक्षरेपी पन्ध्र अर्ब रुपैयाँ) हुनेछ। उक्त पूँजिलाई रु. १००/- का दरले १५,००,००,०००/- (पन्ध्र करोड थान) साधारण शेयरमा विभाजन गरिएको छ।</p> <p>(ख) तत्काल जारी पूँजी रु. १०,६८,४४,००,८२८/- (अक्षरेपी दश अर्ब अठसठ्ठी करोड चवालिस लाख आठ सय अट्टाइस रुपैयाँ) हुनेछ।</p> <p>(ग) तत्काल चुक्ता पूँजी रु. १०,६८,४४,००,८२८/- (अक्षरेपी दश अर्ब अठसठ्ठी करोड चवालिस लाख आठ सय अट्टाइस रुपैयाँ) हुनेछ।</p>	<p>बैंकको विद्यमान पूँजी संरचना वृद्धि गर्नको लागि</p> <p>आ.ब २०७६/७७ को नाफाबाट बोनस शेयर जारी गर्दा बैंकको विद्यमान पूँजी संरचनामा हेरफेर हुने हुँदा।</p>

विद्यमान व्यवस्था	प्रस्तावित संशोधन	संशोधन गर्नु पर्ने कारण
<p>नियम ३ ख को (ड) उपसमूह – क २ अन्तरगत</p> <ul style="list-style-type: none"> - छाया इण्टरनेशनल प्रा. लि., महाराजगंज - श्रीमती इन्दिरा मल्ल, लाजिम्पाट - श्री नयनतारा मास्के, नरदेवी - सुश्री मेनुका श्रेष्ठ - शशी कान्त अग्रवाल, बत्तिसपुतली - स्याकार कम्पनी प्रा. लि., कान्तिपथ 	<p>नियम ३ ख को (ड) क २ उपसमूह अन्तरगत</p> <ul style="list-style-type: none"> - छाया इण्टरनेशनल प्रा. लि., महाराजगंज - श्रीमती इन्दिरा मल्ल, लाजिम्पाट - श्री नयनतारा मास्के, नरदेवी - सुश्री मेनुका श्रेष्ठ - श्री शशी कान्त अग्रवाल, बत्तिसपुतली - कर्मचारी संचय कोष - एन. ट्रेडिङ्ग कम्पनी प्रा.लि. - श्रीमती इलु शर्मा 	<p>प्रबन्धपत्रको दफा ५ (घ) को क २ उप समूह मिलान गर्न (स्याकार कम्पनी प्रा. लि. को संस्थापक शेयर स्याकार ट्रेडिङ्ग कम्पनी प्रा. लि.को नाममा नामसारी भएकोमा, स्याकार ट्रेडिङ्ग कम्पनी प्रा. लि. कान्तिपथले ०.९९ प्रतिशत संस्थापक शेयर विभिन्न संस्थापक समूहलाई बिक्री गरेकोले शेयर स्वामित्व मिलान गर्नु पर्ने भएकोले।)</p>
<p>नियम १९ को (३) प्रमुख कार्यकारी अधिकृतको पदावधि चार वर्षको हुनेछ र निजको पुनर्नियुक्ति हुन सक्नेछ।</p>	<p>नियम १९ को (३) प्रमुख कार्यकारी अधिकृतको पदावधि चार वर्षको हुनेछ र प्रचलित बैंक तथा वित्तीय संस्था ऐन (बाफिया) तथा नेपाल राष्ट्र बैंकद्वारा जारी गरिएको निर्देशिका बमोजिम निजको पुनर्नियुक्ति हुन सक्नेछ।</p>	<p>नेपाल राष्ट्र बैंकको निर्देशिका बमोजिम गर्नु पर्ने भएकोले</p>
<p>नियमावलीको नियम २६ नियम ३ ख को उपनियम (घ) र (ड) मा वर्गीकरण गरे अनुसार समूह “क” अन्तर्गतका शेयरवालाहरूले आफुले लिएको शेयर बेचबिखन गर्नु परेमा उक्त शेयर खरिद गर्न सर्वप्रथम समूह “क” अन्तर्गत आफु संलग्न रहेको उपसमूहका लगानी गर्ने कम्पनीलाई प्राथमिकता दिनु पर्नेछ। उपरोक्त बमोजिम प्राथमिकता दिदा एक भन्दा बढी कम्पनीहरू त्यस्तो शेयर खरिद गर्न इच्छुक भएमा उक्त शेयर इच्छुक सबै कम्पनीहरूले बराबर खरिद गर्न सक्ने गरि बेच्नु पर्नेछ। कथंकदाचित त्यसरी बराबर खरिद गर्न सम्भव नभएमा बराबर हिस्सा लगाई बाँकी रहन आएको शेयर निजले संस्थापकहरू मध्ये आफुले इच्छाएको कम्पनीलाई बिक्री गर्न सक्नेछ। उपरोक्तबमोजिम शेयर बिक्री गर्दा संचालक समितिले ठहर गरेको मूल्यमा बेचबिखन गर्नुपर्नेछ।</p>	<p>नियमावलीको नियम २६ नियम ३ ख को उपनियम (घ) र (ड) मा वर्गीकरण गरे अनुसार समूह “क” अन्तर्गतका संस्थापकले आफ्नो शेयर बिक्री वा हक छोड्दा वा हस्तान्तरण गर्दा पहिलो प्राथमिकता जुन समूहको शेयर हो सोही समूहका शेयरधनीहरूलाई दिनु पर्नेछ। यसरी शेयर बिक्री गर्दा एकभन्दा बढी शेयरधनीले शेयर खरिद गर्न चाहेमा निजले धारण गरेको शेयरको अनुपातमा वितरण गर्नु पर्नेछ। सो समूहका कुनै पनि संस्थापक शेयरधनीले शेयर लिने इच्छा नगरेमा मात्र त्यस्तो शेयर संचालक समितिको निर्णयबमोजिम अन्य व्यक्ति, फर्म, कम्पनी वा संस्थालाई बिक्री गर्न सकिनेछ।</p>	<p>प्रबन्ध पत्रको दफा ७ (घ) बमोजिम नियमावलीको नियम २६ लाई एकरूपता कायम गर्न नियमावली संशोधन गर्नु पर्ने भएकोले</p>
<p>नियम ३१. संचालकको पारिश्रमिक, भत्ता र सुविधा सम्बन्धी व्यवस्था: (१) संचालकले पाउने मासिक पारिश्रमिक, बैठक भत्ता, दैनिक तथा भ्रमण भत्ता र अन्य सुविधा देहाय बमोजिम हुनेछ :- (ख) संचालक समितिको बैठकमा उपस्थित भए वापत संचालकले पाउने बैठक भत्ता यस प्रकार हुनेछ। (अ) अध्यक्ष - १२,५००/- प्रति बैठक (आ) संचालक- १०,०००/- प्रति बैठक</p>	<p>नियम ३१. संचालकको पारिश्रमिक, भत्ता र सुविधा सम्बन्धी व्यवस्था: (१) संचालकले पाउने मासिक पारिश्रमिक, बैठक भत्ता, दैनिक तथा भ्रमण भत्ता र अन्य सुविधा देहाय बमोजिम हुनेछ :- (ख) संचालक समितिको बैठकमा उपस्थित भए वापत संचालकले पाउने बैठक भत्ता यस प्रकार हुनेछ। (अ) अध्यक्ष - २०,०००/- प्रति बैठक (आ) संचालक- १६,०००/- प्रति बैठक</p>	<p>समय सापेक्ष रूपमा संचालकको बैठक भत्ता रकम बृद्धि गर्नु पर्ने भएकोले।</p>

समग्र विश्वमा फैलिएको कोरोना भाइरसको (COVID-19) महामारी नेपालमा समेत फैलिएको तथा सो महामारीको उच्च जोखिमका कारण नेपाल सरकारबाट उक्त महामारी रोकथाम तथा नियन्त्रणका लागि विभिन्न समयमा जारी भएको स्वास्थ्य सम्बन्धी मापदण्डहरूको पूर्णरूपमा पालना गर्न गराउन सूचित गरिरहेको परिप्रेक्षमा बैंकले साधारण सभा गर्दा विशेष स्वास्थ्य सुरक्षा मापदण्ड पालना गर्नुपर्ने भएकोले साधारण सभा विद्युतीय माध्यम/भिडियो कन्फ्रेन्स (Online Meeting) मार्फत गरिने तथा सभामा भाग लिन सकिने व्यवस्था मिलाइएको हुँदा शेयरधनी महानुभावहरूलाई विद्युतीय माध्यम/भिडियो कन्फ्रेन्सको माध्यमबाट सभामा भाग लिई कोरोना भाइरस (COVID-19) महामारीको जोखिमबाट बच्न तथा बचाउन सादर अनुरोध छ ।

साधारण सभामा भिडियो कन्फ्रेन्स (Online Meeting) मार्फत उपस्थित हुन चाहने शेयरधनी महानुभावहरूले साधारण सभाको संचालन हुनु भन्दा कम्तीमा ४८ घण्टा अगाडी निम्न विवरणहरू इमेल ठेगाना: hblagm@himalayanbank.com मा पठाउन वा बैंकको वेबसाइट (www.himalayanbank.com) मा उपलब्ध फारम भरी बुझाउन अनुरोध छ । यसरी सम्पर्क गर्नु हुने शेयरधनी महानुभावलाई Meeting Link/Passcode उपलब्ध गराई सभामा सहभागी हुने व्यवस्था मिलाईने छ ।

शेयरधनीको नाम:

शेयरधनीको परिचयपत्र:

शेयरप्रमाण पत्र वा डिम्याट खाता नं:

धारण गरेको शेयर संख्या:

मोबाइल नं:

इमेल ठेगाना:

अड्डाईसौं वार्षिक साधारण सभाका लागि संचालक समितिको प्रतिवेदन

शेयरधनी महानुभावहरु,

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

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

विश्वव्यापी रूपमा फैलिएको कोरोना भइरस (कोभिड-१९) हाम्रो देश नेपालमा पनि गत चैत्र महिना देखि देखिएको तथा त्यसले निम्त्याएको जोखिम तथा अर्थतन्त्रमा त्यसले पारेको असरका कारण आर्थिक वर्ष २०७६/७७ हिमालयन बैंक लगायत समग्र बैकिङ्ग क्षेत्रका लागि चुनौतीपूर्ण रह्यो। यस आर्थिक वर्ष गत वर्ष जस्तो उत्साहजनक नरहेको तथा कोरोना भाइरसले समग्र अर्थतन्त्रमा असर पारेको विदितै छ। यस महामारीले अर्थतन्त्रमा पुऱ्याएको धक्काका कारण यस बैंकको कर्जा प्रवाह, निक्षेप संकलन, विप्रेषणबाट भएको आय, कर्मचारीको विकास र सेवाको विस्तारमा असर पर्दा त्यसको असर बैंकको आयमा देखिएको छ। यसका साथै केही कर्जाहरुमा समस्या देखिँदा थप नोक्सानी व्यवस्था गर्नु परेको कारण नाफामा केही असर पर्न गएको यथार्थ यहाँहरु समक्ष राख्न चाहन्छु। यी लगायत अन्य वर्गीकृत कर्जाहरुको असुलीको लागि अथक प्रयास जारी रहेकोले चालु आर्थिक वर्षको नाफामा सकारात्मक असर पर्ने आशा गरेका छौं।

हाल, बैंकले देशभरमा ६८ शाखा र १३८ ए.टी.एम. बाट ग्राहकलाई सेवा पुऱ्याई रहेको छ। साथै गत वर्षदेखि संचालनमा आएको ठमेल स्थित कर्मचारी संचयकोषको भवनमा कार्यालयमा रहेको बैंकको सहायक कम्पनी हिमालयन क्यापिटल लिमिटेड पनि सफलतातर्फ अघि बढिरहेको जानकारी गराउन पाउँदा खुशी लागेको छ।

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

यस सभामा २०७७ साल असार मसान्तको वासलात, आर्थिक वर्ष २०७६/७७ को नाफा-नोक्सान हिसाब, नाफा-नोक्सान बाँडफाँट तथा अन्य विवरणहरु अनुमोदनका लागि प्रस्तुत गर्दछु।

कारोबारको समीक्षा:

समीक्षा अवधिमा निक्षेप अघिल्लो वर्षको तुलनामा १६.६० प्रतिशतले वृद्धि भई रु. १ खर्ब ३१ अर्ब ८६ करोड ३ लाख पुगेको छ। कर्जा सापट ९.२५ प्रतिशतले बढ्न गई रु. १ खर्ब ७ अर्ब २९ करोड ४८ लाख पुगेको छ।

यसैगरी यो अवधिमा बैंकको कुल सम्पत्ति १७.०७ प्रतिशत र खुद सम्पत्ति ९.९७ प्रतिशतले बढ्न गई क्रमशः रु. १ खर्ब ५५ अर्ब ८८ करोड ४९ लाख र रु. १७ अर्ब ५८ करोड ९३ लाख पुगेको छ।

नियमनकारी निकाय नेपाल राष्ट्र बैंक तथा नेपाल चार्टर्ड एकाउन्टेन्ट संस्थाबाट जारी निर्देशनको अधिनमा रही सम्भावित नोक्सानी व्यवस्थापश्चात् समीक्षा वर्षमा बैंकले रु. ३ अर्ब ४१ करोड १६ लाख संचालन मुनाफा आर्जन गर्न सफल भएको छ भने रु. २ अर्ब ५८ करोड ६७ लाख खुद मुनाफा आर्जन गरेको छ।

चालू आर्थिक वर्षको पहिलो त्रैमासिकसम्मको बैंकको वित्तीय स्थिति निम्नानुसार छ ।

(रु. लाखमा)

क्र.सं.	शीर्षक	२०७७ असार मसान्त	२०७७ असोज मसान्त	वृद्धि/(न्यून) प्रतिशत
१.	कुल सम्पत्ति	१,५५,८८,४९	१,६१,२८,१७	३.४६
२.	निक्षेप (बैंक वित्तीय संस्थाको समेत)	१,३१,८६,०३	१,३७,०७,९०	३.९६
३.	कर्जा, अधिविकर्ष र खरिद तथा डिस्काउण्ट गरिएका बिलहरु	१,०७,२९,४८	१,०४,७७,५६	-२.३५

समीक्षा वर्षमा बैंकले नेपाल राष्ट्र बैंकको निर्देशनको परिधिभित्र रही रु. २२ करोड ६२ लाख ७९ हजार कर्जा अपलेखन गरेको छ भने विगत वर्षहरुमा अपलेखन भएका कर्जाबाट रु ८ करोड ४४ लाख ६५ हजार असूली गर्न सफल भएको छ । अपलेखन गरिएको कर्जाका साथै अन्य निष्क्रिय कर्जाको असूलीको लागि समेत बैंक व्यवस्थापनले तदारुकताका साथ निरन्तर कोशिस गरिरहेकोले चालू आर्थिक वर्षको नाफामा सहयोग पुग्ने विश्वास दिलाउन चाहन्छौं ।

बैंकको वित्तीय स्थिति:

(रु. लाखमा)

क्र.सं.	शीर्षक	२०७५/७६ असार मसान्त	२०७६/७७ असार मसान्त	वृद्धि/(न्यून) प्रतिशत
१.	कुल सम्पत्ति	१,३३,१५,११	१,५५,८८,४९	१७.०७
२.	खुद सम्पत्ति	१५,९९,४८	१७,५८,९३	९.९७
३.	निक्षेप	१,१३,०९,००	१,३१,८६,०३	१६.६०
४.	कर्जा, अधिविकर्ष र खरिद तथा डिस्काउण्ट गरिएका बिलहरु	९८,२०,६३	१,०७,२९,४८	९.२५
५.	खुद ब्याज आम्दानी	५,०३,१३	४,८२,१७	-४.१७
६.	अन्य आम्दानी	१,६४,०५	१,७४,३९	६.३१
७.	संचालन तथा कर्मचारी खर्च*	२,६०,५०	२,७०,१६	३.७१
८.	संचालन मुनाफा	३,९४,२२	३,४१,१६	-१३.४६
९.	खुद मुनाफा	२,७६,३८	२,५८,६७	-६.४१

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

बैंकको आ.व. २०७५/७६ र समीक्षा वर्षको निक्षेप, कर्जा, आम्दानी र खर्चको संरचनात्मक तुलना गरिएको विवरण यस वार्षिक प्रतिवेदन पुस्तिकामा समावेश गरिएको छ ।

राष्ट्रिय तथा अन्तर्राष्ट्रिय आर्थिक क्रियाकलाप र त्यसबाट बैंकलाई परेको प्रभाव:

विगत १ वर्ष देखि विश्व भरि फैलिएको कोरोना (कोभिड-१९) महामारीका कारण समग्र विश्वको आर्थिक, समाजिक तथा अन्य क्रियाकलापहरु केहि समयका लागि ठप्प प्राय भएका थिए। विश्वका प्राय मुलकहरुले पूर्ण वा आंशिक बन्दाबन्दी गरी सो महामारीलाई नियन्त्रण गर्ने प्रयास गरे। तथापि सो महामारी हाल पनि तिब्र गतिमा फैलिइ ७ करोड भन्दा बढी जनसंख्यालाई प्रभावित बनाएको छ। जसको कारण विश्व अर्थतन्त्रमा नकारात्मक प्रभाव परि हालका वर्षहरुमा विश्व अर्थतन्त्र मन्द गतिमा बृद्धि भएको देखिन्छ। त्यसमा पनि प्रमुख विकसित राष्ट्रहरु जस्तै अमेरिकी, युरोपेली राष्ट्रहरु, केहि एशियाली देशको अर्थतन्त्रमा समेत नकारात्मक प्रभाव परि न्यून रुपमा मात्र बृद्धि भएको देखिन्छ। यसका साथै अमेरिका र चीन बिचको अघोषित व्यापारिक द्वन्द्वले गर्दा विश्व अर्थतन्त्रमा नकारात्मक असर परेको देखिन्छ। दक्षिण छिमेकी राष्ट्र भारतमा कोरोना (कोभिड-१९) भाइरस करिब १ करोड जनसंख्यालाई लागिसकेकोले र विभिन्न समय तथा क्षेत्रमा बन्दाबन्दी चलिरहेको अवस्थामा त्यहाँको अर्थतन्त्रमा परेको नकारात्मक प्रभावले प्रत्यक्ष परोक्ष रुपमा नेपालको अर्थतन्त्रमा असर परेको देखिन्छ। समीक्षा वर्षमा देशमा राजनैतिक अस्थिरता र सक्रमणकाल समाप्त भएता पनि विश्व तथा आफ्नै देशमा फैलिएको कोभिड-१९ महामारी तथा अन्य विभिन्न उतारचढावका कारणले आर्थिक बृद्धि दर न्यून रहन पुग्यो। त्यसैले नयाँ करको व्यवस्था, सरकारका विभिन्न घोषित नीति नियमहरु, कोभिड-१९ महामारी र त्यसको खोपको अनिश्चितताका कारणले लगानी योग्य सहज वातावरण बन्न नसकेको अनुभूति भएको छ।

नेपाल राष्ट्र बैंकले प्रकाशित गरेको आर्थिक वर्ष २०७६/७७ को आर्थिक तथा वित्तीय स्थितिअनुसार यसवर्ष देशको कुल गार्हस्थ्य उत्पादन (आर्थिक) बृद्धिदर २.२८ प्रतिशत (अनुमानित) रहेको छ। अघिल्लो वर्ष यसको बृद्धिदर ६.९९ प्रतिशत रहेको थियो। कोरोना (कोभिड-१९) महामारी तथा त्यसबाट देश तथा विश्व अर्थतन्त्रमा परेको प्रतिकूल प्रभावले समग्र देशको उत्पादन तथा आपूर्ति व्यवस्था विथोलिएकोले आर्थिक बृद्धिदर न्यून रहन गएको हो। तथापि उपभोक्ता वार्षिक औसत मुद्रास्फीति अघिल्लो वर्षको ४.६४ प्रतिशतको तुलनामा समीक्षा वर्षमा बृद्धि भई ६.१५ प्रतिशतमा रहेको छ।

आर्थिक वर्ष २०७६/७७ मा कुल वस्तु निर्यात अघिल्लो वर्षको १९.४ प्रतिशतको तुलनामा यस वर्ष जम्मा ०.६ प्रतिशतले मात्र बृद्धि भई रु. ९७ अर्ब ७१ करोड पुगेको छ। यसैगरी वस्तु आयात अघिल्लो वर्षको १३.९ प्रतिशतको बृद्धिको तुलनामा समीक्षा वर्षमा १५.६ प्रतिशतले घटेर रु. १,१९६ अर्ब ८० करोड पुगेको छ। समीक्षा अवधिमा आयात घटि निर्यातमा भएको सामान्य बृद्धिले गर्दा पनि आर्थिक वर्ष २०७६/७७ मा कुल वस्तु व्यापार घाटा अघिल्लो वर्षको १३.५ प्रतिशतले भएको बृद्धिको तुलनामा १६.८ प्रतिशतले संकुचन भई रु. १,०९९ अर्ब ०९ करोडमा सिमित रहेको छ।

अघिल्लो वर्ष रु. २६५ अर्ब ३६ करोडले घाटामा रहेको चालू खाता घाटा समीक्षा वर्षमा ८७.९ प्रतिशतले घटि रु. ३२ अर्ब ६ करोड पुगेको छ। अमेरिकी डलरमा अघिल्लो वर्ष २ अर्ब ३५ करोडले घाटामा रहेको चालू खाता समीक्षा वर्षमा घटि ३२ करोड ६० लाख रहेको छ।

त्यसैगरी अघिल्लो वर्ष रु. ६७ अर्ब ४० करोडले घाटामा रहेको समग्र शोधनान्तर स्थिति समीक्षा वर्षमा गएर रु. २८२ अर्ब ४१ करोडले बचतमा रहेको छ। अमेरिकी डलरमा शोधनान्तर स्थिति अघिल्लो वर्ष ५९ करोड १० लाखले घाटामा रहेकोमा समीक्षा वर्षमा २ अर्ब ३५ करोडले बचतमा रहेको छ।

आर्थिक वर्ष २०७६/७७ मा विप्रेषण आप्रवाहमा ०.५ प्रतिशतले कमी आई रु. ८७५ अर्ब ३ करोड कायम भएको छ। अघिल्लो वर्ष विप्रेषण आप्रवाह १६.५ प्रतिशतले बढेको थियो। अमेरिकी डलरमा विप्रेषण आप्रवाह ३.३ प्रतिशतले घटेको छ। अघिल्लो वर्ष यस्तो आप्रवाह ७.८ प्रतिशतले बढेको थियो।

२०७७ असार मसान्तमा कुल विदेशी विनिमय सञ्चिति २०७६ असार मसान्तको रु. १,०३८ अर्ब ९२ करोड तुलनामा ३४.९ प्रतिशतले बृद्धि भई रु. १,१४०१ अर्ब ८४ करोड रहेको छ। अमेरिकी डलरमा यस्तो सञ्चिति २०७६ असार मसान्तमा रु. ९ अर्ब ५० करोड रहेकोमा २०७७ असार मसान्तमा ११ अर्ब ६५ करोड पुगेको छ।

आर्थिक वर्ष २०७६/७७ मा विस्तृत मुद्राप्रदाय १८.१ प्रतिशतले बृद्धि भएको छ। अघिल्लो वर्ष उक्त मुद्राप्रदाय १५.८ प्रतिशतले बढेको थियो।

आर्थिक वर्ष २०७६/७७ मा बैंक तथा वित्तीय संस्थाहरूको निक्षेप परिचालन १८.७ प्रतिशतले बढेको छ। अघिल्लो वर्ष निक्षेप परिचालन १८ प्रतिशतले बढेको थियो। आर्थिक वर्ष २०७६/७७ मा बाणिज्य बैंकहरूको निजि क्षेत्रमा प्रवाहित कर्जा तथा लगानी १२ प्रतिशतले बढेको छ। अघिल्लो वर्ष यस्तो कर्जा १९.४ प्रतिशतले बढेको थियो।

वर्तमान आर्थिक तथा बैंकिंग क्रियाकलाप:

मुलुकको अर्थव्यवस्था अझै पनि विप्रेषणमा निर्भर रहेको छ। तर कोभिड-१९ महामारीको कारण समग्र विश्व श्रम बजारमा श्रमको मागमा कमी आएको कारणले विभिन्न तेस्रो मुलकहरूबाट हुने नेपाली श्रमको माग प्रभावित भएको छ। आर्थिक वर्ष २०७६/७७ मा वैदेशिक रोजगारीका लागि अन्तिम श्रम स्वीकृति (संस्थागत तथा व्यक्तिगत-नयाँ र नवीकरण) लिने नेपालीको संख्या २०.५ प्रतिशतले घटेको छ। अघिल्लो वर्ष यस्तो संख्या ३२.६ प्रतिशतले घटेको थियो। वैदेशिक रोजगारीका लागि पुनः श्रम स्वीकृति लिने नेपालीको संख्या समीक्षा वर्षमा ३४.७ प्रतिशतले घटेको छ। अघिल्लो वर्ष यस्तो संख्या ५.४ प्रतिशतले बढेको थियो। तसर्थ विप्रेषण तथा श्रम बजारमा भएको श्रमको मागको वृद्धि दरमा भएको उतारचढावले आर्थिक स्थिरतामा आशंकाको बादल मडारिएको छ। त्यसै गरि देश भित्र समग्र अर्थतन्त्र प्रभावित भएकोले लगानी योग्य वातावरण नभएकोले बैंकिङ क्षेत्रमा नै अत्याधिक कर्जा योग्य तरलता रहेको छ। तसर्थ बैंकले विभिन्न योजना र सेवाहरू सार्वजनिक गरी कम जोखिम युक्त क्षेत्रमा लगानीका लागि प्रयास गरेको छ। बैंकले २०७६/२०७७ मा तेश्रो त्रैमासिकको अन्तिम महिनाबाट कोभिड-१९ महामारीका कारण उत्पन्न परिस्थितिका कारण आफ्नो योजना अनुसार शाखा विस्तारका लागि आवश्यक शोध तथा कार्य गर्न नसकेता पनि भई रहेको शाखाहरूबाट ग्राहकहरूलाई आवश्यक पर्ने सेवा तथा सुविधा यथासंभव दिने प्रयास गरेको छ।

नेपाल राष्ट्र बैंकको नीतिगत प्रयास र बढ्दो प्रतिस्पर्धाका कारण केही बैंक तथा वित्तीय संस्थाहरू गाभिने क्रम जारी रहेको छ। नेपाल राष्ट्र बैंकबाट इजाजत प्राप्त बैंक तथा वित्तीय संस्थाहरूको संख्या लघुवित्त वित्तीय संस्था बाहेक २०७६ असार मसान्तमा रहेको ८० बाट घटेर २०७७ असार मसान्तमा ६९ भएको छ।

आर्थिक वर्ष २०७६/२०७७ को कार्यक्रमको कार्यान्वयन स्थिति:

- निष्क्रिय कर्जा (NPA) १.०१ प्रतिशतमा रहेको।
- विभिन्न स्थानमा नयाँ शाखाहरू स्थापना गर्ने लक्ष्य लिएकोमा आ.व. २०७६/७७ को असार मसान्त सम्ममा देशका विभिन्न ९ स्थानमा नयाँ शाखाहरू खोली कुल ६८ वटा शाखाहरू सञ्चालनमा ल्याइएको।
- कोभिड-१९ को महामारीको कारण ग्राहकलाई सुरक्षित तरिकाले अति आवश्यक बैंकिङ सेवा उपलब्ध गराउने हेतुले बैंकले आफ्नो मोबाइल तथा इन्टरनेट बैंकिङ सेवामा विभिन्न सुविधाहरू थपि अझ बढि परिमार्जित गरेको छ।
- विद्युतीय भुक्तानी तथा नगद रहित कारोबारलाई प्रोत्साहान गर्न बैंकले डिजिटल भुक्तानी प्रविधि जस्तै इकमर्स/अनलाइन भुक्तानी तथा पस मेशिनबाट कारोबार गर्न विभिन्न छुट प्रदान गरी ग्राहकहरूलाई प्रोत्साहान गरेको छ।
- विप्रेषण व्यवसायलाई एसियाली, अमेरिकी र युरोपेली बजारमा स्तरीय सेवाका साथ फैलाउँदै लगिएको छ।
- शाखा तथा नाफा केन्द्रहरूको सेवा स्तर अभिवृद्धि गर्ने कार्य लागु गरिएको छ।
- योजना अनुसार विभिन्न स्थानमा थप ए.टी.एम.हरू जडान गरि २०७७ असार मसान्त सम्ममा संचालनमा आएका बैंकको कुल एटिएम संख्या १३८ पुगेको छ।
- बचत खाता, ऋण सुविधालगायत अरु सेवा सुविधाहरूलाई ग्राहकको मागअनुसार थप आकर्षक बनाइ प्रचलनमा ल्याइएको छ।
- अपलेखन गरिएका कर्जाहरूको असुली प्रक्रियालाई सक्रियतापूर्वक निरन्तरता दिइएको छ।
- डेबिट तथा क्रेडिट कार्डधारक ग्राहकवर्गलाई थप सुविधा प्रदान गर्न ६७७ थान अतिरिक्त "पस टर्मिनल" थपिएको छ।
- विभिन्न शाखाहरूको परिवेशलाई वातावरणीय मैत्री सुविधायुक्त बनाउँदै लैजाने कार्यको शुरुवात गरिएको छ।
- बैंकिङ सफ्टवेयर टी २४ ब्राउजरलाई प्राविधिक र सुरक्षाको दृष्टिकोणबाट थप स्तरोन्नति गरिएको छ।

आर्थिक वर्ष २०७७/२०७८ को कार्यक्रम:

- शाखा विस्तार योजनाअनुरूप थप ६ नयाँ शाखा तथा विभिन्न स्थानमा विस्तारित/एक्स्टेन्सन काउण्टर स्थापना गर्ने।
- निष्क्रिय कर्जा (NPA) लाई बढ्न नदिने।
- अपलेखन गरिएका कर्जाहरूको असुली प्रक्रियालाई सक्रियतापूर्वक निरन्तरता दिने।

- नयाँ कर्जा र निक्षेप सेवाहरु प्रचलनमा ल्याउने ।
- बचत खाता, ऋण सुविधालगायत अरु सेवा सुविधाहरुलाई ग्राहकको मागअनुसार आकर्षक बनाइ प्रचलनमा ल्याउने ।
- विभिन्न स्थानमा थप २० एटिएम मेशिन जडान गरी बैंकको कुल एटिएम संख्या १५८ पुऱ्याउने ।
- डेबिट तथा क्रेडिट कार्डधारक ग्राहकवर्गलाई थप सुविधा प्रदान गर्न १००० थान “पस टर्मिनल” विस्तार गर्ने ।
- ग्राहकवर्गहरुलाई सुरक्षित तथा सुविधायुक्त डिजिटल बैंकिङ्ग तथा नगद रहित कारोबारको प्रयोगलाई प्रोत्साहन गर्न बैंकको मोबाइल/इन्टरनेट बैंकिङ्गलाई समय सापेक्षरूपमा परिमार्जन तथा आवश्यक सुविधाहरु थप गर्दै लगिने छ । त्यसका साथै डिजिटल भुक्तानी प्रविधि जस्तै इकमर्श/अनलाइन भुक्तानी तथा पस मेशिनबाट कारोबार गर्न ग्राहकहरुलाई प्रोत्साहन गरिने छ ।
- बैंकको व्यवसाय विस्तारका लागि बैंकको लगानीमा मर्चेन्ट बैंकिङ्गको रूपमा स्थापना भएको Himalayan Capital Ltd. को सेवालाई विस्तार गर्ने ।
- विभिन्न शाखाहरुको परिवेशलाई वातावरणीय मैत्री सुविधायुक्त बनाउँदै लैजाने ।
- बैंकिङ्ग सफ्टवेयर टी २४ ब्राउजरलाई प्राविधिक तवरले थप सुरक्षित र स्तरोन्नति गर्दै जाने ।

संस्थागत सामाजिक उत्तरदायित्व:

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

बैंकले आर्थिक वर्ष २०७६/७७ मा संस्थागत सामाजिक उत्तरदायित्व बहन गर्ने क्रममा नेपाल सरकारको कोरोना भाइरस रोकथाम, नियन्त्रण तथा उपचार कोषसहित माथि उल्लेखित सामाजिक कार्यहरुका लागि विभिन्न सामाजिक कार्यमा संलग्न संघ संस्थाहरुलाई कुल रकम अक्षरेपी ४,७६,६६,७९३.३१ बराबरको सहायता प्रदान गरेको छ । संस्थागत सामाजिक उत्तरदायित्व अन्तर्गत खर्च भएको रकमहरुको विस्तृत विवरणहरु बैंकको २८औं वार्षिक प्रतिवेदनमा उल्लेख गरिएको छ ।

यी बाहेक बैंकले यस्तै तथा अन्य आवश्यक क्षेत्रमा सामाजिक उत्तरदायित्व अन्तर्गत रही सहायताहरु प्रदान गरेका छ र आगामी दिनहरुमा पनि यस्ता संस्थागत सामाजिक कार्यहरुमा संलग्न रही समाज र राष्ट्रप्रतिको आफ्नो भूमिका निर्वाह गर्न बैंक प्रतिबद्ध छ ।

संचालक समिति:

समीक्षा वर्षमा बैंकको प्रबन्धपत्र तथा नियमावलीमा भएको व्यवस्था अनुसार संस्थापक शेयरधनीहरुको तर्फबाट ५ जना संचालकहरुको मनोनयन/निर्वाचन गर्ने प्रावधान अनुरूप मिति २०७६ माघ २९ गते बसेको २७ औं वार्षिक साधारण सभाबाट श्री तुलसी प्रसाद गौतम (कर्मचारी संचय कोषबाट), श्री फैजल एन ललानी (हविव बैंक लिमिटेडबाट), श्री प्रचण्ड बहादुर श्रेष्ठ (एन ट्रेडिङ्ग प्रा.लि.बाट), श्री सुनिल बहादुर थापा (आभा इन्टरनेशनल प्रा.लि.बाट) तथा श्री आशिष शर्मा (म्यूचुअल ट्रेडिङ्ग प्रा.लि.बाट) संचालक पदमा ४ (चार) वर्षको लागि निर्विरोध निर्वाचित हुनु भएको छ । साथै सोहि मितिमा बसेको संचालक समितिको निर्णय अनुसार श्री तुलसी प्रसाद गौतम बैंकको संचालक समितिको अध्यक्षको रूपमा ४ (चार) वर्षको लागि निर्विरोध निर्वाचित हुनु भएको छ ।

संचालक समितिमा सर्वसाधारण शेयरधनीहरुको तर्फबाट श्री विजय बहादुर श्रेष्ठ तथा व्यवसायिक विशेषज्ञको रूपमा स्वतन्त्र संचालकमा श्री राधा कृष्ण पोते संचालक पदमा यथावत रहनुभएको छ ।

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

नयाँ नियुक्त संचालकहरुलाई हार्दिक बधाई ज्ञापन गर्दै बैंकको प्रगति र उन्नतिमा उहाँहरुको योगदानको अपेक्षा गर्दछौ । साथै निवर्तमान अध्यक्ष श्री मनोज बहादुर श्रेष्ठ, संचालक श्री सुशिल बिक्रम थापा तथा निवर्तमान बैकल्पिक संचालकहरु श्री माया इनाएत इस्माइल, सुश्री मेनुका श्रेष्ठ, श्रीमति रन्जना श्रेष्ठ, श्री भिष्म कुमार चुडाल, श्री दामोदर प्रसाद सुवेदीले बैंकको हितमा गर्नुभएको कार्यका लागि उहाँप्रति हार्दिक आभार व्यक्त गर्दछौ । यस अवसरमा बैंकको हितमा सदा कार्यरत रहन संचालक समिति आफ्नो प्रतिबद्धता व्यक्त गर्दछ ।

लेखापरीक्षण, वासलात र अन्य विवरण:

२०७७ असार मसान्तको वासलात, २०७६/७७ को नाफा-नोक्सान हिसाब, नाफा-नोक्सान बाँडफाँट हिसाब, नगदप्रवाह विवरण, सम्बन्धित अनुसूचीहरू र लेखापरीक्षकको प्रतिवेदन यसै प्रतिवेदनका अङ्गको रूपमा प्रस्तुत गरिएको छ। साथै कम्पनी ऐन २०६३ को परिच्छेद ७ दफा १०९ को उपदफा (४) बमोजिम प्रतिवेदनमा छुट्टै उल्लेख हुनुपर्ने कुराहरूलाई पनि समावेश गरिएको छ। बैंकको सहायक कम्पनी हिमालयन क्यापिटल लिमिटेडका साथै बैंकको लगानी भएका अन्य Associate कम्पनीहरूको कारोबारलाई Nepal Financial Reporting Standards अनुसार समावेश गरि एकीकृत वित्तीय विवरण समेत प्रस्तुत गरिएको छ।

नाफा - नोक्सान बाँडफाँट:

आर्थिक वर्ष २०७६/७७ मा बैंकको खुद मुनाफा रु. २ अर्ब ५८ करोड ६७ लाख २२ हजार रहेको छ भने Other Comprehensive Income गणना गर्दा बैंकको कुल आम्दानी २ अर्ब ६१ करोड ६९ लाख ६४ हजार रहेको छ। यसमध्ये अनिवार्य जगेडाकोषमा यस वर्षको खुद मुनाफाको २० प्रतिशतले हुन आउने रु. ५१ करोड ७३ लाख ४४ हजार छुट्याइएको छ। साथै बैंकले जारी गरेको रु. २ अर्ब ५६ करोड ९१ लाख ४ हजारको वण्डको लागि नाफाबाट यस वर्ष जम्मा ३६ करोड ७० लाख १४ हजार वण्ड फिर्ता जगेडाकोषमा सारिएको छ। यसका अतिरिक्त रु. २ करोड ५८ लाख ६७ हजार सामाजिक उत्तरदायित्व कोषमा तथा नियमनकारी कोषमा रु. १४ करोड ३५ लाख ७ हजार नियमानुसार रकमान्तर गरिएको छ। विगत वर्षमा विभिन्न कोषमा रकमान्तर भएको मध्ये रु. ४ करोड ७६ लाख ६६ हजार फिर्ता भई बाँडफाँडको लागि उपलब्ध भएको छ। त्यसका साथै बैंकले २०७० असारमा जारी गरेको रु. ६० करोड बराबरको ७ बर्षे वण्ड २०७७ असार महिनामा परिपक्व भई भुक्तानी समेत भइसकेकोले उक्त वण्डको लागि विगत वर्षहरूको नाफाबाट वण्ड फिर्ता कोषमा रकमान्तर भएको रु. ६० करोड समेत यस वर्ष बाँडफाँडको लागि उपलब्ध भएको छ।

आर्थिक वर्ष २०७६/७७ को लागि शेयरधनी महानुभावहरूलाई चुक्ता पूँजीको १४ प्रतिशत बोनस शेयरका साथै ६ प्रतिशत नगद लाभांश (कर सहित) वितरण गर्ने प्रस्ताव गरेका छौं। यस अनुरूप बोनस शेयर र नगद लाभांशका लागि क्रमशः रु. १ अर्ब ३१ करोड २१ लाख १९ हजार ४ सय र रु. ५६ करोड २३ लाख ३६ हजार ८ सय ८५ मात्र संचित मुनाफाबाट उपयोग गरिनेछ। यस वर्षको प्रस्तावित बोनस शेयरको वितरण पछि बैंकको चुक्ता पूँजी रु. १० अर्ब ६८ करोड ४४ लाख ८ सय २८ हुनेछ। बैंकले स्थापनाकालदेखि नै नियमितरूपमा आफ्ना शेयरधनीहरूलाई बोनस शेयर तथा लाभांशको आर्कषक मुनाफा दिने गरेकोमा यस वर्ष पनि सो लाई निरन्तरता दिन सकेकोमा हामी गौरवान्वित छौं।

धन्यवाद ज्ञापन:

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

धन्यवाद।

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(तुलसी प्रसाद गौतम)

अध्यक्ष

मिति: २०७७ पौष २

कम्पनी ऐन २०६३ को दफा १०९ उपदफा ८ अनुसारको अतिरिक्त विवरण

१. जफत गरिएका शेयरहरूको विवरण :
बैंकले गतवर्ष कुनै पनि शेयर जफत गरेको छैन ।
२. सहायक कम्पनीहरूसँगको कारोबार :
बैंकले Merchant Banking सम्बन्धी कार्य गर्नको लागि आफ्नो पूर्ण स्वामित्वमा हिमालयन क्यापिटल लिमिटेड स्थापना गरेको छ । उक्त सहायक कम्पनीले नेपाल धितोपत्र बोर्डबाट merchant banking र depository participant को रूपमा काम गर्न अनुमती प्राप्त गरी श्रावण २६, २०७६ देखि संचालनमा आएको छ । उक्त सहायक कम्पनीले आर्थिक वर्ष २०७६/७७ को अन्त्यमा हिमालयन बैंकमा राखेको मौजदात रु. १६,७४,२७,८०९/-
३. आधारभूत शेयरधनीहरूबाट बैंकलाई उपलब्ध गराइएको जानकारी :
यस्तो कुनै जानकारी प्राप्त भएको छैन ।
४. समीक्षा वर्ष (२०७६/७७) मा बैंकका संचालक तथा पदाधिकारीहरूले खरिद गरेका शेयरहरू :
यस्तो कुनै कारोबार भएको बैंकको जानकारीमा आएको छैन ।
५. बैंकसँग सम्बन्धित सम्झौताहरूमा कुनै संचालक तथा निजको नजिकको नातेदारको व्यक्तिगत स्वार्थबारे उपलब्ध गराइएको जानकारीको व्यहोरा ।
यस्तो कुनै जानकारी बैंकलाई प्राप्त भएको छैन ।
६. बाइ-व्याक गरिएका शेयरको विवरण:
समीक्षा वर्षमा बैंकले आफ्ना शेयरहरू आफैले खरिद गरेको छैन ।
७. आन्तरिक नियन्त्रण व्यवस्था:
बैंकको आन्तरिक नियन्त्रण व्यवस्था सक्षम छ । नियन्त्रण व्यवस्थामा अवलम्बन गरिएका प्रक्रियाहरू निम्नानुसार छन् ।
क) मजबुत आन्तरिक निरीक्षण तथा नियन्त्रण व्यवस्था अपनाइएको ।
ख) संचालन प्रक्रियालाई व्यवस्थित गर्न कार्यप्रणाली, प्रक्रिया र अन्य निर्देशिकाको व्यवस्था गरेको ।
ग) कर्जा नीति निर्देशिका जारी गरी अपनाइएको छ ।
घ) अनुपालना तथा आन्तरिक नियन्त्रण प्रणालीको सुपरिवेक्षण गर्न छुट्टै अनुपालना तथा आन्तरिक नियन्त्रण विभागको व्यवस्था गरेको ।
ङ) स्वतन्त्र आन्तरिक लेखापरीक्षण विभाग रहेको ।
च) लेखापरीक्षण समितिले आन्तरिक नियन्त्रण प्रणाली र लेखापरीक्षणबाट औल्याइएका प्रमुख कुराहरूको नियमित अनुगमन गर्ने परिपाटी बसालिएको ।
८. समीक्षा वर्षमा भएको कुल व्यवस्थापन खर्च :

समीक्षा वर्षमा भएको कुल व्यवस्थापन खर्च :	रु.
कर्मचारी खर्च -	१,२१,८९,८४,२८४*
अन्य संचालन खर्च -	८७,०१,७१,१११
ऱ्हास कट्टी र परिशोधन खर्च-	१८,०३,२०,५२७
कुल व्यवस्थापन खर्च -	२,२६,९४,७५,९२२

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

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

लेखापरीक्षण समिति:

श्री प्रचण्ड बहादुर श्रेष्ठ	संयोजक
श्री राधा कृष्ण पोते	सदस्य
श्री आशिष शर्मा	सदस्य
श्री रमेश कुमार धिताल (Team Leader - SAR Associates)	सदस्य-सचिव

२०७६ चैत्र १० को ३८३ औं सञ्चालक समितिको निर्णय अनुसार श्री राधा कृष्ण पोतेको ठाउँमा श्री आशिष शर्मालाई लेखा परिक्षण समितिको सदस्यको रूपमा नियुक्ति गरिएको थियो ।

समितिका सदस्यलाई बैठक भत्ताबाहेक अन्य कुनै पारिश्रमिक/सुविधा प्रदान गर्ने गरिएको छैन । सदस्य-सचिवबाहेक संयोजक र सदस्यहरूलाई चैत्र ९, २०७६ सम्म प्रति बैठक भत्ता क्रमशः रु. १०,०००/- र ८,०००/- प्रदान गरिएकोमा र त्यस पश्चात् ३८३औं सञ्चालक समितिको निर्णय अनुसार क्रमशः रु. ११,०००/- र रु. १०,०००/- प्रदान गरिएको छ ।

आर्थिक वर्ष २०७६/७७ मा १३ पटक समितिको बैठक बस्यो, जसमा:

- आन्तरिक लेखापरीक्षणको प्रतिवेदनको समीक्षा गरी सुधारका लागि व्यवस्थापनलाई आवश्यक निर्देशन दिइयो ।
 - निरीक्षण प्रतिवेदनहरूको समीक्षा गरी व्यवस्थापनलाई आवश्यक सुझाव दिइयो ।
 - बैंकको वार्षिक हिसाब, बाह्य लेखापरीक्षकको प्रारम्भिक प्रतिवेदन र केन्द्रीय बैंकको निरीक्षण प्रतिवेदन समीक्षा गर्नुका साथै यस सम्बन्धमा संचालक समितिको अनुमोदनका लागि आवश्यक कुराहरूको प्रतिपादन गर्न व्यवस्थापनलाई निर्देशन दिइयो ।
 - आन्तरिक नियन्त्रण व्यवस्था तथा प्रक्रियामा सुधार गर्न र आवश्यकतानुसार नीतिनिर्देशिका तथा प्रक्रियाहरूमा सुधारका उपायहरू अपनाउन व्यवस्थापनलाई निर्देशन तथा सुझावहरू दिइयो ।
१०. संचालक, व्यवस्थापकीय निर्देशक, आधारभूत शेयरधनी र निजका नजिकका नातेदार तथा संलग्न फर्म, कम्पनी आदिबाट बैंकलाई प्राप्त हुनु पर्ने रकम :
छैन ।
११. समीक्षा वर्षमा संचालक, व्यवस्थापकीय निर्देशक, प्रमुख कार्यकारी अधिकृत र अन्य पदाधिकारीहरूलाई दिइएको पारिश्रमिक, भत्ता तथा सुविधाहरू:

(रुपैयाँ)

क्र.सं.	शीर्षक	संचालक	प्रमुख कार्यकारी अधिकृत	व्यवस्थापक
१.	बैठक भत्ता	१७,७७,०००	-	-
२.	तलब	-	८७,५५,०१६	१२,०२,२०,७१५
३.	भत्ता	-	७८,०४,६६१	११,४०,१८,४६७
४.	संचयकोष योगदान	-	-	१,०२,१५,०५३
५.	टेलिफोन/मोबाइल	२,१३,८४१	५,०६,३९१	१,८९,६४,४०७
६.	विविध	२२,१८,८२४	९,११,२७१	२,८२,१४,२४०
		४२,०९,६६५	१,७९,७७,३३९	२९,१६,३२,८८३
७.	गाडी	छैन	*छ	छ
८.	आवास सुविधा	छैन	छैन	**छैन
९.	विमा	छ	छ	छ
	जम्मा संख्या	७	१	१०९

टिप्पणी:

१. *प्रमुख कार्यकारी अधिकृत, महाप्रबन्धक, नायब महाप्रबन्धक, सहायक महाप्रबन्धक र विदेशी कर्मचारी (वरिष्ठ महाप्रबन्धक) लाई इन्धन र मर्मतसंभार सहित सवारी साधनको व्यवस्था गरिएको छ। प्रमुख कार्यकारी अधिकृत, महाप्रबन्धक, नायब महाप्रबन्धक र विदेशी कर्मचारी (वरिष्ठ महाप्रबन्धक) लाई चालक समेत व्यवस्था गरिएको छ। व्यवस्थापकहरुलाई नियमानुसार सवारी सुविधा (OYVS Scheme) र इन्धनको व्यवस्था गरिएको छ।
२. **विदेशी कर्मचारी तथा उपत्यका बाहिरका शाखा प्रमुखको हकमा सुविधायुक्त आवासको व्यवस्था बैंकले नै गरेको छ।
३. क) संचालकहरुका लागि रु. २ लाखको औषोधोपचार विमा र रु. ३० लाखको दुर्घटना विमा गरिएको छ।
ख) बैंकका सबै प्रबन्धकहरुलाई बैंकको कर्मचारी विनियमावली अनुसार दुर्घटना विमा, औषोधोपचार विमा र जीवन विमाको व्यवस्था गरिएको छ। प्रमुख कार्यकारी अधिकृत तथा विदेशी कर्मचारीको करार बमोजिम दुर्घटना विमा र औषोधोपचार विमा गरिएको छ।
४. प्रमुख कार्यकारी अधिकृतको फोनको भुक्तानी बैंकले गर्ने व्यवस्था गरिएको छ। वरिष्ठ महाप्रबन्धक र महाप्रबन्धकको हकमा नियमानुसार प्रति महिना बढीमा रु. १२,०००/- र रु. ३,०००/- सम्मको सोधभर्ना बैंकबाट हुने व्यवस्था गरिएको छ।
५. प्रमुख कार्यकारी अधिकृत, महाप्रबन्धकहरुको हकमा खानेपानी तथा बिजुलीको महशुल बैंकबाट स्वीकृत सीमामा रही सोधभर्ना दिने व्यवस्था गरिएको छ।
६. प्रमुख कार्यकारी अधिकृत र व्यवस्थापकहरुलाई बोनस ऐन २०३० अनुसार कर्मचारी बोनस प्रदान गरिन्छ। आफ्नो कार्यकाल सकेर पाकिस्तान फर्किनु भएका वरिष्ठ महाप्रबन्धकलाई एकमुष्ट रु. १,११,७५,२९४/- प्रदान गरिएको छ।
१२. वितरण गर्न बाँकी लाभांश
२०७७ असार मसान्तमा रु. २९ करोड १८ लाख ९३ हजार ९ सय ८४।
१३. प्रचलित ऐन कानून अनुसार वार्षिक प्रतिवेदनमा उल्लेख गरिनुपर्ने अन्य विवरण:
छैन।
१४. विविध सम्बन्धित विषयहरु:
छैन।

द. तुलसी प्रसाद गौतम
अध्यक्ष

धितोपत्र दर्ता तथा निष्काशन नियमावली २०७३ को अनुसूची - १५

(नियम २६ को उपनियम (२) सँग सम्बन्धित)

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

त्रैमास (महिना)	शेयरको अधिकतम मूल्य रु.	शेयरको न्यूनतम मूल्य रु.	शेयरको अन्तिम मूल्य रु.	कुल कारोबार शेयर संख्या	कुल कारोबार दिन
प्रथम त्रैमासिक - (आश्विन मसान्त २०७६)	५६८	४७९	५०२	१,६३,९७९	६२
दोश्रो त्रैमासिक - (पौष मसान्त २०७६)	५७८	४६७	५६२	२,५०,२५४	५९
तेस्रो त्रैमासिक - (चैत्र मसान्त २०७६)	७३५	४८५	५००	७,४१,७८५	४६
चौथो त्रैमासिक - (आषाढ मसान्त २०७७)	५५७	४५२	५४०	७५,९६५	१५

६. समस्या तथा चुनौती

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

- (क) व्यापार क्षेत्रको पर्याप्त विस्तार हुन नसक्नाले सम्पत्ति तथा दायित्व लक्षित जोखिम बढेको ।
- (ख) वित्तीय संस्थाहरूको अझै पनि उल्लेख्य संख्या तथा तिब्र प्रतिस्पर्धा रहेको ।
- (ग) मुद्रा स्फितिमा बृद्धि ।
- (घ) आवश्यक आधारभूत संरचनाहरू जस्तै: सडकमार्ग, संचार तथा उर्जा आदिको अभाव ।
- (ङ) नीतिगत अनिश्चितता र फलस्वरूप लगानीमा देखिएको असर ।
- (च) विप्रेषणमा देखा परेको ह्रास र कोभिड-१९ महामारीको कारणले त्यसमा आउन सक्ने नकारात्मक असर ।
- (छ) कोभिड-१९ ले आर्थिकरूपमा असर गरेको ऋणीलाई ब्याजदरमा राहत दिनु पर्ने अवस्था ।
- (ज) औषत ब्याजदर अन्तर, पूँजीकोष लगायत कुरामा नियमनकारी निकायबाट भएको परिवर्तनले व्यापार बृद्धि तथा नाफामा पर्न सक्ने असर ।
- (झ) ब्याज आयको ठूलो भाग नियमकारी कोषमा जम्मा हुन गई बाँडनयोग्य नाफामा हुन सक्ने कमी ।

७. संस्थागत सुशासन

- (क) बैंक सञ्चालक समिति,
संचालक समिति अन्तर्गतको जोखिम व्यवस्थापन समिति, कर्मचारी सेवा सुविधा समिति र सम्पत्ति शुद्धिकरण निवारण समिति तथा व्यवस्थापन स्तरका कर्जा व्यवस्थापन समिति र सम्पत्ति- दायित्व व्यवस्थापन समितिहरूले बैंकको कार्यसञ्चालन लगायतका लागि नीति निर्माण प्रकृत्यामा कृयाशील भूमिका खेल्दछन् ।
- (ख) आन्तरिक नियन्त्रण प्रणाली
आन्तरिक नियन्त्रण प्रणालीलाई व्यवस्थित गर्न छुट्टै स्वतन्त्र आन्तरिक लेखा परीक्षण विभाग स्थापना गरिएको छ । यस विभागले नियमित रूपमा विभिन्न शाखा तथा विभागको लेखापरीक्षण गरी प्रतिवेदनमा दिइएका सुझावहरू समीक्षा गर्न तथा कार्यान्वयन गराउन लेखापरीक्षण समितिका बैठकहरू नियमित रूपमा बस्ने गरेको छ ।
- (ग) आन्तरिक नीति, नियम तथा निर्देशिकाहरू:
बैंक संचालनको लागि तथा यस सिलसिलामा उत्पन्न हुनसक्ने जोखिमहरू कम गर्न बैंकले सुदृढ सञ्चालन प्रणाली लागू गरेको छ । बैंकका सम्पूर्ण कृयाकलापहरूलाई निर्देशित गर्न आवश्यक नीति तथा कार्यप्रणालीको व्यवस्था गरिएको छ । नियामक तथा अन्य कानूनी प्रावधानहरूको अनुपालनाको सुपरिवेक्षणको लागि समेत आवश्यक व्यवस्था गरिएको छ ।



HBL's History

Established as a joint venture of Habib Bank Limited of Pakistan in 1993, Himalayan Bank Limited (HBL) has been in the forefront of the Nepal's banking industry since its inception. Starting banking services from the Employees Provident Fund Building at Thamel, Kathmandu, HBL currently has countrywide network of 68 branches and 138 ATMs to provide highly reliable modern banking services to its customers across Nepal.

Our Vision

Himalayan Bank Limited holds a vision to become a Leading Bank of the country by providing premium products and services to its customers, thus ensuring attractive and substantial returns to the stakeholders of the Bank.

Our Mission

The Bank's mission is to become preferred provider of quality financial services in the country. There are two components in the mission of the Bank; Preferred Provider and Quality Financial Services; therefore we at HBL believe that the mission will be accomplished only by satisfying these two important components with the Customer at focus. The Bank always strives positioning itself in the hearts and minds of the customers.

Objective

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

Board of Directors



Tulasi Prasad Gautam
CHAIRMAN
Representing Karmachari Sanchaya Kosh



Faisal N Lalani
Director
Representing Habib Bank Ltd.



Prachanda Bahadur Shrestha
Director
Representing N. Trading Company Pvt. Ltd.



Sunil Bahadur Thapa
Director
Representing Ava International Pvt. Ltd.



Ashish Sharma
Director
Representing Mutual Trading Pvt. Ltd.



Bijay Bahadur Shrestha
Director
Elected from General Public Shareholders



Radha Krishna Pote
Independent Director



Himalaya SJB Rana
Chief Advisor (Board of Directors)

Message from the Chairman

On the auspicious eve of celebrating 28th AGM of Himalayan Bank Limited, I feel very proud to express that our bank has maintained the status as one of the pioneer banks of Nepal. For this, on behalf of the Board, I would like to congratulate our bank management team and all the staff, our valued customers and other stakeholders for their continuous contribution to this 28 years of glorious journey.

HBL holds a promising history in the banking industry of Nepal. It is the first bank to introduce ATM, Tele-banking service and CBS System in the country. **Today, it has Rs. 155.89 billion of asset size, Rs. 131.86 billions of deposit and Rs. 107.29 billions of loan and investments with total of 629, 648 customers.** These figure recognize us to secure a prominent position in Nepali banking industry. The bank has always been able to provide the best and innovative products to our customers, both in terms of deposit and loan schemes. With a dedicated team, we shall continue to deliver satisfaction to our customers as per their aspirations. At the same time, we have proved ourselves as a prominent partner in the course of economic development of the country by availing investable funds to various sectors.

With all these achievements, this year has been more challenging than ever. The world has witnessed an unpredicted downfall in the overall economy due to the outbreak of COVID-19 pandemic which started from December 2019 and remain till date. Since then, the roller coaster ride has been set on pause in all the sectors including banking and finance, production, manufacturing, tourism and aviation, trading, marketing and so on. Still there is not a reliable sign of getting control over it in near future even though the scientists around the world are working hard to develop vaccine to control it. Since the economic activities of Nepal too have been adversely affected, the performance of the banks also has been significantly hit by the pandemic.

In current scenario, where the threat of COVID-19 has been hovering over us constantly, there is also an opportunity for the bankers to explore new avenues and one of them is to promote secure and risk-free banking. The pandemic has given a good lesson to the overall financial industry about the significance of cashless technology. During the lockdown phase, realizing the need of digital banking more than before, we concentrated on upgrading our Mobile Banking Application and Internet Banking Services, giving high priority to our customers' safety and convenience. HBL strives to offer better banking experience to our valued clients with easy and secured access to banking services. Besides this, HBL strongly adheres to the regulatory compliance by incorporating better policies, practices and right corporate governance in order to manage growth and development of the Bank and meet stakeholders' aspirations.

Despite of all adversities, I am delighted to state that we are able to maintain satisfactory growth in finances and improve service quality. On behalf of HBL, I extend the vote of thanks to all our stakeholders for their trust and continuous support to the bank.

Tulasi Prasad Gautam

Chairman

From the desk of CEO

It is the 28th year of Himalayan Bank and we have completed one more year with an outstanding performance of service excellence, portfolio diversity and customer satisfaction. Despite the pandemic situation that the world has been facing and the adversities faced by the economy and the financial system of the country, our balance sheet has been able to exhibit a satisfactory growth.

As we can see, this year has been way tougher than we imagined. The Corona Virus that first emerged in December 2019 became a pandemic the whole world has never seen. Many countries had to follow lockdowns and quarantine situations. The whole year has been a new experiences for all of us. The Nepalese banking industry was affected as it had to go under a 120 days lockdown starting from 24th March, 2020 to 21st July, 2020. During this time, only the essential services were in operation.

It is needless to explain how challenging the year has been for the banking industry. During the year, the volatility in interest rates has been a major issue. The fluctuation of the interest rate has created uncertainty in the financial market. Despite of the effects of a worldwide pandemic, we were able to record a net profit of Rs. 2.59 Billion with a Total Deposit Base of Rs. 131.86 Billion, Total Lending of Rs. 107.29 Billion, Total Assets of Rs. 155.89 Billion and the Total Capital Base of Rs. 10.68 Billion. It is all because of the TRUST of our shareholders and the customers that we have managed this growth.

Like in past years, in line with the Bank's strategic plan and regulatory directives, we were focused on extending our presence in various part of the country. Unfortunately, we could not fully implement our plan because of the outbreak of the virus. However, we are still focused on giving the best services to our customers through existing branches. Furthermore, looking at the current banking scenario, our bank has introduced various schemes, products and facilities for the clients. During the nationwide lockdown, more people have understood the short comings of traditional banking system and have realized how important it is to upgrade to digital and modern banking. Thus, to give our customers the best services we have improved our IT and IT Security along with other ancillary services such as Card Services, Mobile Banking, Internet Banking and Remittance. We have been upgrading our Mobile Banking and Internet Banking services to make it more secure to promote e-payments. Therefore, despite a worsening economy, the bank has taken it as opportunity to remain robust and to position itself as a top tier bank among the Financial Institutions of the Country.

Apart from serving our valuable customers with best banking services, we have also focused equally on good Corporate Governance practices and follow all the sets of parameters and Directives/Circulars of the Regulators for better transparency and accountability. Similarly, we can proudly say that we are the main service provider in remittance business which has helped us expand our reach. This helped us to grow our business and provide effective and easy solutions to our customers apart from helping generate revenue along with strengthening our foreign currency position. As in the past years, HBL continued focusing on enlarging the Retail and SME Loans portfolio considering the huge potential at the local level.

Looking at our 28 years long journey, it gives me immense pleasure to say that HBL has been able to maintain its legacy of being one of the most preferred Banks in Nepal which would not have been successful without the continuous guidance and support of the Board of Directors. I would like to express my sincere gratitude to the Board of Directors. I would like to take this opportunity to thank our staff who have worked hard despite the Covid situation, shareholders, well-wishers, Nepal Rastra Bank and other related government agencies who have continuously interacted with us with their support and guidance.

Ashoke SJB Rana
Chief Executive Officer

Senior Management Team



Ashoke SJB Rana
Chief Executive Officer



Sushiel Joshi
General Manager



Anup Maskay
General Manager



Ujjal Raj Rajbhandary
General Manager



Rabindra Narayan Pradhan
Assistant General Manager



Maheshwor Prasad Joshi
Assistant General Manager



Bipin Hada
Assistant General Manager



Bijay Man Nakarmi
Chief Manager



Mrigendra Pradhan
Chief Manager



Naveen Poudyal
Chief Manager



Satish Raj Joshi
Chief Manager



Sunil P Gorkhali
Chief Manager

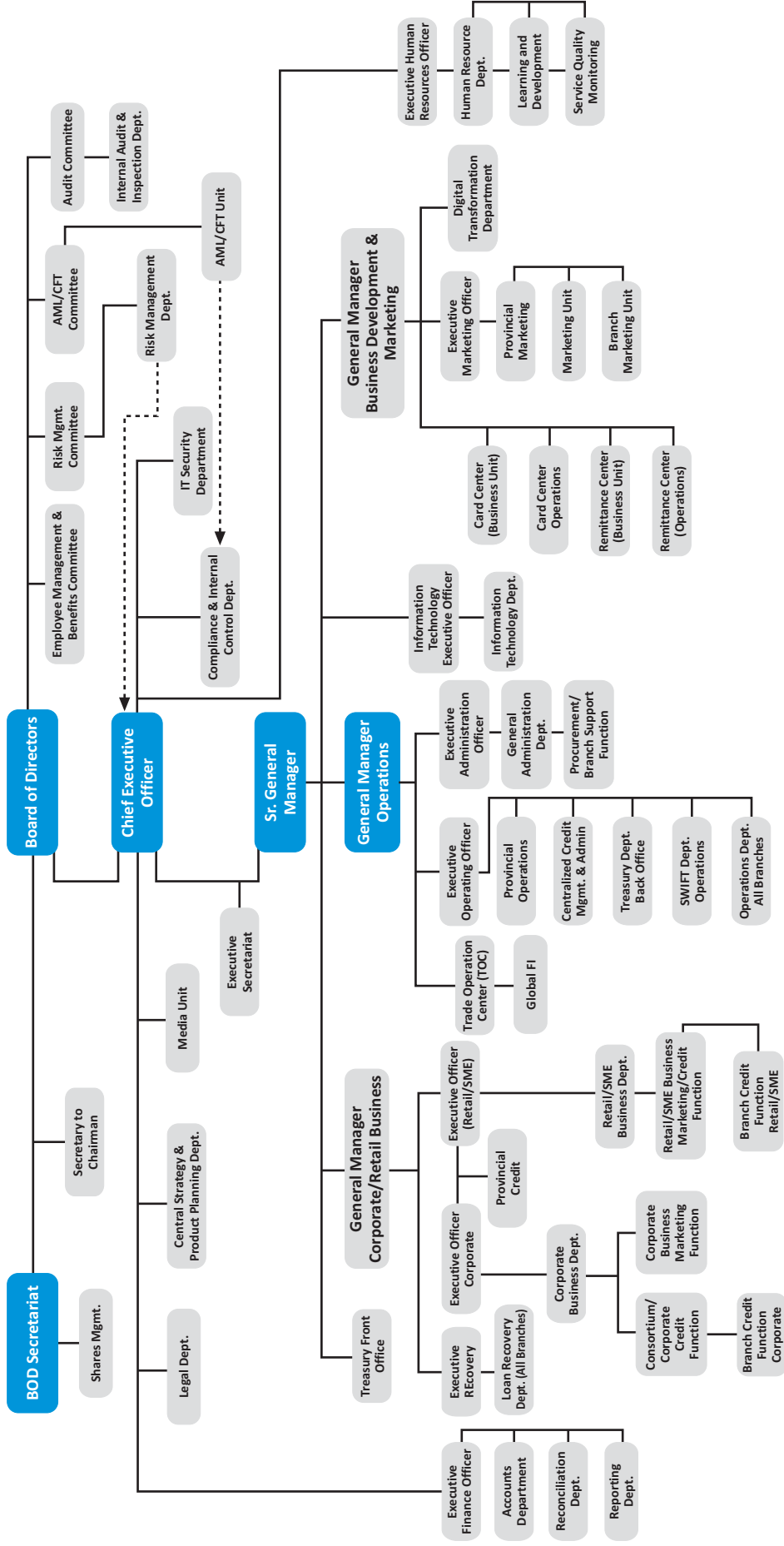


Sisam Pradhananga Joshi
Chief Manager



Jayendra Bikram Shah
Chief Manager

ORGANIZATIONAL CHART



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

Dear Shareholders,

On behalf of the Board of Directors, we cordially welcome all the shareholders present at this Twenty-Eighth Annual General Meeting of Himalayan Bank Limited.

The bank has been serving its valued customer continuously for the last 28 years. During these period, we, with our collective efforts, are able to establish the Bank as one of the most secure, techno friendly and reliable banks among the financial institutions of the Country.

The COVID-19 pandemic spread globally has affected Nepal since last Chaitra. The threats emerged among the people has directly affected the economy of the country. Thus, the year 2019/20 had been tough and challenging year to the overall financial institutions. Even though the FY: 2019/20 had not been astounding for the Financial Institutions of Nepal, it remained fairly good for the Bank. As mentioned earlier, the pandemic as affected overall economy of the country resulted in negative impact on credit disbursement, deposit solicitation, earnings related to remittance, human resource development, expansion of services consequently affecting the income of the bank. Similarly, it is witnessed that some of the loan were degraded that spawned the increased loan loss provisioning resulted in impact on profitability of the Bank. However, we are hopeful that the profitability would increase in the current fiscal year as the Bank Management is working on to recover those classified loans.

Presently, the Bank has been providing services to its customers from 68 branches and 138 ATM throughout the country. Likewise, it is our pleasure to inform you that during the review period, fully owned subsidiary company of the Bank, "Himalayan Capital Ltd." having its registered office at Karmachari Sanchaya Kosh Building, Thamel, Kathmandu, has been doing good business over the year.

The Bank has been continuously progressing with the deep faith of customers, direct and indirect support of the shareholders and creative initiatives of the Bank Management. Since its inception, the Bank has been working in accordance to its aim of developing healthy banking system as well as extending accessible and quality service to the people. Likewise, due to the ongoing global pandemic, the Bank has been encouraging it's clients to use the digital platform (Internet/Mobile Banking) extensively for getting quick and uninterrupted services.

We would like to present the Balance Sheet as on July 15, 2020, the Profit and Loss Account for the fiscal year 2019/20, the Profit and Loss Appropriation Account and other financial statements for approval.

Review of the Bank's Operations

During the review period, the Bank's total deposit reached Rs. 131.86 billion, an increase of 16.60 percent compared to previous year. Similarly, the loans and advances reached to Rs. 107.29 billion during the review period, an increment of 9.25 percent compared to previous year.

The net assets of the Bank increased by 9.97%, reaching Rs. 17.59 billion, during the review period, while the total assets increased by 17.07 % and reaching to Rs. 155.88 billion.

Following the guideline of regulatory body, Nepal Rastra Bank and Institute of Chartered Accountants of Nepal, the Bank was able to post an operating profit after provision for loan loss to the tune of NPR 3.41 billion during the fiscal year, with net profit at NPR 2.59 billion.

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

(In Rs. Millions)

S.N.	Particulars	As on July 15, 2020	As on Oct 17, 2020	Increase (Decrease) %
1	Total Assets	155,885	161,282	3.46
2	Deposits (Including BFIs)	131,860	137,079	3.96
3	Loans, Overdrafts and Bills Purchased and Discounted	107,295	104,776	-2.35

During the review period, pursuant to the directives of Nepal Rastra Bank, the Bank wrote off loans to the tune of Rs. 226.28 million whereas the Bank was able to recover Rs. 84.47 million from the already-written-off loans.

The Bank Management has been firmly working to recover the non-performing, bad and written off loan. We would like to assure you that this will help in enhancing profitability of the Bank in the current fiscal year.

Comparative Financial Indicators of the Bank

The comparative financial indicators of the fiscal years 2018/19 and 2019/20 are presented below:

(In Rs. Millions)

S. N.	Particulars	2018/2019 As on July 16	2019/2020 As on July 15	Increase (Decrease) %
1	Total Assets	133,151	155,885	17.07%
2	Net Assets	15,995	17,589	9.97%
3	Deposits	113,090	131,860	16.60%
4	Loans, Overdrafts and Bills Purchased and Discounted	98,206	107,295	9.25%
5	Net Interest Income	5,031	4,822	-4.17%
6	Other Income	1,640	1,744	6.31%
7	Operating and Staff Expenses*	2,605	2,702	3.71%
8	Operating Profit	3,942	3,412	-13.46%
9	Net Profit	2,764	2,587	-6.41%

*Operating and Staff Expenses includes Staff Bonus Expenses

The comparative status of deposit, credit, income and expenditure of the Bank during the fiscal year 2018-19 and the year under review is presented in separate annexes as detailed below:

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

National and International Events and their Impact on the Bank

The world has witnessed deteriorating condition of economic, social and other activities brought about by the ongoing global pandemic of COVID-19. Most of the country around the world have been trying to control the spread of the virus taking various preventive measures such as partial or full lockdown. However, all those preventive measures are gone in vein as the virus has affected more than 70 Million population worldwide killing more than 1.60 Million people. As a consequence, there is a negative impact on world economy resulted in sluggish growth. Most of the developed countries having dominance over world economy, particularly the United States of America, European countries, China and India, are finding it difficult to attain the desire growth thereby the economic growth of the world, as a whole, has observed lethargic growth. Besides, the trade war between USA and China has negative impact in the world economy. Similarly, our southern neighbour "India" is also hardly hit by the pandemic with over 10 Million infected population thereby leading to full and or partial lockdown around the country. This has resulted in the low growth rate of our southern neighbour which has direct/indirect impact on the economic growth of Nepal.

On the other hand, in later quarter of the review period, the pandemic has affected Nepal thereby the country has failed to attain the targeted growth rate even after the settlement of political uncertainty and end of transition period with the formation of stable government. However, due to the hike in taxation, some of the policies declared by the government as well as spread of COVID-19 and the uncertainty of the its vaccine have affected the investment environment in the country.

As per the report published by Nepal Rastra Bank, the country has attained anticipated GDP growth rate of only 2.28% during 2019/20, whilst the GDP growth rate in the previous year was 6.99%. The GDP growth rate remained at one of the lowest due to the global pandemic and its negative effect on global and national economy that has disrupted production and smooth supply chain. However, consumer's average inflation rate increased to 6.15% during the review period in comparison to last year's 4.64%.

Total exports, during the FY: 2019/20, have increased by only 0.6% to Rs. 97.71 billion in comparison to previous year's increased rate of 19.4%. Similarly, the import decreased by 15.6% and remained at Rs. 1,196.80 billion in the review period in comparison to last FY's increment rate of 13.9%. Marginal growth in export and sharp decline in import resulted in decrease in trade deficit by 16.8% and remained at Rs. 1,099.09 billion in comparison to the growth of 13.5% in last FY's.

Similarly, deficit in current account has decreased by 87.9% and remained at Rs. 32.06 billion from previous year's Rs. 265.36 billion. The current account deficit in US Dollar value is recorded as Rs. 326 million in comparison to last year's Rs. 2.35 billion.

Likewise, the deficit in BOP by Rs. 67.40 billion during the previous FY has recorded surplus of Rs. 282.41 billion in the review period. The BOP surplus in US Dollar has remained at 2.35 Billion in comparison to previous year's deficit of 591 million.

Additionally, inflow of remittance had declined slightly by 0.5% to Rs. 875.03 billion in the review period. In the corresponding previous year, the remittance growth rate was 16.5%. In US Dollar, the inflow of remittance during the review period has declined by 3.3% in comparison to previous year's growth by 7.8%

At the end of fiscal year 2019/20, the gross foreign exchange reserves have increased by 34.9% and remained at Rs. 1,401.84 billion compared to fiscal year end 2018/19 figure of Rs. 1,038.92 billion. In US Dollar value such reserve during the review period has remained at Rs. 11.65 billion in comparison to previous corresponding year's figure of Rs. 9.50 billion.

The broad money supply during the review period increased by 18.1% as compared to last year's increment of 15.8%.

During the year under review, the total deposit in the banking sector increased by 18.7% compared to 18.00% in the previous year. Similarly, the total loans and advances to private sector had increased by 12% in FY 2019/20 compared to 19.4% in the previous year.

Current Financial and Banking Environment

The economy of the country is still dependent on remittance. However, demand of Nepalese work forces from various countries are adversely affected by the spread of COVID-19 virus worldwide. During the FY: 2019/20, Nepali requesting for labour permit (institutional, personal and authenticating the existing) had declined by 20.5%. In previous year it was declined by 32.6%. Similarly, during the review period, Nepali requesting for renewal of work permit for foreign employment had declined by 34.7% which was increased by 5.4% during the correspondence previous year. Therefore fluctuation in growth rate in the remittance inflow, in recent years, has created doubts about economic stability. Furthermore, there is an excess liquidity in the market since investment environment has been disrupted brought about by the vulnerable economic situation of the country. Nevertheless, the Bank has been trying to introduce various attractive scheme and services so that the Bank can extend credit facilities in comparatively less risky sector. Aside of that, the Bank could not extend its networks due to the outbreak of COVID-19 followed by nationwide lockdown declared by the Government. However, the Bank has been trying to serve its clients from the existing branches/networks as far as possible.

Due to the policy of Nepal Rastra Bank and fierce competition in banking industries, many financial institutions are in process of merger. Thus, the number of registered financial institutions excluding micro-finances as of FY 2019/2020 has decreased to 69, which were 80 during the last FY end.

Implementation Status of the Strategy and Program of the Bank for the FY 2019/2020

1. Non-Performing Loan limited to 1.01 percent as of fiscal year end.
2. As per the branch expansion plan, HBL has opened 9 new branches in various part of the country to reach the total of 68 branches by the fiscal year end 2019/20.
3. Rolled out upgraded, user friendly and secured Mobile/Internet Banking module with added features to promote digital banking amidst the pandemic.
4. Encouraged use of digital/electronic payment system for cash less transaction through ecommerce and POS terminals giving various discount facilities to the customers.
5. Necessary arrangement is done to extend remittance business to various Asian, European and US market.
6. Different plans and policies are adopted to improve the service standard of branches and profit center.
7. The total number of ATMs in operation reached to 138 with addition of new ATMs in various locations as per the plan by the fiscal year end 2019/20.

8. Deposit product, loan product and other banking facilities were made more attractive as per the demand of the general public.
9. Continuity has been given to the recovery of written-off loans in an active manner.
10. Additional 677 POS terminals have been installed for the convenience of the debit and credit card holders.
11. Continuous effort being made to renovate and expand various branches to make the ambience of branches pleasing and environment- friendly.
12. T24 banking software browser has been upgraded and made it more secure.

Strategies and Programs for FY 2020/2021

1. To establish 6 new branches and extension counters within and outside the valley as per branch expansion plan.
2. To curb the NPA in lowest level.
3. To give continuity to recovery of written-off loans in an active manner.
4. To introduce new deposits, credit products and innovative banking services.
5. Deposit product, loan product and other banking facilities shall be made more attractive as per the demand of the general public.
6. To set up 20 additional ATMs at various places as well as newly set up branches to total the number to 158.
7. To install additional 1,000 POS machines so as to facilitate debit/credit card holders.
8. To upgrade the existing mobile/internet banking module so as to provide user friendly, secured mobile/internet banking facilities to the customers. Similarly, motivate use of digital/electronic payment channel such as online/ecommerce payment as well as use of POS terminal for promotion of cashless transactions.
9. To enlarge the operation of Himalayan Capital Ltd. so as to broaden the bank's business.
10. To renovate and expand various branches to make the ambience of branches pleasant and environment- friendly.
11. To upgrade and fine-tune CBS system T24 technically as per requirement and complying all the necessary security measures for better performance.

Corporate Social Responsibility (CSR)

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

During the FY: 2019/2020, the Bank, under its Corporate Social Responsibility Initiative, has continued supporting various organization involved in various social causes listed above including the Corona Virus Prevention Control and Treatment Committee formed by Nepal Government with the total amount of Rs. 47,666,793.31. Detail elaboration of the amount supported under CSR initiative under various causes have been given in the 28th Annual Report.

The Bank is active in the development of sports culture like in the past. The Bank is fully aware of its corporate social responsibilities towards the community/nation and committed to continue its CSR initiative in coming days as well.

Board of Directors

During the review period, the 27th Annual General Meeting held on 12th February 2020 had unanimously elected 5 Directors to represent the Board of Directors of the Bank as per the provision of the Bank's Article of Association and Memorandum of Understanding. Among the Directors, Mr. Tulasi Prasad Gautam, representing Employee Provident Fund, Mr. Faisal N. Lalani, representing Habib Bank Ltd, Mr. Prachanda Bahadur Shrestha, representing N. Trading Pvt. Ltd., Mr. Sunil Bahadur Thapa, representing Ava International Pvt. Ltd. and Mr. Ashish Sharma, representing Mutual Trading Pvt. Ltd. were elected unopposed for the tenure of 4 years. Furthermore, Mr. Tulasi Prasad Gautam has been unanimously elected as the Chairman of the Board of Directors of the Bank for the tenure of 4 years from the same date.

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

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

We would like to congratulate and welcome all the newly appointed Director and are grateful to the former Chairman, Mr. Manoj Bahadur Shrestha and Director, Mr. Sushil Bickram Thapa for their sterling contribution towards the Bank's progress and prosperity. Similarly, we would like to express our sincere thanks to the former Alternate Directors Ms. Maya Inayat Ismail, Ms. Menuka Shrestha, Mrs. Ranjana Shrestha, Mr. Bhisma Kumar Chudal and Mr. Damodar Prasad Subedi for their contributions towards the progress of the Bank. On this occasion, I would like to declare that the Board of Directors of the Bank is committed towards prosperity of the Bank.

Audit, Balance Sheet and Other Financials

The Balance Sheet as on July 15, 2020, the Profit and Loss Account, the Profit and Loss Appropriation Account, Cash Flow, related annexure and Auditors' Report for the fiscal year 2019/20, are enclosed with this report. Further, information required to be disclosed as per the provisions of Company Act 2063, Chapter 7, Clause 109, Sub-Clause (4) are presented as Annex E. Consolidated Financial Statement has been prepared and presented including the Financial Statement of the Bank's fully owned subsidiary "Himalayan Capital Ltd" and other Associate Companies in which the Bank has invested according to the "Financial Reporting Standards".

Profit and Loss Appropriation

The net profit after tax and bonus of the Bank amounted to Rs. 2,586.72 million for the fiscal year 2019/20. Including other comprehensive income, the net profit amounted to Rs. 2,616.96 million fiscal year 2019/20. 20% of the net profit i.e. Rs. 517.34 million, has been appropriated to the Statutory General Reserve Fund. In addition, the Bank has allocated Rs. 367.01 million from its profit and transferred it to the Bond Repayment Reserve for the HBL Bond 2083 issued worth Rs. 2569.10 million. Additionally, as per the circular of Regulatory Body, the Bank has transferred Rs. 25.87 million in the reserve for its Corporate Social Responsibility and Rs. 143.51 Million has been transferred to Regulatory Reserve.

Out of the fund transferred to various Reserves in the previous year, Rs. 47.67 Million is also available for appropriation. Similarly, 7 years' bond worth Rs. 600 million issued in July 2013 has been matured from July 2020 which was already paid back from the profit of previous years. Thus, Rs. 600 million transferred to Bond Repayment Reserve is also available for appropriation in this year.

For fiscal year 2019/20, 14% bonus share and 6% cash dividend (including tax) have been proposed to the shareholders. For the proposed bonus shares and cash dividends, an amount of Rs. 1,312,119,400/- and Rs. 562,336,885/- respectively has been allocated from the retained profit. After the distribution of the proposed bonus shares, the paid-up capital of the Bank will amount to Rs. 10,684,400,828/-. We are proud of the fact that the Bank has been able to provide good returns in the form of cash dividends and bonus shares to its shareholders right from the commencement of its operations.

Vote of Thanks

On behalf of the Board of Directors, I would like to extend sincere thanks to the shareholders, esteemed customers, related divisions of the Government of Nepal such as Finance Ministry, Nepal Rastra Bank, Security Board of Nepal (SEBON), Nepal Stock Exchange, Company Registrar Office, CDS and Clearing Ltd, Credit Information Bureau of Nepal, Deposit and Credit Guarantee Fund and all the other Regulatory Bodies for their guidance and invaluable support in discharging banking services. I would also like to place on record special thanks to the management of our joint venture partner Habib Bank Limited, Pakistan, the Bank's Chief Executive Officer, including entire staff for making dynamic contributions to the progress and prosperity of the Bank. Finally, I would like to extend hearty thanks to the media for giving wide coverage to our activities and to all our well-wishers.

Thank you.

Tulasi Prasad Gautam

Chairman

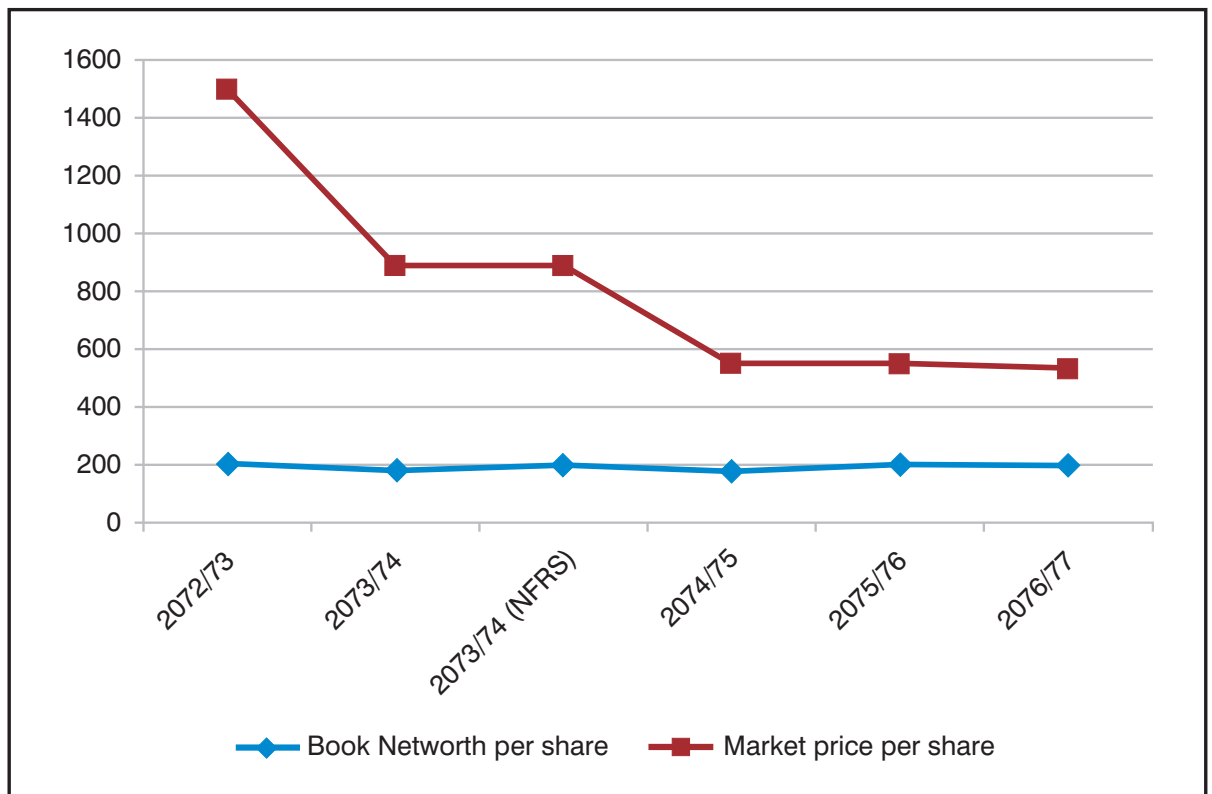
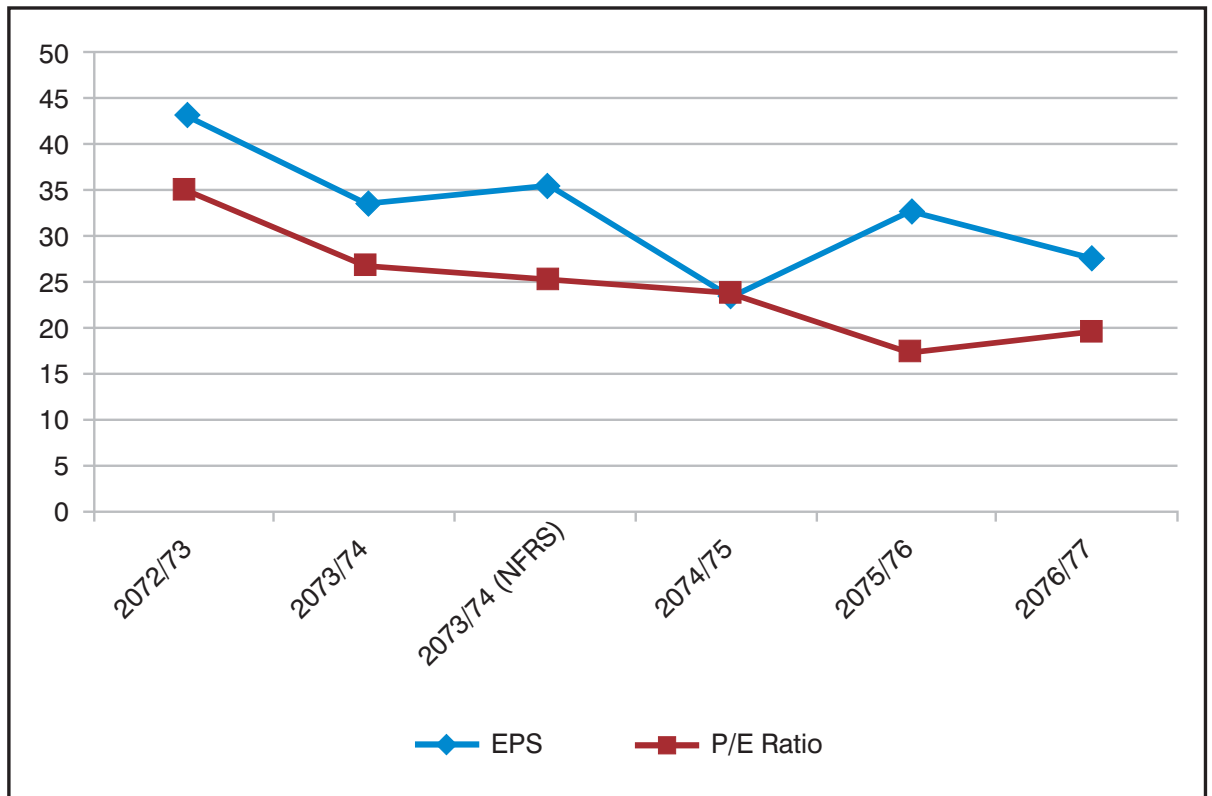
Date: 17 December 2020

PRINCIPAL INDICATORS

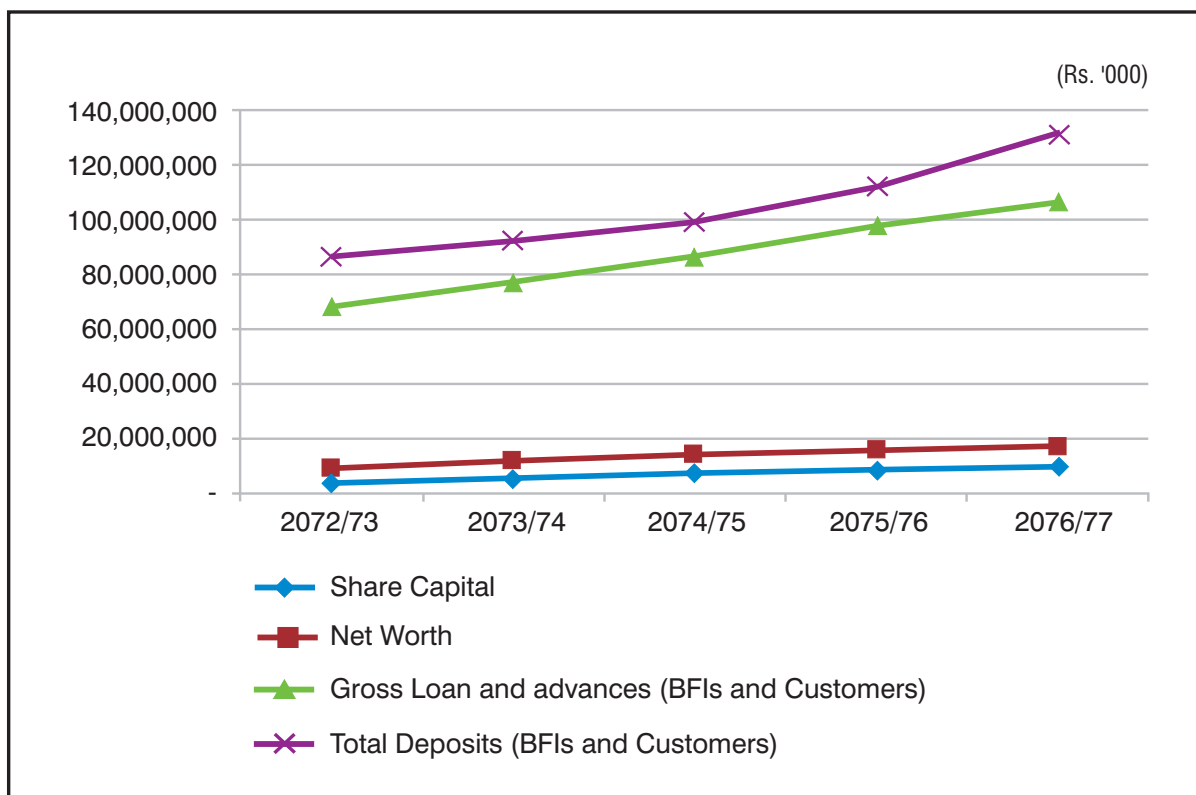
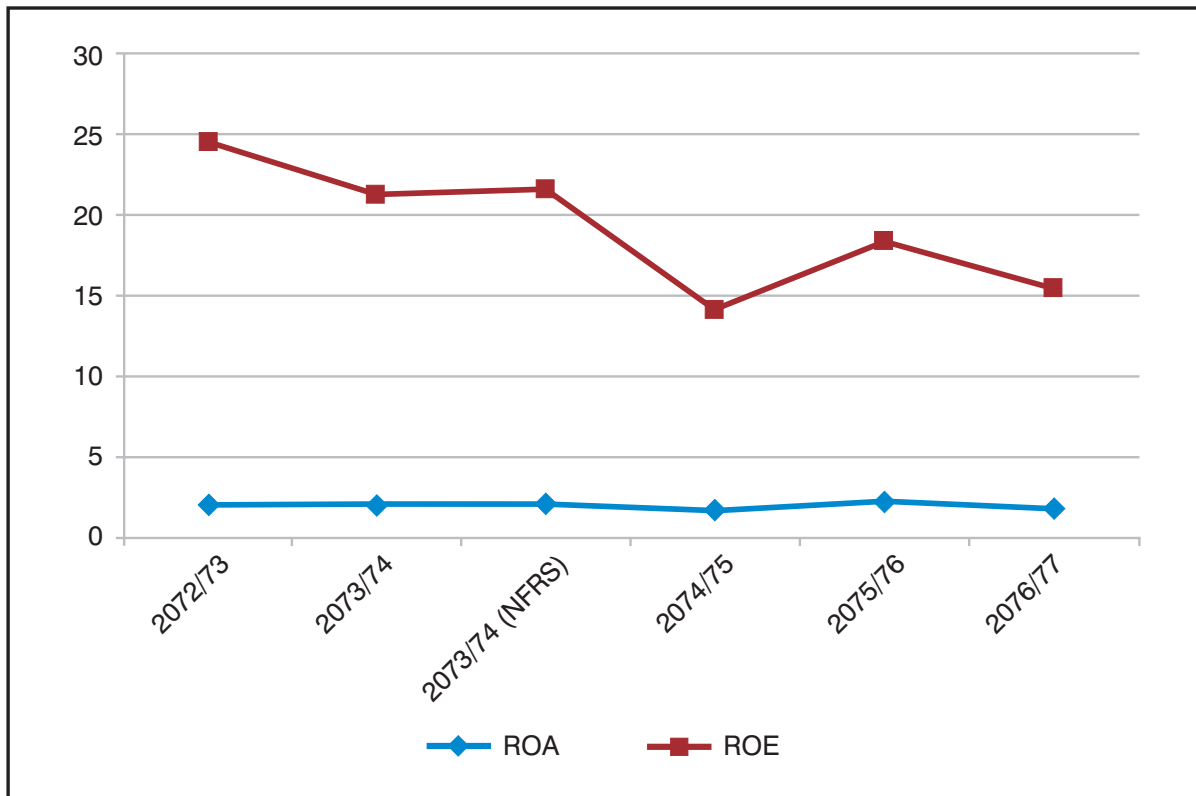
Particulars	Unit	FY	FY	FY	FY	FY	FY
		2015/16 2072/73	2016/17 2073/74	2016/17 2073/74 Restated	2017/18 2074/75	2018/19 2075/76	2019/20 2076/77
Profit before Bonus and Tax/Total Income	Percent	42.89	36.48	40.93	26.15	32.64	28.06
Per Share Income	Rs.	43.03	33.55	35.15	23.11	32.44	27.60
Per Share Market Value	Rs.	1500	886	886	551	552	540
Price Earning Ratio	Ratio	34.86	26.40	25.21	23.84	17.02	19.57
Dividend on Share Capital (Including Bonus)	Percent	31.58	26.32	26.32	15.79	22.00	20.00
Cash Dividend on Share Capital	Percent	1.58	1.32	1.32	10.79	12.00	6.00
Interest Income/Loan and Advances	Percent	7.26	8.94	9.52	11.64	11.67	10.79
Staff Expenses/Total Operating Expenses	Percent	52.96	56.01	56.34	53.02	53.79	53.02
Interest Expenses on Total Deposit	Percent	1.79	3.42	3.52	5.61	6.13	5.77
FX Fluctuation Gain/Total Income	Percent	8.55	6.52	7.00	5.81	5.50	5.33
Net Profit after Tax/Total Assets (ROA)	Ratio	1.94	2.03	2.19	1.67	2.21	1.79
Net Profit after Tax/Total Equity (ROE)	Percent	24.53	21.22	21.58	14.17	18.34	15.40
Total Loan/Deposits	Percent	79.12	83.59	85.10	88.31	87.37	82.31
Total Operating Expenses/Total Income	Percent	28.23	23.97	22.36	16.96	16.68	16.81
Capital Adequacy Ratio:							
A. Core Capital	Percent	9.43	10.93	10.93	11.40	11.63	11.76
B. Supplementary Capital	Percent	1.41	1.22	1.22	1.06	0.97	3.13
C. Total Capital Fund	Percent	10.84	12.15	12.15	12.46	12.60	14.89
Liquidity	Percent	28.74	26.64	26.64	23.05	26.25	31.39
Non-performing Loan/Total Loan	Percent	1.23	0.85	0.85	1.40	1.12	1.01
Weighted Average Interest Rate Spread	Percent	4.59	4.44	4.44	4.70	4.47	3.77
Book Network per share	Rs.	196.12	180.31	189.91	174.24	187.73	187.67
Total Share	Number	44,991,450	64,916,235	64,916,235	81,145,294	85,202,558	93,722,814
Total Staff	Number	857	835	835	834	910	1029
Number of Branches	Number	42	47	47	55	59	68
Number of ATMs	Number	84	93	93	105	122	138

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

Key Indicators

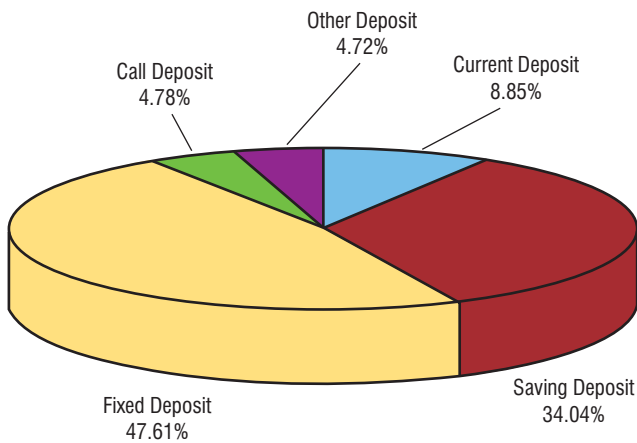


Key Indicators

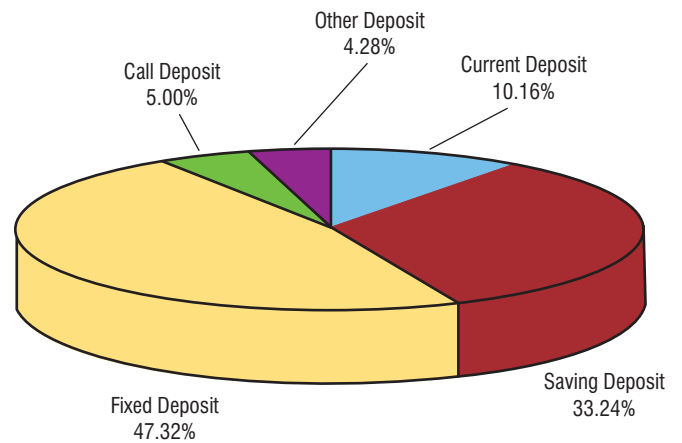


Deposits-From Customers and BFIs

Financial Year 2075/76 (2018/19)

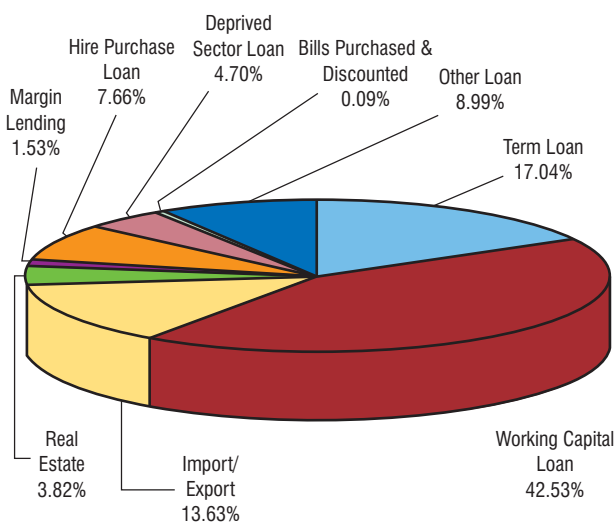


Financial Year 2076/77 (2019/20)

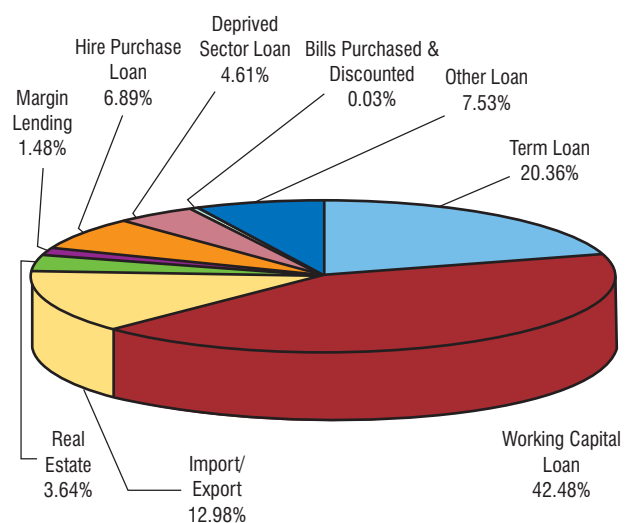


Loans and advances

Financial Year 2075/76 (2018/19)

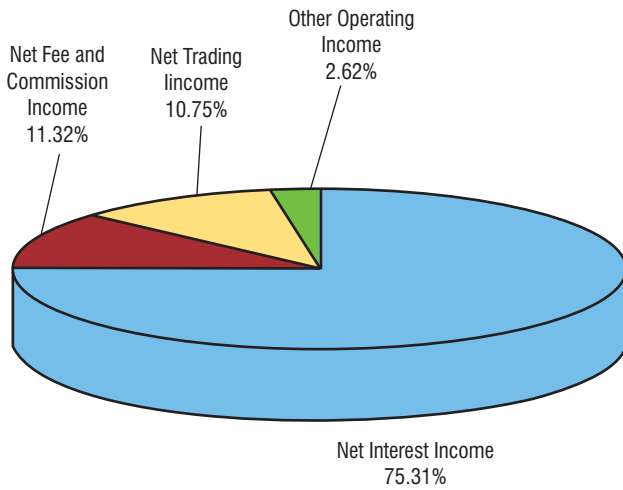


Financial Year 2076/77 (2019/20)

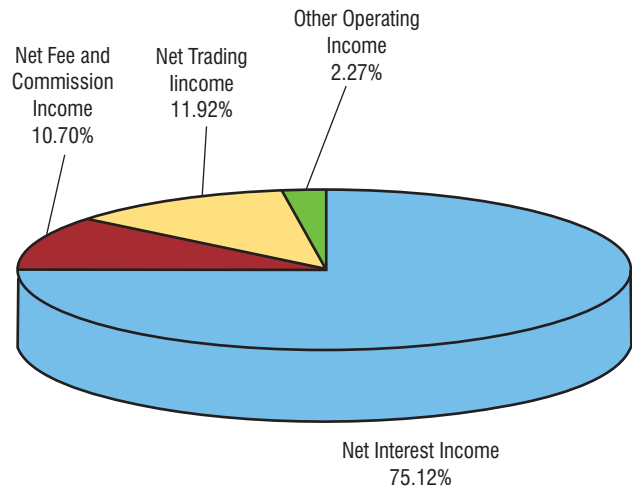


Income Composition

Financial Year 2075/76 (2018/19)

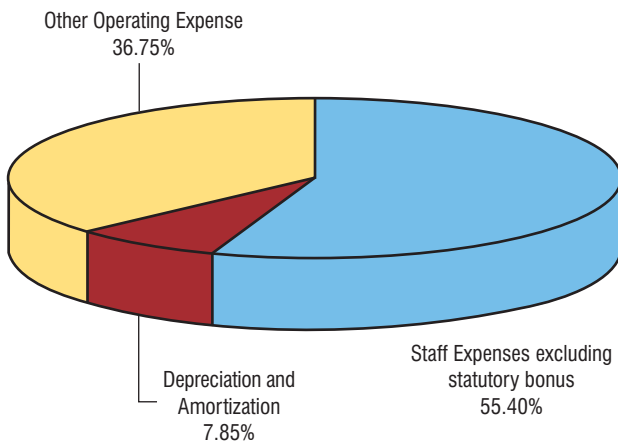


Financial Year 2076/77 (2019/20)

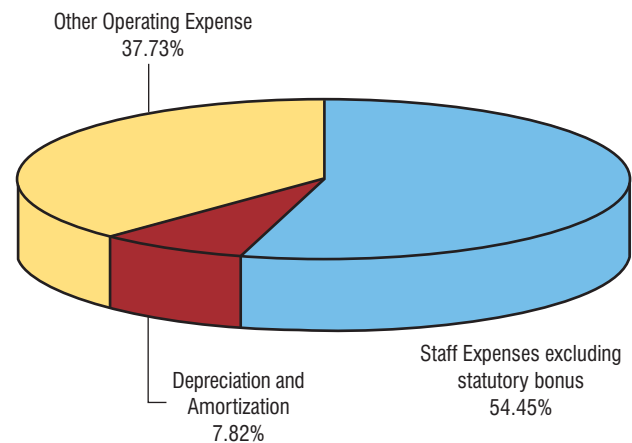


Expense Composition

Financial Year 2075/76 (2018/19)



Financial Year 2076/77 (2019/20)



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

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

**B.R.S. Neupane
& Co.**

Independent Auditor's Report To the Shareholders of Himalayan Bank Limited

Opinion

We have audited the accompanying Financial Statements of Himalayan Bank Limited, which comprise the Statement of Financial Position as at 31st Ashad 2077, and Statement of Profit and Loss, Statement of Comprehensive Income, Statement of Cash Flows, Statement of Changes in Equity for the year then ended, and Notes to the Financial Statements, including a summary of Significant Accounting Policies.

In our opinion, the accompanying Financial Statements present fairly, in all material respects the Financial Position of the company as at 31st Ashad 2077 and its financial performance and its Cash Flows for the year then ended in accordance with Nepal Financial Reporting Standards (NFRS).

Basis of Opinion

We conducted our audit in accordance with Nepal Standards on Auditing (NSA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with Code of Ethics issued by Institute of Chartered Accountants of Nepal together with ethical requirements that are relevant to the audit of the company under the provisions of Company Act, 2063 and the rules thereunder, and we have fulfilled our ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the financial year ended 15th July 2020. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the "Auditor's Responsibilities for the Audit of the Standalone Financial Statements" section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone financial statements. The

results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone financial statements.

Key Audit Matters	How our Audit addressed the Key Audit Matters
Identification of Non-performing Advances and Provisioning of Advances (Refer Schedule 4.6 & 4.7 read with Note 3.4(f) of Notes to Financial Statements)	
<p>Loans and Advances include Bills Purchased and Discounted, Overdrafts Loan Repayable on Demand, Terms Loans and Other Loans. These advances are covered by movable/ immovable assets, guarantees of Banks and other collaterals.</p> <p>Loans and Advances constitute 68.94% of total assets of the Bank. They are governed by Nepal Rastra Bank (NRB) Directives and other circulars, notices and directives issued by NRB from time to time which provides the guidelines related to the classification of Loans and Advances into performing and non-performing assets (NPAs).</p> <p>The provisioning for identified NPAs is estimated based on ageing and classification of NPAs, recovery estimates, value of security and other qualitative factors and is subject to the minimum provisioning norms specified by NRB and amount described as per Para 63 of NAS 39 adopting Incurred Loss Model.</p> <p>Identification of performing and non-performing advances involves establishment of proper mechanism. The Bank accounts for all the transactions related to Loans and Advances in its Information Technology System (IT System) viz. Core Banking System (CBS) which also provides information to identify whether the advances are performing or non-performing.</p> <p>Considering the nature of transactions, regulatory requirements, existing business environment, estimation/ judgement involved in valuation of securities, it is a matter of high importance for the intended users of this Financial Statements. Considering these aspects, we have determined this as a Key Audit Matter.</p>	<p>Our audit approach towards advances with reference to the NRB Directives and other circulars/ notifications issued by NRB and also internal policies and procedures of the Bank included the testing of following:</p> <ul style="list-style-type: none"> • The accuracy of the data input in the system for income recognition, classification into performing and non-performing Loans, Advances and provisioning in accordance with the NRB Norms. • The design and operating effectiveness of key controls, including IT Based Controls, focusing on periodic internal audits conducted by the Bank, periodic valuation of collateral for loans and advances and assessment of adequacy of NPA provisions. <p>We have examined the efficacy of various internal controls over advances to determine the nature, timing and extent of the substantive procedures and compliance with the observations of various audits conducted as per the monitoring mechanism of the Bank.</p> <p>In carrying out substantive procedures at the branches sampled by us, we have examined selected/sampled loans which also included the review of valuation reports of independent valuator's approved against the collateral security by the Bank's management.</p> <p>Our Result: We considered the identification of Non-Performing Advances and their provisioning to be acceptable.</p>
Investment Valuation, Identification and Impairment (Refer Schedule 4.8 read with Notes 3.4 of Notes to Account)	
<p>Investment of the Bank comprises of investment in Government Bonds, T-Bills, Development Bonds, Investment in quoted and Unquoted Equity Instruments. The valuation of these instruments has been done in compliance with Nepal Accounting Standards (NAS) 39 read with Nepal Financial Reporting Standards (NFRS) 9 and NRB Directive No. 8/076.</p>	<p>Our audit approach regarding verification of process of investment valuation, identification and impairment included:</p> <ul style="list-style-type: none"> • Review of the investment of the Bank and its valuation having reference to NFRS and NRB Directives • For Investment valuation that are done at amortized cost, we checked the effective interest rate (EIR) and Amortization Schedule on Test Check Basis.

<p>The investment in the government and NRB Bonds and T-Bills have been done on Amortized Cost and rest have been valued through Fair Value through Other Comprehensive Income (FVOCI). Given there are different methods recommended for the treatment of recognition, valuation and measurement of investments based on the nature of cash flow, the business model adopted, complexity of calculations and the significance of amount involved, we have considered Investment to be our Key Audit Matter.</p>	<ul style="list-style-type: none"> • For the investment valued through Other Comprehensive Income for quoted investment, we ensured that fair valuation has been done at the closing transaction rate in Nepal Stock Exchange (NEPSE) as on 15th July 2020. • Income and Bonus received have been verified through DEMAT statement maintained by the Bank wherever applicable. <p>Our Result: We agreed with the recognition, disclosures and valuations made by the Bank.</p>
Impact of COVID – 19 on the Bank and Compliance with circular issued by NRB	
<p>On 11th March, 2020 the COVID – 19 outbreak was declared a global pandemic by the World Health Organization. On 24th March 2020, Nepal Government announced a strict nation-wide lockdown which continued till 21st July 2020.</p> <p>Due to lockdown, the profitability of the Bank was highly impacted and NRB issued various circulars for the benefit of the loanees and other stakeholders of the Bank. This included rebate provided to various industries and rebate for fines and penalties that would be normally imposed by the Bank in case of non-payment of dues by the customers.</p> <p>Since, the impact of COVID – 19 is significant on the performance of the Bank, we have determined this as a Key Audit Matter.</p>	<p>Our audit approach regarding the impact of COVID – 19 outbreak and the mitigation approach by the Bank is based on the various circulars issued by NRB on various dates till the date of our review.</p> <p>Provisions like 10% discount on interest paid till 12th April 2020, 2% rebate on applicable interest as at 12th April 2020 for the fourth quarter, waiver on fees charged on digital transactions till 15th July 2020 and relaxation of the penal charges (interest and penalties) to the customers during the pandemic period were verified on a test-sample basis.</p> <p>Furthermore, due to COVID – 19 pandemic, we had to modify our audit approach and credit review of some of the branches sampled during our audit plan were conducted remotely from Head Office instead of physical visit of the branch.</p> <p>Our Result: We did not find any instances of non-compliance during the course of our audit in relation to rebate provided by the Bank.</p>
Information Technology Systems and Controls Impacting Financial Reporting	
<p>The Information Technology of the Bank is complex and involves a large number of independent and inter-dependent IT Systems used in the operations of the Bank for processing and recording a large volume of transactions. As a result, there is a high degree of reliance and dependency on such IT systems for the financial reporting process of the Bank.</p> <p>Appropriate IT General Controls and application controls are required to ensure that such IT systems are able to process the data, as required, completely, accurately and consistently for financial reporting. We have considered this as key audit matter as any control lapses, validation failures, incorrect input data and wrong extraction of data may result in wrong reporting of data to management, stakeholders and regulators.</p>	<p>Our audit approach regarding Information Technology of the Bank is based upon the Information Technology Guidelines 2012 issued by NRB and it also included:</p> <ul style="list-style-type: none"> • Verification of the interest income and expense booking regarding loan and deposits on test check basis with the CBS of the Bank. • Reliance on the IT audit conducted by the Bank. • Verification of the provisioning of the loan and advances based on ageing on test check basis. <p>Our Result: We considered the information technology systems and their relevant controls to be adequate.</p>
Assessment of Provisions in respect of certain litigations including Income Tax and claims filed by various parties not acknowledged as debt (Refer Schedule 4.28.5 read with Note 3.12 of Notes to Account)	
<p>There is a high level of judgement required in estimating level of provisioning. The Bank's</p>	<p>Our audit procedures included:</p>

<p>assessment is supported by facts of matter, their own judgement, past experience, and advices from legal and independent consultants wherever considered necessary. Accordingly, unexpected adverse outcomes may significantly impact the Bank's profit and the Statement of Financial Position.</p> <p>We determined the above area as Key Audit Matter in view of associated uncertainty relating to the outcome of these matters which requires application of judgement in interpretation of law.</p>	<ul style="list-style-type: none"> • Understanding of current status of litigations/ tax assessments • Evaluating the merit of the subject matter under consideration with reference to grounds presented therein and available legal/ tax advice • Review and analysis of evaluation of the contentions of the Bank through discussions, collections of details of the subject matter under consideration, the likely outcome and potential outflows on these issues. <p>Our Result: We agreed with the assessment of provisions in respect of litigations and provisions thereon provided by the Bank.</p>
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Other Matter

We did not audit the Financial Statement and Other Financial Information of subsidiary namely Himalayan Capital Limited. The financial statements and other financial information have been audited by other auditor whose report has been furnished to us by the management. Our opinion on the Financial Statement so far as it relates to the accounts and disclosures included in respect of the subsidiary is based solely on the report of other auditor.

The auditor's report is intended solely for the intended users, and should not be distributed to or used by other parties.

Other Information

Management is responsible for the preparation of other information. The other information comprises the information included in the Annual Report but does not include the consolidated Financial Statements and our auditor's report thereon.

Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained in the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the Financial Statements in accordance with NFRS. This responsibility also includes maintenance of adequate accounting records for the safeguarding the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of the appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that are operating effectively for ensuring the

accuracy and completeness of the accounting records relevant to the preparation and presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibility

Our responsibility is to express an opinion on these Financial Statements based on our audit. We conducted our audit in accordance with Nepal Standards on Auditing and Nepal Financial Reporting Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Nepal Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the Group's Activities to express an opinion on Financial Statements.

We communicate with those charged with governance, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other Legal and Regulatory Requirements

We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit and we did not come across any fraudulence in the accounts, so far as it appeared from our examination of the books of accounts. The accounts and records of the Bank has been maintained as required by law and Financial Statements are in agreement with the Books of Account maintained by the Bank. In our opinion, so far as appeared from our examination of books of the books, the Bank has maintained adequate capital funds and adequate provisions for possible impairment of assets in accordance with the Directives of Nepal Rastra Bank.

To the best of our information and according to the explanation given to us, the Board of Directors, the representative or any employee of the Bank has not acted in contrary to the provision of the law relating to accounts nor caused direct loss or damage to the Bank deliberately or acted in a manner that would jeopardize the interest and security of the Bank and the Bank has not acted in a manner to jeopardize the interest and security of the depositors and the investors.

CA. Anup K. Shrestha
Managing Partner

UDIN: 201130CA00028wknmT

Place: Kathmandu, Nepal
Date: 29th November 2020

Himalayan Bank Limited

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As on 31 Asar 2077 (15 July 2020)

Particulars	Note	Group		Bank	
		Asar 2077	Asar 2076	Asar 2077	Asar 2076
Assets					
Cash and Cash Equivalents	4.1	7,342,927,500	6,968,074,029	7,231,138,781	6,968,064,034
Due from Nepal Rastra Bank	4.2	12,407,815,815	4,883,535,225	12,407,815,815	4,883,535,225
Placements with Bank and Financial Institutions	4.3	6,342,173,790	2,921,725,295	6,342,173,790	2,921,725,295
Derivative financial instruments	4.4	115,621,217	127,145,274	115,621,217	127,145,274
Other trading assets	4.5	6,202,746	-	-	-
Loans & Advances to BFIs	4.6	4,998,075,266	4,772,752,717	4,998,075,266	4,772,752,717
Loans & Advances to Customers	4.7	101,728,467,164	92,697,318,360	101,728,467,164	92,697,318,360
Investment Securities	4.8	18,264,102,972	16,466,201,909	18,241,666,700	16,466,201,909
Current Tax Assets	4.9	354,981,127	225,444,808	351,495,017	224,947,032
Investments in subsidiaries	4.10	-	-	200,000,000	200,000,000
Investments in Associates	4.11	1,274,910,382	1,104,665,844	195,785,700	195,785,700
Investment Property	4.12	379,802,213	109,134,713	379,802,213	109,134,713
Property & Equipment	4.13	2,420,401,016	2,394,090,867	2,411,792,114	2,391,830,155
Goodwill and Intangible Assets	4.14	151,955,806	117,677,347	151,101,486	117,677,347
Deferred Tax Assets	4.15	-	-	-	-
Other Assets	4.16	1,130,351,233	1,074,449,208	1,129,983,720	1,075,024,312
Total Assets		156,917,788,247	133,862,215,596	155,884,918,983	133,151,142,073
Liabilities					
Due to Bank and Financial Institutions	4.17	6,595,869,088	3,702,916,346	6,595,869,088	3,702,916,346
Due to Nepal Rastra Bank	4.18	155,736,786	560,812,042	155,736,786	560,812,042
Derivative financial instruments	4.19	75,543,132	6,540,600	75,543,132	6,540,600
Deposits from Customers	4.20	125,096,953,881	109,184,801,597	125,264,381,690	109,387,060,433
Borrowing	4.21	-	-	-	-
Current Tax Liabilities	4.9	-	-	-	-
Provisions	4.22	-	-	-	-
Deferred Tax Liabilities	4.15	96,033,109	98,894,441	95,895,829	98,843,796
Other Liabilities	4.23	3,660,851,401	2,776,920,829	3,544,577,238	2,777,021,958
Debt Securities Issued	4.24	2,563,661,608	623,148,518	2,563,661,608	623,148,518
Subordinated Liabilities	4.25	-	-	-	-
Total Liabilities		138,244,649,005	116,954,034,373	138,295,665,371	117,156,343,693
Equity					
Share Capital	4.26	9,372,281,428	8,520,255,844	9,372,281,428	8,520,255,844
Share Premium		-	-	-	-
Retained Earnings		3,579,648,418	3,083,584,531	2,496,762,387	2,171,146,878
Reserves	4.27	5,721,209,396	5,304,340,848	5,720,209,797	5,303,395,658
Total Equity attributable to Equity Holders		18,673,139,242	16,908,181,223	17,589,253,612	15,994,798,380
Non Controlling Interest		-	-	-	-
Total Equity		18,673,139,242	16,908,181,223	17,589,253,612	15,994,798,380
Total Liabilities and Equity		156,917,788,247	133,862,215,596	155,884,918,983	133,151,142,073
Contingent liabilities and commitment	4.28	33,696,518,879	33,859,116,570	33,696,518,879	33,859,116,570
Net assets value per share		199	198	188	188

Mr. Satish Raj Joshi
Executive Financial Officer

Mr. Ashoke SJB Rana
Chief Executive Officer

As per our attached report of even date

Mr. Tulasi Prasad Gautam
Chairman

Mr. Faisal N. Lalani
Director

Mr. Prachanda B. Shrestha
Director

Mr. Ashish Sharma
Director

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

Mr. Sunil Bahadur Thapa
Director

Mr. Bijay Bahadur Shrestha
Director

Mr. Radha Krishna Pote
Director

Sunday, November 29, 2020
Kathmandu

Himalayan Bank Limited

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 Asar 2077 (15 July 2020)

Particulars	Note	Group		Bank	
		Asar 2077	Asar 2076	Asar 2077	Asar 2076
Interest Income	4.29	12,186,909,433	11,625,415,050	12,178,993,328	11,625,415,050
Interest Expense	4.30	7,346,735,428	6,583,850,344	7,357,289,768	6,594,074,206
Net interest income		4,840,174,005	5,041,564,706	4,821,703,560	5,031,340,844
Fee and Commission Income	4.31	748,058,735	821,306,480	748,844,018	821,306,480
Fee and Commission Expenses	4.32	62,103,211	65,065,606	62,103,211	65,065,606
Net Fee and Commission Income		685,955,524	756,240,874	686,740,807	756,240,874
Net interest, fee and commission income		5,526,129,529	5,797,805,580	5,508,444,367	5,787,581,718
Net Trading Income	4.33	766,090,091	718,157,896	764,970,517	718,157,896
Other Operating Income	4.34	88,690,884	116,577,355	145,395,261	175,116,610
Total Operating Income		6,380,910,504	6,632,540,831	6,418,810,145	6,680,856,224
Impairment charges/(reversal) for Loans and Other losses	4.35	305,628,495	133,622,099	305,628,495	133,622,099
Net operating income		6,075,282,009	6,498,918,732	6,113,181,650	6,547,234,125
Operating expense					
Personnel Expenses	4.36	1,651,124,877	1,638,125,616	1,651,124,877	1,638,125,616
Other Operating Expenses	4.37	887,238,635	800,067,062	870,171,111	796,698,563
Depreciation & Amortisation	4.38	181,774,279	170,202,450	180,320,527	170,198,215
Operating Profit		3,355,144,218	3,890,523,604	3,411,565,135	3,942,211,731
Non operating income	4.39	625,086,686	317,097,948	398,076,669	49,327,264
Non operating expense	4.40	251,255,804	58,378,395	251,255,804	58,378,395
Profit before income tax		3,728,975,100	4,149,243,157	3,558,386,000	3,933,160,600
Income Tax Expense	4.41				
Current Tax		979,250,534	1,194,380,193	979,250,534	1,192,123,441
Deferred Tax		(7,500,706)	(22,760,671)	(7,587,244)	(22,811,316)
Profit for the year		2,757,225,272	2,977,623,635	2,586,722,710	2,763,848,475
Profit attributable to:					
Equity holders of the Bank		2,757,225,272	2,977,623,635	2,586,722,710	2,763,848,475
Non-controlling interest		-	-	-	-
Profit for the year		2,757,225,272	2,977,623,635	2,586,722,710	2,763,848,475
Earnings per share					
Basic earnings per share		29.42	34.95	27.60	32.44
Diluted earnings per share		29.42	34.95	27.60	32.44

Mr. Satish Raj Joshi
Executive Financial Officer

Mr. Ashoke SJB Rana
Chief Executive Officer

As per our attached report of even date

Mr. Tulasi Prasad Gautam
Chairman

Mr. Faisal N. Lalani
Director

Mr. Prachanda B. Shrestha
Director

Mr. Ashish Sharma
Director

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

Mr. Sunil Bahadur Thapa
Director

Mr. Bijay Bahadur Shrestha
Director

Mr. Radha Krishna Pote
Director

Sunday, November 29, 2020
Kathmandu

Himalayan Bank Limited

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 Asar 2077 (15 July 2020)

Particulars	Group		Bank	
	Asar 2077	Asar 2076	Asar 2077	Asar 2076
Profit or loss for the year	2,757,225,272	2,977,623,635	2,586,722,710	2,763,848,475
Other comprehensive income, net off income tax				
a) Items that will not be reclassified to profit or loss				
- Gains/(losses) from investments in equity instruments measured at fair value	15,464,577	(32,029,738)	15,464,255	(32,029,738)
- Gains/(losses) on revaluation	-	-	-	-
- Actuarial gains/(losses) on defined benefit plans	19,416,439	(4,932,297)	19,416,439	(4,932,297)
- Income tax relating to above items	(4,639,373)	9,608,921	(4,639,276)	9,608,921
Net other comprehensive income that will not be reclassified to profit or loss	30,241,643	(27,353,114)	30,241,418	(27,353,114)
b) Items that are or may be reclassified to profit or loss				
- Gains/(losses) on cash flow hedge	-	-	-	-
- Exchange gains/(losses) (arising from translating financial assets of foreign operation)	-	-	-	-
- Income tax relating to above items	-	-	-	-
- Reclassify to profit or loss	-	-	-	-
Net other comprehensive income that are or may be reclassified to profit or loss				
c) Share of other comprehensive income of associate accounted as per equity method	-	-	-	-
Other comprehensive income for the period, net off income tax	30,241,643	(27,353,114)	30,241,418	(27,353,114)
Total comprehensive income for the period	2,787,466,915	2,950,270,521	2,616,964,128	2,736,495,361
Total comprehensive income attributable to:				
Equity holders of the Bank	2,787,466,915	2,950,270,521	2,616,964,128	2,736,495,361
Non-controlling interest	-	-	-	-
Total comprehensive income for the period	2,787,466,915	2,950,270,521	2,616,964,128	2,736,495,361

Mr. Satish Raj Joshi
Executive Financial Officer

Mr. Ashoke SJB Rana
Chief Executive Officer

As per our attached report of even date

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Director

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Director

Mr. Radha Krishna Pote
Director

Sunday, November 29, 2020
Kathmandu

ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK

Group

Particulars	Share Capital	Share Premium	General reserve	Exchange equalisation reserve	Regulatory Reserve	Fair value reserve	Revaluation reserve	Retained Earnings	Other Reserves	Total	Non-controlling interest	Total equity
Balance at Sawan 1, 2075	8,114,529,375	-	3,184,119,880	34,636,311	723,597,851	38,793,817	-	1,500,405,440	542,814,321	14,138,896,995	-	14,138,896,995
Adjustment/Restatement	-	-	-	-	-	-	-	(5,076,830)	-	(5,076,830)	-	(5,076,830)
Adjustment of Opening share of equity investment in associate	-	-	-	-	-	-	-	699,607,683	-	699,607,683	-	699,607,683
Adjusted/Restated balance at Sawan 1, 2075	8,114,529,375	-	3,184,119,880	34,636,311	723,597,851	38,793,817	-	2,194,936,293	542,814,321	14,833,427,848	-	14,833,427,848
Comprehensive income for the year	-	-	-	-	-	-	-	2,977,623,635	-	2,977,623,635	-	2,977,623,635
Profit for the year	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income, net of tax	-	-	-	-	-	-	-	-	-	-	-	-
Gains/(losses) from investments in equity instruments measured at fair value	-	-	-	-	-	(22,420,817)	-	-	-	(22,420,817)	-	(22,420,817)
Gains/(losses) on revaluation	-	-	-	-	-	-	-	-	-	-	-	-
Actuarial gains/(losses) on defined benefit plans	-	-	-	-	-	-	-	-	(4,932,297)	(4,932,297)	-	(4,932,297)
Gains/(losses) on cash flow hedge	-	-	-	-	-	-	-	-	-	-	-	-
Exchange gains/(losses) arising from translating financial assets of foreign operation	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	(22,420,817)	-	-	(4,932,297)	(27,353,114)	-	(27,353,114)
Transfer to reserve during the year	-	-	553,714,885	4,419,782	120,785,511	-	-	(813,052,681)	134,132,503	-	-	-
Transfer from reserve during the year	-	-	-	-	-	-	-	5,320,899	(5,320,899)	-	-	-
Transactions with owners, directly recognised in equity	-	-	-	-	-	-	-	-	-	-	-	-
Share issued	-	-	-	-	-	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-	-	-	-	-	-	-
Dividends to equity holders	-	-	-	-	-	-	-	-	-	-	-	-
Bonus shares issued	405,726,469	-	-	-	-	-	-	(405,726,469)	-	-	-	-
Cash dividend paid	-	-	-	-	-	-	-	(875,517,146)	-	(875,517,146)	-	(875,517,146)
Other	-	-	-	-	-	-	-	-	-	-	-	-
Total contributions by and distributions	405,726,469	-	-	-	-	-	-	(1,281,243,615)	-	(875,517,146)	-	(875,517,146)
Balance as at Asar 2076	8,520,255,844	-	3,737,834,765	39,056,093	844,383,362	16,373,000	-	3,083,584,531	666,693,628	16,908,181,223	-	16,908,181,223

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Particulars	Share Capital	Share Premium	General reserve	Exchange equalisation reserve	Regulatory Reserve	Fair value reserve	Revaluation reserve	Retained Earnings	Other Reserves	Total	Non-controlling interest	Total equity
Balance at Sawan 1, 2076	8,520,255,844	-	3,737,834,765	39,056,093	844,383,362	16,373,000	-	3,083,584,531	666,693,628	16,908,181,223	-	16,908,181,223
Adjustment/Restatement	-	-	-	-	(44,987,893)	-	-	-	44,909,698	(78,195)	-	(78,195)
Adjustment of Opening share of equity investment in associate	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted/Restated balance at Sawan 1, 2076	8,520,255,844	-	3,737,834,765	39,056,093	799,395,469	16,373,000	-	3,083,584,531	711,603,326	16,908,103,028	-	16,908,103,028
Comprehensive income for the year	-	-	-	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	-	2,757,225,272	-	2,757,225,272	-	2,757,225,272
Other comprehensive income, net of tax	-	-	-	-	-	-	-	-	-	-	-	-
Gains/(losses) from investments in equity instruments measured at fair value	-	-	-	-	-	10,825,204	-	-	-	10,825,204	-	10,825,204
Gains/(losses) on revaluation	-	-	-	-	-	-	-	-	-	-	-	-
Actuarial gains/(losses) on defined benefit plans	-	-	-	-	19,416,439	-	-	-	-	19,416,439	-	19,416,439
Gains/(losses) on cash flow hedge	-	-	-	-	-	-	-	-	-	-	-	-
Exchange gains/(losses) (arising from translating financial assets of foreign operation)	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	19,416,439	10,825,204	-	-	-	30,241,643	-	30,241,643
Transfer to reserve during the year	-	-	517,396,146	-	124,091,083	-	(1,034,371,893)	392,884,664	-	-	-	-
Transfer from reserve during the year	-	-	-	-	-	-	-	647,666,793	(647,666,793)	-	-	-
Transactions with owners, directly recognised in equity	-	-	-	-	-	-	-	-	-	-	-	-
Share Issued	-	-	-	-	-	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-	-	-	-	-	-	-
Dividends to equity holders	-	-	-	-	-	-	-	-	-	-	-	-
Bonus shares issued	852,025,584	-	-	-	-	-	-	(852,025,584)	-	-	-	-
Cash dividend paid	-	-	-	-	-	-	-	(1,022,430,701)	-	(1,022,430,701)	-	(1,022,430,701)
Other	-	-	-	-	-	-	-	-	-	-	-	-
Total contributions by and distributions	852,025,584	-	-	-	-	-	(1,874,456,285)	-	-	(1,022,430,701)	-	(1,022,430,701)
Balance as at Asar 2077	9,372,281,428	-	4,255,230,911	39,056,093	942,902,991	27,198,204	-	3,579,648,418	456,821,197	18,673,139,242	-	18,673,139,242

NOTES:**1. Adjustment in Opening Retained Earning**

Adjustment in regulatory reserve is with respect to accrued interest receivable of previous fiscal year and transfer of actuarial reserve from other reserve to regulatory reserve

ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK

Bank

Particulars	Share Capital	Share Premium	General reserve	Exchange equalisation reserve	Regulatory Reserve	Fair value reserve	Revaluation reserve	Retained Earnings	Other Reserves	Total equity
Balance at Sawan 1, 2075	8,114,529,375	-	3,184,119,880	34,636,311	723,597,851	38,793,817	-	1,500,405,440	542,814,321	14,138,896,995
Adjustment/Restatement							(5,076,830)			(5,076,830)
Adjusted/Restated balance at Sawan 1, 2075	8,114,529,375	-	3,184,119,880	34,636,311	723,597,851	38,793,817	-	1,495,328,610	542,814,321	14,133,820,165
Comprehensive income for the year	-	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	-	2,763,848,475	-	2,763,848,475
Other comprehensive income, net of tax										
Gains/(losses) from investments in equity instruments measured at fair value	-	-	-	-	-	(22,420,817)	-	-	-	(22,420,817)
Gains/(losses) on revaluation	-	-	-	-	-	-	-	-	-	-
Actuarial gains/(losses) on defined benefit plans	-	-	-	-	-	-	-	-	(4,932,297)	(4,932,297)
Gains/(losses) on cash flow hedge	-	-	-	-	-	-	-	-	-	-
Exchange gains/(losses) (arising from translating financial assets of foreign operation)	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year									(4,932,297)	(27,353,114)
Transfer to reserve during the year									134,132,503	
Transfer from reserve during the year									(5,320,899)	
Transactions with owners, directly recognised in equity										
Share issued	-	-	-	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-	-	-	-	-
Dividends to equity holders	-	-	-	-	-	-	-	-	-	-
Bonus shares issued	405,726,469	-	-	-	-	-	-	(405,726,469)	-	-
Cash dividend paid	-	-	-	-	-	-	-	(875,517,146)	-	(875,517,146)
Other	-	-	-	-	-	-	-	-	-	-
Total contributions by and distributions	405,726,469	-	-	-	-	-	-	(1,281,243,615)	-	(875,517,146)
Balance as at Asar 2076	8,520,255,844	-	3,736,889,575	39,056,093	844,383,362	16,373,000	-	2,171,146,878	666,693,628	15,994,798,380

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Particulars	Share Capital	Share Premium	General reserve	Exchange equalisation reserve	Regulatory Reserve	Fair value reserve	Revaluation reserve	Retained Earnings	Other Reserves	Total equity
Balance at Sawan 1, 2076	8,520,255,844	-	3,736,889,575	39,056,093	844,383,362	16,373,000	-	2,171,146,878	666,693,628	15,994,798,380
Adjustment/Restatement	-	-	-	-	(44,987,893)	-	-	-	44,909,698	(78,195)
Adjusted/Restated balance at Sawan 1, 2076	8,520,255,844	-	3,736,889,575	39,056,093	799,395,469	16,373,000	-	2,171,146,878	711,603,326	15,994,720,185
Comprehensive income for the year	-	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	-	2,586,722,710	-	2,586,722,710
Other comprehensive income, net of tax	-	-	-	-	-	10,824,979	-	-	-	10,824,979
Gains/(losses) from investments in equity instruments measured at fair value	-	-	-	-	-	-	-	-	-	-
Gains/(losses) on revaluation	-	-	-	-	-	-	-	-	-	-
Actuarial gains/(losses) on defined benefit plans	-	-	-	-	19,416,439	-	-	-	-	19,416,439
Gains/(losses) on cash flow hedge	-	-	-	-	-	-	-	-	-	-
Exchange gains/(losses) (arising from translating financial assets of foreign operation)	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	19,416,439	10,824,979	-	-	-	30,241,418
Transfer to reserve during the year	-	-	517,344,542	-	124,091,083	-	-	(1,034,317,709)	392,882,084	-
Transfer from reserve during the year	-	-	-	-	-	-	-	647,666,793	(647,666,793)	-
Transactions with owners, directly recognised in equity	-	-	-	-	-	-	-	-	-	-
Share issued	-	-	-	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-	-	-	-	-
Dividends to equity holders	-	-	-	-	-	-	-	-	-	-
Bonus shares issued	852,025,584	-	-	-	-	-	-	(852,025,584)	-	-
Cash dividend paid	-	-	-	-	-	-	-	(1,022,430,701)	-	(1,022,430,701)
Other	-	-	-	-	-	-	-	-	-	-
Total contributions by and distributions	852,025,584	-	-	-	-	-	-	(1,874,456,285)	-	(1,022,430,701)
Balance as at Asar 2077	9,372,281,428	-	4,254,234,117	39,056,093	942,902,991	27,197,979	-	2,496,762,387	456,818,617	17,589,253,612

NOTES:**1. Adjustment in Opening Retained Earning**

Adjustment in regulatory reserve is with respect to accrued interest receivable of previous fiscal year and transfer of actuarial reserve from other reserve to regulatory reserve

Himalayan Bank Limited

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 Asar 2077 (15 July 2020)

Particulars	Group		Bank	
	Asar 2077	Asar 2076	Asar 2077	Asar 2076
CASH FLOWS FROM OPERATING ACTIVITIES				
Interest received	10,764,372,538	10,813,849,461	10,764,390,456	10,813,849,461
Fees and other income received	748,844,018	821,306,480	748,844,018	821,306,480
Dividend received	-	-	-	-
Receipts from other operating activities	1,265,925,633	856,610,453	1,266,710,915	856,651,485
Interest paid	(6,763,652,927)	(6,390,142,124)	(6,774,207,267)	(6,400,365,986)
Commission and fees paid	(62,103,211)	(65,065,606)	(62,103,211)	(65,065,606)
Cash payment to employees	(1,645,936,758)	(1,362,698,471)	(1,645,936,758)	(1,362,698,471)
Other expense paid	(1,138,494,439)	(857,826,693)	(1,121,426,915)	(854,458,194)
Operating cash flows before changes in operating assets and liabilities	3,168,954,854	3,816,033,500	3,176,271,238	3,809,219,169
(Increase)/Decrease in operating assets				
Due from Nepal Rastra Bank	(7,524,280,590)	275,724,512	(7,524,280,590)	275,724,512
Placement with bank and financial institutions	(3,420,448,495)	2,067,799,521	(3,420,448,495)	2,067,799,521
Other trading assets	-	-	-	-
Loan and advances to bank and financial institutions	(229,558,190)	(1,093,002,884)	(229,558,190)	(1,093,002,884)
Loans and advances to customers	(9,098,136,200)	(10,347,959,008)	(9,098,136,200)	(10,347,959,008)
Other assets	(25,879,693)	(199,567,203)	(26,130,403)	(200,142,306)
	(20,298,303,168)	(9,297,005,062)	(20,298,553,878)	(9,297,580,165)
Increase/(Decrease) in operating liabilities				
Due to bank and financial institutions	2,892,952,742	2,948,662,389	2,892,952,742	2,948,662,389
Due to Nepal Rastra Bank	(405,075,256)	560,812,042	(405,075,256)	560,812,042
Deposit from customers	15,912,152,284	10,196,010,385	15,877,321,257	10,398,269,221
Borrowings	-	-	-	-
Other liabilities	575,257,068	384,831,215	460,075,104	384,932,343
Net cash flow from operating activities before tax paid	18,975,286,838	14,090,316,031	18,825,273,847	14,292,675,995
Income taxes paid	(1,108,786,853)	(1,265,517,395)	(1,105,798,519)	(1,262,762,867)
Net cash flow from operating activities	737,151,671	7,343,827,074	597,192,688	7,541,552,132
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investment securities	(16,518,011,725)	(18,678,495,599)	(16,489,244,292)	(18,878,495,599)
Receipts from sale of investment securities	14,670,185,905	13,895,538,029	14,668,937,594	13,895,538,029
Purchase of property and equipment	(184,632,781)	(358,328,221)	(177,013,747)	(356,232,954)
Receipt from the sale of property and equipment	9,660,288	52,543,219	9,660,288	52,712,899
Purchase of intangible assets	(70,594,815)	(66,209,101)	(69,557,588)	(66,209,101)
Receipt from the sale of intangible assets	-	-	-	-
Purchase of investment properties	-	-	-	-
Receipt from the sale of investment properties	-	3,500,000	-	3,500,000
Interest received	992,703,314	701,810,401	984,769,291	701,810,401
Dividend received	58,978,852	63,317,521	58,917,751	63,317,521
Net cash used in investing activities	(1,041,710,962)	(4,386,323,750)	(1,013,530,703)	(4,584,058,804)
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipt from issue of debt securities	2,569,104,000	-	2,569,104,000	-
Repayment of debt securities	(600,000,000)	-	(600,000,000)	-
Receipt from issue of subordinated liabilities	-	-	-	-
Repayment of subordinated liabilities	-	-	-	-
Receipt from issue of shares	-	-	-	-
Dividends paid	(957,802,167)	(680,232,451)	(957,802,167)	(680,232,451)
Interest paid	(317,907,274)	(68,235,352)	(317,907,274)	(68,235,352)
Other receipt/payment	-	-	-	-
Net cash from financing activities	693,394,559	(748,467,803)	693,394,559	(748,467,803)
Net increase (decrease) in cash and cash equivalents	388,835,268	2,209,035,520	277,056,544	2,209,025,525
Cash and cash equivalents at Sawan 1	6,968,074,029	4,741,359,383	6,968,064,034	4,741,359,383
Effect of exchange rate fluctuations on cash and cash equivalents held	(13,981,797)	17,679,126	(13,981,797)	17,679,126
Cash and cash equivalents at Asar end	7,342,927,500	6,968,074,029	7,231,138,781	6,968,064,034

STATEMENT OF DISTRIBUTABLE PROFIT OR LOSS

For the year ended 31 Asar 2077 (15 July 2020)
 (As per NRB Regulation)

Particulars	Bank	
	Asar 2077	Asar 2076
Net profit or (loss) as per statement of profit or loss	2,586,722,710	2,763,848,475
Appropriations:		
a. General reserve	(517,344,542)	(552,769,695)
b. Foreign exchange fluctuation fund	-	(4,419,782)
c. Capital redemption reserve	-	-
d. Corporate social responsibility fund	(25,867,227)	(27,638,485)
e. Employees' training fund	-	(19,564,872)
f. Other	-	-
- Capital Adjustment Reserve	-	-
- Bond Redemption Reserve	(367,014,857)	(85,714,286)
- Investment Adjustment Reserve	-	(1,214,859)
Profit or (loss) before regulatory adjustment	1,676,496,084	2,072,526,495
Regulatory adjustment :		
a. Interest receivable (-)/previous accrued interest received (+)	(13,366,841)	(9,017,808)
b. Short loan loss provision in accounts (-)/reversal (+)	-	-
c. Short provision for possible losses on investment (-)/reversal (+)	-	-
d. Short loan loss provision on Non Banking Assets (-)/reversal (+)	(130,140,681)	(106,835,406)
e. Deferred tax assets recognised (-)/ reversal (+)	-	-
f. Goodwill recognised (-)/ impairment of Goodwill (+)	-	-
g. Bargain purchase gain recognised (-)/reversal (+)	-	-
h. Actuarial loss recognised (-)/reversal (+)	19,416,439	(4,932,297)
i. Other (+/-)	-	-
Distributable profit or (loss)	1,552,405,001	1,951,740,984

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 Asar 2077 (15 July 2020)

1. REPORTING ENTITY

1.1 Corporate Information

Himalayan Bank Limited ("the Bank") is a public limited liability company domiciled in Nepal, with its corporate office in Kamaladi, Kathmandu, Nepal. The Bank is operating through 68 branches, three extension counter and one overseas representative office. The shares of the Bank are listed in Nepal Stock Exchange Limited.

1.2 Parent Entity and Ultimate Parent Entity

The Bank is not a subsidiary of any entity. The bank has established a wholly owned subsidiary to carry out merchant banking services which has come into operation from August 2019. The subsidiary Himalayan Capital Limited is licensed by Securities Board of Nepal to carry out merchant banking activities and also act as depository participant.

1.3 Principal Activities

The Bank is licensed by Nepal Rastra Bank, the central bank of Nepal, to carry out commercial banking activities in Nepal as class 'A' financial institution under the Bank and Financial Institution Act, 2073. The Bank provides a comprehensive range of financial services that include accepting deposits, corporate and retail lending, project financing, trade financing, fund transfer. The Bank also offers remittance services, card services and other ancillary services like safe deposit locker services as well as a wide range of electronic banking facilities.

2. BASIS OF PREPARATION

The standalone financial statements of the bank as well as the consolidated financial statements of the bank and its subsidiary is prepared on going concern basis under historical cost convention except where the accounting standard adopted by the bank explicitly requires the use of fair market value. All judgments, estimates and assumptions used by the bank and its subsidiary while preparing the financial statement have been disclosed in the relevant sections of notes to accounts.

2.1 Statement of Compliance

The financial Statements of the Bank and its subsidiary which comprise of the Statement of Financial Position, Statement of Profit or Loss, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash flow and Significant Accounting Policies and Notes have been prepared in accordance with Nepal Financial Reporting Standards (NFRSs) laid down by the Accounting Standards Board of Nepal, except where alternative treatments have been adopted in line with carve-outs approved by the Institute of Chartered Accountants of Nepal (ICAN), the accounting regulating body of the country. The bank has adopted the format prescribed by the regulator (Nepal Rastra Bank) for the preparation of the financial statements.

The financial statement of the subsidiary has been regrouped/ restated accordingly to facilitate consolidation.

2.2 Reporting period and approval of financial statements

The consolidated financial statements cover the financial year commencing from Shrawan 01, 2076 and ending on Asar 31, 2077 (17 July 2019 to 15 July 2020). The financial statements were authorized for issue in accordance with the resolution of the Board of Directors dated Mangsir 14, 2077 (November 29, 2020).

2.3 Functional and presentation currency

Nepalese Rupees is the functional and presentation currency of the Bank and its subsidiary as it is the currency of the primary economic environment in which they operate. Hence, items included in the consolidated Financial Statements are presented in Nepalese Rupees.

2.4 Use of estimates, assumptions and judgments

The preparation of the financial statements in conformity with NFRSs requires management to make judgments, estimates and assumptions for application of accounting policies that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from the estimates so made. Estimates and underlying assumptions are reviewed on an ongoing basis and the effect of revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. The most significant uses of judgment and estimates are as follows:

(a) Going concern

The management has made an assessment of the entity's ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the entity's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

(b) Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using judgments that may, among other things, include considerations of liquidity and model inputs such as volatility for longer dated derivatives and discount rates, prepayment rates and default rate assumptions for asset backed securities.

(c) Classification of financial instruments

The bank and its subsidiary have classified the financial assets and liabilities under different accounting classification as per NFRS 9. These are either measured at fair value or amortized cost. According to NFRS 9, debt instruments are recognized at amortized cost and investment in equity instrument can be elected to be recognized as fair value through other comprehensive income (FVTOCI) or fair value through profit or loss (FVTPL). The bank has elected to measure its investment in equity instruments at fair value through other comprehensive income unless recognized as associate or subsidiary.

(d) Impairment losses on loans and advances

As per the carve-out approved by the Institute of Chartered Accountants of Nepal, Bank and Financial Institutions shall measure impairment loss on loans and advances as the higher of the amount derived as per rule-based norms prescribed by the Regulator and the amount determined as per paragraph 63 of NAS 39, with proper disclosures of the same. Accordingly, the Bank has assessed impairment loss under both norms and impairment provided in the financial statements is the impairment under norms prescribed by the Regulator with separate disclosure of impairment calculated under NAS 39.

(e) Impairment of Equity Instruments

The Bank and its subsidiary records impairment charges on quoted equity investments by comparing with the fair market value as on the reporting date. In case of un-quoted equity investments, impairment is recorded only where there is objective evidence of permanent decline in the value of investment.

(f) Taxation

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

The Bank and its subsidiary has recognized assets and liabilities for current, deferred and other taxes based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts initially recorded, such differences shall impact the income of that year.

(g) Deferred tax

Deferred tax asset and liabilities are recognized in respect of temporary difference in tax bases of assets and liabilities and their carrying amount in the financial statements. Deferred income tax is determined using tax rate applicable to the bank and its subsidiary as at the reporting date which is expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax assets are recognised where it is probable that future taxable profit will be available against which the temporary differences can be utilized.

(h) Defined Benefit plan

The bank has recognized gratuity and accumulated leave encashment as defined benefit plan. The cost of the defined benefit plan is determined using actuarial valuation by an actuary. The actuarial valuation involves making assumptions about discount rates, salary increment rate, age of retirement, and mortality rates, among other things. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. The assumptions used for valuation is disclosed in detail in Note 4.23

The subsidiary is operating under a full scope management contract and hence long term liability with respect to employee is not there.

(i) Materiality

In compliance with NAS 01 on Presentation of Financial Statements, each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or functions too are presented separately, if they are material.

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. Income and expense is not offset in the income statement unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Bank and its subsidiary.

(j) Depreciation of Assets

The depreciable amount of an asset has been allocated on a systematic basis over its useful life using diminishing balance method and depreciation rate determined by the management on the basis of nature and expected use of the asset class. The systematic basis has however been determined using the best management judgment. Details regarding the useful lives of property and equipment are disclosed in Note 3.7.

(k) Fair Value of Investment Property

Non-Banking Assets, which are assets mortgaged with the bank and subsequently taken over by the Bank in the course of recovery of the loan, are shown under Investment Properties. The value at which such assets are taken over in line with the guidelines issued by the Regulator have been considered as fair value of such assets.

2.5 Changes in Accounting Policies

There are no changes in accounting policies

2.6 New reporting standards in issue but not yet effective

Institute of Chartered Accountants of Nepal has issued revised sets of Nepal Financial Reporting Standard 2018. These set of accounting standards supersedes currently applicable Nepal Financial Reporting Standard 2013. From these accounting standards NFRS 9, NFRS 14, NFRS 15, NFRS 16, NFRS 17 and NAS 29 will be applicable from 16th July 2021 onwards and rest from 16th July 2020 onwards.

2.7 New Standards and interpretation not adopted

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

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

NAS 39: Effective interest rate of loans and advance; The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or when appropriate a shorter period of the net carrying amount of financial asset or financial liability. While recognizing loans and advances at amortized cost, the bank has opted the carve out provided by the ICAN for determining effective interest rate. As a result of this alternative treatment, the bank hasn't included the loan processing fees received by the bank while calculating the effective interest rate to be used to amortize the loans and advances justifying that such fees and commission are immaterial to the total income from such loans and advances. The fees and commission are recognized as income in the same period when loan is approved and subsequently implemented/ disbursed.

2.8 Discounting

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

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of Measurement

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

- Investment in equity instruments measured at FVTOCI
- Investment Properties

3.2 Basis of Consolidation

The bank has a fully owned subsidiary incorporated to carry out merchant banking activities. The consolidated financial statements have been prepared in accordance with NFRS 10, Consolidated Financial Statements.

3.3 Cash and cash equivalents

Cash and cash equivalents comprise of cash-in-hand, balances with other bank and financial institutions, money at call and short notice, and highly liquid financial assets with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Bank and its subsidiary in the management of its short-term commitments. Cash and cash equivalents are carried at amortized cost in the Statement of Financial Position.

3.4 Financial Assets and Financial Liabilities

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets refer to assets that arise from contractual agreements on future cash flows or from owning equity instruments of another entity. Financial liabilities are obligations that arise from contractual agreements and that require settlement by way of delivering cash or another financial asset. The bank and its subsidiary has applied NFRS 9 in defining, classifying and measuring its financial instruments.

(a) Recognition

All financial assets and liabilities are initially recognized on the trade date, i.e., the date that the entity becomes a party to the contractual provisions of the instrument. This includes “regular way trades”: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace.

(b) Classification

Financial Assets and Financial Liabilities are classified under NFRS 9. The categorization of financial assets and financial liabilities is based on the business model of holding the instrument and contractual cash flow characteristics of the financial instrument. Business model reflects how groups of financial instruments are managed to achieve a particular business objective. Business Model can be either to hold the asset in order to collect contractual cash flows (hold to collect) or to trade the asset for market gains and Contractual Cash Flow are the contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial Instrument

- **Financial Instrument at amortized cost:** Financial Instrument are held at amortized cost when the business model is to hold the asset in order to collect the contractual cash flows of the asset. The entire debt instrument that the bank holds has been categorized as held at amortized cost.
- **Financial Instrument at fair value:** If financial assets aren't measured at amortized cost then they are measured at fair value.
 - **Financial Instrument at Fair Value Through Profit or Loss (FVTPL):** Management designates an instrument at fair value through profit or loss upon initial recognition when the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains or losses on them on a different basis.

The Bank and its subsidiary has not designated any financial instrument as at fair value through profit or loss.

- **Financial Instrument at Fair Value Through Other Comprehensive Income (FVTOCI):** If the instrument isn't categorized at amortized cost or fair value through profit or loss then it is classified as fair value through OCI.

(c) Measurement

The measurement of financial instrument is based on the classification of the instrument:

Financial Instrument At Amortized Cost: Initially, the asset or liability is measured at fair value plus/minus transaction cost and any immediate payment related to the instrument. Subsequently, the instrument is amortized using the effective interest rate. Effective interest rate is the rate that exactly discounts future cash flows to the present outstanding amount.

Effective interest rate of loans and advance: While recognizing loans and advances at amortized cost, the bank has opted the carve out provided by ICAN for determining effective interest rate. As a result of this alternative treatment, the bank hasn't included the loan processing fees received by the bank while calculating the effective interest rate used to amortize the loans and advances justifying that such fees and commission are immaterial to the total income from such loans and advances. The fees and commission are recognized as income in the same period when loan is approved and subsequently implemented/ disbursed.

Staff Loans and advances: When the transaction price differs from the fair value of other observable current market transactions in the same instrument, the Bank immediately recognizes the difference between the transaction price and fair value as Prepaid Benefit. Bank accordingly estimates the Prepaid Benefit in relation to Staff Loans and advances given under subsidized rate of interest. While calculating the fair value in case of Staff Loans, the average base rate for past 13 months of the Bank has been considered to be the market rate for the loan. Further, the amortized income and expense of such prepaid benefit is shown both under Interest Income as well as Personnel expense as it is a notional income and expense for the Bank.

- Base Rate is the minimum lending rate recommended by Nepal Rastra Bank and is calculated separately for each individual bank every month as per the method prescribed by Nepal Rastra Bank.

Financial Instrument At Fair Value Through Profit or Loss (FVTPL): When the instrument is recognized at fair value through profit or loss, then the initial transaction cost is expensed to profit or loss and subsequently any change in its fair value is recognized in statement of financial performance.

Financial Instrument At Fair Value Through Other Comprehensive Income (FVTOCI): While measuring the instrument at fair value through other comprehensive income the instrument is initially recognized at fair value. Subsequently, any changes in the fair value are recognized in other comprehensive income.

(d) De-recognition of financial assets and financial liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is de-recognized when:

- The rights to receive cash flows from the asset have expired.
- The entity has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
- The entity has transferred substantially all the risks and rewards of the asset, or
- The entity has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the entity has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the entity's continuing involvement in the asset. In that case, the entity also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Bank has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the entity could be required to repay.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a

derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

(e) Determination of fair value

‘Fair value’ is the price that would be received to sell an asset or paid to transfer a liability (exit price) in an orderly transaction between market participants at the measurement date. The fair value for financial instruments traded in active markets at the statement of financial position date is based on their quoted market price. However for valuating promoters shares which are quoted in market but not actively traded, 60 percent of market price of public shares has been considered. In case of all other financial instruments not traded in an active market, the Bank and its subsidiary recognizes such unquoted equity instruments at their cost price.

(f) Impairment

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

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

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

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

Financial investments at FVOCI: For these financial investments, the entity assesses at each reporting date whether there is objective evidence that an investment is impaired. The entity assesses individually whether there is objective evidence of impairment based on the same criteria as financial assets carried at amortised cost.

In the case of equity investments, objective evidence would also include a ‘significant’ or ‘prolonged’ decline in the fair value of the investment below its cost. Where there is evidence of impairment, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in the income statement – is removed from equity and recognized in the income statement. Impairment losses on equity investments are not reversed through the income statement; increases in the fair value after impairment are recognized in other comprehensive income.

3.5 Trading Assets

Trading assets are those assets that the Bank and its subsidiary acquires principally for the purpose of selling in the near term, or holds as part of a portfolio that is managed together for short-term profit. The other trading asset includes non derivative financial assets. It includes Government bonds, NRB Bonds, Domestic Corporate bonds, Treasury bills, Equities etc held primarily for the trading purpose.

3.6 Derivative assets and derivative liabilities

Derivatives are financial instruments that derive their value in response to changes in interest rates, financial instrument prices, foreign exchange rates. Derivatives are categorized as trading unless they are designated as hedging instruments.

Derivative instruments-both assets as well as liabilities; like interest rate swap, currency swap, forward foreign exchange contract etc. held for trading as well as risk management purposes are presented under this head.

3.7 Property and Equipment

(a) Recognition and measurement

Property & Equipment are recognized if it is probable that future economic benefits associated with the asset will flow to the entity and the cost of the asset can be measured reliably in accordance with NAS 16 on Property, Plant & Equipment. Initially property and equipment are measured at cost.

(b) Cost Model

Property and equipment (including equipment under operating leases where the Bank and its subsidiary is the lessor) is stated at cost excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. Changes in the expected useful life are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates.

(c) Subsequent Cost

These are costs that are recognised in the carrying amount of an item, if it is probable that the future economic benefits embodied within that part will flow to the entity and it can be reliably measured.

(d) Depreciation

Depreciation is calculated using the diminishing balance method to write down the cost of property and equipment using the rates stipulated as follows. Land is not depreciated.

● Buildings	5%
● Computer Hardware	20%
● Machinery and Equipment	15%
● Motor Vehicle	15%
● Furniture and Fittings- Wood	15%
● Furniture and Fittings- Metal	10%

(e) De-recognition

Property and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in 'Other operating income' in the income statement in the year the asset is derecognised.

(f) Assets under Grant:

Where grant is received to compensate the cost of acquiring a depreciable asset fully or partially, the grant can be either presented as deferred income or is deducted at arriving the carrying amount of the asset. The entity has opted to present the grant as deferred income and therefore the asset has been shown in full purchase value.

3.8 Goodwill /Intangible assets

The Bank and its subsidiary's intangible assets include the value of computer software. An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the entity. Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible asset.

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

3.9 Investment Property

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

3.10 Income Tax

(a) Current tax

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

(b) Deferred tax

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

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

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

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

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

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

Current tax and deferred tax relating to items recognised directly in OCI are also recognised in OCI and not in the income statement.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

3.11 Deposits, debt securities issued and subordinated liabilities

Financial instruments issued by the Bank and its subsidiary, that are not designated at fair value through profit or loss, are classified as liabilities under Deposits from Customers, Due to Bank and Financial Institutions, Borrowings, and other Liabilities where the substance of the contractual arrangement results in the Bank and its subsidiary having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

3.12 Provisions

Provisions are recognised when the Bank or its subsidiary has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the income statement net of any reimbursement. Where the effect of the time value of money is material,

the amount of a provision is determined by discounting the anticipated future cash flows expected to be required to settle the obligation at a pre-tax rate that reflects the risks specific to the liability.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

3.13 Revenue Recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the bank and its subsidiary and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

(a) Interest income

For all financial instruments measured at amortized cost and financial instruments designated at fair value through profit or loss, interest income or expense is recorded using the EIR, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses.

Interest income on loans and advance: While recognizing loans and advances at amortized cost, the bank has opted for the carve out provided by ICAN for determining effective interest rate. As a result of this alternative treatment, the bank hasn't included the loan processing fees received by the bank while calculating the effective interest rate used to amortize the loans and advances justifying that such fees and commission given their proportion are immaterial to the total income from such loans and advances. The fees and commission are recognized as income in the same period when loan is approved and the amount is received.

Interest Income on Staff Loans and advances: For measuring staff loan and advances at fair value which is provided below market rate of interest, base rate of past 13 months has been considered to be the market rate of the loan. The difference between the loan outstanding and fair value of loan is treated as prepaid employee expenditure. After initial measurement at fair value, the loan is amortized using the rate used to determine fair value. And the prepaid employee expense is amortized as staff expense under NFRS throughout the period of the loan.

Interest Income of impaired assets

Once the recorded value of a financial asset or a group of similar financial assets has been reduced due to an impairment loss, interest income shall be recognized using the interest rate used to discount the future cash flow for the purpose of measuring the impairment loss. However, bank has used the alternative treatment as per carve-out by applying the effective interest rate to the gross carrying amount of a financial asset unless the financial asset has been written off either partially or fully.

Suspension of Accrual of Interest Income in loans and advance

Based on the guidelines issued by the regulator (Nepal Rastra Bank), accrual of interest income on loans and advances are suspended when any of the following criteria is satisfied.

- a. Loans where there are reasonable doubt about the ultimate collectability of the principal or interest
- b. Loans against which individual impairment as per NAS 39 or life time impairment as per NFRS 9 has been made
- c. Loans where contractual payment of principal and/or interest are more than 3 months in arrear and where the net realizable value of security is insufficient to cover payment of principal and accrued interest
- d. Loans where contractual payments of principal and/or interest are more than 12 months in arrears, irrespective of the net realizable value of collateral
- e. Overdrafts and other short term facilities which haven't been settled after the expiry of the loan and even not renewed within 3 months of the expiry, and where the net realizable value of the security is insufficient to cover payment of principal and accrued interest,
- f. Overdraft and other short term facilities which haven't been settled after the expiry of the loan and even not renewed within 12 months of the expiry irrespective of the net realizable value of collateral

Where there is suspension of accrual of interest income, interest income is recognized on cash basis until there is change in circumstances to resume the accrual of interest income. For, resuming accrual of interest income a period of continued repayment of 12 months can be considered reasonable.

(b) Fee and commission income

The Bank earns fee and commission income from a diverse range of services it provides to its customers. Fee income can be divided into the following two categories:

- Fee income earned for services that are provided within the reporting period.
- Fees earned for provision of services over a period of time and accrue over that period.

In case of the first category of fees & commission earned, the Bank and its subsidiary recognises the income at the time of receipt itself whereas in case of the latter category, the commission is deferred over the period of service. However, if the transaction fees are not material, the Bank and its subsidiary recognises such fees in income at the time of reporting.

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

(c) Dividend income

Dividend income is recognized at an amount net of applicable final withholding tax when the entity's right to receive the payment is established.

(d) Net Trading Income

Net trading income includes gains and (losses) from changes in fair value, related capital gains/ losses, foreign exchange trading gains/ (losses), interest income from trading assets and dividend from trading assets

(e) Net Income from other financial instrument at fair value through Profit or Loss

The bank and its subsidiary has not designated any investments as financial instrument at fair value through Profit or Loss, income also has not been recognized under this head.

(f) Deferred Grant Income

Grants related to assets are presented as deferred grant income. Such deferred grant income is recognized as income proportionately in the period in which such assets are consumed. For this determining the consumption of asset, depreciation charged on such asset has been taken as basis. For grant related to expenses incurred by the bank such grant are recognized as income as and when received.

3.14 Interest Expense

The Bank and its subsidiary recognizes the interest expenses on financial liabilities. The interest expenses are recognized on accrual basis using the applicable interest rate.

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

3.15 Employee Benefits

Employee benefits are compensation paid to employee for the services rendered. Such compensation are recognized as expense when obligation to make payment arises.

(a) Defined Benefit Plan- Gratuity

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

The liability recognized in the statement of financial position in respect of defined benefit plan is the present value of the defined benefit obligation at the date of the statement of financial position less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

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

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

The subsidiary is operating under a full scope management contract and hence long term liability with respect to employee is not there.

(b) Long Term Paid Absences

Liability towards long term paid absences, accumulated and payable on separation from services of the bank under Staff Service Bye-Laws, has been assessed using actuarial valuation method and Current service cost, Interest Cost as well as the actuarial gain/(loss) has been charged to Income Statement. For leave accumulated in excess of prescribed limit as per Staff Service Bye- Laws, actual amount is charged to income statement in the same year.

(c) Defined Contribution Plan - Employees' Provident Fund

Employees are eligible for Employees' Provident Fund Contributions in line with the respective Statutes and Regulations. The Bank contributes at 10% with equal contribution from the employees.

(d) Staff Loans and Advances

Staff loans and advances are provided at below market rate of interest. Staff loan is measured at amortized cost using the effective rate of interest. Effective rate of interest is determined at the average of base rate of past 13 months. Initially staff loans are measured at fair value using the effective interest rate and the difference in fair value and staff loan is recognized as prepaid expense. Subsequently, interest income on loans and advance is recognized using the effective interest rate and the prepaid expense is amortized throughout the life of loan as finance expense under NFRS.

3.16 Leases

The determination of whether an arrangement is a lease or it contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Operating Leases

Bank/Subsidiary as a lessor: Leases where the entity does not transfer substantially all the risk and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Bank/Subsidiary as a lessee: In line with NAS 17, lease payments under an operating lease are recognized as an expense on a straight-line basis over the lease term.

Finance Leases

Assets leased to customers which transfer substantially all the risks and rewards associated with ownership other than legal title, are classified as 'Finance Leases'. Amounts receivable under finance leases are included under 'Loans and Receivables to Customers' in the Statement of Financial Position after deduction of initial rentals received, unearned lease income and the accumulated impairment losses. When assets are held subject to a finance lease, the present value of the lease payments, discounted at the rate of interest implicit in the lease, is recognised as a receivable. The difference between the total payments receivable under the lease and the present value of the receivable is recognised as unearned finance income, which is allocated to accounting periods reflect a constant periodic rate of return.

3.17 Foreign currency translation

All foreign currency transactions are converted to Nepalese Rupees (NPR) which is Bank and its subsidiary's functional & reporting currency, at the rates of exchange prevailing at the time the transactions are effected.

Monetary assets and liabilities denominated in foreign currencies at the close of the year are translated to Nepalese Rupees using the spot foreign exchange rate as on that date and differences are taken to 'Other operating income' in the Income Statement, being of non-trading nature. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items in foreign currency measured at fair value are translated using the exchange rates at the date when the fair value is determined.

Foreign exchange differences arising on the settlement or reporting of monetary items at rates different from those which were initially recorded are dealt with in the Income Statement.

3.18 Financial Guarantee and Loan Commitment

The Bank may give financial guarantees in the ordinary course of business. The guarantees are initially recognised in the financial statements (within 'other liabilities') at fair value. Subsequent to initial recognition, the Bank's liability under each guarantee is measured at the higher of the amount initially recognised less, when appropriate, cumulative amortization recognised in the income statement, and the best estimate of expenditure required to settle any financial obligation arising as a result of the guarantee. Any increase in the liability relating to financial guarantees is recorded in the income statement as expense. The premium received is recognised in the income statement in 'on a straight-line basis over the life of the guarantee.

3.19 Share Capital and Reserves

Share Capital

Increment in Share Capital results with the issue of Right Share, Further Public Offers and Bonus Share. However, proposed bonus shares are not shown as increment to share capital until approved by annual general meeting.

Dividends on ordinary shares

Dividends on ordinary shares are recognized as a liability and deducted from equity when they are approved by the Bank's shareholders. Interim dividends are deducted from equity when they are declared and no longer at the discretion of the entity. Dividends for the year that are approved after the statement of financial position date are disclosed as an event after the reporting date.

Statutory Reserves:

Statutory reserves represent the mandatory reserves maintained by the Bank/subsidiary as required by the Regulator or under other applicable laws & regulations and are not available for distribution as dividend to the shareholders. This includes general reserve, exchange fluctuation reserve, capital redemption reserve, interest capitalization reserves, corporate social responsibility reserve, employee training reserve and other reserves as may be notified from time to time.

Equity reserves:

1. Retained Earnings

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

2. Regulatory Reserve

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

3. Other Reserves

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

- 'Fair Value Reserve' comprises of changes in fair value of investments, net of deferred tax, recognized through Other Comprehensive Income.
- Actuarial Reserve comprises of actuarial gains/losses of defined benefit plans as required by NAS 19- Employee Benefits.
- Debenture Redemption Reserve comprises of equal amount apportioned out of profit each year throughout the term of issued debenture. This reserve isn't distributable until the maturity of the issued debenture.
- Employee Training Fund comprises of amount expensed less than that required by regulator. The Bank is required to incur expenses towards employee training and development for an amount that is equivalent to at least 3% of the preceding year's employee salary and allowance. Any shortfall amount in meeting this mandatory expense requirement in the current year will have to be transferred to this reserve fund through appropriation of net profit and the amount shall accumulate in the fund available for related expenses in the subsequent year.

- Corporate Social Responsibility reserve comprises of amount allocated each year for fulfilling the banks corporate social duty. The Bank is required to appropriate an amount equivalent to 1% of net profit into this fund annually.

3.20 Earnings per share including diluted

The bank presents basic and diluted Earnings per Share (EPS) for its ordinary shares.

Basic earnings per share (EPS) is calculated by dividing the net profit for the year attributable to ordinary equity-holders of Bank by the weighted average number of ordinary shares outstanding during the year.

Diluted Earnings per Share is determined by adjusting both the profit attributable to the ordinary equity holders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares if any.

There have been no transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of the completion of these financial statements which would require the restatement of EPS.

3.21 Segment reporting

A segment is a distinguishable component of the Bank that is engaged in providing services (Business Segments) or in providing services within a particular economic environment (Geographical Segment) which is subject to risks and rewards that are different from those of other segments.

In accordance with the Nepal Financial Reporting Standards NFRS 8 on 'Segmental Reporting', segmental information is presented in respect of the Bank based on Bank management and internal reporting structure.

The Bank's segmental reporting is based on the geographical operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss of respective segment.

3.22 Investment in Associates

The Bank's investment in its associates, entities in which the Bank has significant influence, is accounted for using the equity method. Significant influence is considered to exist where the bank has representation in the Board and participates in policy making processes, including participation in decisions about dividends or other distribution. Under the equity method, the investment in the associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Bank's share of net assets of the associate since the acquisition date.

Due to the fact that associates are yet to adopt NFRS in preparing their financial statement, there is no uniformity in the accounting policy adopted by the associates and the bank. Accordingly, as per the carve out issued by ICAN investment in associates have been accounted at cost. However, equity method has been used for accounting of investment in associates in preparing the consolidated financials. Accordingly share of income received from associates recognized in standalone financial statements of the bank has been derecognized since share of net worth prior to distribution is consolidated.

3.23 Rounding Off and Comparative Figures

The financial statements are presented in Nepalese figure, rounded off to the nearest rupee. Previous year figure have been reclassified/ rearranged/ regrouped to facilitate their comparison, where necessary.

4.1 Cash and cash equivalent

Cash and cash equivalent are total amount of cash-in-hand, balances with other bank and financial institutions, money at call and short notice, and highly liquid financial assets with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the licensed institution in the management of its short term commitments. In addition to cash in hand and current balance with other BFIs, placements with original maturity of less than 3 months, outstanding at the reporting date and accrued interest receivable on such placements has been categorized as cash and cash equivalent.

Particulars	Group		Bank	
	Asar 2077 Rs.	Asar 2076 Rs.	Asar 2077 Rs.	Asar 2076 Rs.
Cash in Hand	2,697,054,231	2,194,566,293	2,697,048,883	2,194,556,298
Balance with B/FIs	1,935,835,830	1,124,274,914	1,824,052,459	1,124,274,914
Money at Call and Short Notice	1,010,108,818	-	1,010,108,818	-
Other	1,699,928,621	3,649,232,822	1,699,928,621	3,649,232,822
Total	7,342,927,500	6,968,074,029	7,231,138,781	6,968,064,034

4.2 Due from Nepal Rastra Bank

Due from NRB are cash balances held with NRB in local and foreign currency. The total balance with NRB is further classified into balances held for statutory purpose(to maintain CRR) and free balances which is classified as other deposit and receivable from NRB.

Particulars	Group		Bank	
	Asar 2077 Rs.	Asar 2076 Rs.	Asar 2077 Rs.	Asar 2076 Rs.
Statutory balances with NRB	2,359,263,200	2,818,034,800	2,359,263,200	2,818,034,800
Securities purchased under resale agreement	-	-	-	-
Other deposit and receivable from NRB	10,048,552,615	2,065,500,425	10,048,552,615	2,065,500,425
Total	12,407,815,815	4,883,535,225	12,407,815,815	4,883,535,225

4.3 Placements with Bank and Financial Institutions

Placements with Bank and Financial Institutions are interest bearing balances held in local and foreign banks. Placements are used as an instrument to manage liquid assets. Placements are held at amortized cost using effective interest rate. Placement with original maturity of less than 3 months are considered to be highly liquid financial instruments and hence, classified into cash and cash equivalents and not shown under placement.

Particulars	Group		Bank	
	Asar 2077 Rs.	Asar 2076 Rs.	Asar 2077 Rs.	Asar 2076 Rs.
Placement with domestic B/FIs	543,902,672	220,824,440	543,902,672	220,824,440
Placement with foreign B/FIs	5,798,271,118	2,700,900,856	5,798,271,118	2,700,900,856
Less: Allowance for Impairment	-	-	-	-
Total	6,342,173,790	2,921,725,296	6,342,173,790	2,921,725,296

4.4 Derivative financial instruments

Derivative financial instruments include various hedging instruments like interest rate swap, currency swap, forward foreign exchange contract etc. held for trading as well as risk management purposes. All proprietary deals are shown as held for trading whereas those entered into on behalf of customers are shown as held for risk management.

Particulars	Group		Bank	
	Asar 2077 Rs.	Asar 2076 Rs.	Asar 2077 Rs.	Asar 2076 Rs.
Held for trading				
Interest rate swap	-	-	-	-
Currency swap	-	-	-	-
Forward exchange contract	70,589,240	52,925,200	70,589,240	52,925,200
Others	-	-	-	-
Held for risk management				
Interest rate swap	-	-	-	-
Currency swap	-	-	-	-
Forward exchange contract	45,031,977	74,220,074	45,031,977	74,220,074
Other	-	-	-	-
Total	115,621,217	127,145,274	115,621,217	127,145,274

4.5 Other trading assets

Trading assets are those assets that the entity acquires principally for the purpose of selling in the near term, or holds as part of a portfolio that is managed together for short-term profit. Other trading asset includes non derivative financial assets. It includes Government bonds, NRB Bonds, Domestic Corporate bonds, Treasury bills, Equities etc held primarily for the trading purpose. The bank holds no such assets. However, subsidiary trades in such assets to gain short term benefits.

Particulars	Group		Bank	
	Asar 2077 Rs.	Asar 2076 Rs.	Asar 2077 Rs.	Asar 2076 Rs.
Treasury bills	-	-	-	-
Government bonds	-	-	-	-
NRB Bonds	-	-	-	-
Domestic Corporate bonds	-	-	-	-
Equities	6,202,746	-	-	-
Other	-	-	-	-
Total	6,202,746	-	-	-
Pledged	-	-	-	-
Non-pledged	-	-	-	-

4.6 Loan and advances to B/FIs

Loans and advances to BFI are loans and advances provided to micro- financial institution as a part of deprived sector lending. Loans and advances to BFI are short-term in nature. Such loans and advances are initially recognized at fair value and subsequently amortized using the effective interest rate. For calculating effective interest rate initial loan documentation fees hasn't been taken into consideration since its impact is not material.

Impairment provided is the amount of Loan Loss Provision (higher of amount derived based on LLP norms as prescribed by the regulator and the amount of impairment calculated based on NAS 39) as mandated by the Carve-out provided by ICAN.

Particulars	Group		Bank	
	Asar 2077 Rs.	Asar 2076 Rs.	Asar 2077 Rs.	Asar 2076 Rs.
Loans to microfinance institutions	5,048,449,926	4,820,831,795	5,048,449,926	4,820,831,795
Other	527,324	527,324	527,324	527,324
Less: Allowances for impairment	(50,901,984)	(48,606,402)	(50,901,984)	(48,606,402)
Total	4,998,075,266	4,772,752,717	4,998,075,266	4,772,752,717

Loan and advances to B/FIs have been measured at amortized cost. The detail break-up of the same has been provided below:

Particulars	Group		Bank	
	Asar 2077 Rs.	Asar 2076 Rs.	Asar 2077 Rs.	Asar 2076 Rs.
Loans and advances (Principal)	5,037,993,289	4,808,435,098	5,037,993,289	4,808,435,098
Add: Accrued Interest	10,983,961	12,924,020	10,983,961	12,924,020
Total Amortized Cost	5,048,977,250	4,821,359,119	5,048,977,250	4,821,359,119

*Based on NAS 39, Loans and advances to banks and financial institutions are individually tested for impairment. No any specific impairment has arisen for the year and the previous years. Further, there is no figure for collective impairment for loans and advances to BFIs as no historical loss ratio exists for such loans and advances.

4.6.1: Allowances for impairment

Particulars	Group		Bank	
	Asar 2077 Rs.	Asar 2076 Rs.	Asar 2077 Rs.	Asar 2076 Rs.
Balance at Sawan 1	48,606,402	37,154,322	48,606,402	37,154,322
Impairment loss for the year:				
Charge for the year	35,408,740	42,606,402	35,408,740	42,606,402
Recoveries/(reversal)	(33,113,158)	(31,154,322)	(33,113,158)	(31,154,322)
Amount written off	-	-	-	-
Balance at Asar end	50,901,984	48,606,402	50,901,984	48,606,402

4.7 Loans and advances to customers

Loans and advances extended to the customers and staffs other than loan which has been classified as loan to BFIs as well as bills purchased and discounted less the amount of impairment allowances and prepaid staff expense have been presented as loans and advances to customers. Loans and advances are classified as financial instrument held at amortized cost having floating rate of interest. So, initially loans and advances are measured at fair value then amortized using the effective interest rate. For calculating effective interest rate initial loan documentation fees hasn't been taken into consideration since its impact is not material.

Staff loans and Advances are provided at below market rate of interest, hence to initially measure them at fair value the total cash flow from such loans and advances are discounted to present value by using the average base rate of past 13 months as discount rate. The difference between the fair value of staff loans and advances and the loan amount disbursed has been recognized as deferred employee benefits and amortized throughout the loan period.

Particulars	Group		Bank	
	Asar 2077 Rs.	Asar 2076 Rs.	Asar 2077 Rs.	Asar 2076 Rs.
Loan and advances measured at amortized cost	104,043,450,400	94,708,968,682	104,043,450,400	94,708,968,682
Less: Impairment allowances				
Collective impairment	(1,663,720,605)	(1,023,223,669)	(1,663,720,605)	(1,023,223,669)
Individual impairment	(651,262,631)	(988,426,653)	(651,262,631)	(988,426,653)
Net amount	101,728,467,164	92,697,318,360	101,728,467,164	92,697,318,360
Loan and advances measured at FVTPL	-	-	-	-
Total	101,728,467,164	92,697,318,360	101,728,467,164	92,697,318,360

4.7.1: Analysis of loan and advances - By Product

The bank offers a variety of loan products to clients. The bank assesses the requirement of the borrower in terms of amount and nature and then records loan under appropriate product category. Product wise loan break up is as follows.

Particulars	Group		Bank	
	Asar 2077 Rs.	Asar 2076 Rs.	Asar 2077 Rs.	Asar 2076 Rs.
Product				
Term loans	21,847,112,745	16,738,671,961	21,847,112,745	16,738,671,961
Overdraft	8,776,844,779	8,476,020,784	8,776,844,779	8,476,020,784
Trust receipt/Import loans	13,923,827,477	13,384,670,534	13,923,827,477	13,384,670,534
Demand and other working capital loans	36,382,830,265	33,287,891,943	36,382,830,265	33,287,891,943
Personal residential loans	4,161,568,915	4,257,821,340	4,161,568,915	4,257,821,340
Real estate loans	3,905,051,218	3,752,914,054	3,905,051,218	3,752,914,054
Margin lending loans	1,589,554,326	1,505,654,965	1,589,554,326	1,505,654,965
Hire purchase loans	7,394,721,886	7,524,061,323	7,394,721,886	7,524,061,323
Deprived sector loans	323,701,928	325,805,168	323,701,928	325,805,168
Bills purchased	30,108,858	91,535,955	30,108,858	91,535,955
Staff loans	680,717,839	602,465,940	680,717,839	602,465,940
Other	3,921,524,923	4,052,822,050	3,921,524,923	4,052,822,050
Sub total	102,937,565,159	94,000,336,016	102,937,565,159	94,000,336,016
Interest receivable	1,105,885,241	708,632,666	1,105,885,241	708,632,666
Grand total	104,043,450,400	94,708,968,682	104,043,450,400	94,708,968,682

4.7.2: Analysis of loan and advances - By Currency

In addition to NPR, the bank also offers loan on other currencies within the regulatory framework. The detail is as follows.

Particulars	Group		Bank	
	Asar 2077 Rs.	Asar 2076 Rs.	Asar 2077 Rs.	Asar 2076 Rs.
Nepalese rupee	92,490,433,996	87,040,353,218	92,490,433,996	87,040,353,218
Indian rupee	-	6,807,037	-	6,807,037
United State dollar	11,542,691,491	7,652,856,455	11,542,691,491	7,652,856,455
Great Britain pound	10,324,913	8,830,433	10,324,913	8,830,433
Euro	-	104,839	-	104,839
Japanese yen	-	-	-	-
Chinese yuan	-	-	-	-
Other	-	16,700	-	16,700
Total	104,043,450,400	94,708,968,682	104,043,450,400	94,708,968,682

4.7.3: Analysis of loan and advances - By Collateral

All loan and advances are backed by some form of collateral. The bank has an authority matrix wherein authority to approve loans vis-à-vis collateral requirement is stated for various levels of authority. Loan categorization on the basis of type of collateral is as follows.

Particulars	Group		Bank	
	Asar 2077 Rs.	Asar 2076 Rs.	Asar 2077 Rs.	Asar 2076 Rs.
Secured				
Movable/immovable assets	101,331,965,238	92,090,948,009	101,331,965,238	92,090,948,009
Gold and silver	-	-	-	-
Guarantee of domestic B/FIs	-	-	-	-
Government guarantee	-	-	-	-
Guarantee of international rated bank	30,732,557	184,819,240	30,732,557	184,819,240
Collateral of export document	-	342,260	-	342,260
Collateral of fixed deposit receipt	679,791,368	761,060,748	679,791,368	761,060,748
Collateral of Government securities	-	-	-	-
Counter guarantee	-	10,527,324	-	10,527,324
Personal guarantee	-	-	-	-
Other collateral	2,000,961,237	1,661,271,101	2,000,961,237	1,661,271,101
Sub total	104,043,450,400	94,708,968,682	104,043,450,400	94,708,968,682
Unsecured	-	-	-	-
Grand total	104,043,450,400	94,708,968,682	104,043,450,400	94,708,968,682

4.7.4: Allowances for impairment

Allowance for impairment has been charged as the higher of the impairment as per NRB Directives and impairment as per Nepal Financial Reporting Standard.

The total impairment as per NRB Directive is higher than the total impairment as per NFRS. Impairment as per both guidelines has been disclosed below.

Allowance for impairment as per NRB Directive

Particulars	Group		Bank	
	Asar 2077 Rs.	Asar 2076 Rs.	Asar 2077 Rs.	Asar 2076 Rs.
<u>Specific allowances for impairment</u>				
Balance at Sawan 1	988,426,653	971,511,439	988,426,653	971,511,439
Impairment loss for the year:				
Charge for the year	274,995,079	138,154,752	274,995,079	138,154,752
Recoveries/(reversal) during the year	(239,261,855)	(121,239,538)	(239,261,855)	(121,239,538)
Write-offs	(372,897,246)	-	(372,897,246)	-
Exchange rate variance on foreign currency impairment	-	-	-	-
Other movement	-	-	-	-
Balance at Asar end	651,262,631	988,426,653	651,262,631	988,426,653
<u>Collective allowances for impairment</u>				
Balance at Sawan 1	1,023,223,669	917,968,864	1,023,223,669	917,968,864
Impairment loss for the year:				
Charge/(reversal) for the year	640,496,936	105,254,805	640,496,936	105,254,805
Exchange rate variance on foreign currency impairment	-	-	-	-
Other movement	-	-	-	-
Balance at Asar end	1,663,720,605	1,023,223,669	1,663,720,605	1,023,223,669
Total allowances for impairment	2,314,983,236	2,011,650,322	2,314,983,236	2,011,650,322

Collective allowance for impairment is the total impairment for loans and advances categorized as pass and watchlist whereas specific allowance for impairment is total impairment for loans and advances classified as restructured, substandard, doubtful and loss.

Allowances for impairment based on NAS 39 using Incurred Loss Model

Particulars	Group		Bank	
	Asar 2077 Rs.	Asar 2076 Rs.	Asar 2077 Rs.	Asar 2076 Rs.
<i>Specific allowances for impairment</i>				
Balance at Sawan 1	871,491,921	590,100,860	871,491,921	590,100,860
Impairment loss for the year:				
Charge for the year	53,247,077	281,391,062	53,247,077	281,391,062
Recoveries/(reversal) during the year	-	-	-	-
Write-offs	-	-	-	-
Exchange rate variance on foreign currency impairment	-	-	-	-
Other movement	-	-	-	-
Balance at Asar end	924,738,998	871,491,921	924,738,998	871,491,921
<i>Collective allowances for impairment</i>				
Balance at Sawan 1	121,874,193	145,262,546	121,874,193	145,262,546
Impairment loss for the year:				
Charge/(reversal) for the year	304,645,772	(23,388,353)	304,645,772	(23,388,353)
Exchange rate variance on foreign currency impairment	-	-	-	-
Other movement	-	-	-	-
Balance at Asar end	426,519,965	121,874,193	426,519,965	121,874,193
Total allowances for impairment	1,351,258,963	993,366,114	1,351,258,963	993,366,115

4.8 Investment securities

As a part of strategic management of assets and for meeting various regulatory and other legal requirements, investments are made in different equity and debt instruments. Investments are categorized as investment measured at amortized cost and investment measured at fair value through other comprehensive income. Debt securities are classified as investment measured at amortized cost and equity investments where the holding ratio is less than 20% and aren't recognized as associates are measured at fair value through other comprehensive income.

In the schedule 4.8.1 Debt Securities represents the investments in foreign bonds. Foreign bonds are measured at amortized cost using effective interest rate. Effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. For the purpose of calculating effective interest rate premium or discount paid on such bond has been considered.

Fair value of investment at fair value through OCI are valued using the fair value hierarchy as disclosed in notes 2.4 (b)

Particulars	Group		Bank	
	Asar 2077 Rs.	Asar 2076 Rs.	Asar 2077 Rs.	Asar 2076 Rs.
Investment securities measured at amortized cost	18,192,773,267	16,418,996,469	18,173,362,145	16,418,996,469
Investment in equity measured at FVTOCI	71,329,705	47,205,440	68,304,555	47,205,440
Total	18,264,102,972	16,466,201,909	18,241,666,700	16,466,201,909

4.8.1: Investment securities measured at amortized cost

Particulars	Group		Bank	
	Asar 2077 Rs.	Asar 2076 Rs.	Asar 2077 Rs.	Asar 2076 Rs.
Debt securities	608,963,445	1,056,581,788	608,963,445	1,056,581,788
Government bonds	-	-	-	-
Government treasury bills	7,733,016,974	6,287,884,146	7,733,016,974	6,287,884,146
Nepal Rastra Bank bonds	9,831,381,726	9,074,530,535	9,831,381,726	9,074,530,535
Nepal Rastra Bank deposits instruments	-	-	-	-
Other	19,411,122	-	-	-
Less: specific allowances for impairment	-	-	-	-
Total	18,192,773,267	16,418,996,469	18,173,362,145	16,418,996,469

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

Particulars	Group		Bank	
	Asar 2077 Rs.	Asar 2076 Rs.	Asar 2077 Rs.	Asar 2076 Rs.
Equity instruments				
Quoted equity securities	64,356,686	40,867,281	61,331,536	40,867,281
Unquoted equity securities	6,973,019	6,338,159	6,973,019	6,338,159
Total	71,329,705	47,205,440	68,304,555	47,205,440

4.8.3: Information relating to investment in equities

Investment in quoted equities are measured at fair value using the closing market price of such equity at the reporting date. For the purpose of valuing shares of Grameen Bikas Laghubitta Bittiya Sansthan Ltd. which are promoter shares, 60% of the market price of the public share of that institution has been considered since the bank holds promoter share in the entity.

Investment in unquoted equities has been valued at their cost

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

Particulars	Group				Bank			
	Asar 2077 Rs.		Asar 2076 Rs.		Asar 2077 Rs.		Asar 2076 Rs.	
	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
Investment in quoted equity								
Grameen Bikas Laghubitta Bittiya Sanstha Ltd. 143,994 shares of Rs. 100 each	7,799,800	46,654,056	7,799,800	31,102,704	7,799,800	46,654,056	7,799,800	31,102,704
Siddhartha Equity Fund 967,748 shares of Rs. 10 each	9,677,480	9,677,480	9,677,480	9,764,577	9,677,480	9,677,480	9,677,480	9,764,577
NMB 50 Mutual Fund 500,000 shares of Rs. 10 each	5,000,000	5,000,000	-	-	5,000,000	5,000,000	-	-
250,000 shares of Rs. 10 each	2,500,000	2,500,000	-	-	-	-	-	-
Citizens Mutual Fund 1 2,515 shares of Rs. 10 each	25,150	25,150	-	-	-	-	-	-
Sunrise Mutual Fund 50,000 shares of Rs. 10 each	500,000	500,000	-	-	-	-	-	-
VISA Card International 5860 Common Stock of C Class	-	-	-	-	-	-	-	-
Mastercard Worldwide 7302 Common Stock of B Class	-	-	-	-	-	-	-	-
Total	25,502,430	64,356,686	17,477,280	40,867,281	22,477,280	61,331,536	17,477,280	40,867,281

Investment in unquoted equity								
Swift SC 6 shares	1,214,859	1,214,859	1,214,859	1,214,859	1,214,859	1,214,859	1,214,859	1,214,859
Credit Information Center Limited 132,651 shares of Rs. 100 each	1,423,300	1,423,300	1,423,300	1,423,300	1,423,300	1,423,300	1,423,300	1,423,300
Nepal Clearing House Limited 49,680 shares of Rs. 100 each	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
National Banking Institute Limited 18,348 shares of Rs. 100 each	1,834,860	1,834,860	1,200,000	1,200,000	1,834,860	1,834,860	1,200,000	1,200,000
Total	6,973,019	6,973,019	6,338,159	6,338,159	6,973,019	6,973,019	6,338,159	6,338,159

4.9 Current tax assets

The bank being a financial institution is subject to income tax at 30%. Taxable income is separately determined in line with the provisions of Income Tax Act 2058 and is generally different from accounting profit. Tax liability on such taxable income is shown as current tax liability. Further, additional tax liability may arise on re-assessment of tax liability by tax authorities in subsequent years. Any such additional liability is charged to income statement in the year of re assessment.

The bank is required to pay income tax in advance and the same is retained as advance and not set off against liability until such time the tax liability is determined/ confirmed by the tax authorities and duly accepted by the bank. The current position of advance tax and provision made for taxes is shown below.

Particulars	Group		Bank	
	Asar 2077 Rs.	Asar 2076 Rs.	Asar 2077 Rs.	Asar 2076 Rs.
Current tax assets				
Current year income tax assets	7,675,658,944	6,566,872,091	7,669,916,082	6,564,117,563
Tax assets of prior periods	-	6,064,553	-	6,064,553
	7,675,658,944	6,572,936,644	7,669,916,082	6,570,182,116
Current tax liabilities				
Current year income tax liabilities	7,320,677,817	6,341,427,283	7,318,421,065	6,339,170,531
Tax liabilities of prior periods	-	6,064,553	-	6,064,553
	7,320,677,817	6,347,491,836	7,318,421,065	6,345,235,084
Total Current Tax Assets	354,981,127	225,444,808	351,495,017	224,947,032

4.10 Investment in subsidiaries

An entity over which the bank holds controlling interest shall be recognized as subsidiary of the institute. The bank has established a wholly owned subsidiary namely Himalayan Capital Limited for carrying out merchant banking activities.

Particulars	Bank	
	Asar 2077 Rs.	Asar 2076 Rs.
Investment in quoted subsidiaries	-	-
Investment in unquoted subsidiaries	200,000,000	200,000,000
Total investment	200,000,000	200,000,000
Less: Impairment allowances	-	-
Net carrying amount	200,000,000	200,000,000

4.10.1: Investment in quoted subsidiaries

Particulars	Bank			
	Asar 2077		Asar 2076	
	Cost	Fair Value	Cost	Fair Value
..... Ltd. shares of Rs. each	-	-	-	-
..... Ltd. shares of Rs. each	-	-	-	-
.....	-	-	-	-
Total	-	-	-	-

4.10.2: Investment in unquoted subsidiaries

Particulars	Bank			
	Asar 2077		Asar 2076	
	Cost	Fair Value	Cost	Fair Value
Himalayan Capital Ltd. 2,000,000 shares of Rs. 100 each	200,000,000	-	200,000,000	-
Total	200,000,000	-	200,000,000	-

4.10.3: Information relating to subsidiaries of the Bank

Particulars	Bank	
	Percentage of ownership held by the bank	
	Asar 2077	Asar 2076
Himalayan Capital Ltd.	100 %	100 %

4.11 Investment in associates

The bank has investment in both quoted and unquoted share of different associates. Associates are those entities in which the bank has significant influence but not control over the financial and operating policies. An entity is generally deemed to have significant influence over another entity if it holds 20% - 50% ownership of the entity. An entity can still be an associate even if holds less than 20% of the share capital if there are other circumstances that suggest significant influence. Investments given below has been classified as investment in associate although holding in such entity are less than 20% because Himalayan Bank has representation in the Board of Directors of the entity which is deemed to be having significant influence. The bank has accounted investment in associates using equity method for preparing its consolidated financial statements.

Particulars	Group		Bank	
	Asar 2077 Rs.	Asar 2076 Rs.	Asar 2077 Rs.	Asar 2076 Rs.
Investment in quoted associates	1,257,527,556	1,088,073,988	97,661,700	97,661,700
Investment in unquoted associates	17,382,826	16,591,856	98,124,000	98,124,000
Total investment	1,274,910,382	1,104,665,844	195,785,700	195,785,700
Less: Impairment allowances	-	-	-	-
Net carrying amount	1,274,910,382	1,104,665,844	195,785,700	195,785,700

4.11.1: Investment in quoted associates

Particulars	Group				Bank			
	Asar 2077 Rs.		Asar 2076 Rs.		Asar 2077 Rs.		Asar 2076 Rs.	
	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
RMDC Laghubitta Bittiya Sanstha Ltd. 830,144 shares of Rs. 100 each	48,000,000	239,914,018	48,000,000	222,890,816	48,000,000	-	48,000,000	-
Nirdhan Utthan Laghubitta Bittiya Sanstha Ltd. 1,683,488 shares of Rs.100 each ¹	12,793,300	375,895,806	12,793,300	316,637,488	12,793,300	-	12,793,300	-
Chhimek Laghubitta Bittiya Sanstha Ltd. 1,797,451 shares of Rs. 100 each	24,377,900	382,698,225	24,377,900	337,727,821	24,377,900	-	24,377,900	-
Swabalamban Laghubitta Bittiya Sanstha Ltd. 952,603 shares of Rs. 100 each ¹	12,490,500	259,019,507	12,490,500	210,817,863	12,490,500	-	12,490,500	-
Total	97,661,700	1,257,527,556	97,661,700	1,088,073,988	97,661,700	-	97,661,700	-

4.11.2: Investment in unquoted associates

Particulars	Group				Bank			
	Asar 2077 Rs.		Asar 2076 Rs.		Asar 2077 Rs.		Asar 2076 Rs.	
	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
Smart Choice Technologies Ltd. 230,880 shares of Rs. 100 each	98,124,000	17,382,826	98,124,000	16,591,856	98,124,000	-	98,124,000	-
Total	98,124,000	17,382,826	98,124,000	16,591,856	98,124,000	-	98,124,000	-

4.11.3: Information relating to associates of the Bank

Particulars	Percentage of ownership held by the Group		Percentage of ownership held by the Bank	
	Asar 2077 Rs.	Asar 2076 Rs.	Asar 2077 Rs.	Asar 2076 Rs.
	RMDC Laghubitta Bittiya Sanstha Ltd.	9.23%	9.23%	9.23%
Nirdhan Utthan Laghubitta Bittiya Sanstha Ltd.	11.22%	11.22%	11.22%	11.22%
Chhimek Laghubitta Bittiya Sanstha Ltd.	11.98%	11.98%	11.98%	11.98%
Swabalamban Laghubitta Bittiya Sanstha Ltd.	12.02%	12.02%	12.02%	12.02%
Smart Choice Technologies Limited	6.16%	9.23%	6.16%	9.23%

4.11.4: Equity value of associates

Particulars	Group	
	Asar 2077 Rs.	Asar 2076 Rs.
RMDC Laghubitta Bittiya Sanstha Ltd.	239,914,018	222,890,816
Nirdhan Utthan Laghubitta Bittiya Sanstha Ltd.	375,895,806	316,637,488
Chhimek Laghubitta Bittiya Sanstha Ltd.	382,698,225	337,727,821
Swabalamban Laghubitta Bittiya Sanstha Ltd.	259,019,507	210,817,863
Smart Choice Technologies Limited	17,382,826	16,591,856
Total	1,274,910,382	1,104,665,844

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

Associate	Cost	Opening net book value as per unaudited financial	Charged to profit and loss	Closing book value as on Asar 2077
RMDC Laghubitta Bittiya Sanstha Ltd.	48,000,000	222,890,816	17,023,202	239,914,018
Nirdhan Utthan Laghubitta Bittiya Sanstha Ltd.	12,793,300	316,637,488	59,258,318	375,895,806
Chhimek Laghubitta Bittiya Sanstha Ltd.	24,377,900	337,727,821	44,970,404	382,698,225
Swabalamban Laghubitta Bittiya Sanstha Ltd.	12,490,500	210,817,863	48,201,644	259,019,507
Smart Choice Technologies Limited	98,124,000	16,591,856	790,970	17,382,826
Total	195,785,700	1,104,665,844	170,244,538	1,274,910,382

* 3.61% of holding in Nirdhan Utthan Bittiya Santha and 3.25% of holding in Chhimek Laghubitta Bittiya Sanstha are in the form of public shares. Rest of the holding in associates are in the form of promoter shares.

4.12 Investment properties

The asset pledged as collateral which has been taken over by the bank while settling its bad loans are non banking assets and have been categorized at investment properties. Investment properties are generally measured at fair value. The initial takeover value of the investment properties is lower of Panchakrit Mulya and total dues which is determined as per the NRB guidelines. The same value has been considered as the fair value of such asset. The bank doesn't intend to hold such asset for long term and is actively searching for buyers.

Particulars	Group		Bank	
	Asar 2077 Rs.	Asar 2076 Rs.	Asar 2077 Rs.	Asar 2076 Rs.
Investment properties measured at fair value				
Balance as on Sawan 1	109,134,713	2,299,307	109,134,713	2,299,307
Addition/disposal during the year	270,667,500	106,835,406	270,667,500	106,835,406
Net changes in fair value during the year	-	-	-	-
Adjustment/transfer	-	-	-	-
Net amount	379,802,213	109,134,713	379,802,213	109,134,713
Investment properties measured at cost				
Balance as on Sawan 1	-	-	-	-
Addition/disposal during the year	-	-	-	-
Adjustment/transfer	-	-	-	-
Accumulated depreciation	-	-	-	-
Accumulated impairment loss	-	-	-	-
Net amount	-	-	-	-
Total	379,802,213	109,134,713	379,802,213	109,134,713

4.13 Property and Equipment

All assets of long-term nature (fixed) like land, building, IT equipment, fixtures and fittings and appliances, vehicles, machinery, leasehold developments and capital work in progress owned by the bank has been presented under this head. Details on the accounting policy adopted by the bank in the recognition and measurement of fixed assets has been disclosed in note 3.7.

Group

Particulars	Land	Building	Leasehold Properties	Computer & Accessories	Vehicles	Furniture & Fixture	Machinery	Equipment & Others	Total
Cost									
As on Sawan 1, 2075	1,181,385,172	475,550,045	303,769,842	539,641,521	316,885,864	226,238,686	54,458,568	436,699,369	3,534,629,067
Addition during the Year									
Acquisition	168,112,500	137,408	14,205,812	59,371,417	71,608,900	9,777,113	383,050	31,870,064	355,466,264
Capitalization	-	-	-	-	-	-	-	4,453,430	4,453,430
Disposal during the year	(29,663,955)	(4,148,655)	-	(3,644,104)	(40,448,542)	(1,385,290)	(576,300)	(4,422,180)	(84,289,025)
Adjustment/Revaluation	-	-	-	267,197	-	(267,197)	-	-	-
Balance as on Asar end 2076	1,319,833,717	471,538,798	317,975,654	595,636,031	348,046,222	234,363,312	54,265,318	468,600,684	3,810,259,736
Addition during the Year									
Acquisition	-	-	26,050,152	10,481,498	70,772,968	20,388,033	3,948,100	26,217,688	157,858,440
Capitalization	-	766,160	423,750	-	-	-	-	-	1,189,910
Disposal during the year	-	-	-	(3,680,699)	(14,900,000)	(923,107)	-	(13,245,343)	(32,749,149)
Adjustment/Revaluation	-	-	-	-	-	-	-	-	-
Balance as on Asar end 2077	1,319,833,717	472,304,958	344,449,557	602,436,830	403,919,190	253,828,239	58,213,418	481,573,029	3,936,558,937
Depreciation and Impairment									
As on Sawan 1, 2075	-	140,534,300	247,866,599	377,571,497	119,147,735	150,417,786	30,562,294	260,744,972	1,326,845,183
Impairment for the year	-	-	-	-	-	-	-	-	-
Depreciation charge for the Year	-	16,733,986	12,802,762	34,444,677	31,419,849	11,321,975	3,561,852	25,532,907	135,818,008
Disposals	-	(1,953,181)	-	(3,417,193)	(22,525,538)	(1,048,771)	(451,037)	(3,627,012)	(33,022,731)
Adjustment	-	-	-	(562,571)	(94,828)	(18,611,930)	244,516	19,024,813	-
Balance as on Asar end 2076	-	155,315,105	260,669,361	408,036,411	127,947,218	142,079,060	33,917,625	301,675,680	1,429,640,460
Impairment for the year	-	-	-	-	-	-	-	-	-
Depreciation charge for the Year	-	15,839,915	12,403,523	38,393,984	37,397,149	11,580,616	3,323,292	26,519,443	145,457,923
Disposals	-	-	-	(2,716,696)	(7,412,111)	(791,095)	-	(8,964,537)	(19,884,439)
Adjustment	-	-	-	-	-	-	-	-	-
As on Asar end 2077	-	171,155,020	273,072,884	443,713,699	157,932,256	152,868,582	37,240,917	319,230,586	1,555,213,944
Capital Work in Progress									
As on Asar end 2075	-	10,127,022	-	-	-	-	-	4,766,361	14,893,383
As on Asar end 2076	-	12,970,344	188,315	-	-	-	-	312,931	13,471,590
As on Asar end 2077	-	15,004,903	24,051,120	-	-	-	-	-	39,056,022
Net Book Value									
As on Asar end 2075	1,181,385,172	345,142,767	55,903,244	162,070,024	197,738,129	75,820,900	23,896,274	180,720,758	2,222,677,268
As on Asar end 2076	1,319,833,717	329,194,037	57,494,609	187,599,620	220,099,004	92,284,252	20,347,693	167,237,934	2,394,090,867
As on Asar end 2077	1,319,833,717	316,154,841	95,427,793	158,723,130	245,986,934	100,959,657	20,972,501	162,342,443	2,420,401,016

Bank

Particulars	Land	Building	Leasehold Properties	Computer & Accessories	Vehicles	Furniture & Fixture	Machinery	Equipment & Others	Total
Cost									
As on Sawan 1, 2075	1,181,385,172	475,550,045	303,769,842	593,641,521	316,885,864	226,238,686	54,458,568	436,699,369	3,534,629,067
Addition during the Year									
Acquisition	168,112,500	137,408	14,205,812	57,649,220	71,608,900	9,507,509	383,050	31,785,233	353,389,632
Capitalization	-	-	-	-	-	-	-	4,453,430	4,453,430
Disposal during the year	(29,663,955)	(4,148,655)	-	(3,644,104)	(40,448,542)	(1,385,290)	(576,300)	(4,422,180)	(84,289,025)
Adjustment/Revaluation	-	-	-	267,197	-	(267,197)	-	-	-
Balance as on Asar end 2076	1,319,833,717	471,538,798	317,975,654	593,913,834	348,046,222	234,093,708	54,265,318	468,515,853	3,808,183,104
Addition during the Year									
Acquisition	-	-	23,990,158	9,657,813	67,856,000	19,304,990	3,948,100	25,294,028	150,051,090
Capitalization	-	766,160	423,750	-	-	-	-	-	1,189,910
Disposal during the year	-	-	-	(3,680,699)	(14,900,000)	(923,107)	-	(13,245,343)	(32,749,149)
Adjustment/Revaluation	-	-	-	-	-	-	-	-	-
Balance as on Asar end 2077	1,319,833,717	472,304,958	342,389,563	599,890,948	401,002,222	252,475,592	58,213,418	480,564,538	3,926,674,955
Depreciation and Impairment									
As on Sawan 1, 2075	-	140,534,300	247,866,599	377,571,497	119,147,735	150,417,786	30,562,294	260,744,972	1,326,845,183
Impairment for the Year	-	-	-	-	-	-	-	-	-
Depreciation charge for the Year	-	16,733,986	12,802,762	34,440,442	31,419,849	11,321,975	3,561,852	25,532,907	135,813,773
Disposals	-	(1,953,181)	-	(3,417,193)	(22,525,538)	(1,048,771)	(451,037)	(3,627,012)	(33,022,731)
Adjustment	-	-	-	(562,571)	(94,828)	(18,611,930)	244,516	19,024,813	-
Balance as on Asar end 2076	-	155,315,105	260,669,361	408,032,176	127,947,218	142,079,060	33,917,625	301,675,680	1,429,636,225
Impairment for the Year	-	-	-	-	-	-	-	-	-
Depreciation charge for the Year	-	15,839,915	12,081,820	37,931,474	37,166,251	11,438,025	3,323,292	26,406,300	144,187,078
Disposals	-	-	-	(2,716,696)	(7,412,111)	(791,095)	-	(8,964,537)	(19,884,439)
Adjustment	-	-	-	-	-	-	-	-	-
As on Asar end 2077	-	171,155,020	272,751,181	443,246,954	157,701,358	152,725,991	37,240,917	319,117,443	1,553,938,864
Capital Work in Progress									
As on Asar end 2075	-	10,127,022	-	-	-	-	-	4,766,361	14,893,383
As on Asar end 2076	-	12,970,344	-	-	-	-	-	312,931	13,283,275
As on Asar end 2077	-	15,004,903	24,051,120	-	-	-	-	-	39,056,022
Net Book Value									
As on Asar end 2075	1,181,385,172	345,142,767	55,903,244	162,070,024	197,738,129	75,820,900	23,896,274	180,720,758	2,222,677,268
As on Asar end 2076	1,319,833,717	329,194,037	57,306,294	185,881,658	220,099,004	92,014,648	20,347,693	167,153,103	2,391,830,155
As on Asar end 2077	1,319,833,717	316,154,841	93,689,502	156,643,993	243,300,864	99,749,601	20,972,501	161,447,095	2,411,792,114

Assets received under grant

The bank has received grant from SAKCHYAM NEPAL, under SAKCHYAM NEPAL ACCESS TO FINANCE project in the form of reimbursement of cost of establishing a branch in remote areas. The project aims to work with the public and private sector to leverage access and facilitate financial sector development in Nepal for small and medium enterprises (SMEs) and for poor people. The accounting policy adopted for the recognition of such grant asset has been disclosed in the accounting policies of the bank in note 3.7 (F). The detail accounting of the assets under grant for the year is as follows.

Particulars	Initial value of asset	Accumulated Depreciation on such asset	Remaining Book Value of such asset	Grant Received	Depreciation charged and taken to income till FY 2076/77	Deferred Income
31.84% of FA and Leasehold development cost of Chededaha Branch provided as grant income by Sakchyam	3,012,670	272,195	2,740,475	959,184	86,661	872,523
31.84% of FA and Leasehold development cost of Kumakh Branch provided as grant income by Sakchyam	3,017,636	435,067	2,582,569	960,814	138,517	822,297
31.84% of FA and Leasehold development cost of Swamikartik Branch provided as grant income by Sakchyam	4,231,415	5,800	4,225,615	1,347,162	1,847	1,345,315
31.84% of FA and Leasehold development cost of Jagannath Branch provided as grant income by Sakchyam	3,945,371	5,800	3,939,571	1,245,348	1,831	1,243,517
Total	14,207,092	718,862	13,488,230	4,512,508	228,856	4,283,652

4.14 Goodwill and Intangible Assets

The entity's intangible assets include the value of computer software. Such assets are accounted using the policy of the bank as disclosed in notes 3.8.

Goodwill arises during the purchase of another entity or during the consolidation with the subsidiary. It is the excess of value of asset received over the value of cost incurred to purchase the asset. Bank doesn't have any such goodwill.

Particulars	Group				
	Goodwill	Software		Other	Total Asar end
		Purchased	Developed		
Cost:					
As on Sawan 1, 2075	-	597,518,877	-	-	597,518,877
Addition during the Year					
Acquisition	-	66,209,101	-	-	66,209,101
Capitalization	-	-	-	-	-
Disposal during the year	-	-	-	-	-
Adjustment/Revaluation	-	-	-	-	-
Balance as on Asar end 2076	-	663,727,978	-	-	663,727,978
Addition during the Year					
Acquisition	-	70,594,815	-	-	70,594,815
Capitalization	-	-	-	-	-
Disposal during the year	-	-	-	-	-
Adjustment/Revaluation	-	-	-	-	-
Balance as on Asar end 2077	-	734,322,793	-	-	734,322,793
Amortization and Impairment					
As on Sawan 1, 2075	-	511,666,189	-	-	511,666,189
Amortization charge for the Year	-	34,384,442	-	-	34,384,442
Impairment for the year	-	-	-	-	-
Disposals	-	-	-	-	-
Adjustment	-	-	-	-	-
Balance as on Asar end 2076	-	546,050,631	-	-	546,050,631
Amortization charge for the Year	-	36,316,356	-	-	36,316,356
Impairment for the year	-	-	-	-	-
Disposals	-	-	-	-	-
Adjustment	-	-	-	-	-
Balance as on Asar end 2077	-	582,366,987	-	-	582,366,987
Net book value:					
Balance as on Asar end 2075	-	85,852,688	-	-	85,852,688
Balance as on Asar end 2076	-	117,677,347	-	-	117,677,347
Balance as on Asar end 2077	-	151,955,806	-	-	151,955,806

Bank

Particulars	Goodwill	Software		Other	Total Asar end
		Purchased	Developed		
Cost:					
As on Sawan 1, 2075	-	597,518,877	-	-	597,518,877
Addition during the Year					
Acquisition	-	66,209,101	-	-	66,209,101
Capitalization	-	-	-	-	-
Disposal during the year	-	-	-	-	-
Adjustment/Revaluation	-	-	-	-	-
Balance as on Asar end 2076	-	663,727,978	-	-	663,727,978
Addition during the Year					
Acquisition	-	69,557,588	-	-	69,557,588
Capitalization	-	-	-	-	-
Disposal during the year	-	-	-	-	-
Adjustment/Revaluation	-	-	-	-	-
Balance as on Asar end 2077	-	733,285,566	-	-	733,285,566
Amortization and Impairment					
As on Sawan 1, 2075	-	511,666,189	-	-	511,666,189
Amortization charge for the Year	-	34,384,442	-	-	34,384,442
Impairment for the year	-	-	-	-	-
Disposals	-	-	-	-	-
Adjustment	-	-	-	-	-
Balance as on Asar end 2076	-	546,050,631	-	-	546,050,631
Amortization charge for the Year	-	36,133,449	-	-	36,133,449
Impairment for the year	-	-	-	-	-
Disposals	-	-	-	-	-
Adjustment	-	-	-	-	-
Balance as on Asar end 2077	-	582,184,080	-	-	582,184,080
Net book value:					
Balance as on Asar end 2075	-	85,852,688	-	-	85,852,688
Balance as on Asar end 2076	-	117,677,347	-	-	117,677,347
Balance as on Asar end 2077	-	151,101,486	-	-	151,101,486

4.15 Deffered Tax

Deferred tax is provided on temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

Particulars	Group Asar 2077			Bank Asar 2077		
	Deferred Tax Assets	Deferred Tax Liabilities	Net Deferred Tax Assets/ (Liabilities)	Deferred Tax Assets	Deferred Tax Liabilities	Net Deferred Tax Assets/ (Liabilities)
Deferred tax on temporary differences on following items						
Loan and Advance to B/FIs	-	(891,086)	(891,086)	-	(891,086)	(891,086)
Loans and advances to customers	-	(178,846,382)	(178,846,382)	-	(178,846,382)	(178,846,382)
Investment properties	-	-	-	-	-	-
Investment securities	38,524	(11,656,277)	(11,617,753)	-	(11,656,277)	(11,656,277)
Property & equipment	-	(9,583,407)	(9,583,407)	-	(9,177,248)	(9,177,248)
Employees' defined benefit plan	84,859,469	-	84,859,469	84,859,469	-	84,859,469
Lease liabilities	19,815,695	-	19,815,695	19,815,695	-	19,815,695
Provisions	-	-	-	-	-	-
Other temporary differences	-	-	-	-	-	-
Deferred tax on temporary differences	104,713,688	(200,977,152)	(96,263,464)	104,675,164	(200,570,993)	(95,895,829)
Deferred tax on carry forward of unused tax losses	230,355	-	230,355	-	-	-
Deferred tax due to changes in tax rate	-	-	-	-	-	-
Net Deferred tax asset/(liabilities) as on year end of Asar 2077	-	-	(96,033,109)	-	-	(95,895,829)
Deferred tax (asset)/liabilities as on Sawan 1, 2076	-	-	(98,894,441)	-	-	(98,843,796)
Origination/(Reversal) during the year	-	-	2,861,332	-	-	2,947,967
Deferred tax expense/(income) recognised in profit or loss	-	-	7,500,706	-	-	7,587,244
Deferred tax expense/(income) recognised in other comprehensive income	-	-	(4,639,277)	-	-	(4,639,277)
Deferred tax expense/(income) recognised in directly in equity	-	-	-	-	-	-

Continue

Particulars	Group Asar 2076			Bank Asar 2076		
	Deferred Tax Assets	Deferred Tax Liabilities	Net Deferred Tax Assets/ (Liabilities)	Deferred Tax Assets	Deferred Tax Liabilities	Net Deferred Tax Assets/ (Liabilities)
Deferred tax on temporary differences on following items						
Loan and Advance to B/FIs	-	(891,086)	(891,086)	-	(891,086)	(891,086)
Loans and advances to customers	-	(178,846,382)	(178,846,382)	-	(178,846,382)	(178,846,382)
Investment properties	-	-	-	-	-	-
Investment securities	297,583	(7,017,000)	(6,719,417)	297,583	(7,017,000)	(6,719,417)
Property & equipment	-	(2,556,086)	(2,556,086)	-	(2,505,441)	(2,505,441)
Employees' defined benefit plan	81,740,253	-	81,740,253	81,740,253	-	81,740,253
Lease liabilities	8,378,277	-	8,378,277	8,378,277	-	8,378,277
Provisions	-	-	-	-	-	-
Other temporary differences	-	-	-	-	-	-
Deferred tax on temporary differences	90,416,113	(189,310,554)	(98,894,441)	90,416,113	(189,259,909)	(98,843,796)
Deferred tax on carry forward of unused tax losses			-	-	-	-
Deferred tax due to changes in tax rate			-	-	-	-
Net Deferred tax asset/(liabilities) as on year end of Asar 2076			(98,894,441)	-	-	(98,843,796)
Deferred tax (asset)/liabilities as on Sawan 1, 2075			(131,264,033)	-	-	(131,264,033)
Origination/(Reversal) during the year			32,369,592	-	-	32,420,237
Deferred tax expense/(income) recognised in profit or loss			22,760,671	-	-	22,811,316
Deferred tax expense/(income) recognised in other comprehensive income			9,608,921	-	-	9,608,921
Deferred tax expense/(income) recognised in directly in equity			-	-	-	-

4.16 Other assets

Other Assets include tangible and intangible assets that hasn't been classified above. It consists primarily of accounts receivable, bills receivable, prepayments and other accrued income.

Assets held for sale are the assets that the bank intends to sell and is actively involved in finding the prospectus buyer at the present condition of the assets.

Other non- banking assets are assets taken over by bank while settling its bad loans other than land and building as such land and buildings are categorized as investment properties.

Income tax deposits are deposits made by the bank for disputed income taxes which are under administrative review.

Deferred employee expenditure are prepaid employee expenses recognized while recognizing staff loans and advances at fair value.

Particulars	Group		Bank	
	Asar 2077 Rs.	Asar 2076 Rs.	Asar 2077 Rs.	Asar 2076 Rs.
Assets held for sale	-	-	-	-
Other non banking assets	-	-	-	-
Bills receivable	-	-	-	-
Accounts receivable	86,774,364	212,811,808	86,774,364	213,388,183
Accrued income	238,513	-	-	-
Prepayments and deposit	173,613,851	95,826,531	173,513,851	95,825,260
Income tax deposit	101,489,000	101,489,000	101,489,000	101,489,000
Deferred employee expenditure	621,481,799	569,784,214	621,481,799	569,784,214
Other	146,753,706	94,537,655	146,724,706	94,537,655
Total	1,130,351,233	1,074,449,208	1,129,983,720	1,075,024,312

Provision against account receivable is made where the regulator so requires or where the management is doubtful regarding recovery of the receivables and the balances are shown net off such specific provisions made. The bank till date has made a provision of Rs. 278,353,856 for such doubtful receivables.

4.17 Due to Bank and Financial Institutions

Due to BFI include deposits from A, B, C and D class financial institutions and interbank bank borrowings. Further accounts operated by A, B, C and D class institution for settlement and clearing purpose has been categorized as settlement and clearing accounts. They are accounted at amortized cost using effective interest rate.

Particulars	Group		Bank	
	Asar 2077 Rs.	Asar 2076 Rs.	Asar 2077 Rs.	Asar 2076 Rs.
Money market deposits	-	-	-	-
Interbank borrowing	-	-	-	-
Other deposits from BFIs	5,999,015,240	3,472,102,792	5,999,015,240	3,472,102,792
Settlement and clearing accounts	596,853,848	230,813,554	596,853,848	230,813,554
Total	6,595,869,088	3,702,916,346	6,595,869,088	3,702,916,346

4.18 Due to Nepal Rastra Bank

Amount Payable to NRB for refinancing, standing liquidity facility, lender of last resort facility, securities sold under repurchase agreement and any other payable to NRB has been included as due to NRB. Due to NRB are accounted at amortized cost using effective interest rate.

Particulars	Group		Bank	
	Asar 2077 Rs.	Asar 2076 Rs.	Asar 2077 Rs.	Asar 2076 Rs.
Refinance from NRB	155,736,786	560,812,042	155,736,786	560,812,042
Standing Liquidity Facility	-	-	-	-
Lender of last resort facility from NRB	-	-	-	-
Securities sold under repurchase agreements	-	-	-	-
Other payable to NRB	-	-	-	-
Total	155,736,786	560,812,042	155,736,786	560,812,042

4.19 Derivative financial instruments

Derivative financial instruments include various hedging instruments like interest rate swap, currency swap, forward foreign exchange contract etc. held for trading as well as risk management purposes. All proprietary deals are shown as held for trading whereas those entered into on behalf of customers are shown as held for risk management.

Particulars	Group		Bank	
	Asar 2077 Rs.	Asar 2076 Rs.	Asar 2077 Rs.	Asar 2076 Rs.
Held for trading				
Interest rate swap	-	-	-	-
Currency swap	-	-	-	-
Forward exchange contract	21,390,000	6,540,600	21,390,000	6,540,600
Others	-	-	-	-
Held for risk management				
Interest rate swap	-	-	-	-
Currency swap	-	-	-	-
Forward exchange contract	54,153,132	-	54,153,132	-
Other	-	-	-	-
Total	75,543,132	6,540,600	75,543,132	6,540,600

4.20 Deposits from customers

Deposit from customer are accounted at amortized cost using applicable interest rate.

Institutional customers are government institution, public limited companies, savings and credit co-operatives and funds operated by such entities while rest of the deposits are grouped as individual customers as per the definition given by the regulator.

Particulars	Group		Bank	
	Asar 2077	Asar 2076	Asar 2077	Asar 2076
Institutions customers:				
Term deposits	25,489,598,394	22,457,438,100	25,539,598,395	22,652,438,100
Call deposits	6,086,094,920	5,243,925,085	6,203,041,941	5,243,925,085
Current deposits	2,611,849,725	1,887,158,657	2,612,330,512	1,894,417,493
Other	1,689,608,615	1,632,189,622	1,689,608,615	1,632,189,622
Individual customers:				
Term deposits	31,437,470,153	27,971,128,883	31,437,470,153	27,971,128,883
Saving deposits	43,836,267,761	38,494,636,993	43,836,267,761	38,494,636,993
Current deposits	9,994,001,126	7,793,398,376	9,994,001,126	7,793,398,376
Other	3,952,063,187	3,704,925,881	3,952,063,187	3,704,925,881
Total	125,096,953,881	109,184,801,597	125,264,381,690	109,387,060,433

4.20.1: Currency wise analysis of deposit from customers

Particulars	Group		Bank	
	Asar 2077	Asar 2076	Asar 2077	Asar 2076
Nepalese rupee	117,553,302,320	102,626,515,024	117,720,730,129	102,828,773,860
Indian rupee	31,837,034	-	31,837,034	-
United State dollar	7,121,787,710	6,209,604,362	7,121,787,710	6,209,604,362
Great Britain pound	93,843,163	111,244,500	93,843,163	111,244,500
Euro	214,834,637	174,910,072	214,834,637	174,910,072
Japanese yen	77,761,269	56,995,240	77,761,269	56,995,240
Chinese yuan	66,043	208,522	66,043	208,522
Other	3,521,705	5,323,877	3,521,705	5,323,877
Total	125,096,953,881	109,184,801,597	125,264,381,690	109,387,060,433

4.21 Borrowing

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

Particulars	Group		Bank	
	Asar 2077	Asar 2076	Asar 2077	Asar 2076
Domestic Borrowing				
Nepal Government	-	-	-	-
Other Institutions	-	-	-	-
Other	-	-	-	-
Sub total	-	-	-	-
Foreign Borrowing				
Foreign Bank and Financial Institutions	-	-	-	-
Multilateral Development Banks	-	-	-	-
Other Institutions	-	-	-	-
Sub total	-	-	-	-
Total	-	-	-	-

4.22 Provisions

A provision is recognized when as a result of a past event, the licensed institution has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provision for redundancy, provision for onerous contracts, provision for restructuring, pending legal issues and tax litigation, credit commitments and guarantees etc. are presented under this account head. Provision for redundancy is benefits payable as a result of employment being terminated or based on a dismissal plan of the licensed institution. Provision for employees' termination benefits like voluntary retirement scheme are presented under this account head. Provision for restructuring includes sale or termination of a line of business, closure of business locations or relocation in a region, changes in management structure, fundamental reorganizations that have a material effect on the nature and focus of the bank's operations etc. Provision for onerous contract are recognized when expected benefits to be derived by the licensed institution from a contract is lower than the unavoidable cost of meeting its obligation under the contract.

Particulars	Group		Bank	
	Asar 2077	Asar 2076	Asar 2077	Asar 2076
Provisions for redundancy	-	-	-	-
Provision for restructuring	-	-	-	-
Pending legal issues and tax litigation	-	-	-	-
Onerous contracts	-	-	-	-
Other provision	-	-	-	-
Total	-	-	-	-

4.22.1: Movement in provision

Particulars	Group		Bank	
	Asar 2077	Asar 2076	Asar 2077	Asar 2076
Balance at Sawan 1	-	2,299,307	-	2,299,307
Provisions made during the year	-	-	-	-
Provisions used during the year	-	-	-	-
Provisions reversed during the year	-	(2,299,307)	-	(2,299,307)
Unwind of discount	-	-	-	-
Balance at Asar end	-	-	-	-

4.23 Other liabilities

Liabilities for employees defined benefit obligations and liability for long service leave are net liabilities of the bank against gratuity and long service leave. Defined benefit liabilities of these nature are valued using actuarial calculation. Gratuity is funded benefit plan whereas liability against long service leave is non funded obligation. Bank has separate approved retirement fund maintained for gratuity payment. The obligation against gratuity as shown in the books is the shortfall in asset of retirement fund to the total liability of the fund. The bank transfers this shortfall amount in fund every fiscal year after determination of the amount by actuary.

The subsidiary is managed under a management contract and hence there is no long term employee liability.

Liabilities against deferred grant income are grant received from Sakchyam Nepal which are yet to be recognized as income.

Other Liabilities include bills payable, creditors and accruals, interest payable on deposit and borrowing, unpaid dividend, employee bonus payable and other liabilities.

Liabilities are recognized at fair value of the expected outflow to the best estimate of management.

Particulars	Group		Bank	
	Asar 2077	Asar 2076	Asar 2077	Asar 2076
Liability for employees defined benefit obligations	71,004,112	90,752,567	71,004,112	90,752,567
Liability for long-service leave	282,864,897	272,467,511	282,864,897	272,467,511
Short-term employee benefits	-	-	-	-
Bills payable	49,137,542	124,056,580	49,137,542	124,056,580
Creditors and accruals	24,555,738	23,630,563	24,555,738	21,871,350
Interest Payable on deposits	867,000,772	571,244,111	868,244,162	573,104,453
Interest payable on borrowing	622,947	1,996,519	622,947	1,996,519
Liabilities on deferred grant income	4,283,652	1,288,857	4,283,652	1,288,857
Unpaid Dividend	291,893,984	227,265,450	291,893,984	227,265,450
Liabilities under Finance Lease	-	-	-	-
Employee bonus payable	395,376,223	437,017,844	395,376,223	437,017,844
Other	1,674,111,534	1,027,200,827	1,556,593,981	1,027,200,827
Total	3,660,851,401	2,776,920,829	3,544,577,238	2,777,021,958

4.23.1: Defined benefit obligations

The liability for the defined benefit obligation is the present value of defined benefit obligation as determined by the actuary less the fair value of the plan assets.

Particulars	Group		Bank	
	Asar 2077	Asar 2076	Asar 2077	Asar 2076
Present value of unfunded obligations	-	-	-	-
Present value of funded obligations	603,613,792	569,089,362	603,613,792	569,089,362
Total present value of obligations	603,613,792	569,089,362	603,613,792	569,089,362
Fair value of plan assets	532,609,680	478,336,795	532,609,680	478,336,795
Present value of net obligations	71,004,112	90,752,567	71,004,112	90,752,567
Recognised liability for defined benefit obligations	71,004,112	90,752,567	71,004,112	90,752,567

4.23.2: Plan assets

Assets held by the retirement fund can be considered as plan assets if, the fund is legally separate from the reporting entity and exists solely to pay or fund employee benefits and are not available to the reporting entity's own creditors (even in bankruptcy), and cannot be returned to the reporting entity. Since HBL retirement fund is legally separable entity and the amount in fund isn't available to the bank in case of bankruptcy, the bank deposit held by the retirement fund has been recognized as plan assets.

Particulars	Group		Bank	
	Asar 2077	Asar 2076	Asar 2077	Asar 2076
Equity securities	-	-	-	-
Government bonds	-	-	-	-
Bank deposit	532,609,680	478,336,795	532,609,680	478,336,795
Other	-	-	-	-
Total	532,609,680	478,336,795	532,609,680	478,336,795
Actual return on plan assets	-	-	-	-

4.23.3: Movement in the present value of defined benefit obligations

Particulars	Group		Bank	
	Asar 2077	Asar 2076	Asar 2077	Asar 2076
Defined benefit obligations at Sawan 1	569,089,362	524,723,683	569,089,362	524,723,683
Actuarial losses/(gains)	(19,416,439)	7,492,799	(19,416,439)	7,492,799
Benefits paid by the plan	(36,479,683)	(48,947,390)	(36,479,683)	(48,947,390)
Current service costs and interest	90,420,552	85,820,270	90,420,552	85,820,270
Defined benefit obligations at Asar end	603,613,792	569,089,362	603,613,792	569,089,362

4.23.4: Movement in the fair value of plan assets

Particulars	Group		Bank	
	Asar 2077	Asar 2076	Asar 2077	Asar 2076
Fair value of plan assets at Sawan 1	478,336,795	497,875,079	478,336,795	497,875,079
Contributions paid into the plan	90,752,567	26,848,604	90,752,567	26,848,604
Benefits paid during the year	(36,479,683)	(48,947,390)	(36,479,683)	(48,947,390)
Actuarial (losses)/gains	-	2,560,502	-	2,560,502
Expected return on plan assets	-	-	-	-
Fair value of plan assets at Asar end	532,609,679	478,336,795	532,609,679	478,336,795

4.23.5: Amount recognised in profit or loss

Particulars	Group		Bank	
	Asar 2077	Asar 2076	Asar 2077	Asar 2076
Current service costs	41,205,975	40,236,858	41,205,975	40,236,858
Interest on obligation	49,214,577	45,583,412	49,214,577	45,583,412
Expected return on plan assets	-	-	-	-
Total	90,420,552	85,820,270	90,420,552	85,820,270

4.23.6: Amount recognised in other comprehensive income

Particulars	Group		Bank	
	Asar 2077	Asar 2076	Asar 2077	Asar 2076
Actuarial (gain)/loss on DBO	(19,416,439)	7,492,799	(19,416,439)	7,492,799
Actuarial (gain)/loss on Plan Assets	-	(2,560,502)	-	(2,560,502)
Total	(19,416,439)	4,932,297	(19,416,439)	4,932,297

4.23.7: Actuarial assumptions

Particulars	Group		Bank	
	Asar 2077	Asar 2076	Asar 2077	Asar 2076
Discount rate	9.00%	9.00%	9.00%	9.00%
Expected return on plan asset	0.00%	0.00%	0.00%	0.00%
Future salary increase	6.00%	6.00%	6.00%	6.00%
Withdrawal rate	5.00%	5.00%	5.00%	5.00%

4.24 Debt securities issued

Debt Securities issued is the 7 year debenture issued by the bank in Bhadra 2076. The Debenture matures in Bhadra 2083. The Debenture has been recognized at amortized cost using effective interest rate. Debenture redemption reserve has been created as per the regulatory requirement. HBL Debenture 2077 of value Rs 600 Mil outstanding till previous fiscal year, matured this year and the related redemption reserves created from previous years profit has become free and is available for distribution.

Particulars	Group		Bank	
	Asar 2077	Asar 2076	Asar 2077	Asar 2076
Debt securities issued designated as at fair value through profit or loss	-	-	-	-
Debt securities issued at amortised cost	2,563,661,608	623,148,518	2,563,661,608	623,148,518
Total	2,563,661,608	623,148,518	2,563,661,608	623,148,518

4.25 Subordinated Liabilities

Particulars	Group		Bank	
	Asar 2077	Asar 2076	Asar 2077	Asar 2076
Redeemable preference shares	-	-	-	-
Irredeemable cumulative preference shares (liabilities component)	-	-	-	-
Other	-	-	-	-
Total	-	-	-	-

4.26 Share capital

Share capital has been issued and recognized at par value.

Particulars	Group		Bank	
	Asar 2077	Asar 2076	Asar 2077	Asar 2076
Ordinary shares	9,372,281,428	8,520,255,844	9,372,281,428	8,520,255,844
Convertible preference shares (equity component only)	-	-	-	-
Irredeemable preference shares (equity component only)	-	-	-	-
Perpetual debt (equity component only)	-	-	-	-
Total	9,372,281,428	8,520,255,844	9,372,281,428	8,520,255,844

4.26.1: Ordinary shares

Particulars	Group		Bank	
	Asar 2077	Asar 2076	Asar 2077	Asar 2076
Authorized Capital				
100,000,000 Ordinary share of Rs. 100 each			10,000,000,000	10,000,000,000
Issued capital				
93,722,814 Ordinary share of Rs. 100 each			9,372,281,428	8,520,255,844
Subscribed and paid up capital				
93,722,814 Ordinary share of Rs. 100 each			9,372,281,428	8,520,255,844
Total			9,372,281,428	8,520,255,844

4.26.2: Ordinary share ownership

Particulars	Group				Bank			
	Asar 2077		Asar 2076		Asar 2077		Asar 2076	
	%	Amount	%	Amount	%	Amount	%	Amount
Domestic ownership								
Nepal Government	-	-	-	-	-	-	-	-
“A” class licensed institutions	-	-	-	-	-	-	-	-
Other licensed intitutions	-	-	-	-	-	-	-	-
Other Institutions	65%	6,091,982,928	65%	5,538,166,299	65%	6,091,982,928	65%	5,538,166,299
Public	15%	1,405,842,214	15%	1,278,038,377	15%	1,405,842,214	15%	1,278,038,377
Other	-	-	-	-	-	-	-	-
Foreign ownership								
	20%	1,874,456,286	20%	1,704,051,169	20%	1,874,456,286	20%	1,704,051,169
Total	100%	9,372,281,428	100%	8,520,255,844	100%	9,372,281,428	100%	8,520,255,844

Foreign Ownership of 20% is held by Habib Bank Limited, Pakistan which is the joint venture partner of the bank from the date of incorporation. Details of shareholders holding more than 0.5% Shares is as follows.

Name	Percent
HABIB BANK LIMITED	20.00
KARMACHARI SANCHAYA KOSH	14.00
N. TRADING COMPANY P. LTD.	12.71
MUTUAL TRADING COMPANY P. LTD.	11.85
AVA INTERNATIONAL P. LTD	11.38
CHHAYA INTERNATIONAL P. LTD.	8.89
SHASHI KANT AGARWAL	2.65
SYAKAR CO. LTD.	0.99
ANJU KHETAN	0.77
SHARMA & CO. P. LTD.	0.66

* Shares held by Syakar Co. Ltd has been purchased by existing promoters after the reporting date.

4.27 Reserves

Reserves are appropriation of profit made for specific purpose under various regulatory and other local requirements.

Statutory General Reserve: 20% of the net profit of each fiscal year is mandatorily allocated to general reserve and the same is retained till it becomes double of the paid up capital.

Exchange Equalization Reserve: 25% of revaluation gain on foreign currency is allocated to exchange equalization reserve.

Corporate Social responsibility reserve: 1% of net profit of each fiscal year is allocated to this reserve and it is utilized towards corporate social responsibility expenditure in the following years.

Regulatory Reserve: Regulatory reserve is required to be made under specific instruction of the regulator. The reserve represents allocation with respect to portion of, interest income on loans and advances recognized on accrual basis, fair value recognized for investment properties (non banking assets) and actuarial gain or loss.

Fair Value Reserve: The fair value reserve comprises of the cumulative net change in the fair value of financial assets that are measured at fair value and the changes in fair value is recognized in other comprehensive income, until the assets are derecognized. The cumulative amount of changes in fair value of those financial assets are presented under this reserve.

Actuarial gain: Actuarial gain or loss that represents impact of change in actuarial assumptions used to value employee obligations has been presented under this reserve.

Other reserve: Other reserve includes debenture redemption reserve and employee training and development fund. 3% of salary and allowance expense of previous fiscal year less actual staff training and development expenditure of this year is required to be appropriated to this reserve in current fiscal year. However, underrelief given by the regulator, such appropriation has not been made in current fiscal year. Debenture redemption reserve has been created by appropriating equal amount from the profit of each period to this reserve. This amount will be release after the redemption of the Debenture. Reserve amounting Rs. 600 Mil pertaining to the matured debenture has been accordingly released and is available for distribution.

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

Particulars	Group		Bank	
	Asar 2017	Asar 2016	Asar 2017	Asar 2016
Statutory general reserve	4,255,230,911	3,737,834,765	4,254,234,117	3,736,889,575
Exchange equalisation reserve	39,056,093	39,056,093	39,056,093	39,056,093
Corporate social responsibility reserve	25,869,807	47,666,793	25,867,227	47,666,793
Capital redemption reserve	-	-	-	-
Regulatory reserve	942,902,991	799,473,664	942,902,991	799,473,664
Investment adjustment reserve	1,214,859	1,214,859	1,214,859	1,214,859
Capital reserve	-	-	-	-
Assets revaluation reserve	-	-	-	-
Fair value reserve	27,198,204	16,373,000	27,197,979	16,373,000
Dividend equalisation reserve	-	-	-	-
Actuarial gain	-	-	-	-
Special reserve	-	-	-	-
Other reserve	429,736,531	662,721,674	429,736,531	662,721,674
Total	5,721,209,396	5,304,340,848	5,720,209,797	5,303,395,658

Notes	Asar 2017	Asar 2016	Asar 2017	Asar 2016
<i>Other reserve includes:</i>				
Bond Redemption Reserve	367,014,857	600,000,000	367,014,857	600,000,000
Employee Training and Development Fund	62,721,674	62,721,674	62,721,674	62,721,674
Total Other Reserve	429,736,531	662,721,674	429,736,531	662,721,674

4.28 Contingent liabilities and commitments

A contingent liability is possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or a present obligation that arises from past events but is not recognised because: i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or ii) the amount of the obligation cannot be measured with sufficient reliability.

Particulars	Group		Bank	
	Asar 2017	Asar 2016	Asar 2017	Asar 2016
Contingent liabilities	29,177,262,225	28,172,428,806	29,177,262,225	28,172,428,806
Undrawn and undisbursed facilities	3,988,465,036	4,373,250,690	3,988,465,036	4,373,250,690
Capital commitment	41,646,103	39,352,665	41,646,103	39,352,665
Lease commitment	-	916,610,540	-	916,610,540
Litigation	489,145,515	357,473,868	489,145,515	357,473,868
Total	33,696,518,879	33,859,116,570	33,696,518,879	33,859,116,570

4.28.1: Contingent liabilities

Particulars	Group		Bank	
	Asar 2077	Asar 2076	Asar 2077	Asar 2076
Acceptance and documentary credit	9,422,577,714	11,590,699,137	9,422,577,714	11,590,699,137
Bills for collection	542,835,885	576,499,185	542,835,885	576,499,185
Forward exchange contracts	11,934,375,133	8,137,163,142	11,934,375,133	8,137,163,142
Guarantees	6,671,893,957	6,279,255,542	6,671,893,957	6,279,255,542
Underwriting commitment	-	-	-	-
Other commitments	605,579,536	1,588,811,800	605,579,536	1,588,811,800
Total	29,177,262,225	28,172,428,806	29,177,262,225	28,172,428,806

4.28.2: Undrawn and undisbursed facilities

Particulars	Group		Bank	
	Asar 2077	Asar 2076	Asar 2077	Asar 2076
Undisbursed amount of loans	-	-	-	-
Undrawn limits of overdrafts	3,988,465,036	4,373,250,690	3,988,465,036	4,373,250,690
Undrawn limits of credit cards	-	-	-	-
Undrawn limits of letter of credit	-	-	-	-
Undrawn limits of guarantee	-	-	-	-
Total	3,988,465,036	4,373,250,690	3,988,465,036	4,373,250,690

4.28.3: Capital commitments

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

Particulars	Group		Bank	
	Asar 2077	Asar 2076	Asar 2077	Asar 2076
Capital commitments in relation to Property and Equipment				
Approved and contracted for	41,646,103	30,828,227	41,646,103	30,828,227
Approved but not contracted for	-	8,524,439	-	8,524,439
Sub total	41,646,103	39,352,665	41,646,103	39,352,665
Capital commitments in relation to Intangible assets				
Approved and contracted for	-	-	-	-
Approved but not contracted for	-	-	-	-
Sub total	-	-	-	-
Total	41,646,103	39,352,665	41,646,103	39,352,665

4.28.4: Lease commitments

Particulars	Group		Bank	
	Asar 2077	Asar 2076	Asar 2077	Asar 2076
Operating lease commitments				
Future minimum lease payments under non cancellable operating lease, where the bank is lessee				
Not later than 1 year	-	-	-	-
Later than 1 year but not later than 5 years	-	-	-	-
Later than 5 years	-	-	-	-
Sub total	-	-	-	-
Finance lease commitments				
Future minimum lease payments under non cancellable operating lease, where the bank is lessee				
Not later than 1 year	-	-	-	-
Later than 1 year but not later than 5 years	-	-	-	-
Later than 5 years	-	-	-	-
Sub total	-	-	-	-
Grand total	-	-	-	-

4.28.5: Litigation

Claims & litigation is a common occurrence in the banking industry due to the nature of the business undertaken. The Bank has formal controls and policies for managing legal claims. Once professional advice has been obtained and the amount of loss reasonably estimated, the Bank makes adjustments to account for any adverse effects which the claims may have on its financial standing. At the year end, the Bank had no major unresolved claims other than following:

Particulars	Group		Bank	
	Asar 2077 Rs.	Asar 2076 Rs.	Asar 2077 Rs.	Asar 2076 Rs.
Claims on Institutions but not accepted by bank				
- Unpaid guarantee claims	260,545,410	128,873,763	260,545,410	128,873,763
Contingent liabilities on income tax				
- Assessment pending with tax settlement commission	228,600,105	228,600,105	228,600,105	228,600,105
	489,145,515	357,473,868	489,145,515	357,473,868

4.29 Interest income

Interest income includes interest income received from loans and advances and investment. Interest income is calculated using effective interest rate on accrual basis. Loan Documentation fees received hasn't been considered while calculating effective interest income from loans and advances assuming its impact to be immaterial.

Interest income on cash and cash equivalents is interest income on money at call and short notice, interbank lending and placement with original maturity less than 90 days. Interest on Placement with bank and financial institution is interest income on placement with original maturity greater than 90 days. Interest income on securities is interest income on T-Bills, NRB bonds and foreign bonds.

Interest income on loans and advances to customer is interest on all loans and advances excluding interest received on staff loan and interest received on loans and advances provided to microfinance which has been categorized separately. Interest income from loans and advances to customer has been recognized on accrual basis expect for interest on loan and advances which has been past dues for more than 90 days. For such outstanding, the collateral value is compared to the total outstanding. If the outstanding amount is within the collateral value then the interest income is recognized, if not then accrual of such interest income is suspended. However, if the loan is in past dues for more than 12 months then the accrual of interest income is suspended irrespective of the value of collateral.

10% rebate on interest paid in the month of Chaitra 2076 and 2% rebate on interest rate for the last quarter of this fiscal year has been duly provided to borrowers under relief package announced by Nepal Rastra Bank in relation to current pandemic.

Particulars	Group		Bank	
	Asar 2077 Rs.	Asar 2076 Rs.	Asar 2077 Rs.	Asar 2076 Rs.
Cash and cash equivalent	110,168,733	119,459,361	110,168,733	119,459,361
Due from Nepal Rastra Bank	-	8,740,430	-	8,740,430
Placement with bank and financial institutions	81,243,690	111,175,427	81,243,690	111,175,427
Loan and advances to bank and financial institutions	537,246,701	433,395,630	537,246,701	433,395,630
Loans and advances to customers	10,639,119,655	10,363,680,542	10,639,137,573	10,363,680,542
Investment securities	740,984,729	523,537,450	733,050,706	523,537,450
Loan and advances to staff	78,145,925	65,426,210	78,145,925	65,426,210
Other	-	-	-	-
Total interest income	12,186,909,433	11,625,415,050	12,178,993,328	11,625,415,050

4.30 Interest expense

Interest expense has been recognized using applicable interest rate. Interest expense on deposit from customer represents all interest expense on deposits except deposits from bank and financial institution which has been categorized separately as interest expense on due to bank and financial institution. Interest expense on due to Nepal Rastra Bank is interest expense on refinancing received from Nepal Rastra Bank. Interest expense on debt securities is interest expense on bond.

Particulars	Group		Bank	
	Asar 2077 Rs.	Asar 2076 Rs.	Asar 2077 Rs.	Asar 2076 Rs.
Due to bank and financial institutions	11,111,787	22,214,163	11,111,787	22,214,163
Due to Nepal Rastra Bank	6,597,868	5,793,379	6,597,868	5,793,379
Deposits from customers	7,052,194,768	6,507,842,802	7,062,749,108	6,518,066,664
Borrowing	-	-	-	-
Debt securities issued	276,831,005	48,000,000	276,831,005	48,000,000
Subordinated liabilities	-	-	-	-
Other	-	-	-	-
Total interest expense	7,346,735,428	6,583,850,344	7,357,289,768	6,594,074,206

4.31 Fees and Commission Income

Fees and commission income are income earned by the entity while providing services to the customer which includes fees and commission earned for issuance and renewal of cards, loan administration fees, remittance fees, commission on issuing letter of credit and guarantee contract, locker rental, purchase of bills, etc. Such fees and commission are recognized when services are rendered.

Particulars	Group		Bank	
	Asar 2077 Rs.	Asar 2076 Rs.	Asar 2077 Rs.	Asar 2076 Rs.
Loan administration fees	167,592,272	146,322,980	167,592,272	146,322,980
Service fees	-	-	-	-
Consortium fees	59,455,176	11,650,000	59,455,176	11,650,000
Commitment fees	-	-	-	-
DD/TT/Swift fees	22,450,244	25,905,343	22,450,244	25,905,343
Credit card/ATM issuance and renewal fees	151,082,839	238,839,936	151,082,839	238,839,936
Prepayment and swap fees	-	-	-	-
Investment banking fees	80,890	-	-	-
Asset management fees	134,707	-	-	-
Brokerage fees	-	-	-	-
Remittance fees	74,306,248	104,423,463	74,306,248	104,423,463
Commission on letter of credit	67,856,628	79,216,965	67,856,628	79,216,965
Commission on guarantee contracts issued	86,926,301	81,416,436	86,926,301	81,416,436
Commission on share underwriting/issue	907,121	-	-	-
Locker rental	21,320,359	21,016,466	21,320,359	21,016,466
Other fees and commission income	95,945,950	112,514,891	97,853,951	112,514,891
Total Fees & Commission Income	748,058,735	821,306,480	748,844,018	821,306,480

4.32 Fees and commission expense

Fees and commission expense incurred by the bank and its subsidiary are recognized when the services are availed by the bank. Such fees and commission expense are included mainly on account of card issuance charges, communication charges, and other registration fees and charges.

Particulars	Group		Bank	
	Asar 2077 Rs.	Asar 2076 Rs.	Asar 2077 Rs.	Asar 2076 Rs.
ATM management fees	-	-	-	-
Card network fees and charges	34,652,351	32,961,180	34,652,351	32,961,180
Guarantee commission	-	-	-	-
Brokerage	-	-	-	-
DD/TT/Swift fees	9,284,761	9,891,205	9,284,761	9,891,205
Remittance fees and commission	-	-	-	-
Other fees and commission expense	18,166,099	22,213,221	18,166,099	22,213,221
Total Fees & Commission Expense	62,103,211	65,065,606	62,103,211	65,065,606
Net Fees & Commission Income	685,955,524	756,240,874	686,740,807	756,240,874

4.33 Net trading income

The bank doesn't hold any trading assets. The trading income represents the income from foreign currency transaction only. However, subsidiary of the bank Himalayan Capital does hold trading assets to gain short term benefits. Gain or loss on foreign currency transaction are measured as difference on the carrying amount of the currency held to the disposed amount.

Particulars	Group		Bank	
	Asar 2077 Rs.	Asar 2076 Rs.	Asar 2077 Rs.	Asar 2076 Rs.
Changes in fair value of trading assets	(128,737)	-	-	-
Gain/loss on disposal of trading assets	1,248,311	-	-	-
Interest income on trading assets	-	-	-	-
Dividend income on trading assets	-	-	-	-
Gain/loss on foreign exchange transaction	764,970,517	718,157,896	764,970,517	718,157,896
Other	-	-	-	-
Net Trading Income	766,090,091	718,157,896	764,970,517	718,157,896

4.34 Other operating income

Other operating income are income earned by the entity while carrying out its normal transaction. These income are recognized when right to receive such income arises. Income on revaluation of foreign currency is recognized on mark to market basis.

Particulars	Group		Bank	
	Asar 2077 Rs.	Asar 2076 Rs.	Asar 2077 Rs.	Asar 2076 Rs.
Foreign exchange revaluation gain	(13,981,797)	17,679,126	(13,981,797)	17,679,126
Gain/loss on sale of investment securities	-	-	-	-
Fair value gain/loss on investment properties	-	-	-	-
Dividend on equity instruments	2,213,374	4,819,299	58,917,751	63,317,521
Gain/loss on sale of property and equipment	(3,204,422)	1,453,636	(3,204,422)	1,453,636
Gain/loss on sale of investment property	-	2,878,906	-	2,878,906
Operating lease income	-	-	-	-
Gain/loss on sale of gold and silver	-	-	-	-
Other	103,663,729	89,746,388	103,663,729	89,787,421
Total	88,690,884	116,577,355	145,395,261	175,116,610

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

Impairment is the reduction in the value of the asset. The bank assess impairment of loan and advances at the end of each reporting period under both incurred loss model as per NAS 39 and loan loss provision as prescribe by NRB. Impairment provided is the amount of Loan Loss Provision (higher of amount derived based on LLP norms as prescribed by the regulator and the amount of impairment calculated based on NAS 39) as mandated by the Carve-out provided by ICAN.

Particulars	Group		Bank	
	Asar 2077 Rs.	Asar 2076 Rs.	Asar 2077 Rs.	Asar 2076 Rs.
Impairment charge/(reversal) on loan and advances to B/FIs	2,295,582	11,452,080	2,295,582	11,452,080
Impairment charge/(reversal) on loan and advances to customer	303,332,913	122,170,019	303,332,913	122,170,019
Impairment charge/(reversal) on financial Investment	-	-	-	-
Impairment charge/(reversal) on placement with banks and financial institutions	-	-	-	-
Impairment charge/(reversal) on property and equipment	-	-	-	-
Impairment charge/(reversal) on goodwill and intangible assets	-	-	-	-
Impairment charge/(reversal) on investment properties	-	-	-	-
Total	305,628,495	133,622,099	305,628,495	133,622,099

4.36 Personnel Expense

Personnel expense includes both short term and long term employee expense of the bank. Short term expenses such as salary, allowance, insurance, provident fund are recognized when they become due on actual basis. Long term employee expense include gratuity and leave encashment expenses. Long term benefits are paid to employee when they are separated from the bank. Such benefits are evaluated using actuarial valuation technique as advised by an actuary. Staff bonus is provided as per the statutory requirement.

Finance expense under NFRS is the notional expense incurred by the bank while providing staff loan at below market rate of interest. For recognizing benefit provided by the bank to the employee by providing loans and advances at below market rate of interest staff loan is valued at fair market value and the difference between the loan amount and fair market value is amortized as finance expense on staff loan over the loan period.

Particulars	Group		Bank	
	Asar 2077 Rs.	Asar 2076 Rs.	Asar 2077 Rs.	Asar 2076 Rs.
Salary	406,505,849	373,761,846	406,505,849	373,761,846
Allowances	541,915,092	516,983,812	541,915,092	516,983,812
Gratuity Expense	90,420,552	85,820,270	90,420,552	85,820,270
Provident fund	33,228,901	31,935,813	33,228,901	31,935,813
Uniform	12,100,000	11,000,000	12,100,000	11,000,000
Training & development expense	18,651,256	11,099,233	18,651,256	11,099,233
Leave encashment	49,186,277	72,156,082	49,186,277	72,156,082
Medical	-	-	-	-
Insurance	27,163,556	25,343,196	27,163,556	25,343,196
Employees incentive	18,190,016	18,733,015	18,190,016	18,733,015
Cash-settled share-based payments	-	-	-	-
Pension expense	-	-	-	-
Finance expense under NFRS	36,764,370	29,253,737	36,764,370	29,253,737
Other expenses related to staff	21,622,785	25,020,768	21,622,785	25,020,768
Subtotal	1,255,748,654	1,201,107,772	1,255,748,654	1,201,107,772
Employees bonus	395,376,223	437,017,844	395,376,223	437,017,844
Grand total	1,651,124,877	1,638,125,616	1,651,124,877	1,638,125,616

* The total leave encashment expense shown in the above schedule includes encashment of accumulated sick leave above 120 days and accumulated annual leave above 120 days apart from the leave expense as per actuarial valuation. The leave encashment expense for the year as per actuarial valuation is Rs 23,028,876.

4.37 Other operating expense

Operating expense are incurred on day to day basis for conducting the normal activities of the bank. Expense are recognized on accrual basis.

However, operating lease expense has been recognized on straight line method considering all the incremental expense through the period of the rental agreement as per NAS 17 leases of Nepal Financial reporting Standard.

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

Particulars	Group		Bank	
	Asar 2077 Rs.	Asar 2076 Rs.	Asar 2077 Rs.	Asar 2076 Rs.
Directors' fee	1,860,500	1,377,000	1,777,000	1,377,000
Directors' expense	3,994,012	7,582,088	3,980,339	7,582,088
Auditors' remuneration	2,350,400	2,197,850	2,260,000	2,113,100
Other audit related expense	-	-	-	-
Professional and legal expense	41,560,436	33,084,421	27,427,483	33,033,971
Office administration expense	462,395,830	451,456,368	461,290,087	451,405,309
Operating lease expense	267,274,314	228,130,543	267,274,314	228,130,543
Operating expense of investment properties	-	-	-	-
Corporate social responsibility expense	47,666,793	5,320,899	47,666,793	5,320,899
Onerous lease provisions	-	-	-	-
Other	60,136,350	70,917,893	58,495,095	67,735,653
Total	887,238,635	800,067,062	870,171,111	796,698,563

The Rental expense of the year under accrual basis is Rs. 229,149,590. Additional rental expense amounting 38,124,724 has been recognized under SLM basis for operating lease rental recognition

Details of directors expenses are as follows:

Particulars	Asar 2077 Rs.	Asar 2076 Rs.
Orientation / Refresher Training Expenses	638,947	3,310,106
Travelling Expenses	509,303	1,137,936
Newspaper & Communication Expenses	2,432,665	2,661,285
Insurance Expenses	121,126	158,896
Miscellaneous Expenses	278,298	313,865
Total	3,980,339	7,582,088

4.37.1 Office Administration Expense

Particulars	Group		Bank	
	Asar 2077 Rs.	Asar 2076 Rs.	Asar 2077 Rs.	Asar 2076 Rs.
Water and Electricity	30,622,894	30,941,431	30,613,558	30,941,431
Repair and Maintenance	109,477,547	102,136,862	109,469,232	102,136,862
a) Building	1,289,951	3,292,488	1,281,636	3,292,488
b) Vehicle	2,245,259	2,032,169	2,245,259	2,032,169
c) Computer and Accessories	-	-	-	-
d) Office equipment and furniture	-	-	-	-
c) Other	105,942,337	96,812,205	105,942,337	96,812,205
Insurance	20,737,843	18,458,292	20,699,180	18,458,292
Postage, telex, telephone, fax	40,397,819	39,834,105	40,297,584	39,834,105
Printing and stationery	26,823,516	30,235,317	26,602,731	30,235,317
Newspaper, books and journals	599,972	612,243	579,022	612,243
Advertisement	53,983,778	49,279,263	53,461,921	49,252,577
Donation	-	-	-	-
Security Expense	74,021,297	68,058,023	74,021,297	68,058,023
Deposit and Loan Guarantee Premium	32,918,484	32,845,768	32,918,484	32,845,768
Travel allowance and expenses	27,313,975	27,276,579	27,301,850	27,276,579
Entertainment	564,136	2,075,390	564,136	2,075,390
Annual/ Special General meeting Expense	2,160,396	2,487,775	2,160,396	2,487,775
Other	42,774,173	47,215,319	42,600,696	47,190,947
a) Fuel, Janitorial and cleaning	39,788,847	44,961,697	39,670,142	44,961,697
b) Expense for Capital Items	992,412	1,117,731	937,639	1,117,731
c) Other	1,992,914	1,135,891	1,992,915	1,111,519
Total	462,395,830	451,456,368	461,290,087	451,405,309

4.38 Depreciation & Amortisation

Depreciation has been recognized under written down value method for tangible fixed assets and amortization has been recognized for intangible assets under straight line method basis. The details on the policy adopted by the bank for the depreciation and amortization has been disclosed in note 3.7.

Particulars	Group		Bank	
	Asar 2077 Rs.	Asar 2076 Rs.	Asar 2077 Rs.	Asar 2076 Rs.
Depreciation on property and equipment	145,457,923	135,818,008	144,187,078	135,813,773
Depreciation on investment property	-	-	-	-
Amortisation of intangible assets	36,316,356	34,384,442	36,133,449	34,384,442
Total	181,774,279	170,202,450	180,320,527	170,198,215

4.39 Non operating income

Any income received which is beyond the normal income generating activities of the bank has been recognized as non operating income.

Particulars	Group		Bank	
	Asar 2077 Rs.	Asar 2076 Rs.	Asar 2077 Rs.	Asar 2076 Rs.
Recovery of written off loan	84,464,875	8,743,336	84,464,875	8,743,336
Share of the profit of investment in associate	227,010,017	267,770,684	-	-
Other income	313,611,794	40,583,928	313,611,794	40,583,928
Total	625,086,686	317,097,948	398,076,669	49,327,264

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

Other income represents write back of provision against assets amounting Rs. 313,611,794 in the current fiscal year.

4.40 Non operating expense

Any expense incurred for activities which is beyond the normal activities of the bank has been recognized as non operating expense

Particulars	Group		Bank	
	Asar 2077 Rs.	Asar 2076 Rs.	Asar 2077 Rs.	Asar 2076 Rs.
Loan write offs	226,279,325	540,418	226,279,325	540,418
Redundancy provision	-	-	-	-
Expense of restructuring	-	-	-	-
Other expense	24,976,479	57,837,977	24,976,479	57,837,977
Total	251,255,804	58,378,395	251,255,804	58,378,395

Other Expense represents additional retirement benefits paid amounting Rs. 24,976,479.

Details of Loan Written off is as follows

Type of Loan	Recovery steps taken	Amount Written off	Security Detail	Basis of Valuation	Approving Authority
Credit Card Loan	Follow-up through telephonic calls, emails and written notices served to the card holder. 35 days notice published in newspaper and blacklisted.	6,774,233	Personal guarantee of cardholders	N/A	BM/DGM/SGM/CEO/MCC
OD/DLN/TR/CCC/HPL/FTL	Written notices served for several times, 35 days notice, Auction notice published in newspaper and blacklisted. Case filed at Debt Recovery Tribunal (DRT).	219,505,092	Motgage of Land & Building/Registration of the vehicle in the name of the bank/Plant & Machinery, Stock duly insured in bank's favor/Pari-passu arrangement on Current Assets	70% Market Value and 30% Government Value, Purchase price/Invoice price	MCC
Total		226,279,325			

4.41 Income tax expense

Income Tax has been assessed as per Income Tax Act, which is shown as current year tax. Adjustment for prior period is the income tax of previous year that was assessed after the closing of books of previous year.

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

Particulars	Group		Bank	
	Asar 2077 Rs.	Asar 2076 Rs.	Asar 2077 Rs.	Asar 2076 Rs.
Current tax expense				
Current year	979,250,534	1,188,315,640	979,250,534	1,186,058,888
Adjustments for prior years	-	6,064,553	-	6,064,553
	979,250,534	1,194,380,193	979,250,534	1,192,123,441
Deferred tax expense				
Origination and reversal of temporary differences	(7,500,706)	(22,760,671)	(7,587,244)	(22,811,316)
Changes in tax rate				
Recognition of previously unrecognised tax losses	-	-	-	-
Total income tax expense	971,749,828	1,171,619,522	971,663,290	1,169,312,125

4.41.1: Reconciliation of tax expense and accounting profit

Particulars	Group		Bank	
	Asar 2077 Rs.	Asar 2076 Rs.	Asar 2077 Rs.	Asar 2076 Rs.
Profit before tax			3,558,386,000	3,933,160,600
Tax amount at the rate of 30%			1,067,515,800	1,179,948,180
Add: Tax effect of expenses that aren't deductible for tax purpose			17,413,981	206,521,814
Less: Tax effect on exempt items			(17,366,100)	(200,411,106)
Add/ Less: Tax effect on other items			(95,900,391)	(16,746,763)
Total income tax expense			971,663,290	1,169,312,125
Effective tax rate			27.31%	29.73%

5. DISCLOSURE & ADDITIONAL INFORMATION

5.1 Risk management

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

Credit risk

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

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

Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to adverse movements in market variables such as interest rates, foreign exchange rates, commodity prices and equity prices. This risk is continuously monitored by the Treasury Department under direct supervision of the Senior Executives. A comprehensive treasury manual is in place which defines procedures & authority aimed at regulating the related activities including setting up of various risk limits & risk hedging. Net open position of all currencies is prepared on daily basis and reported to the management for necessary review & risk / return assessment. Periodic reporting is done to Assets Liabilities Management Committee which reviews the associated risks and returns, assesses the impact of the exposure on the bank's capital adequacy position and makes periodic reports to the Board of Directors.

Liquidity risk

Liquidity risk is the risk that the Bank may encounter difficulties in meeting its financial commitments that are settled by delivering cash or another financial asset. Due to this risk, the bank may be unable to meet its payment obligations when they fall due under both normal and stress circumstances. With the objective of limiting this risk, the management has arranged for diversified funding sources in addition to its core deposit base and adopted a policy of continuously managing assets with liquidity in mind and of monitoring future cash flows and liquidity on a daily basis. The bank has developed internal control processes and contingency plans for managing liquidity risk. This incorporates an assessment of expected cash flows and ensuring availability of high grade collateral which could be used to secure additional funding at any given time.

Operational and Other Risk

Operational risk is perceived as a significant potential risk faced by financial institutions. In order to ensure proper management of the risk, the bank has developed and implemented different manuals like Cash & Customer Service Manual, Bills and Remittance Manual, Fund Transfer Manual, SMS and Internet Banking Manual, IT Policy, IT Security Policy, Document Retention Manual, Record & Reconciliation Manual etc. which define procedural matters for banking activities at different levels. Compliance to these policy & procedures, prudential guidelines and other directives and circulars issued by Nepal Rastra Bank is monitored at branch level by KYC Officers & centrally by Compliance & Internal

Control Department. The Executive Operating Officer reporting to General Manager compiles data related to operational risks observed at branch level and takes necessary precautionary and remedial steps as may be required. The senior management working as a team further analyses these data, assesses risk and related internal control systems and takes corrective & preventive actions to remedy any breakdown in the system. The bank is PCIDSS certified, which provides additional assurance as regards the effectiveness and adequacy of control system relating to card operations in the bank. The management is strongly committed towards maintaining a strong internal control system at all levels of banking activities in order to mitigate operational risks to the maximum possible extent.

The scope of Risk Management Department has been expanded to include oversight of overall operational risk management in the bank which is achieved through systematic reports obtained independently at defined intervals from various levels of management.

In addition to the credit, operational and market risk, the bank gives due significance to legal, reputation & other risks associated with banking activities as well. These risks are identified, assessed and monitored at regular intervals by the senior management. The Board of Directors also reviews these risks on the basis of feedback from the management & the prevailing market scenario & issue necessary instructions to the management. An effective MIS is in place which provides factual data on all risks, including credit, operational and market exposures which is instrumental in analysis & management of the risks & assessment of capital requirement.

A strong & effective internal control system continuously in operation is inevitable for smooth functioning of any organization. Management assumes the primary responsibility of ensuring that all control systems are in place & are functioning as perceived within the bank. Compliance & Internal Control Department at Head Office monitors the day to day functioning of the bank through off-site & on-site reviews with particular emphasis on proper functioning of internal control systems and adherence to prudential & regulatory requirements & makes reporting to the senior management along with recommendations for necessary corrective actions. Internal Audit function within the bank is fully independent with the department directly reporting to the Audit Committee of the Board. Any lapses or non-compliance with the stipulated control systems as identified during the audit of various business units, branches & departments is reported to the Audit Committee & the Board where upon instructions are issued to the management to remedy such reported instances.

5.2 Capital management

(i) Qualitative disclosures

The Bank aims to have a comfortable capital position with adequate cushion over the regulatory requirement. Higher dependency is placed on equity which is being strengthened by the Bank's policy of distribution of dividend in both script and cash form. The Bank further issues subordinated bonds on need basis as a part of Tier II capital. The capital base position is monitored on a daily basis to avoid any unwanted capital constraints and to ensure that required capital is there to pave way for the planned growth.

(ii) Quantitative disclosures

1. Capital structure and capital adequacy

Capital structure and capital adequacy as per BASEL III

1. Tier 1 Capital and Breakdown of its Components:

S. No.	Particulars	Amount
	Core Capital (Tier 1)	16,210,310,670
1	Paid up Equity Share Capital	9,372,281,428
2	Statutory General Reserves	4,254,234,117
3	Retained Earnings	296,690,592
4	Current Year Profit/(Loss)	2,200,071,795
5	Debenture Redemption Reserve	367,014,857
6	Less: Investment in equity of institutions with financial interests	200,000,000
7	Less: Purchase of land & building in excess of limit and unutilized	79,982,119

2. Tier 2 Capital and Breakdown of its Components

S. No.	Particulars	Amount
	Supplementary Capital (Tier 2)	4,312,770,217
1	Subordinated Term Debt	2,569,104,000
2	General loan loss provision	1,703,395,265
3	Exchange Equalization Reserve	39,056,093
4	Investment Adjustment Reserve	1,214,859
5	Other Reserves	-

3. Information on Subordinated Term Debt:

Bond Issued	HBL Bond 2083
Outstanding amount	2,569,104,000
Interest rate	10%
Maturity Date	Bhadra 2083
Interest payment	Half yearly basis
Tenor	7 years
Amount to be reckoned as capital	367,014,857

4. Total deductions from Capital: N/a

5. Total Qualifying Capital

S. No.	Particulars	Amount
1	Core Capital (Tier 1)	16,210,310,670
2	Supplementary Capital (Tier 2)	4,312,770,217
	Total	20,523,080,887

6. Capital Adequacy Ratio:

Tier 1 Capital to Total Risk Weighted Exposures	11.76%
Tier 1 and Tier 2 Capital to Total Risk Weighted Exposures	14.89%

2. Risk exposures

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

RISK WEIGHTED EXPOSURES	Amount
a Risk Weighted Exposure for Credit Risk	122,107,180,476
b Risk Weighted Exposure for Operational Risk	8,133,807,004
c Risk Weighted Exposure for Market Risk	670,465,969
Adjustment under Pillar II	
Add 5% of gross income for operational risk	3,036,449,152
Add: 3% of total RWE for overall risk	3,927,343,603
Total Risk Weighted Exposures	137,875,246,204

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

S. No.	Particulars	Amount
1	Claims on government & central bank	384,722,017
2	Claims on other official entities	664,899,333
3	Claims on banks	3,892,216,589
4	Claims on domestic corporate and securities firms	83,313,152,479
5	Claims on regulatory retail portfolio	6,652,302,965
6	Claims secured by residential properties	3,293,047,655
7	Claims secured by commercial real estate	1,900,494,627
8	Past due claims	956,041,650
9	High risk claims	5,815,564,294
10	Lending against securities (Bonds and Share)	1,603,361,465
11	Other assets	4,374,724,258
12	Off balance sheet items	9,256,653,143
Total		122,107,180,476

3. Total Risk Weighted Exposures calculation table:

S. No.	Particulars	Amount
1	Total Risk Weighted Exposure	137,875,246,204
2	Total Core Capital Fund (Tier 1)	16,210,310,670
3	Total Capital Fund (Tier 1 & Tier 2)	20,523,080,887
4	Total Core Capital to Total Risk Weighted Exposures	11.76%
5	Total Capital to Total Risk Weighted Exposures	14.89%

4. Amount of NPA

S. No.	Loan Classification	Gross Amount	Provision Held	Net NPA
1	Restructured Loan	17,608,153	3,379,842	14,228,311
2	Substandard Loan	300,851,150	75,212,787	225,638,362
3	Doubtful Loan	383,849,947	191,924,973	191,924,973
4	Loss Loan	381,272,352	381,272,352	-
Total		1,083,581,602	651,789,955	431,791,647

5. NPA Ratios

Gross NPA to Gross Advances	1.01%
Net NPA to Net Advances:	0.41%

(iii) Compliance with external requirement

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

5.3 Classification of financial assets and financial liabilities

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

5.4 Operating Segment Information

1. General information

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

2. Information about profit or loss, assets and liabilities

Particulars	Province							Head Office and other profit center	Total
	1	2	3	4	5	6	7		
(a) Revenues from external customers	904,088,500	1,097,870,974	7,463,426,177	374,097,035	1,805,670,926	10,751,473	224,849,285	2,355,525,423	14,236,279,793
(b) Intersegment revenues	34,334,822	35,526,813	2,976,939,108	99,331,160	68,582,921	8,918,866	13,756,077	61,649,763	3,299,039,530
(c) Net Revenue	938,423,322	1,133,397,787	10,440,365,285	473,428,195	1,874,253,847	19,670,339	238,605,362	2,417,175,186	17,535,319,323
(d) Interest revenue	871,911,335	1,034,181,194	6,993,421,680	360,226,690	1,743,544,450	7,763,631	211,742,310	956,202,038	12,178,993,328
(e) Interest expense	202,908,554	199,415,351	5,605,576,395	208,161,283	275,454,696	5,711,359	15,858,553	844,203,577	7,357,289,768
(f) Net interest revenue	669,002,781	834,765,843	1,387,845,285	152,065,407	1,468,089,754	2,052,272	195,883,757	111,998,461	4,821,703,560
(g) Depreciation and amortisation	9,342,242	5,159,156	26,740,897	3,420,171	6,160,790	1,189,043	2,094,147	126,214,081	180,320,527
(h) Segment profit /(loss)	213,575,459	259,321,794	2,688,497,813	170,070,376	481,330,819	(1,227,145)	32,822,806	109,370,300	3,953,762,222
(i) Entity's interest in the profit or loss of associates accounted for using equity method	-	-	-	-	-	-	-	-	-
(j) Other material non-cash items:	-	-	-	-	-	-	-	-	-
(k) Impairment of assets	194,760,751	130,530,165	1,712,411,515	56,351,628	221,520,935	984,090	25,646,861	23,679,275	2,365,885,220
(l) Segment assets	5,107,491,153	4,141,583,091	112,279,132,817	4,893,932,223	7,153,418,373	307,973,915	656,341,706	21,345,045,705	155,884,918,983
(m) Segment liabilities	5,107,491,153	4,141,583,091	112,279,132,817	4,893,932,223	7,153,418,373	307,973,915	656,341,706	21,345,045,705	155,884,918,983

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

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

Each segment account is prepared on accrual basis and transactions between segments are conducted at a pre-determined price.

(b) **Differences between the measurements of the reportable segments profits or losses and the entity's profit or loss before income tax.**

Profit or losses of the reportable segments before staff bonus are measured on accrual basis based on NFRS. Inter-segmental revenue is accordingly set off against related inter-segmental expenses in order to arrive at the entity's profit or loss.

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

There are no difference between the reportable segment assets and entity's assets.

(d) **Nature of any changes from prior periods in the measurement methods used to determine reported segment profit or loss.**

None.

(e) **Nature and effect of any asymmetrical allocations to reportable segments.**

All allocations are symmetrically done.

4. Reconciliations of reportable segment revenues, profit or loss, assets and liabilities

1. **Revenue**

Total revenues for reportable segments	17,535,319,323
Other revenues	-
Elimination of intersegment revenues	(3,299,039,530)
Entity's revenues	14,236,279,793

2. **Profit or loss**

Total profit or loss for reportable segments	3,953,762,222
Other profit or loss	-
Elimination of intersegment profits	-
Unallocated amounts:	
Staff bonus	(395,376,222)
Profit before income tax	3,558,386,000

3. **Assets**

Total assets for reportable segments	155,884,918,983
Other assets	
Unallocated amounts	-
Entity's assets	155,884,918,983

4. **Liabilities**

Total liabilities for reportable segments	155,884,918,983
Other liabilities	
Unallocated liabilities	-
Entity's liabilities	155,884,918,983

5. Information about products and services

Revenue from each type of product and services described in point no. 1 (b) above:

(a)	Loan and Advances	11,481,577,647
(b)	Letter of Credit	67,856,628
(c)	Guarantee	86,926,301
(d)	Remittance	74,306,248
(e)	Card service	151,082,839
(f)	Locker Service	21,320,359
(g)	Bills purchase and discounting	3,242,316
(h)	Collection service	39,320,067
(i)	Other ancillary services	2,310,647,388
	Total	14,236,279,793

6. Information about geographical areas

Revenue from following geographical areas:

(a)	Domestic	14,236,279,793
	Province 1	904,088,500
	Province 2	1,097,870,974
	Province 3	9,818,951,600
	Province 4	374,097,035
	Province 5	1,805,670,926
	Province 6	10,751,473
	Province 7	224,849,285
(b)	Foreign	-
	Total	14,236,279,793

7. Information about major customers

The customers of the Bank do not individually / singly contribute 10% or more of the entity's revenue.

5.5 Share options and share based payment

As per NFRS 2, an entity shall recognize the goods or services received or acquired in a share-based payment transaction when it obtains the goods or as the services are received. Corresponding increase in equity is recognized if the goods or services are received in an equity-settled share-based payment transaction or a liability if the goods or services are acquired in a cash-settled share-based payment transaction.

The Bank has not entered into any share options and share based payment transaction till date.

5.6 Contingent liabilities and commitment

The Bank creates a provision when there is a present obligation as a result of past events that probably require an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. The details regarding the contingent liabilities are disclosed in Note 4.28.

5.7 Related parties disclosures

The Bank carries out transactions in the ordinary course of business with parties that fall within the ambit of related parties as defined in Nepal Accounting Standard - NAS 24 (Related Party Disclosures). The pricing applicable to such transactions is based on the assessment of risk and pricing model of the Bank and is comparable with what is applied to transactions between the Bank and its unrelated customers.

By virtue of its shareholding of over 10 per cent in the Bank and representation in the Board of Directors, Habib Bank Limited and Karmachari Sanchaya Kosh are related parties to the Bank. Transactions with related parties during the reporting period is given below:

Transaction with Habib Bank Ltd.		
Particulars	This Year Ending	Immediate Previous Year Ending
Deposits with Habib Bank	-	-
Due from Habib Bank	6,292,081	3,191,260
Placements in Habib bank	1,202,500,000	1,096,500,000
Due to Habib bank	-	-
Total	1,208,792,081	1,099,691,260
For the Year Ended		
Interest Received	46,747,544	35,422,851
Total	46,747,544	35,422,851
Cash Dividend Paid	204,486,140	175,103,429
Total	204,486,140	175,103,429

Transaction with Karmachari Sanchaya Kosh		
Particulars	This Year Ending	Immediate Previous Year Ending
Rental Expense paid	60,386,727	59,679,730
Cash Dividend paid	143,140,298	122,572,400
Total	203,527,025	182,252,130

Transaction with Parent, Subsidiary and Other Affiliates

The Bank doesn't have an identifiable parent. It has a wholly owned subsidiary named Himalayan Capital Limited and 5 associates:

- RMDC Laghubitta Bittiya Sanstha Ltd
- Nirdhan Utthan Laghubitta Bittiya Sanstha Ltd.
- Chhimek Laghubitta Bittiya Sanstha Ltd.
- Swabalamban Laghubitta Bittiya Sanstha Ltd.
- Smart Choice Technologies Limited

Transaction with Subsidiary

Transaction with Subsidiary	This Year Ending	Immediate Previous Year Ending
Deposit of Subsidiary in the bank	167,427,809	202,510,008
Total	167,427,809	202,510,008

Transaction with Associate

Transaction with Associate	This Year Ending	Immediate Previous Year Ending
Loans and Advances provided to associate under deprived sector lending		
RMDC Laghubitta Bittiya Sanstha Ltd.	600,145,808	602,934,247
Nirdhan Utthan Laghubitta Bittiya Sanstha Ltd.	597,167,978	597,171,740
Chhimek Laghubitta Bittiya Sanstha Ltd.	652,073,061	644,556,661
Swabalamban Laghubitta Bittiya Sanstha Ltd.	533,743,018	609,545,057
	2,383,129,865	2,454,207,704
Interest Income received from associate		
RMDC Laghubitta Bittiya Sanstha Ltd.	62,754,705	50,619,014
Nirdhan Utthan Laghubitta Bittiya Sanstha Ltd.	63,144,428	53,341,475
Chhimek Laghubitta Bittiya Sanstha Ltd.	67,638,865	63,118,845
Swabalamban Laghubitta Bittiya Sanstha Ltd.	66,263,832	59,849,164
	259,801,830	226,928,498

* Loans and advances to associate stated above are inclusive of AIR.

Transactions with Key Managerial Personnel (KMPs)

According to Nepal Accounting Standard NAS 24 (Related Party Disclosure) Key Management Personnel (KMP) are those having authority and responsibility for planning, directing and controlling the activities of the entity. Such KMPs include the Board of Directors and Senior Executives of the Bank. Transactions with Key Managerial Personnel are summarized below:

Transaction with Key Managerial Personnel (KMPs)	This Year Ending	Immediate Previous Year Ending
Board of Directors		
Benefits	4,330,790	4,197,181
Total	4,330,790	4,197,181
Chief Executive Officer		
Short term employee benefits	16,559,677	15,600,000
Other Benefits	1,373,887	1,323,277
Retirement benefits	-	-
Total	17,933,564	16,923,277
Key Management Executives		
Short term employee benefits	80,544,087	86,569,127
Other Benefits	767,421	1,035,725
Retirement benefits	11,175,294	-
Total	81,311,508	87,604,852

Key Management Executives are entitled to Gratuity and Leave Encashment Facilities as post-employment benefits as per the Employees' Service Bye-Laws of the Bank. They are further provided with subsidized loans and advances and vehicle facility. However, where such executives are employed under a contract the compensation is determined by terms of such contract. The Senior General Manager, an expat on secondment deputation from Habib Bank Limited, is further provided with a full furnished residence. Retirement benefits is the payment given to Senior General Manager on completion of his deputation.

Transaction with HBL Retirement Fund

Bank has established an approved retirement fund which has been identified as related party to the bank.

Transaction with HBL Retirement Fund	This Year Ending	Immediate Previous Year Ending
Deposit with the Bank	1,099,704,403	1,282,713,570
Interest Paid by the Bank	111,220,934	142,856,895

5.8 Merger and acquisition

The Bank has not undergone any merger or acquisition during the reporting period.

5.9 Additional disclosures of non-consolidated entities

There are no unconsolidated entities.

5.10 Events after reporting date

Events after the reporting period are those events, both favorable and unfavorable, that occur between the reporting date and the date when the Financial Statements are authorized for issue.

No circumstances have arisen since the reporting date which would require adjustments to, or disclosure in the financial statements, other than the following:

Proposed Dividends

The Board of Directors have recommended 14% stock dividend and 6% cash dividend for the financial year. This dividend proposal is to be approved by the shareholders in the annual general meeting.

In accordance with Nepal Accounting Standard - NAS 10 (Events after the Reporting Period) this proposed final dividend has not been recognised as liability as at year end date.

COMPARISON OF UNAUDITED AND AUDITED FINANCIAL STATEMENTS

As of FY 2076/77

Statement of Financial Position	As per unaudited Financial Statement	As per Audited Financial Statement	Variance		Reasons for Variance
			In amount	In %	
Assets					
Cash and Cash Equivalents	7,231,138,781	7,231,138,781	-	-	
Due from Nepal Rastra Bank	12,407,815,815	12,407,815,815	-	-	
Placements with Bank and Financial Institutions	6,342,173,790	6,342,173,790	-	-	
Derivative financial instruments	115,621,217	115,621,217	-	-	
Other trading assets	-	-	-	-	
Loans & Advances to BFI's	4,998,075,266	4,998,075,266	-	-	
Loans & Advances to Customers	101,653,351,477	101,728,467,164	75,115,687	0.07%	Adjustment of rebate and impairment after audit
Investment Securities	18,241,666,700	18,241,666,700	-	-	
Current Tax Assets	370,482,555	351,495,017	(18,987,538)	-5.13%	Post audit adjustment in tax liability
Investments in subsidiaries	200,000,000	200,000,000	-	-	
Investments in Associates	195,785,700	195,785,700	-	-	
Investment Property	379,802,213	379,802,213	-	-	
Property & Equipment	2,411,792,115	2,411,792,114	-	-	
Goodwill and Intangible Assets	151,101,486	151,101,486	-	-	
Deferred Tax Assets	-	-	-	-	
Other Assets	1,125,816,007	1,129,983,720	4,167,713	0.37%	Post audit adjustment
Total Assets	155,824,623,122	155,884,918,983			
Liabilities					
Due to Bank and Financial Institutions	6,595,869,088	6,595,869,088	-	-	
Due to Nepal Rastra Bank	155,736,786	155,736,786	-	-	
Derivative financial instruments	75,543,132	75,543,132	-	-	
Deposits from Customers	125,264,381,691	125,264,381,690	-	-	
Borrowing	-	-	-	-	
Current Tax Liabilities	-	-	-	-	
Provisions	-	-	-	-	
Deferred Tax Liabilities	95,965,899	95,895,829	(70,070)	-0.07%	Restatement of value of assets/liability
Other Liabilities	3,528,167,949	3,544,577,238	16,409,289	0.47%	Post audit adjustment
Debt Securities Issued	2,563,661,608	2,563,661,608	-	-	
Subordinated Liabilities	-	-	-	-	
Total Liabilities	138,279,326,153	138,295,665,371			
Equity					
Share Capital	9,372,281,428	9,372,281,428	-	-	
Share Premium	-	-	-	-	
Retained Earnings	2,503,056,611	2,496,762,387	(6,294,224)	-0.25%	
Reserves	5,669,958,930	5,720,209,797	50,250,867	0.89%	
Total Equity attributable to Equity Holders	17,545,296,969	17,589,253,612			
Non Controlling Interest					
Total Equity	17,545,296,969	17,589,253,612			
Total Liabilities and Equity	155,824,623,122	155,884,918,983			

COMPARISON OF UNAUDITED AND AUDITED FINANCIAL STATEMENTS

As of FY 2076/77

Statement of Profit or Loss	As per unaudited Financial Statement	As per Audited Financial Statement	Variance		Reasons for Variance
			In amount	In %	
Interest income	12,113,633,075	12,178,993,328	65,360,253	0.54%	Adjustment of rebate after audit
Interest expense	7,356,986,062	7,357,289,768	303,706	0.00%	Post Year End Adjustment
Net interest income	4,756,647,013	4,821,703,560	-	-	
Fee and commission income	748,673,058	748,844,018	170,960	0.02%	Regrouping/Adjustment after audit
Fee and commission expense	61,910,867	62,103,211	192,344	0.31%	Regrouping/Adjustment after audit
Net fee and commission income	686,762,191	686,740,807	-	-	
Net interest, fee and commission income	5,443,409,204	5,508,444,367	-	-	
Net Trading Income	764,970,517	764,970,517	-	-	
Other operating income	146,297,101	145,395,261	(901,840)	-0.62%	Post Audit Adjustment
Total operating income	6,354,676,822	6,418,810,145	-	-	
Impairment charge/(reversal) for loans and other losses	303,100,929	305,628,495	2,527,566	0.83%	Post Audit Adjustment
Net operating income	6,051,575,893	6,113,181,650	-	-	
Operating expense					
Personnel Expenses	1,644,236,551	1,651,124,877	6,888,326	0.42%	Change in Statutory Bonus amount\ other post audit adjustment
Other Operating Expenses	878,180,800	870,171,111	(8,009,689)	-0.91%	Reversal of excess provision of expenses
Depreciation & Amortisation	180,320,527	180,320,527	-	-	
Operating profit	3,348,838,015	3,411,565,135	-	-	
Non operating income	398,076,669	398,076,669	-	-	
Non operating expense	251,580,510	251,255,804	(324,706)	-0.13%	Post Audit Adjustment
Profit before income tax	3,495,334,174	3,558,386,000	-	-	
Income Tax Expense					
Current Tax	960,262,996	979,250,534	18,987,538	1.98%	Post Year End adjustment in tax liability
Deferred Tax	(7,517,174)	(7,587,244)	(70,070)	0.93%	Post Year End adjustments
Profit for the period	2,542,588,352	2,586,722,710	44,134,358	1.74%	
Statement of Comprehensive Income					
Profit or loss for the year	2,542,588,352	2,586,722,710	-	-	
Other comprehensive income	30,340,938	30,241,418	(99,520)	-0.3%	Increase in defined benefit obligation expense due to actuarial valuation
Total comprehensive income for the period	2,572,929,290	2,616,964,128			

10 Year's Financial Summary STATEMENT OF FINANCIAL POSITION

Particulars	2007/68 2010/11	2008/69 2011/12	2009/70 2012/13	2010/71 2013/14	2011/72 2014/15	2012/73 2015/16	2013/74 2016/17	2014/75 2017/18	2015/76 2018/19	2016/77 2019/20
Assets										
Cash & Bank Balances	2,964,651	6,362,296	3,648,199	5,542,590	8,387,412	7,874,984	8,915,386	8,800,528	8,202,366	16,928,917
Money at Call	734,000	264,600	2,061,832	196,100	1,063,950	1,482,036	-	500,040	-	1,010,109
Investments	8,769,939	10,031,580	12,992,045	19,842,060	17,113,389	19,306,073	18,076,579	17,439,534	23,432,946	26,679,555
Loans, Advances & Bills Purchased	32,968,270	35,968,473	41,057,398	46,449,329	55,428,007	69,100,889	79,044,953	88,086,847	99,530,328	109,092,428
Fixed Assets	1,187,493	1,305,364	1,308,774	1,322,814	1,321,272	1,922,967	2,175,893	2,222,677	2,509,508	2,562,894
Other Assets	1,513,144	1,435,153	1,418,311	1,365,922	1,439,298	1,530,969	1,097,159	1,339,310	1,536,251	1,976,902
Total Assets	48,137,497	55,367,467	62,486,557	74,718,816	84,753,328	101,217,918	109,309,970	118,388,936	135,211,399	158,250,804
Liabilities										
Borrowings	510,000	500,000	1,188,429	1,100,000	600,000	1,600,000	662,998	623,358	1,183,961	2,719,398
Deposit Liabilities	40,920,627	47,730,994	53,072,319	64,674,848	73,538,200	87,335,786	92,881,114	99,743,045	113,089,977	131,860,251
Reserve for Doubtful Debts	1,401,294	1,003,039	1,333,592	1,128,970	1,951,777	1,354,910	1,246,718	1,926,635	2,060,257	2,365,885
Other Liabilities	1,310,099	1,501,424	1,592,509	1,731,586	1,704,451	2,103,453	2,190,995	1,957,002	2,882,406	3,716,016
Total Liabilities	44,142,019	50,735,457	57,186,849	68,635,405	77,794,428	92,394,149	96,981,824	104,250,039	119,216,600	140,661,551
Net Assets	3,995,478	4,632,010	5,299,708	6,083,411	6,958,900	8,823,769	12,328,146	14,138,897	15,994,798	17,589,254
Shareholders' Equity										
Paid up Capital	2,000,000	2,400,000	2,760,000	2,898,000	3,332,700	4,499,145	6,491,624	8,114,529	8,520,256	9,372,281
Proposed capitalisation of profits	400,000	360,000	138,000	434,700	1,166,445	1,349,744	-	-	-	-
Reserves	1,562,546	1,799,111	2,397,023	2,732,353	2,344,757	2,836,037	3,328,499	1,500,405	2,171,147	2,496,762
Retained Earnings	32,932	72,899	4,685	18,358	114,997	138,843	2,508,023	4,523,962	5,303,396	5,720,210
Total Shareholders' Equity	3,995,478	4,632,010	5,299,708	6,083,411	6,958,900	8,823,769	12,328,146	14,138,897	15,994,798	17,589,254
Total Capital + Liabilities	48,137,497	55,367,467	62,486,557	74,718,816	84,753,328	101,217,918	109,309,970	118,388,936	135,211,399	158,250,804
Contingent Liabilities										
Letter of Credit	3,574,914	3,983,150	3,697,028	6,862,523	6,881,554	8,957,264	8,526,898	11,431,524	12,167,198	9,965,414
Guarantees	3,292,959	3,371,855	2,355,843	2,955,043	3,808,669	4,952,439	6,474,794	6,408,163	6,279,256	6,671,894
Forward Exchange Contract	821,620	199,188	174,795	607,820	786,385	1,168,529	42,242	5,891,000	8,137,163	11,994,375
Other Contingent Liabilities	5,743,679	6,882,662	8,153,638	9,427,195	9,285,993	10,021,898	12,368,698	12,453,109	7,275,500	5,124,836
Total Contingent Liabilities	13,433,171	14,436,855	14,381,305	19,852,581	20,762,591	25,100,130	27,412,632	36,183,796	33,859,117	33,696,519

* Figures of FY 2012/13 has been regrouped/restated based on NFRS wherever necessary.
Figures for FY 2014/15 onwards have been presented based on NFRS.

10 Year's Financial Summary

STATEMENT OF PROFIT OR LOSS

Rs. '000'

Particulars	2067/68 2010/11	2068/69 2011/12	2069/70 2012/13	2070/71 2013/14	2071/72 2014/15	2072/73 2015/16	2073/74 2016/17	2073/74 2016/17 *Restated	2074/75 2017/18	2075/76 2018/19	2076/77 2019/20
Income											
Interest Income	4,326,141	4,724,887	4,627,335	4,742,975	4,627,751	5,015,844	6,938,503	7,106,676	9,724,871	11,625,415	12,178,993
Interest Expense	2,414,807	2,816,441	2,119,062	2,248,798	1,954,263	1,565,896	3,173,334	3,173,334	5,403,047	6,594,074	7,357,290
Net Interest Income	1,911,333	1,908,446	2,508,273	2,494,178	2,673,488	3,449,948	3,765,169	3,933,342	4,321,824	5,031,341	4,821,704
Commission & Discount	350,365	510,840	550,149	657,298	562,186	599,642	713,468	732,197	707,801	756,241	686,741
Foreign Exchange Income	195,529	309,898	300,469	385,102	474,312	602,985	609,622	607,849	718,905	718,158	764,971
Other Income	129,517	182,029	165,072	206,814	115,282	105,108	128,497	86,396	104,848	175,117	145,395
Non Operating Income	15,856	8,006	5,999	17,487	23,209	22,276	26,807	14,691	309,525	49,327	398,077
Total Income	2,602,600	2,919,218	3,529,962	3,760,879	3,848,478	4,779,959	5,243,563	5,374,475	6,162,903	6,730,183	6,816,887
Expenses											
Staff Expenses	517,592	634,229	682,978	713,830	917,501	908,436	1,081,611	1,096,966	1,045,730	1,201,108	1,255,749
Operating Expenses	582,210	714,436	852,111	966,120	814,639	806,909	849,631	797,604	862,547	966,897	1,050,492
Provision for Doubtful Debts	471,729	505,491	842,900	1,080,863	1,413,568	744,817	835,753	(108,193)	679,917	133,622	305,628
Provision for Staff Bonus	123,773	138,909	137,669	162,116	145,488	274,882	310,171	310,171	276,518	437,018	395,376
Non-Operating Expenses	(330,438)	(462,939)	(362,389)	(783,211)	(897,601)	(703,908)	(935,311)	23,326	533,011	58,378	251,256
Total Expenses	1,364,866	1,530,127	2,153,269	2,139,718	2,393,595	2,031,136	2,141,855	2,119,874	3,397,724	2,797,023	3,258,501
Profit before Tax	1,237,734	1,389,092	1,376,693	1,621,161	1,454,883	2,748,823	3,101,708	3,254,601	2,765,179	3,933,161	3,558,386
Income Tax provision	344,619	430,453	432,995	662,054	342,597	812,915	923,473	972,827	889,569	1,169,312	971,663
Net Profit after Tax	893,115	958,638	943,698	959,107	1,112,286	1,935,908	2,178,235	2,281,774	1,875,610	2,763,848	2,586,723
P/L Appropriation											
Profit/Loss carried down	1,073,766	1,038,634	1,016,597	979,194	1,843,160	2,050,905	2,440,172	2,086,980	2,508,023	1,500,405	2,171,147
Statutory General Reserve	178,623	191,728	188,740	191,821	222,457	387,182	435,647	435,647	375,122	5,077	517,345
Exchange Equalisation Fund	6,682	-	-	1,767	997	1,658	443	443	-	552,770	-
HBL Bond redemption fund	71,429	71,429	157,143	157,143	85,714	85,714	85,714	85,714	85,714	4,420	-
Interim Dividend	-	-	-	-	-	-	-	-	-	85,714	-
Proposed Dividend	336,842	322,106	276,000	175,404	236,797	71,039	85,417	-	-	-	367,015
Transfer to Paid up Capital	-	-	-	-	-	-	-	-	-	-	-
Transfer to Capital Adjustment Fund	-	-	-	-	-	10,108	19,363	19,363	-	-	-
Proposed capitalisation of profit-Bonus Share	400,000	360,000	138,000	434,700	1,166,445	1,349,744	1,622,906	-	-	-	-
Income Tax of last year	-	-	-	-	-	6,617	23,624	-	-	-	-
Deferred Tax Reserve	47,259	20,473	39,513	15,412	340	-	-	-	-	-	-
Investment Adjustment Reserve	-	-	212,516	-	-	-	-	-	-	1,215	-
Contingent Reserve	-	-	-	-	-	-	-	-	-	-	-
Corporate Social Responsibility Fund	-	-	-	-	-	-	21,793	21,782	18,756	27,638	25,867
Employee Training Fund	-	-	-	-	-	-	-	-	20,376	19,565	-
Regulatory Reserve	-	-	-	-	-	-	-	-	723,598	120,786	-
Transfer from Reserves	-	-	-	-	-	-	-	-	48,660	-	-
Share Premium	-	-	-	-	-	-	-	123,094	-	5,321	647,667
NFRS Adjustment-Derecognition of Assets	-	-	-	-	-	-	-	92	-	-	-
Distribution- Bonus Share and Dividend (Previous Year)	-	-	-	-	-	-	-	1,420,783	1,708,323	1,281,244	1,874,456
Profit Transferred to Balance Sheet	32,932	72,899	4,665	18,358	114,997	138,843	145,275	2,508,023	1,500,405	2,171,147	2,496,762

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



नेपाल राष्ट्र बैंक बैंक सुपरिवेक्षण विभाग



केन्द्रीय कार्यालय
बालुवाटार, काठमाडौं।
फोन नं.: ४४१९८०५, ७
फ्याक्स नं.: ४४१०१५९
Site: www.nrb.org.np
Email: bsd@nrb.org.np
पोष्ट बक्स: ७३

प.सं: बै.सु.वि./अफसाइट/एजिएम/११/२०७७-७८

मिति : २०७७/०८/२८

हिमालयन बैंक लिमिटेड
कमलादी, काठमाडौं।

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

महाशय,

त्यस बैंकबाट पेश गरिएका वित्तीय विवरण तथा अन्य कागजातका आधारमा बैंक तथा वित्तीय संस्था सम्बन्धी ऐन, २०७३ को दफा ४७ को उपदफा (२) का प्रावधानहरू पालना गरेको देखिएको हुँदा, सोही ऐनको उपदफा (१) बमोजिम प्रस्तावित रु.१,३१,२१,१९,४००।- बराबरको बोनस शेयर र रु. ५६,२३,३६,८८५।- नगद लाभांश (लाभांश कर समेत) गरि जम्मा १,८७,४४,५६,२८५।- (अक्षरेपि एक अर्ब सतासी करोड चवालिस लाख छपन्न हजार दुई सय पचासी रुपैया) प्रदान गर्न अन्य प्रचलित कानूनी व्यवस्थाको समेत पालना गर्ने गरी वार्षिक साधारण सभाबाट स्वीकृत भएको अवस्थामा वितरण गर्न स्वीकृतिका साथै आ.व. २०७६/७७ को वार्षिक हिसाब वार्षिक साधारण सभामा स्वीकृतिको लागि पेश गर्ने प्रयोजनाथं देहायका निर्देशन सहित सार्वजनिक गर्न सहमति प्रदान गरिएको व्यहोरा निर्णयानुसार जानकारी गराउँदछु।

- यस बैंकबाट जारी गरिएको निर्देशन नं. १० को वृदा नं. ७ बमोजिम इजाजतपत्र प्राप्त कुनै एक बैंक तथा वित्तीय संस्थाको संस्थापक शेयरमा लगानी गर्दा चुक्ता पूँजीको बढीमा १५ प्रतिशत र अन्य बैंक तथा वित्तीय संस्थाहरूमा चुक्ता पूँजीको बढीमा एक प्रतिशतसम्म मात्र लगानी गर्न सकिने व्यवस्था रहेकोले उल्लिखित सीमाभन्दा बढी शेयर धारण गर्ने संस्थापक शेयरधनीहरू रहेमा ती संस्थापक शेयरधनीहरूलाई सो सीमाभित्र नल्याएसम्म प्रस्तावित नगद लाभांश तथा बोनस शेयर वितरण रोक्का राख्ने व्यवस्था मिलाउनुहुन।
 - बैंक तथा वित्तीय संस्था सम्बन्धी ऐन २०७३ को दफा ११ को उपदफा (३) मा बैंकको चुक्ता पूँजीको दुई प्रतिशत भन्दा बढी शेयर धारण गरेका संस्थापकहरूले आफुले धारण गरेको शेयर विक्री तथा धितो बन्धक राख्दा नेपाल राष्ट्र बैंकको स्वीकृति लिनु पर्ने व्यवस्था रहेकोले नेपाल राष्ट्र बैंकको स्वीकृति नलिई आफुले धारण गरेको शेयर धितो बन्धक राखी अन्य बैंक तथा वित्तीय संस्थाबाट कर्जा उपयोग गरेका संस्थापक शेयरधनीहरू रहेमा ती संस्थापक शेयरधनीहरूलाई सोको स्वीकृति नलिएसम्म वा शेयर धितो बन्धक राखी उपयोग गरेको कर्जा पूर्ण रुपमा चुक्ता गरी शेयर फुकुवा नगरेसम्म प्रस्तावित बोनस शेयर तथा नगद लाभांश वितरण रोक्का राख्ने व्यवस्था मिलाउनुहुन।
 - बैंक तथा वित्तीय संस्था सम्बन्धी ऐन २०७३ को दफा ९(१) तथा यस बैंकबाट जारी गरिएको बैंक/वित्तीय संस्था संस्थापना एवं वित्तीय कारोवार गर्ने इजाजतपत्र सम्बन्धी नीतिगत एवं प्रक्यागत व्यवस्था २०६३ मा भएको व्यवस्था बमोजिम यथाशिघ्र संस्थापक एवं सर्वसाधारण शेयरधनीहरूको शेयर अनुपात कायम गर्ने आवश्यक व्यवस्था मिलाउनुहुन।
 - विदेशी शेयरधनीहरूलाई नगद लाभांश प्रदान गर्ने सिलसिलामा सो रकम विदेश पठाउँदा (Repatriation) सम्बन्धी प्रचलित कानूनी व्यवस्थाको पालना गर्नुहुन।
 - लेखापरीक्षण प्रतिवेदनमा उल्लेख गरिएका कैफियतहरू पूर्ण रुपले सुधार गर्न तथा त्यस्ता कैफियतहरू पुनः दोहोरिन नदिने व्यवस्था मिलाउनुहुन।
- उपरोक्त निर्देशनहरूलाई त्यस बैंकको वार्षिक प्रतिवेदनको छुट्टै पानामा प्रकाशित गर्नुहुन।

भवदीय,

(कृष्ण शरण फुयाल)
उप-निर्देशक

बोधार्थ तथा कार्यार्थः

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

बैंक व्यवस्थापनको स्पष्टिकरण

नेपाल राष्ट्र बैंकबाट यस बैंकको आ.व. २०७६/७७ को वार्षिक हिसाब साधारण सभामा स्वीकृतिको लागि पेश गर्न सहमति प्रदान गर्ने सिलसिलामा जारी उपर्युक्त निर्देशनहरूको पालना गर्न आवश्यक व्यवस्था मिलाईएको छ। साथै बैंक तथा वित्तीय संस्था सम्बन्धी ऐनमा भएको प्रावधान तथा नेपाल राष्ट्र बैंकबाट जारी निर्देशनको अधिनमा रही आवश्यक संस्थापक शेयरको परिवर्तनबाट सर्वसाधारण शेयरधनीहरूको स्वामित्व ३० प्रतिशत पुऱ्याउनेतर्फ आवश्यक कार्य भइरहेको छ।

HIMALAYAN BANK LIMITED

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

S.NO.	PAYMENT DETAILS	AMOUNT
1	FINANCIAL ASSISTANCE TO KALIKA MARG UPABHOKTA SAMITI FOR DECORATIVE LIGHT AT KALIKASTHAN TEMPLE	50,000/-
2	FINANCIAL ASSISTANCE TO NEW CHILDREN'S HOME	50,000/-
3	FINANCIAL ASSISTANCE TO ORPHAN AND HELPLESS CHILDREN DEV. ASSO. NEPAL	50,000/-
4	FINANCIAL ASSISTANCE TO NAVAJEEVAN PAROPAKAR SAMAJ FOR CONSTRUCTION OF BUILDING FOR OLD AGED,HOMELES PEOPLE	50,000/-
5	FINANCIAL ASSISTANCE TO KATHMANDU ZEAL ROUND TABLE 22 FOR FREEDOM THROUGH EDUCATION PROJECT FOR SCHOOL IN REMOTE AREAS	50,000/-
6	FINANCIAL ASSISTANCE TO ROUND TABLE NEPAL FUND RAISING PROGRAM FOR SOCIALWORK TO ENHANCE EDUCATION OF CHILDREN	50,000/-
7	FINANCIAL ASSISTANCE TO PURCHASE 13 SET PLANT AND COMPOUND BAR FOR DHADING DISTRICT HOSPITAL	50,000/-
8	FINANCIAL ASSISTANCE TO RIO CARNIVAL 2020 EVENT TO PROMOTE NEPAL AS ONE OF THE PREFERED TOURIST DESTINATION	60,000/-
9	FINANCIAL ASSISTANCE TO DHANGADI SUB METROPOLITAN OFFICE TO HELP STROM VICTIMS	100,000/-
10	FINANCIAL ASSISTANCE TO FARIYA CENTER PVT LTD FOR ORGANIZAING MS NEPAL CURVY BEAUTY N BEYOND EVENT	100,000/-
11	FINANCIAL ASSISTANCE TO BARAKH GANA HILE FOR COMPUTER, PRINTER AND SPORTS MATERIALS	100,000/-
12	FINANCIAL ASSISTANCE TO SANGAM MAHARJAN CANCER PATIENT	100,000/-
13	FINANCIAL ASSISTANCE FOR TREE PLANTATION WITH IRON GUARD AT KMC WARD 12 FOOTPATH	100,000/-
14	FINANCIAL ASSISTANCE TO JANTA AADHARBHUT SCHOOL FOR REPAIR AND MAINTENCE	100,000/-
15	FINANCIAL ASSISTANCE TO BIRGUNJ METROPOLITAN OFFICE FOR CORONA CRISIS MANAGEMENT	100,000/-
16	FINANCIAL ASSISTANCE TO REPAIR WATER TREATMENT AND UF FILTERATION AT KANTI CHILDREN HOSPITAL	142,945/-
17	FINANCIAL ASSISTANCE TO PROVIDE RELIF MATERIAL AT RAPTISONARI DUE TO COVID-19	155,600/-
18	FINANCIAL ASSISTANCE TO PAINTING AND DECORATION OF TERIDEVI TEMPLE FOR DASHAIN 2076	190,600/-
19	FINANCIAL ASSISTANCE FOR KINDER OLYMPICS 2076 TO PROVIDE EQUAL LEARNING OPPORTUNITY FOR MARGINALIZED AND DESTITUTE CHILDREN OF COMMUNITY	200,000/-
20	FINANCIAL ASSISTANCE TO RECONSTRUCT MULTIPURPOSE COMMUNITY HALL THROUGH COMMUNITY EMPOWERMENT AND SPORT DEVELOPMENT CENTER.	250,000/-
21	FINANCIAL ASSISTANCE TO COMMUNITY DEVELOPMENT COMMITTEE TO PURCHASE BOOKS AND MAINTAIN LIBRARY	300,000/-
22	FINANCIAL ASSISTANCE TO CONSTRUCT DOCTORS REST LOUNGE AT NEPAL EYE HOSPITAL TRIPURESHWOR	576,437/-
23	FINANCIAL ASSISTANCE TO PROMOTE KHOLAU BANK KHATA CAMPAIGN TO NEPAL BANKER'S ASSOCIATION	400,000/-
24	FINANCIAL ASSISTANCE TO SHREE BHIMSEN MANDIR REBUILDING COMMITTEE TO RENOVATE SHRI BHIMSEN TEMPLE	500,000/-
25	FINANCIAL ASSISTANCE TO SIDDHI MEMORIAL FOUNDATION TO PURCHASE LAUNDRY PLANT AND PROVIDE OPD TICKET BOOKS FOR THE USE OF HOSPITAL N SENIOR CITIZEN HOME	821,485/-
26	FINANCIAL ASSISTANT TO TEACH FOR NEPAL (TFN) FOR TEACHING SERVICE TO COMMUNITY SCHOOL AT VARIOUS RURAL PLACES	500,000/-
27	FINANCIAL ASSISTANCE TO MADAN BHANDARI TRUST FOR MAINTENANCE OF GARDEN AND CONSERVATION OF SURROUNDING ENVIRONMENT	500,000/-
28	FINANCIAL ASSISTANCE TO NEPALESE ARMY WIVES ASSOSIATION FOR CONSTRUCTION OF WELL EQUIPED BIRTHING CENTRE, MATERNITY WARD AT TALKOT VDC, BAJHANG	551,000/-
29	FINANCIAL ASSISTANCE TO DEVELOP SHORT MOVIES OF SOCIAL AWARENESS AND FINANCIAL AWARENESS FOR COMMUNITY IN PARTNERSHIP WITH COMMUNITY POILCE	1,017,000/-
30	FINANCIAL ASSISTANCE TO PURCHASE HEMODIALYSIS MACHINE FOR LUMBINI MEDICAL COLLEGE	1,400,000/-
31	FINANCIAL ASSISTANCE TO PURCHASE VENTILATOR TO NARAYANI SUB REGIONAL HOSPITAL	2,825,000/-
32	FINANCIAL ASSISTANCE TO PURCHASE PHACO MACHINE FOR DR. RAM PRASAD POKHREL EYE HOSPITAL, DHANKUTA	3,500,000/-
33	FUND TRANSFERRED TO GOVERNMENT CORONA FUND AS INSTRUCTED BY NRB	5,970,117/-
34	FINANCIAL ASSISTANCE TO KATHMANDU VALLEY PRESERVATION TRUST FOR RECONSTRUCTION OF TEMPLES DESTROYED BY EARTHQUAKE	10,000,000/-
35	FINANCIAL ASSISTANCE TO CORONA VIRUS CONTROL AND TREATMENT FUND ESTABLISHED BY NEPAL GOVERNMENT.	12,500,000/-
TOTAL		43,410,184/-

Province-wise CSR Expenses in FY: 2076/77

S. No.	Province	Amount
1	Province 1	3,489,200
2	Province 2	2,934,960
3	Bagmati	38,800,185
4	Gandaki	111,450
5	Lumbini	1,630,100
6	Karnali	-
7	Sudurpachhim	700,898
	Total	47,666,793

Sector-wise CSR Expenses in FY: 2076/77

S. No.	Province	Amount
1	Health	9,786,367
2	Education	1,285,000
3	Disaster Management/Natural Calamities	29,375,615
4	Financial Literacy/Social Awareness	1,026,960
5	Environmental Protection	750,000
6	Preservation of Culture and Heritage	110,301
7	Infrastructure Development	250,000
8	Open your bank account	400,200
9	Public Security	106,500
10	Tourism	94,300
11	Other (Orphanage/Old Aged Home/Blind/Sports)	4,481,550
	Total	47,666,793





6



7



8

HIMALAYAN CSR ACTIVITIES

1. Phaco Machine for Dr. Ram Pd Pokhrel Eye Hospital Dhankuta
2. Doctor's Lounge at Nepal Eye Hospital, Tripureshwar
3. Financial Support to Teach for Nepal
4. Hemodialysis Machine at Lumbini Medical College Palpa
5. Relief Material for COVID-19 affected locals at Raptisonari
6. CCTV Donation to Shree Rangvenkates Muktinarayan Temple at Baglung
7. Support to Purchase Laundry Plant at Siddhi Memorial Foundation
8. Maintenance of Shree Janata Community School at Dharan
9. Water Treatment Plant at Kanti Hospital
10. Ventilator for Narayani Sub-regional hospital_Birgunj.



9



10

HIMALAYAN BANK LIMITED, Corporate Office

Kamaladi, P.O. Box: 20590, Kathmandu, Nepal, Tel: 977-1-4227749

Fax: 977-1-4222800, E-mail: himal@himalayanbank.com

Website: www.himalayanbank.com, SWIFT: HIMANPKA

Province 1
Biratnagar Branch

 Shanihat Mainroad, Biratnagar, Morang
Tel: 021-524653, 534944

Birtamod Branch

 Sanischarya Road, Birtamod, Jhapa
Tel: 023-545611

Damak Branch

 Highway, Damak, Jhapa
Tel: 023-585291

Dharan Branch

 Putali Line, Sunsari
Tel: 025-528966, 528967

Hile Branch

 Bhojpur Road, Hile, Dhankuta
Tel: 026-540628, 540629

Itahari Branch

 Dharan Road, Itahari, Sunsari
Tel: 025-587041, 587042

Madi Branch

 Okharbote-4, Sankhuwasabha
Tel: 01-6201751

Province 2
Baragadi Branch

 Khowpawa-3, Bara
Tel: 01-6201363

Bardiabas Branch

 Mohotari, Nepal
Tel: 044-550161, 550162

Birgunj Branch

 Mahabir Road, Birgunj, Parsa
Tel: 051-524678, 527504

Janakpur Branch

 Janakpurdham
Tel: 041-590240

Lahan Branch

 Lahan, Siraha, Ward #1
Tel: 033-561684, 561685

Nijgadh Branch

 Nijgadh, Bara, Ward #9
Tel: 053-540262, 540392

Parsauni Branch

 Parsauni-5, Bara
Tel.: 053-620000

Subarna Branch

 Kabahigoth-6, Bara
Tel: 01-6201366

Bagmati
Banepa Branch

 Tindobato, Banepa, Kavrepalanchowk
Tel: 011-664734

Bahrabise Branch

 Barhabise Bazar, Sindhupalchowk
Tel: 011-489290

Battispatali Branch

 Battispatali, Kathmandu
Tel: 01-4484990

Betrawati Branch

 Laharepauwa, Betrawati, Rasuwa
Tel: 010-681343, 412001

Bhaisepati

 Lalitpur, Ekantakuna Tikabhairab Road
01-5906306

Bhaktapur Branch

 Sukuldhoka, Bhaktapur
Tel: 01-6617493, 6616092

Bharatpur Branch

 Pulchowk, Chitwan
Tel: 056-571474, 572225

Chabahil Branch

 Chuchepati, Chabahil, Kathmandu
Tel: 01-5210045

Dhading Branch

 Dhadingbesi, Dhading
Tel: 010-521110

Dillibazar Branch

 Siddhibhawan, Charkhaladda, Ktm.
Tel: 01-4431658

Gaurishanker Branch

 Suri-5, Dolakha
Tel: 01-6201748

Hetauda Branch

 Main Road, Hetauda, Makawanpur
Tel: 057-525877, 522899

Kalanki Branch

 Kalanki Chowk, Kathmandu
Tel: 01-5234762, 5235038

Kaushaltar Branch

 Gaththagar, Bhaktapur
Tel: 01-6639564

Khurkot Branch

 Golanjor-7, Sindhuli
Tel: 01-6201749

Maharajgunj Branch

 Maharajgunj, Kathmandu
Tel: 01-4425183, 4424292

Myagang Branch

 Deurali-3, Nuwakot
Tel: 01-6201463

New Baneshwor Branch

 New Baneshwor Chowk, Kathmandu
Tel: 01-4785583, 4784859

New Road Branch

 Bishal Bazar Complex, Kathmandu
Tel: 01-4243107, 4224787

Parsa Branch

 Naya Road, Parsa, Chitwan
Tel.: 056-583628

Patan Branch

 Pulchowk, Lalitpur
Tel: 01-5010584, 5010593

Samakhushi Branch

 Gangabu, Samakhushi, Kathmandu
Tel: 01-4354663

Satdobato Branch

 Satdobato Chowk, Lalitpur
Tel: 01-5151945,

Shorakhutte Branch

 Shorakhutte Chowk, Kathmandu
Tel: 01-4389035

Sukedhara Branch

 Kathmandu 4, Sukedhara
Tel: 01-4015081

Swoyambhu Branch

 APF Welfare Plaza, Swoyambhu, Ktm.
Tel: 01-4033798, 4285461

Tandi Branch

 Sauraha Chowk, Tandhi, Chitwan
Tel: 056-560750

Tarkeshwor Branch

 Dansingh-1, Nuwakot
Tel: 01-6201365

Teku Branch

 Kathmandu Business Park, Kathmandu
Tel: 01-4104572, 4104687

Thamel Branch

 Karmachari Sanchaya Kosh Building
Thamel, Kathmandu
Tel: 4227745, 4227756

Trishuli Branch

 Battar, Trishuli, Nuwakot
Tel: 010-561696

Gandaki
Baglung Branch

 Jeep Park, Baglung
Tel: 068-522690

Gorkha Branch

 Bus Park, Gorkha
Tel: 064-421520

Kawasoti Branch

 Shabhapatni Chowk-5, Nawalparasi
Tel: 078-541040

Pokhara Branch

 New Road, Pokhara, Kaski
Tel: 061-538907, 540230

Ram Bazar Branch

 Amarsingh Chowk, Pokhara, Kaski
Tel: 061-430301

Lumbini
Bhairahawa Branch

 PrahariTole, Siddharthanagar,
Rupandehi
Tel: 071-526945, 524395

Butwal Branch

 Traffic Chowk, Butwal, Rupandehi
Tel: 071-551016, 551017

Ghorahi Branch

 New Road, Ghorahi, Dang
Tel: 082-562901

Kohalpur Branch

 Kohalpur Municipality, ward #11
Kohalpur, Banke
Tel: 081-542146/ 48

Lamahi Branch

 Lamahi Bus Park, Dang
Tel: 082-540842, 540843

Nepalgunj Branch

 Dhambojii, Nepalgunj, Banke
Tel: 081-411290

Palpa Branch

 Silkhan Tole, Tansen, Palpa
Tel: 075-522641, 520095

Raptisonari Branch

 Samshegunj-8, Banke
Tel: 081-400089, 400091

Tulsipur

 Dang, Kha Line
082-523545/523546

Karnali
Kumakha Branch

 Marmaparikada, Ragechaur-8, Salyan
Tel: 01-6201752

Salyan Branch

Srinagar, Salyan, Tel: 088-400012

Surkhet Branch

 Ward #3, Chinal Pul, Jumla Road
Birendranagar, Surkhet
Tel: 083-523902/524101

Sudar Paschim
Chhededaha Branch

 Dogadi Bazaar-5, Bajura
Tel: 01-6201754

Dhangadi Branch

 Ratopool, Dhangadi, Kailali
Tel: 091-520202

Jagannath

 Bajura, Juddi
Tel: 01-6201749

Lamki Branch

 Tikapur road, Kailali
Tel: 091-540513

Swamikartik

 Bajura, Suijiula
Tel: 01-6201753

Extension Counter
Maharajgunj Branch

 TU Teaching Hospital
Tel: 01-4425183

Gangalal Ext. Counter

 Shahid Gangalal National Heart Center
Bansbari, Tel: 01-4425183

Trishuli District Hospital Ext Counter

 Trishuli District Hospital
Tel: 010-561696

Lumbini Medical College Ext Counter

 Lumbini Medical College
Palpa, Tel: 075-522641

Card Centre

 Kamaladi, Kathmandu, Tel: 01-4227749
Toll Free No.: 16-600-112-000

Global FI & Remittance Centre

 Kamaladi, Kathmandu, Tel: 01-4227749, 4250354
Toll Free No.: 16-600-111-000

Outside Country
Himalayan Bank Limited- Kuala Lumpur

 Representative Office
2nd Floor, Wisma Maran, 28 Medan Pasar
50050 Kuala Lumpur, Malaysia
Tel: +603 2022 3664

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Himalayan Bank Limited

Corporate Office, Kamaladi, Kathmandu

Ph. No.: 4246218/19, P.O. Box.: 20590

SWIFT: HIMANPKA

www.himalayanbank.com