



# Nepal Rastra Bank

**Annual Financial Statements**  
**For the year ended 32<sup>nd</sup> Ashadh, 2067**  
(16th July 2010)



# नेपाल राष्ट्र बैंक NEPAL RASTRA BANK

केन्द्रीय कार्यालय  
बालुवाटार, काठमाडौं ।  
Central Office  
Baluwatar, Kathmandu

## Foreword

This financial report on Bank's annual accounts for the fiscal year 2066/067 B.S. (2009/10) has been prepared and presented hereby in accordance with the international norms, International Financial Reporting Standard (IFRS)/International Accounting Standards (IAS) and National Accounting Standards (NAS) as far as practicable in our context.

This report consists of the audited balance sheet of the Bank as of 32nd Ashad 2067 (16th July 2010), related income statement, cash flow statement and statement of change in equity for the fiscal year together with explanatory notes to the accounts forming the part thereof.

As usual, the Bank is committed to make the financial information more transparent, credible and relevant to external users by adopting International Financial Reporting Standard (IFRS)/International Accounting Standards (IAS) as Accounting Framework as per requirement of Nepal Rastra Bank Act, 2002 for preparation and presentation of financial statements, setting of policies, practices and making necessary disclosures of financial information as required by these standards.

Finally, I would like to extend my sincere thanks to the statutory auditor, Office of the Auditor General of Nepal, auditors Mr. Jitendra Bahadur Rajbhandari (Chartered Accountant) and Mr. Bijaya Kumar Agrawal (Chartered Accountant) for their suggestions and remarks. I would also like to thank all the concerned staff and expert committees for their contributions in preparing and publishing annual report of this fiscal year.

It is my firm belief that annual publication of the financial statements along with relevant information would enhance transparency and credibility of the Bank among its stakeholders.

( Dr. Yuba Raj Khatiwada )



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बबरमहल, काठमाडौं, नेपाल  
Babar Mahal, Kathmandu, Nepal

Date: February 24, 2011

CHA. NO 103-0671068



AUDIT REPORT

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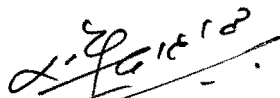
The Governor,  
Nepal Rastra Bank,  
Baluwatar, Kathmandu,  
Nepal

1. We have audited the accompanying Balance Sheet of Nepal Rastra Bank (NRB), Kathmandu, as of 32<sup>nd</sup> Ashadh 2067 (16<sup>th</sup> July 2010) and the related Income Statement, Cash Flow Statement and Statement of Changes in Equity for the year then ended. These financial statements are the responsibility of the NRB's management. Our responsibility is to express our opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the Nepal Standards on auditing, relevant practices and International Standards on Auditing (ISA) wherever applicable and also the guidelines issued by the Office of the Auditor General of Nepal. Those Standards or relevant practices require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. The following are some of the important issues that have impact on financial position and operating results of the NRB.
  - 3.1 Following provisions of the NRB Act, 2058 and its bye-laws are not complied with:
    - Investments made in the shares of various financial institutions and other organizations in excess of 10% their paid-up share capital as disclosed in note 5 to the financial statements are not disposed off. (Section 7.1 & 7.2).
    - Financial statements are not prepared in conformity with International Financial Reporting Standards (IFRS)/International Accounting Standards (IAS). (Section 40 & 90).
    - Investment in government bonds of Rs. 5,200,746 thousands issued by Ministry of Finance, Nepal Government for the fund made available to IMF on behalf of Nepal Government is free of interest. (Section 75.1 & 4).
    - NRB has disbursed the pension to Government Staff, Nepal Army and Government Teachers as reimbursable from the government (Rs. 321,750 thousands as of 32<sup>nd</sup> Ashadh 2067 inclusive of Rs. 175,966 thousands shown under Sundry Debtors), but found pending for long period, which tantamount to the interest free loans provided to GON. (Section 75.1 & 4).
    - The investment of Rs. 253,400 thousands has been made for the establishment of Rural Self Reliance Fund (RSRF) seed capital in the earlier year with the purpose of long term financing to the financial institutions for the priority sector in terms of monetary policy 2060. (Section 7 & 75).

- Detail of investment in Government securities and its segregation (Section 75.8) for the fiscal year was not made available to ensure that investment has not exceeded the limit of 10% of the Government's previous year revenue. (Section 75.7).
  - Overdraft of Rs. 16,711,492 thousands provided to Nepal Government (including Rs 8,835,795 thousands of the previous year) has exceeded 5 percent of previous year's total revenue of Rs.143,474,489 thousands by 6.6 percent. (Section 75.5). Overdraft balance is yet to be confirmed by the Financial Comptroller General Office, Government of Nepal.
  - Section 41 and 42 of NRB Act, 2058 has not been complied while computing profit and appropriation with various reserves.
- 3.2 Following International Financial Reporting Standards (IFRS)/ International Accounting Standards (IAS) are not complied with:
- (a) Framework for the Preparation and Presentation of Financial Statements:
- Impairment testing of interest accrued has not been carried out for recognition of income required for treating asset.
- (b) Presentation of Financial Statements (IAS -1):
- Excess provision of Rs. 12,045 thousands for cash in transit insurance premium has been made for the fiscal year 2065/66 and reflected in prior year adjustment.
  - Loan of Rs. 1,83,80,70 thousands and Rs. 2,43,04,53 thousands provided by NRB to Nepal Bank Limited (NBL) and Rastriya Banijya Bank (RBB) respectively from loan received under subsidiary loan agreement from Nepal Government has not been incorporated as assets and liability in the financial statements including commitment/ service charges of US Dollar 869 thousand payable to the World Bank (International Development Association).
  - Community Ground Water Irrigation Sector (CGWIS) Project being managed by the Micro Finance Department of NRB has not been consolidated in the financial statements.
  - Priority Sector Development Committee (PDSC) being managed by Micro Finance Department of NRB has not been consolidated in the financial statements.
- (c) Accounting Policies, Changes in Accounting Estimates and Errors (IAS – 8): Prior Year net expense amounting to Rs. 87,730 thousands has been presented on the face of the Income Statement instead of reinstatement of the comparative amounts of the prior period.
- (d) Property, plant and Equipment (IAS-16):
- Fixed assets purchased in the current year costing up to Rs. 25,000 per unit have been charged to revenue.
  - Fixed assets are not recognized on the basis of ownership, status, useful life, derecognition, depreciation and certain disclosure requirements have also not been complied with.
  - Breakdown of land along with corresponding value of total land is not available. Land ownership certificates of certain plots of land are not available.
  - Details of assets under construction amounting to Rs.3,366 thousands are not available to ascertain the actual "Capital Work in Progress" reflected in Financial Statement. These assets have been carried forward since years and include negative balance of Rs. 95 thousands for consultancy in Dhangadi Branch.
  - Buildings include a written down value of Rs. 1,390 thousands without details of building it represents.
  - Assets reported as short/missing in the physical verification report have not been eliminated from the financial statement. The amount for such lost assets has not been quantified.
- (e) Employees Benefits (IAS -19):
- Liability of Rs. 2,328,745 thousands was short provided for gratuity and pension based on the actuarial valuation carried out for the period up to 16<sup>th</sup> July 2010.
  - Liability of Rs.250,708 thousands was short provided for Staff Security Fund based on the actuarial valuation carried out as of 16<sup>th</sup> July 2010.

- The liability for medical fund is being provided based on predefined factors and not on the actuarial valuation. The adequacy of such provisions could not be confirmed and its effect could not be quantified.
- (f) Accounting for Government Grants and Disclosure of Government Assistance (IAS – 20):
- Grant Assets representing Vehicles and Computers amounting to Rs. 42 thousands (written down value) received under Rural Micro Finance Project have been charged off to Misc. Expenses by crediting Other Income in FY 2063-64 and accordingly not been accounted for as grant assets and not disclosed.
- (g) Impairment of Assets (IAS – 36):
- The status and physical condition of stationery and spare parts and fixed assets are not mentioned in the physical verification report to assess the impairment losses.
- (h) Provisions, Contingent Liabilities and Contingent Assets (IAS-37):
- Provision for expenses incurred for studying abroad, attending training programs and seminars, travel, and office expenses are not made in the year of expenses.
  - Provision for land rent payable to Guthi Sansthan for 1-15-7-2 bigha of land of Janakpur from the beginning has not been ascertained and provided for.
  - Claim for brokerage commission on primary issue has neither been made from Government of Nepal nor accounted for during the current fiscal year. This has not been disclosed in the notes as contingent assets.
  - Provision of Rs. 8,716 thousands for non-moving stock carried forward since fiscal year 2061/62 could not be confirmed regarding the stock it represents.
  - Contingent liabilities in respect of outstanding letters of credit as of 32<sup>nd</sup> Asadh 2067 (excluding letters of credit under Government Grants and offsetting L/C margin) amounting to Rs. 1,969,362 thousands have not been disclosed.
- (i) Financial Instruments: Presentation and Recognition & Measurement (IAS – 32 and 39)
- Employees' Loan amounting to Rs.2,738,964 thousands given under different schemes have not been recognized, measured and presented as Financial Instruments at amortized cost through effective interest rate method with possible impairment losses. Its impact could not be quantified.
  - Domestic Government Treasury bills (Rs. 29,926,489 thousands) have been classified as originated loans but has not been measured at amortized cost using effective interest rate method. The categorization has differed from Foreign Treasury Bills which has been categorized as Held to Maturity.
  - Investment in Domestic Saving Certificates has been classified as Available for sale but has not been measured at fair value.
  - Government Bonds (Domestic) have been classified as Held to Maturity but have not been measured at amortized cost since these bonds are interest free.
  - Investments in Financial & Other Institutions amounting to Rs 386,085 thousands, though categorized as "Available for Sale", has not been measured and presented at "Fair Value" and accordingly its effect could not be quantified.
- (j) Non-current Assets Held for Sale and Discontinued Operations (IFRS – 5): List of damaged, unusable and obsolete fixed assets which are not in uses and cannot be used from economical point of view is not prepared. The financial impact of such assets could not be quantified.
- (k) Financial Instruments: Disclosures (IFRS – 7): Disclosure requirements to be presented by category of instrument based on IAS 39 "Measurement Categories" and other disclosures required by class of financial instruments regarding the significance of financial instruments and the nature of extent of risks arising from financial statements have not been fully complied with.
- 3.3 There is a difference of Rs. 50,916 thousands between the balances shown in books of account and the records maintained at Public Debt Department for interests and principal on Government Bonds.
- 3.4 There is a difference of Rs. 600,487 thousands in investment in Government Treasury Bills and Saving Certificates between the books of accounts and records maintained at Public Debt Department resulting in overstatement of accrual interest income by Rs 1,464 thousands (approx.)

- 3.5 Ad hoc provision of Rs. 200,000 thousands (Previous year Rs 160,000 thousands) for Staff Welfare Provident Fund as staff incentive has been made in addition to Rs. 42,867 thousands charged at the rate of 12 percent of salaries.
- 3.6 Contingent Liability of Rs. 99,843 thousands represents unclaimed amounts transferred to Miscellaneous Income covering the period from fiscal years 2054-55 to 2066-67. Except for memorandum record of Unclaimed Amount transferred to Income during the year amounting to Rs. 4,257 thousands for the year 2066-67, memorandum records for balance amount representing earlier years have not been maintained.
- 3.7 The general accounts representing interoffice transactions have credit balance of Rs. 668,573 thousands. The balance represents unreconciled balances which is net of credit balance of Rs.776,915 thousands ( pending items identified) and debit balance of Rs.108,342 ( pending items not identified). Some of the interoffice accounts in the Branch Offices show debit balance instead of credit balances and vice versa. Though the total identified un-reconciled balance (Rs. 776,915 thousands) in reconciliation statement tallies with total book balance, branch-wise balances are not tallied with book balance.
- 3.8 Interoffice transactions relating to Note Kosh shows net credit balance of Rs. 314,400 thousands (Previous year credit balance of Rs 43,587 thousands) in Note Kosh Account instead of nil balance.
- 3.9 Additional information provided in account numbers 1 & 2 under Currency Holding as shown in Summary Statement Position of IMF Assets and Liabilities as on 32<sup>nd</sup> Asadh 2067 does not tally with the actual book balances as shown in Note 16 (Deposit and Other Balances) of the financial statement.
4. A separate Management Letter highlighting audit observations in detail has been issued on 24<sup>th</sup> February 2011 to the management for improvement.
5. In our opinion, except for the effect on the financial statements of the matters referred to in the preceding paragraphs, the financial statements read with notes give true and fair view of the financial position of Nepal Rastra Bank as of 32<sup>nd</sup> Ashadh 2067 (16<sup>th</sup> July 2010) and the results of its operations and its Cash flows and Changes in the Equity for the year then ended in accordance with IAS/IFRS, relevant practices and prevailing Laws.

  
(Khem Prasad Dahal)  
Acting Auditor General

**NEPAL RASTRA BANK**  
**BALANCE SHEET AS ON 32nd ASHADH, 2067 (16th JULY, 2010)**

Particulars	Note	As on 32-3-2067 NRs.	As on 31-3-2066 NRs.
<b>ASSETS</b>			
<b>Foreign Currency Financial Assets</b>			
Cash and Bank Balances	3	14,896,995,310	14,370,677,637
SDR Holdings - with IMF		7,042,007,705	555,366,917
Investments	3a	190,486,661,053	210,080,645,913
Other Receivables		295,175,848	419,083,326
<b>Sub-Total</b>		<b>212,720,839,916</b>	<b>225,425,773,792</b>
<b>Other Assets</b>			
Gold		4,206,133,922	3,319,458,932
<b>Sub-Total</b>		<b>4,206,133,922</b>	<b>3,319,458,932</b>
<b>Total Foreign Currency Assets</b>		<b>216,926,973,838</b>	<b>228,745,232,724</b>
<b>Local Currency Financial Assets</b>			
Cash in Hand		3,756,191,628	1,824,859,620
Investments in Government Securities	4	38,022,709,404	29,255,862,582
GON Overdraft		16,711,491,611	8,835,795,125
Investments in Financial and Other Institutions	5	325,035,500	320,035,500
Other Investments	6	9,689,100,000	4,934,769,000
Refinance & Loans	7	8,112,165,241	2,327,394,002
Other Receivables	8	3,185,510,203	3,340,144,403
<b>Sub-Total</b>		<b>79,802,203,587</b>	<b>50,838,860,232</b>
<b>Other Assets</b>			
Gold and Silver	9	298,184,530	312,298,030
Other Inventories	10	622,632,522	336,447,591
Property, Plant & Equipment	11a	522,408,959	532,930,222
Intangible Assets	11b	3,642,638	2,506,945
Assets received in grant	11c	656,648	
Project Assets	12	461,098,098	493,664,078
<b>Sub-Total</b>		<b>1,908,623,395</b>	<b>1,677,846,866</b>
<b>Total Local Currency Assets</b>		<b>81,710,826,982</b>	<b>52,516,707,098</b>
<b>Total Assets</b>		<b>298,637,800,820</b>	<b>281,261,939,822</b>

**Contingent Assets**

23c

The above statement is to be read in conjunction with the notes 1 to 31.

.....  
(Manmohan Kumar Shrestha)  
Executive Director

.....  
(Yuba Raj Khaliwada)  
Governor

.....  
(.....)  
Auditor General

**Board of Directors :-**

As per our report of the even date

Rameshore Prasad Khanal

Dr. Parthibeshwar Prasad Timilsina

.....  
(JB RajBhandary )  
Chartered Accountant  
Kathmandu

.....  
(B.K.Agrawal )  
Chartered Accountant  
Kathmandu

Dr. Bishwambher Pyakuryal

Shambhu Sharan Prasad Kayastha

Gopal Prasad Kaphle (Dy. Governor)

Maha Prasad Adhikari (Dy. Governor)

Date : 2067.9.25  
Place : Kathmandu

**NEPAL RASTRA BANK**  
**BALANCE SHEET AS ON 32nd ASHADH, 2067 (16th JULY, 2010)**

Particulars	Note	As on 32-3-2067 NRs.	As on 31-3-2066 NRs.
<b>LIABILITIES</b>			
<b>Foreign Currency Financial Liabilities</b>			
Deposit from Banks and Other Agencies	13	741,560,336	904,923,484
IMF Related Liabilities	14	16,245,357,425	6,975,677,693
Other Liabilities	15	7,899,401	2,373,545
<b>Total Foreign Currency Liabilities</b>		<b>16,994,817,162</b>	<b>7,882,974,722</b>
<b>Local Currency Financial Liabilities</b>			
Deposit and Other Balances	16	68,388,913,171	73,676,923,159
Bills Payable		921,594,753	1,121,290,448
Staff Liabilities	17	4,495,476,850	3,787,307,462
Other Payables	18	197,882,080	206,191,569
<b>Sub-Total</b>		<b>74,003,866,854</b>	<b>78,791,712,639</b>
<b>Other Liabilities</b>			
Currency in Circulation	19	161,300,000,000	141,210,000,000
Surplus Payable to GON		3,110,000,000	2,530,000,000
Sundry Liabilities	20	3,806,355,376	3,423,198,222
Project Liability	21	461,098,098	493,664,078
<b>Sub-Total</b>		<b>168,677,453,474</b>	<b>147,656,862,300</b>
<b>Total Local Currency Liabilities</b>		<b>242,681,320,328</b>	<b>226,448,574,938</b>
<b>EQUITY</b>			
Share Capital		3,000,000,000	3,000,000,000
Reserves	22	35,961,663,330	43,930,390,162
<b>Total Equity</b>		<b>38,961,663,330</b>	<b>46,930,390,162</b>
<b>Total Liabilities and Equity</b>		<b>298,637,800,820</b>	<b>281,261,939,822</b>

**Contingent Liabilities and Commitments** 23b

The above statement is to be read in conjunction with the notes 1 to 31.

.....  
(Manmohan Kumar Shrestha)  
Executive Director

.....  
(Yuba Raj Khatiwada)  
Governor

.....  
(.....)  
Auditor General

**Board of Directors :-**

As per our report of the even date

Rameshore Prasad Khanal

Dr. Parthibeshwar Prasad Timilsina

.....  
(JB RajBhandary )  
Chartered Accountant  
Kathmandu

.....  
(B.K.Agrawal)  
Chartered Accountant  
Kathmandu

Dr. Bishwambher Pyakuryal

Shambhu Sharan Prasad Kayastha

Gopal Prasad Kaphle (Dy. Governor)

Maha Prasad Adhikari (Dy. Governor)

Date : 2067.9.25  
Place : Kathmandu



**NEPAL RASTRA BANK**

**INCOME STATEMENT  
FOR THE YEAR ENDED 32nd ASHADH, 2067 (16th JULY, 2010)**

Particulars	Note	2066-67 NRs.	2065-66 NRs.
<b>Operating Income:</b>			
<b>Income from Foreign Currency Financial Assets</b>			
Interest Income	24	3,219,016,664	4,477,104,007
Commission Income	25	363,649,585	311,117,876
		<b>3,582,666,248</b>	<b>4,788,221,884</b>
<b>Expenses on Foreign Currency Financial Liabilities</b>			
Interest Expenses	26	32,960,431	41,443,694
Agency and Service Charge	27	5,782,910	5,148,289
		<b>38,743,341</b>	<b>46,591,983</b>
<b>Net Income from Foreign Currency</b>		<b>3,543,922,908</b>	<b>4,741,629,901</b>
<b>Income from Local Currency Financial Assets</b>			
Interest Income	24	3,751,664,518	1,579,568,703
Commission Income	25	4,808,469	4,217,594
		<b>3,756,472,987</b>	<b>1,583,786,297</b>
<b>Expenses on Local Currency Financial Liabilities</b>			
Interest Expenses	26	61,713,970	172,458,274
Agency and Service Charge	27	578,524,781	583,759,774
		<b>640,238,751</b>	<b>756,218,048</b>
<b>Net Income from Local Currency Financial assets</b>		<b>3,116,234,236</b>	<b>827,568,250</b>
Other Operating Income	28	626,028,570	546,610,074
<b>Total Net Operating Income</b>		<b>7,286,185,714</b>	<b>6,115,808,224</b>
General, Administrative Expenses & Provisions	29	3,754,759,643	2,921,425,027
<b>Profit for the year before Foreign Exchange, Gold and Silver Revaluation Gain/(Loss) and prior year adjustment</b>		<b>3,531,426,071</b>	<b>3,194,383,197</b>
Foreign Exchange Gain/(Loss) (Net)		(9,189,754,117)	9,357,932,645
Gold and Silver Revaluation Gain/(Loss) (Net)			
- Amount Transferred from Gold & Silver Equalisation Reserve	31(XVII)(i)	886,674,990	215,361,177
- Securities Revaluation		-	251,810,964
- other			
Prior Year Adjustment		(87,730,424)	14,472,960
<b>Net Profit/(Loss) for the year</b>		<b>(4,859,383,480)</b>	<b>13,033,960,943</b>
<b>Net Profit/(Loss) for Appropriation</b>			
Net Profit/(Loss) for the year		(4,859,383,480)	13,033,960,943
Amount Transferred (to)/from Exchange Equalisation Fund (EEF)		9,189,754,117	(9,357,932,645)
Amount Transferred (to)/from Gold & Silver Equalisation Reserve	31(XVII)(i)	(886,674,990)	(215,361,177)
Amount Transferred to Gold Replacement Fund	31(XVII)(ii)	(44,081,584)	(48,900,460)
Securities Revaluation Fund		520,067,241	(251,810,964)
<b>Profit available for distribution</b>		<b>3,919,681,304</b>	<b>3,159,955,697</b>
General Reserve		432,800,000	319,300,000
Monetary Liability Reserve		196,000,000	160,000,000
Development Fund		140,281,304	139,524,248
Dev. Fin. Projects Mob. Fund		23,100,000	8,631,449
Liquidity Stabilization Fund		17,500,000	2,500,000
Surplus to be transferred to GON		3,110,000,000	2,530,000,000
<b>Total</b>		<b>3,919,681,304</b>	<b>3,159,955,697</b>

The above statement is to be read in conjunction with the notes 1 to 31.

(Manmohan Kumar Shrestha)  
Executive Director

(Yuba Raj Khatriwada)  
Governor

(.....)  
Auditor General

**Board of Directors :-**

As per our report of the even date

Rameshore Prasad Khanal

Dr. Parthibeshwar Prasad Timilsina

(J.B.Rajbhandary)  
Chartered Accountant  
Kathmandu

(B.K.Agarwal)  
Chartered Accountant  
Kathmandu

Dr. Bishwambher Pyakuryal

Shambhu Sharan Prasad Kayastha

Gopal Prasad Kaphle (Dy. Governor)

Maha Prasad Adhikari (Dy. Governor)

Date : 2067.9.25  
Place : Kathmandu

**NEPAL RASTRA BANK**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 32nd ASHADH, 2067 (16th JULY, 2010)**

Particulars	2066-67 (NRs.)	2065-66 (NRs.)
<b>Cash flow from operating activities:</b>		
Profit for the Year	(4,859,383,480)	13,033,960,943
<b>Adjustments</b>		
Gold and Silver revaluation gain/(loss) (Net)	(886,674,990)	(215,361,177)
- Other	-	-
- Revaluation gain or loss on foreign exchange	9,189,754,117	(9,357,932,645)
Securities revaluation		(251,810,964)
Depreciation	53,266,775	53,487,372
Prior period adjustment	87,730,424	(14,472,960)
Note printing expenses	424,005,536	243,068,023
Dividend Income	(2,799,237)	(3,468,350)
Profit from sale of assets	(125,973,592)	-
Sundry balances written off	10,423,869	-
Interest paid on PRGF Loan & ACU	32,722,933	41,443,694
Provision for :		
Loan and advances	(77,439,510)	-
Diminution in value of investment	(16,000,000)	(151,376,131)
Doubtful of recovery on sundry accrued	(3,297,869)	(19,219,000)
Provision for inventory & spare parts	-	253
<b>Cash flow from operation before inc / dec in operating assets</b>	<b>3,826,334,978</b>	<b>3,358,319,060</b>
<b>(Increase)/Decrease in operating assets</b>	<b>(14,002,685,811)</b>	<b>(8,939,550,906)</b>
GON overdraft	(7,875,696,486)	(8,835,795,125)
Refinance & loans	(5,707,331,730)	747,167,297
Other receivable	276,419,372	(568,622,370)
Gold & silver	14,113,500	19,466,866
Inventories	(710,190,467)	(301,767,575)
<b>Increase/(Decrease) in operating liabilities</b>	<b>2,151,088,199</b>	<b>31,982,116,879</b>
SDR Allocation	6,713,614,123	69,004,267
Deposit liabilities	(5,451,373,138)	28,810,472,911
Bills payable	(199,695,695)	441,307,424
Deferred staff liabilities	708,169,388	570,991,172
Other liabilities	(2,783,632)	(23,580,628)
Sundry liabilities	383,157,154	2,113,921,731
<b>Operating cash flow before prior period adjustment</b>	<b>(8,025,262,636)</b>	<b>26,400,885,034</b>
Prior period adjustment	(87,730,424)	14,472,960
<b>Cash flow from operating activities</b>	<b>(8,112,993,059)</b>	<b>26,415,357,994</b>
<b>Cash flow from investing activities:</b>		
Net Decrease in Government Securities and Bank Deposits	3,360,694,523	(15,239,675,928)
Sale of Investment in Financial Institutions	136,973,592	37,899,999
Purchase of Investments-other	1,519,913,248	(3,734,469,689)
Fixed assets including WIP	(48,884,899)	(42,531,680)
Dividend income	2,799,237	3,468,350
<b>Total (B)</b>	<b>4,971,495,702</b>	<b>(18,975,308,948)</b>
<b>Cash flow from financing activities:</b>		
Bank note issued	20,090,000,000	28,260,000,000
Increase in PRGF Loan & ACU	2,556,065,609	338,035,857
Interest paid on PRGF Loan & ACU	(32,722,933)	(41,443,694)
Surplus transferred to GON	(2,530,000,000)	(3,702,670,477)
<b>Total (C)</b>	<b>20,083,342,676</b>	<b>24,853,921,686</b>
<b>Net cash flow for the year (A+B+C)</b>	<b>16,941,845,318</b>	<b>32,293,970,728</b>
Revaluation gain or loss on foreign exchange	(9,189,754,117)	9,357,932,645
Cash and cash equivalent at the beginning of the year	216,704,204,443	175,052,301,070
<b>Cash and cash equivalent at the end of the year (Note - 30)</b>	<b>224,456,295,645</b>	<b>216,704,204,443</b>

The above statement is to be read in conjunction with the notes 1 to 31.

.....  
(Manmohan Kumar Shrestha)  
Executive Director

.....  
(Yuba Raj Khatiwada)  
Governor

.....  
(.....)  
Auditor General

**Board of Directors :-**

As per our report of the even date

Rameshore Prasad Khanal

Dr. Parthibeshwar Prasad Timilsina

.....  
(J.B.Rajbhandary)  
Chartered Accountant  
Kathmandu

.....  
(B.K.Agarwal)  
Chartered Accountant  
Kathmandu

Dr. Bishwambher Pyakuryal

Shambhu Sharan Prasad Kayastha

Gopal Prasad Kaphe (Dy. Governor)

Maha Prasad Adhikari (Dy. Governor)

Date : 2067.9.25  
Place : Kathmandu

**NEPAL RASTRA BANK**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 32nd ASHADH, 2067 (16th JULY, 2010)**

NRs.

Particulars	Balance as at 31.03.2066	Amt.transferred from/(to) profit	Inter fund transfer / adjustments	Balance as at 32.03.2067
Capital	3,000,000,000	-	-	3,000,000,000
General Reserve	12,361,327,005	432,800,000	-	12,794,127,005
Monetary Liability Reserve	1,383,600,000	196,000,000	-	1,579,600,000
Exchange Equilisation Fund	19,093,366,052	(9,189,754,117)	-	9,903,611,935
Gold & Silver Equilisation Reserve	3,297,404,693	886,674,990	-	4,184,079,683
Grants assets reserve			656,648	656,648
Grameen Swabalamban Kosh	253,400,000		-	253,400,000
Other Reserve Funds	7,021,225,171	224,962,888	-	7,246,188,059
Secutiry Revaluation Fund	520,067,241	(520,067,241)	-	-
<b>Total</b>	<b>46,930,390,162</b>	<b>(7,969,383,480)</b>	<b>656,648</b>	<b>38,961,663,330</b>

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31st ASHADH, 2066 (15th JULY, 2009)**

NRs.

Particulars	Balance as at 31.03.2065	Amt.transferred from/(to) profit	Inter fund transfer / adjustments	Balance as at 31.03.2066
Capital	3,000,000,000	-	-	3,000,000,000
General Reserve	12,042,027,005	319,300,000	-	12,361,327,005
Monetary Liability Reserve	1,223,600,000	160,000,000	-	1,383,600,000
Exchange Equilisation Fund	9,735,433,407	9,357,932,645	-	19,093,366,052
Gold & Silver Equilisation Reserve	3,082,043,516	215,361,177	-	3,297,404,693
Grants assets reserve	-	-	-	-
Grameen Swabalamban Kosh	253,400,000	-	-	253,400,000
Other Reserve Funds	6,821,669,015	199,556,156	-	7,021,225,171
Security Revaluation Fund	268,256,276	251,810,964	-	520,067,241
<b>Total</b>	<b>36,426,429,219</b>	<b>10,503,960,943</b>	<b>-</b>	<b>46,930,390,162</b>

The above statement is to be read in conjunction with the notes 1 to 31.

.....  
(Manmohan Kumar Shrestha)  
Executive Director

.....  
(Yuba Raj Khatiwada)  
Governor

.....  
(.....)  
Auditor General

**Board of Directors :-**

As per our report of the even date

Rameshore Prasad Khanal

Dr. Parthibeshwar Prasad Timilsina

.....  
(J.B.Rajbhandary)  
Chartered Accountant  
Kathmandu

.....  
(B.K.Agarwal )  
Chartered Accountant  
Kathmandu

Dr. Bishwambher Pyakuryal

Shambhu Sharan Prasad Kayastha

Gopal Prasad Kaphle (Dy. Governor)

Maha Prasad Adhikari (Dy. Governor)

Date : 2067.9.25  
Place : Kathmandu

## Notes to be read as part of the Financial Statements

### 1. General information

These are the financial statements of Nepal Rastra Bank, the central bank of Nepal, incorporated under the NRB Act, 2012 repealed by NRB Act 2058 (2002 AD). In these financial statements Nepal Rastra Bank has been referred as “NRB” or the “Bank”.

The central office of the NRB is located at Baluwatar, Kathmandu, Nepal and the Bank’s jurisdiction is spread throughout Nepal.

The main activities of the Bank include:

- Formulating necessary monetary and foreign exchange policies.
- Issuing of currency.
- Promoting stability and liquidity required in banking and financial sector.
- Developing a secure, healthy and efficient system of payment.
- Regulating, inspecting, supervising and monitoring the banking and financial system.
- Promoting entire banking and financial system of Nepal.

These financial statements apply to the financial year ended 32nd Ashadh, 2067 (16<sup>th</sup> July, 2010).

The Board of Directors of the Bank has approved these financial statements on 25 Poush 2067 (January 9, 2011).

### 2. Summary of significant Accounting Policies

#### 2.1 Basis of preparation

These financial statements have been prepared in accordance with the Nepal Accounting Standards (NAS) as well as International Financial Reporting Standards (IFRS)/International Accounting Standards (IAS), with the exception of following:

Standards partly complied (pending certain improvements and refinements given hereinafter under respective paras):

IAS 1:	Presentation of Financial Statements
IAS 8:	Accounting Policies, Changes in Accounting Estimates and Errors.
IAS 16:	Property, Plant and Equipments
IAS 19:	Employee Benefits
IAS 32:	Financial Instruments presentation.
IAS 36:	Impairment of Assets
IAS 37:	Provisions, Contingent Liabilities and Contingent Assets
IAS 39:	Financial Instrument; Recognition and measurements
IFRS 5:	Non-current Assets held for sale and discontinued operation
IFRS 7:	Financial Instruments Disclosures.

#### 2.2 Accounting Convention

These financial statements have been prepared under historical cost except for certain items e.g. gold (other than inventory), certain investments shown hereunder specifically, which have been carried at revalued/fair value and amortized cost.

#### 2.3 Currency in circulation

Currency notes issued by the Bank are legal tender under the NRB Act 2058. This represents the liability of the Bank towards the holder of the currency note at its face value. The assets stated in Note 19 of these financial statements back these liabilities.

The Bank also issues coins of different denomination for circulation but such coins are not included in currency circulation liability of the bank. Since coins issued by NRB have not been treated as liability the bank has not been kept records of coins issue so far. Therefore, total coins circulation up to the current F/Y is not quantified.

#### 2.4 Financial assets / Instruments

Financial assets/instruments are segregated between foreign currency and local currency items to reflect more objective presentation of the bank’s financial position and performance.

## 2.4.1 Classification

### *Instruments at fair value through profit or loss*

Instruments at fair value through profit or loss are financial instruments either financial asset or financial liability that meets either of following conditions :

- a) It is classified as held for trading.
- b) Upon initial recognition it is designated by the entity as at fair value through profit or loss

### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They typically arise when the Bank provides loans; investment in debt instruments and deposits held in other banks with no intention of trading the receivable or making short-term profit and comprise loans and advances including bonds purchased at original issuance.

### *Held-to-maturity investments*

Held-to-maturity asset are financial assets with fixed or determinable payments and fixed maturity (e.g., debt securities) that the Bank has the positive intent and ability to hold till maturity. These include certain purchased loans and advances, certain debt instruments, and foreign treasury bills.

### *Available-for-sale financial assets*

All financial assets that are not classified in another category are classified as available-for-sale. These include investment in certain saving certificates, and investment in financial and other institutions.

## 2.4.2 Recognition

The Bank recognizes financial assets held for trading and available-for-sale assets on the date the asset is transferred to the Bank. Any gains and losses arising from changes in fair value of the assets such as gold are recognized.

Held-to-maturity assets and originated loans and receivables are recognized on the day the asset is acquired.

## 2.4.3 Measurement

All financial assets are initially recognized at cost, being the fair value of the consideration given and including acquisition charges. After initial recognition, subsequent measurement bases are described below.

Subsequent to initial recognition, Investment in Gold have been measured at fair value. and gains and losses are recognized in equity through income statement. Investment in instruments that do not have a quoted market price in an active market or fair value cannot be reliably measured are stated at cost, including transaction costs, less impairment losses. Gains and losses arising from a change in the fair value of trading instruments are recognized in the Income Statement. Investments in subsidiaries, associates and other entities made under the specific directives or policies of the government and other relevant statutes are also valued at cost less impairment loss.

All non-trading financial liabilities, loans and receivables including those originated by the Bank and held-to-maturity assets except BIS mid term instrument (MTI) and US Government Treasury Notes/Bonds, are measured at cost less impairment losses. BIS mid term instrument (MTI) and US Government Treasury Notes/Bonds are subsequently measured at amortized cost. Amortized cost is calculated on the original effective interest method.

## 2.4.4 Fair value

The fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties at an arm's length transaction.

Quoted market values represent fair value when a financial instrument is traded in an organized and liquid market. Where quoted market values are not available, the fair values are estimated by other techniques such as discounted cash flows etc.

## **2.4.5 De-recognition**

A financial asset is de-recognized when the Bank loses control over the contractual rights that comprise the asset. This occurs when the rights are realized, expire or surrendered. Financial liabilities are de-recognized when extinguished. Available-for-sale assets and assets held for trading are de-recognized when sold and corresponding receivables from the buyer for the payment are recognized when the asset is transferred to the buyer.

Held-to-maturity instruments and originated loans and receivables are de-recognized on receipt of money or money's worth there against.

## **2.5 Transactions on repurchase obligations (Repo) and reverse repo**

The Bank enters into transaction of repurchase (Repo) and reverse repo of securities at agreed rates for specified periods of time. These are recorded as follows:

- i) Securities sold under arrangements to repurchase recorded as investment in government securities. The obligation to repurchase is shown as liabilities for securities sold under agreement to repurchase and the difference between the sale and repurchase value is accrued on a pro rata basis and recorded as expense.
- ii) In case of purchase under resale obligations, the securities are recorded as loans at the purchase price and the difference between the purchase and resale price is accrued over the period and recorded as income.

## **2.6 Foreign Currency Transactions**

Income and expenditure denominated in foreign currency are translated into Nepalese Rupees on the basis of exchange rates prevailing on the value date. Assets and liabilities in foreign currency as at the year-end are converted into Nepalese Rupees on buying exchange rate prevailing on the balance sheet date. Exchange differences are taken to the Income Statement. An amount equivalent to the net exchange gain /loss during the year is transferred to/from 'Exchange Equalization Fund' through Income Statement.

## **2.7 Gold and Silver (other than inventory)**

Gold and Silver other than those held as inventory is stated at market value and any appreciation or depreciation with respect to the cost is taken to/from "Gold and Silver Equalization Reserve" through Income statement.

## **2.8 Gold and silver stock and other inventories**

Gold and silver stock and other inventories are carried at cost or net realizable value whichever is less. Cost for Gold and Silver is determined on the basis of specific identification of their individual cost (As per para 23 of IAS 2) where as for other inventories is determined under the Weighted average method. Other assets (store items) except dispensary stock, various coin/metal stocks as well as printed notes are charged directly to income statement from fiscal year 2064/065. Entire purchase of Items with non-durable nature as well as durable items costing per unit cost of NRs. Twenty five thousand or less are expensed through income statement at the time of purchase from F/y 2064/065. Inventory valuation method of other inventories has been changed from FIFO to weighted average method, which has resulted in decrease in the cost of issue of notes by Rs 1,283,035.81, increment in net income and closing inventory of the notes by the same amount. Valuation method has been changed since management considered weighted average method more accurately reflected inventory flow.

## **2.9 Property, Plant & Equipment**

Fixed assets are stated at cost less accumulated depreciation wherever applicable.

Depreciation is calculated using the straight-line method so as to "write off" these assets over their original expected useful life but life of these assets have not been reviewed in subsequent years.

Depreciation on additions is charged for the whole year, if the asset is put to use within first nine months of the accounting year. No depreciation is charged on the assets purchased and/or put to use in the later three months of the year. Similarly, no depreciation is charged in the year in which assets are deleted.

Fixed assets having value of NRs. Twenty five thousand or less (previously Rs. 1000 or less) are charged directly to expenses account of income statement from F/y 2064/065.

**2.9.1** Intangible assets includes software purchased by the bank. Softwares, useful life of which have been defined by terms of contract or conditions for use, have been classified as "software with defined useful life" and are amortized on straightline basis over the useful life of asset.

Softwares, useful life of which have not been clearly defined, are classified as "software with indefinite useful life". Since, Useful life of softwares is usually short due to technological obsolescence, "software with indefinite useful life" have been amortized on straightline basis over estimated useful life of ten years and five years respectively for business application softwares and other softwares.

## **2.10 Assets received in grant**

Grants or donation on account of capital expenditure are recorded as "grant assets" with corresponding credit to "grant assets reserve" under the head of Capital Reserve.

Nepal Rastra Bank has received assets in grant from the Financial Sector Technical Assistance Project Phase I and Financial Sector Restructuring Project (Phase II) in Financial years 2060/61, 2061/62, 2062/63, 2063/64 and 2066/67. Financial Sector Restructuring Project (Phase II) has already been closed in 2065/66. However, these assets were not booked in Nepal Rastra Bank's books of account till F.Y.2065/66, even though the assets were in use by NRB.

Assets received in grant includes Computer Equipments, Office Equipments and miscellaneous furniture. Assets which costs upto Rs25000/- has been classified as miscellaneous furniture.

Miscellaneous furniture up to Rs 25000/- acquired till F.Y.2065/66 amounting to Rs 6,32,929 are not adjusted in the financial statements of F.Y.2066/67. Miscellaneous furniture acquired in F.Y.2066/67 amounting to Rs1,09,582/- has been shown in income side as the grants received for expenses under non operating income and on the expenses side as Miscellaneous Furniture account in General administrative expenses and provisions in income statement.

Computer Equipments and Office equipments acquired till F.Y.2065/66 has been booked in F.Y.2066/67 Net of Depreciation amount chargeable for the earlier years, in which, assets have been used by NRB, with corresponding credit to the Grants assets reserves. Accordingly, Rs 2,15,174/- (Net of chargeable depreciation) has been shown in the computer equipments, Rs 61,022/- (Net of chargeable depreciation) has been shown in office equipments with corresponding credit amount of Rs 2,76,196/- shown in "grant assets reserve". Assets acquired in F.Y.2066/67 has been recorded as "grant assets" with corresponding credit to "grant assets reserve" under the head of Capital Reserve. Accordingly, Rs 5,84,891/- has been booked as Computer equipments and Rs 63,280/- has been booked as office equipments with corresponding credit of Rs 6,48,171/- to the capital reserve account. Depreciation of Rs 2,67,720/- for the F.Y.2066/67 has been shown as depreciation on the expenses side and reversal of grant assets reserve under the income side of income statement of F.Y. 2066/67.

Details of Assets acquired on grant/donation and depreciation chargeable over the years of use by Nepal Rastra Bank is given as under :

	Cost of assets acquired during the year				Chargeable Depreciation		
	Computer Equipments	Office equipments	Miscellaneous furniture	Total Rs	Computer Equipments	Office equipments	Total Rs
2060/61	0	0	169853	<b>169853</b>	0	0	<b>0</b>
2061/62	8174045	490501	411470	<b>9076016</b>	1634809	98100	<b>1732909</b>
2062/63	0	0	16157	<b>16157</b>	1634809	98100	<b>1732909</b>
2063/64	537880	152550	35449	<b>725879</b>	1742385	128610	<b>1870995</b>
2064/65	0	0	0	<b>0</b>	1742385	128610	<b>1870995</b>
2065/66	0	0	0	<b>0</b>	1742363	128608	<b>1870971</b>
2066/67	584891	63280	109582	<b>757753</b>	224554	43166	<b>267720</b>
<b>Total Rs</b>	<b>9296816</b>	<b>706331</b>	<b>742511</b>	<b>10745657</b>	<b>8721305</b>	<b>625194</b>	<b>9346499</b>

Grants received for training workshop and study tours amounting to Rs 1,75,01,045/- during the year has been shown as Travelling expenses in income statement and shown as Grants received for expenses in other operating Income of income statement.

## **2.11 Employee benefits**

### **Contributory Retirement Fund**

All permanent employees are entitled for participation in employee's provident fund (now Retirement Fund) wherein the employees contribute at various rates of their current drawn salaries. The bank contributes 10% of salary to this fund, which is separately administered as a defined contribution plan. The Bank's obligations for contributions to the above Fund are recognized as an expense in the income statement as incurred.

### **Gratuity and Pension Scheme**

Employees who have worked for five years or more but less than twenty years are eligible for gratuity, which is based on last drawn salary and completed years of service. Similarly employees having service period of twenty years or more are eligible for pension, which is based on last drawn salary and completed years of service.

Up to 15<sup>th</sup> July 2005 the bank had calculated Pension and Gratuity liability on reasonable estimates basis and recognized expense based on the same. Effective from that date the bank has actuarially valued its pension and gratuity liability for the first time and deficit amount in the fund has been provided on a straight-line basis over five years commencing from financial year 2004/2005 in accordance with the transitional provisions.

However, actuarial valuation of the Gratuity and pension scheme has been done for the liability as on 16th July 2010 and as per managerial decision deficit in the fund balance has been provided on straight line basis over three years. Accordingly, only one third of deficit amount in fund has been booked as expenses in financial year 2009/10. For details see other notes.

### **Welfare Provident Fund**

Certain amounts as prescribed by the Board are transferred to this fund, which is meant to be a defined benefit scheme for the welfare of the employees. Contributions by the Bank are expensed on actual incurrence.

### **Staff Medical Fund**

Employees are eligible for medical benefits based on the specified slabs as per medical rules, last drawn salary and completed years of service. This year incremental liability and previous year deferred amount has been provided for.

### **Staff Security Fund**

Actuarial valuation of the Staff security fund has been done for the liability as on 16th July 2010 and as per managerial decision, deficit in the fund balance has been provided on straight line basis over three years. Accordingly, only onethird of deficit amount in fund has been booked as expenses in financial year 2009/10. For details see other notes.

### **Leave encashment**

The Bank makes annual provision in respect of liability for employee's leave based on obligation dischargeable to employees at balance sheet date and considered it as short-term employee benefit.

## **2.12 Revenue recognition**

Incomes and expenses are recognized on accrual basis.

## **2.13 Taxation**

Income of the NRB is exempted from taxes under section 8 of the NRB Act, 2058 as well as Income Tax Act, 2058 and as such no provision in this respect has been made.

## **2.14 Cash and cash equivalents**

Cash includes cash at vault and agency bank account balances. Similarly cash equivalents include short-term, highly liquid investments maturing within 3 months from the balance sheet date and are readily convertible to cash, and are subject to an insignificant risk of changes in value.



### **2.15 Impairment**

Provision for the assets such as Numismatic and Medallion coins and Non-moving metals are made on as per the indication of impairment. An impairment loss is recognized in income statement whenever the carrying amount of an asset or a group of assets exceeds its recoverable amount. Provisions for possible losses on loans and advances have been provided on the basis of financial position of borrower and appropriate estimation made by the management. Receivables considered as bad and irrecoverable are written off from the books of account and directly charged to income statement. Provisions against impairment are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Changes in the provisions are recognized as income/expense in the income statement.

### **2.16 Segment reporting**

The Bank presents assets and liabilities, and their associated income and expense streams, by distinguishing between foreign currency and local currency. The Bank considers that this reporting approach provide appropriate segmental reporting of the Bank's activities.

### **2.17 Directors' responsibility statement**

The Board of Directors of the Bank is responsible for preparation of the annual financial statements and for the estimates and judgments used in them.

## NEPAL RASTRA BANK

### Notes forming part of the Balance Sheet.

#### NOTE - 3: CASH AND BANK BALANCES

	As on 32.3.2067 NRs.	As on 31.3.2066 NRs.
Cash in Hand	2,208,269,181	3,686,407,264
Balance with Banks in Demand Deposits	12,535,496,556	10,439,129,570
Asian Clearing Union	153,229,573	245,140,803
<b>Total</b>	<b>14,896,995,310</b>	<b>14,370,677,637</b>

#### NOTE - 3 a: INVESTMENTS

##### i. Treasury Bills

	As on 32.3.2067 NRs.	As on 31.3.2066 NRs.
US Government Treasury Bills	29,766,899,189	46,808,494,962
GOI Treasury Bills	38,971,668,698	18,048,356,730
<b>Sub -Total</b>	<b>68,738,567,887</b>	<b>64,856,851,692</b>

##### ii. Other

BIS investment pool series 'C'	-	4,461,328,041
US Government Treasury Notes/Bond	744,389,634	779,581,360
Investment in Mid Term Instrument	8,822,597,761	5,845,991,243
Investment in Fixbis	4,884,334,510	3,743,356,590
Investment in Repurchase Agreement (Repo)	18,840,991,083	15,745,392,000
Balance with Banks in Time Deposits	88,455,780,178	114,648,144,987
<b>Sub -Total</b>	<b>121,748,093,166</b>	<b>145,223,794,221</b>
<b>Total</b>	<b>190,486,661,053</b>	<b>210,080,645,913</b>

Investments in all of above instruments have been classified as held to maturity. However amortized cost of Time deposits, US Treasury Bill, Government Of India Treasury Bills, Investment in Fixbis and Repurchase agreements have not been subsequently measured at amortized cost using effective interest rate, which is insignificantly different from costs as maturity period of these instruments is less than six months.

Interest on time deposit (where ever applicable) were earned at various rates ranging from 0.05% to 2.15% per annum (P.Y. 0.05% to 3.91% per annum). Time deposits with banks are for the period less than six months.

#### NOTE - 4: INVESTMENTS IN GOVERNMENT SECURITIES

	As on 32.3.2067 NRs.	As on 31.3.2066 NRs.
Government Treasury Bills	29,926,489,463	22,546,249,079
Saving Certificates	2,895,474,000	1,909,256,000
Government Bond	5,200,745,941	4,800,357,503
Other Bonds and securities	-	-
<b>Total</b>	<b>38,022,709,404</b>	<b>29,255,862,582</b>

#### Above investments are classified as follows:

Originated Loans	29,926,489,463	22,546,249,079
Held-to-maturity	5,200,745,941	4,800,357,503
Available-for-sale	2,895,474,000	1,909,256,000
<b>Total</b>	<b>38,022,709,404</b>	<b>29,255,862,582</b>

1. Government Bond represent the bonds issued by GON in favour of Nepal Rastra Bank for the discharge of GON obligation to the IMF, which has been recognised by the Bank. These bonds are non- interest bearing.

## NEPAL RASTRA BANK

### Notes forming part of the Balance Sheet.

#### NOTE - 5: INVESTMENTS IN FINANCIAL AND OTHER INSTITUTIONS

	% of holding	As on 32.3.2067 NRs.	As on 31.3.2066 NRs.
<b>(a) Investment in shares of Subsidiaries</b>			
Sudur Pashchimanchal GBB	68.46	40,050,000	40,050,000
Agricultural Project Services Center	62.50	5,000,000	5,000,000
Rastriya Beema Sansthan - Life Insurance	55.56	1,000,000	1,000,000
<b>Sub-Total</b>		<b>46,050,000</b>	<b>46,050,000</b>
<b>(b) Investment in shares of Associates</b>			
Deposit & Credit Guarantee Corporation	29.29	20,500,000	20,500,000
Nepal Stock Exchange Ltd.	34.60	12,080,500	12,080,500
National Productivity and Economic Development	31.52	2,500,000	2,500,000
<b>Sub-Total</b>		<b>35,080,500</b>	<b>35,080,500</b>
<b>(c) Other Investments</b>			
<b>Shares:</b>			
CSI Development Bank	2.29	-	16,000,000
Rural Microfinance Development Centre	6.58	21,045,000	21,045,000
Pashchimanchal GBB	10.00	6,000,000	6,000,000
Nepal Development Bank	5.00	16,000,000	16,000,000
Credit Information Bureau	10.25	3,500,000	3,500,000
Citizen Investment Trust	20.01	10,000	10,000
Rural Self Reliance Fund (Seed Capital)		253,400,000	253,400,000
National Banking Training Centre	10.00	5,000,000	-
<b>Sub-Total</b>		<b>304,955,000</b>	<b>315,955,000</b>
<b>Total</b>		<b>386,085,500</b>	<b>397,085,500</b>
Less: Provision for diminution in the value		61,050,000	77,050,000
		<b>325,035,500</b>	<b>320,035,500</b>

**Investment in shares of all the above institutions have been recognised as "Available-for-sale".**

1. According to NRB Act 2058, NRB is not eligible to hold investment in share in excess of 10 percent of their share capital.
2. The Bank has already offloaded the investments in Rastriya Beema Sansthan (Non-Life Insurance), CSI Development Bank, Citizen Investment Trust, Madhyamanchal Gramin Bikas Bank (GBB) and Madhya Paschimanchal Gramin Bikas Bank and is still offloading all those investments/ loans that are in excess of limit prescribed by section 7(2)(a) of NRB Act 2058.
3. The investment in Grameen Bikas Banks (GBB) were initially made for the development of rural banking and now the bank has off loaded the holding in these institutions except in Sudur Pashchimanchal GBB .
4. Investment in Rastriya Beema Sansthan (Life-Insurance): NRB has received 41,667 Bonus Shares of Rs. 100 each in this investment which makes total shareholding of NRB 51,667 shares.
5. NRB has received 133400 bonus shares of Rs 100 each for Financial Years 2062/63, 2063/64 and 2064/65 with which NRB has total 133500 shares in its possession with market value of Rs70755000/- (Rs530/- per share as per quoted price on Ashadh 32, 2067) of Citizen Investment Trust.
6. NRB has received 172008 bonus shares of Rs 100 each on Investment in Deposit Insurance and Credit Guarantee Corporation (DICGC ) which makes total Shareholding of 377008 shares
7. Nepal Development Bank is in process of liquidation.

## NEPAL RASTRA BANK

### Notes forming part of the Balance Sheet.

#### NOTE - 6: OTHER INVESTMENTS

##### Investment of funds

Fixed deposits with commercial banks

**Total**

As on 32.3.2067 NRs.	As on 31.3.2066 NRs.
9,689,100,000	4,934,769,000
<b>9,689,100,000</b>	<b>4,934,769,000</b>

The above investments have been recognised and valued as "Held-to-maturity".

The above investments are earmarked against employees funds, development related and other funds of the bank.

Interest earned on investments related to the employees funds (other than gratuity, pension and staff security fund) are credited to the respective funds.

#### NOTE - 7: REFINANCE AND LOANS

Refinance to Commercial Banks

Securities purchased under resale agreement

Refinance to Financial Institutions

Loans to Employees

Less: Provision for doubtful Loans

**Total**

As on 32.3.2067 NRs.	As on 31.3.2066 NRs.
2,758,251,000	-
2,025,000,000	-
603,247,869	97,737,379
2,738,964,241	2,320,394,002
<b>8,125,463,110</b>	<b>2,418,131,381</b>
13,297,869	90,737,379
<b>8,112,165,241</b>	<b>2,327,394,002</b>

Interest on refinance and loans were earned at various rates ranging from 1.5% to 7.5% per annum (P.Y. 1.50% to 6.5% per annum).

**NEPAL RASTRA BANK**

**Notes forming part of the Balance Sheet.**

**NOTE - 8: OTHER RECEIVABLE**

		<b>As on 32.3.2067</b>	<b>As on 31.3.2066</b>
		<b>NRs.</b>	<b>NRs.</b>
Interest Accrued	1,023,002,568		
Less: Provision for doubtful amounts	-	1,023,002,568	546,678,942
Deposits		1,813,026	1,918,260
Advances Recoverable	1,343,065,368		
Less: Provision for doubtful amounts	-	1,343,065,368	1,638,945,451
Other recoverable		23,113,850	19,040,921
Bills Purchased		794,515,391	1,133,560,829
<b>Total</b>		<b>3,185,510,203</b>	<b>3,340,144,403</b>

**NOTE - 9: GOLD & SILVER STOCK**

		<b>As on 32.3.2067</b>	<b>As on 31.3.2066</b>
		<b>NRs.</b>	<b>NRs.</b>
Gold held in Stock		251,921,632	268,271,597
Silver held in Stock		46,262,898	44,026,433
<b>Total Gold and silver stock</b>		<b>298,184,530</b>	<b>312,298,030</b>

**NOTE - 10: OTHER INVENTORIES**

		<b>As on 32.3.2067</b>	<b>As on 31.3.2066</b>
		<b>NRs.</b>	<b>NRs.</b>
Security Note Stock		480,534,035	69,101,465
Coin Stock		108,806,619	232,337,223
Numismatic and Medallion coins	39,299,105		
Less: Provision for non-moving coins	22,465,793	16,833,312	18,264,001
Other Metal Stock	24,890,629		
Less: Provision for non-moving stock	8,716,000	16,174,629	16,432,141
Dispensory stock	283,927		
Less: Provision for non-moving items	-	283,927	312,761
<b>Total Inventories</b>		<b>622,632,522</b>	<b>336,447,591</b>

**NEPAL RASTRA BANK**  
Notes forming part of the Balance Sheet

**NOTE - 11a.: STATEMENT OF PROPERTY, PLANT & EQUIPMENT**

(NRs.)

Particulars	Rate	Cost					Depreciation					Net Block	
		As at 31 Ashadh 2066	Transfer from other Office	Addition during the year	Adjustment / Transfer	As at 32Ashadh 2067	Upto 31 Ashadh 2066	Transfer from other Office	Current Year Depreciation	Adjustment / Transfer	Upto 32 Ashadh 2067	As at 32 Ashadh 2067	As at 31 Ashadh 2066
Land		31,334,553	-	14,686	-	31,349,239	-	-	-	-	-	31,349,239	31,334,553
Building	3	550,491,283	-	3,687,647	(72,392)	554,106,538	151,680,874	-	16,313,241	(66,883)	167,927,232	386,179,306	398,810,409
Furniture and Fixture	10	52,866,358	-	1,438,925	(2,482,829)	51,822,455	41,420,457	-	3,181,293	(2,474,280)	42,127,470	9,694,984	11,445,900
Office Equipment	20	77,708,641	-	8,080,544	(3,226,542)	82,562,644	66,984,326	-	4,689,762	(3,226,520)	68,447,568	14,115,076	10,724,315
Vehicles	20	184,692,167	8,734,749	25,926,000	(42,243,788)	177,109,128	141,740,508	3,377,400	15,998,675	(32,956,616)	128,159,967	48,949,161	42,951,659
Machinery Equipment	15	63,017,882	-	-	(112,500)	62,905,382	59,761,824	-	865,654	(112,497)	60,514,981	2,390,401	3,256,059
Computer Equipments	20	118,004,823	239,447	11,509,068	(8,549,749)	121,203,589	92,971,496	-	10,075,169	(7,410,128)	95,636,537	25,567,052	25,033,328
Miscellaneous	15	4,730,266	-	-	-	4,730,266	3,671,703	-	260,766	-	3,932,469	797,796	1,058,563
<b>Total</b>		<b>1,082,845,973</b>	<b>8,974,196</b>	<b>50,656,871</b>	<b>(56,687,799)</b>	<b>1,085,789,241</b>	<b>558,231,188</b>	<b>3,377,400</b>	<b>51,384,560</b>	<b>(46,246,924)</b>	<b>566,746,224</b>	<b>519,043,017</b>	<b>524,614,786</b>
Capital Work-in-Progress		8,315,437	-	-	(4,949,496)	3,365,942	-	-	-	-	-	3,365,942	8,315,436
<b>Grand Total</b>		<b>1,091,161,410</b>	<b>8,974,196</b>	<b>50,656,871</b>	<b>(61,637,295)</b>	<b>1,089,155,183</b>	<b>558,231,188</b>	<b>3,377,400</b>	<b>51,384,560</b>	<b>(46,246,924)</b>	<b>566,746,224</b>	<b>522,408,959</b>	<b>532,930,222</b>
Previous Year		1,068,050,415	178,540	84,074,357	(61,141,902)	1,091,161,410	522,579,443	-	52,504,673	(16,852,928)	558,231,188	532,930,222	

**NOTE - 11b.: INTANGIBLE ASSETS (COMPUTER SOFTWARE)**

(NRs.)

Particulars	Rate	Cost					Amortization					Net Block	
		As at 31 Ashadh 2066	Transfer from other Office	Addition during the year	Adjustment / Transfer	As at 32Ashadh 2067	Upto 31 Ashadh 2066	Transfer from other Office	Current Year Amortization	Adjustment / Transfer	Upto 32 Ashadh 2067	As at 32 Ashadh 2067	As at 31 Ashadh 2066
Software with Defined useful life		1,055,741		2,571,976		3,627,717	476,484		1,217,078		1,693,562	1,934,154	579,257
Software with indefinite useful life						-	-	-	-	-	-	-	-
- Business application softwares	10					-					-		-
- Other softwares	20	3,288,653				3,288,653	1,360,965		219,204		1,580,169	1,708,484	1,927,688
<b>Grand Total</b>		<b>4,344,394</b>	<b>-</b>	<b>2,571,976</b>		<b>6,916,370</b>	<b>1,837,449</b>	<b>-</b>	<b>1,436,283</b>	<b>-</b>	<b>3,273,732</b>	<b>3,642,638</b>	<b>2,506,945</b>
Previous Year		1,776,638		2,567,756		4,344,394	854,750		982,699		1,837,449	2,506,945	-

**Note 11c Assets received in grant**

Particulars	Rate	Cost					Amortization					Net Block	
		As at 31 Ashadh 2066	Transfer from other Office	Addition during the year	Adjustment / Transfer	As at 32Ashadh 2067	Upto 31 Ashadh 2066	Transfer from other Office	Current Year Amortization	Adjustment / Transfer	Upto 32 Ashadh 2067	As at 32 Ashadh 2067	As at 31 Ashadh 2066
Office Equipment	20	0		63280	643051	706,331			43166	582028.0	625194	81,137	
Computer Equipments	20	0		584891	8711925	9,296,816			224554	8496751	8721305	575,511	
<b>Grand Total</b>		<b>0</b>	<b>0</b>	<b>648171</b>	<b>9354976</b>	<b>10003147</b>	<b>0</b>	<b>0</b>	<b>267720</b>	<b>9078779</b>	<b>9346499</b>	<b>656648</b>	<b>0</b>
Previous Year		0	0	0	0	0	0	0	0	0	0	0	0

**NEPAL RASTRA BANK**

**Notes forming part of the Balance Sheet.**

**NOTE - 12: PROJECTS ASSETS: \***

(Amount in NRs.)

Assets	MCPW	TLDP	PCRW	PAPWT	RMP	TOTAL
Current account	1000581	52540	4430548	248514	0	5732183
	(2716715)	(780644)	(7383201)	(12648956)	0	(23529516)
Imprest Account	0	0		0		0
	0	0		0		0
Investment in fixed deposit	106790755	142424902	36846815	60433991	0	346496463
	(118711247)	(141697482)	(37000000)	(45776000)	0	(343184729)
Investment in GON bonds	0	0		0		0
	0	0		0		0
Loans to Banks, FIs, and NGOs	0	2255180	62182883	37312192	0	101750255
		(2255180)	(72172575)	(46325032)	0	(120752787)
Fixed assets	0	0	0	0	0	0
	0	0	0	0		0
Interest receivables	1243388	3170560	692640	684096	0	5790684
	(998287)	(1495424)	(852249)	(1256871)	0	(4602831)
Principal (Instalment) receivables	0	0		0	0	0
	0	0	0	0	0	0
Expenses not written off	1328513	0	0	0	0	1328513
	(1594215)	0	0	0	0	(1594215)
<b>Current Year Total</b>	<b>110363237</b>	<b>147903182</b>	<b>104152886</b>	<b>98678793</b>	<b>0</b>	<b>461098098</b>
<b>Previous Year Total</b>	<b>(124020464)</b>	<b>(146228730)</b>	<b>(117408025)</b>	<b>(106006859)</b>	<b>0</b>	<b>(493664078)</b>

\*These figures have been taken from financial statements of the projects. These projects are run by NRB under separate subsidiary loan agreements signed by the NRB with GON.

Figures in brackets represent the corresponding figures of the previous year.

MCPW = Micro Credit Project for Women

TLDP = Third Livestock Development Project

PCRW = Production Credit for Rural Women

PAPWT = Poverty Alleviation Project for Western Tarai

RMP = Rural Microcredit Project

**NEPAL RASTRA BANK**

**Notes forming part of the Balance Sheet**

**NOTE - 13: DEPOSIT FROM BANKS AND OTHER AGENCIES**

Deposit from Banks
Foreign Diplomatic Missions and other agencies
<b>Total</b>

As on 32.3.2067	As on 31.3.2066
NRs.	NRs.
693,362,979	901,678,981
48,197,357	3,244,503
<b>741,560,336</b>	<b>904,923,484</b>

**NOTE - 14: IMF RELATED LIABILITIES**

SDR Allocation
Loan under Poverty Reduction and Growth Facility (PRGF)
Loan under Rapid Credit Facility
<b>Total</b>

As on 32.3.2067	As on 31.3.2066
NRs.	NRs.
7,700,430,257	986,816,134
5,319,999,648	5,988,861,559
3,224,927,520	
<b>16,245,357,425</b>	<b>6,975,677,693</b>

The Bank transacts with IMF as an agent of the government in respect of quota where in case of SDRs, Loans etc from them it transacts in its own right. The IMF revalues quota at the end of April every year and gains or losses arising from such revaluation relating to quota are borne by government. In case of other transactions such gain/losses are borne by NRB. The Basic policies followed by the NRB on such accounts are as follows:

- (1) country's quota with the IMF is recorded by the NRB as depository of the Government and exchange gain/loss arising on quota are borne by government.
- (2) exchange gains or losses in respect of borrowings under PRGF and other facilities of the IMF, allocation of SDRs and holding of SDRs are recognized in the Income Statement.



THE POSITION OF THE IMFASSETS AND LIABILITIES

SUMMARY STATEMENT OF POSITION AS ON APRIL 30, 2010

Particlars	Local Currency	SDR Equivalents
<b>Currency Holding</b>		
Securities (Quota subscription by GON)	2,318,061,941	21,529,904
No. 1 Account	6,245,424,510	58,006,816
No. 2 Account	312,427	2,902
Valuation adjustments:		
Securities and No. 1 Account	(888,167,926)	(8,249,206)
No. 2 Account	(32,408)	(301)
<b>Total Currency Holdings</b>	<b>7,675,598,545</b>	<b>71,290,115</b>
	Per cent	
	of Quota	
Quota	100.00	71,300,000
Currency Holding	99.99	71,290,115
Reserve Tranche Position	0.02	12,486
1. Converted into SDR at the rate of SDR 0.009287890000 per currency unit .		

SUMMARY STATEMENT OF POSITION AS ON APRIL 30, 2009

Particlars	Local Currency	SDR Equivalents
<b>Currency Holding</b>		
Securities (Quota subscription by GON)	2,318,061,941	19,296,915
No. 1 Account	5,149,454,845	42,867,100
No. 2 Account	1,138,956	9,481
Valuation adjustments:		
Securities and No. 1 Account	1,097,469,665	9,135,985
No. 2 Account	167,456	1,394
<b>Total Currency Holdings</b>	<b>8,566,292,863</b>	<b>71,310,875</b>
	Per cent	
	of Quota	
Quota	100.00	71,300,000
Currency Holding	100.02	71,310,875
Reserve Tranche Position	-	-
1. Converted into SDR at the rate of SDR .008324590000 per currency unit .		

SUMMARY STATEMENT OF POSITION AS ON JULY 16, 2010

Particlars	Local Currency	SDR Equivalents
<b>Currency Holding</b>		
Securities (Quota subscription by GON)	2,318,061,941	21,529,904
No. 1 Account	5,357,256,584	49,757,610
No. 2 Account	280,019	2,601
Valuation adjustments:		
Securities and No. 1 Account		
No. 2 Account		
<b>Total Currency Holdings</b>	<b>7,675,598,545</b>	<b>71,290,115</b>
	Per cent	
	of Quota	
Quota	100.00	71,300,000
Currency Holding	99.99	71,290,115
Reserve Tranche Position	0.02	12,486
1. Converted into SDR at the rate of SDR 0.009287890000 per currency unit.		

SUMMARY STATEMENT OF POSITION AS ON JULY 15, 2009

Particlars	Local Currency	SDR Equivalents
<b>Currency Holding</b>		
Securities (Quota subscription by GON)	2,318,061,941	19,296,915
No. 1 Account	5,149,454,845	42,867,100
No. 2 Account	1,138,956	9,481
Valuation adjustments:		
Securities and No. 1 Account	1,097,469,665	9,135,985
No. 2 Account	167,456	1,394
<b>Total Currency Holdings</b>	<b>8,566,292,863</b>	<b>71,310,875</b>
	Per cent	
	of Quota	
Quota	100.00	71,300,000
Currency Holding	100.02	71,310,875
Reserve Tranche Position	-	-
1. Converted into SDR at the rate of SDR 0.008324590000 per currency unit.		

## NEPAL RASTRA BANK

### Notes forming part of the Balance Sheet

#### NOTE - 15: OTHER LIABILITIES

	As on 32.3.2067 NRs.	As on 31.3.2066 NRs.
Accrued Interest	7,899,401	2,373,545
Asian Clearing Union	-	-
<b>Total</b>	<b>7,899,401</b>	<b>2,373,545</b>

#### NOTE - 16: DEPOSIT AND OTHER BALANCES

	As on 32.3.2067 NRs.	As on 31.3.2066 NRs.
Balances of GON	-	-
Deposits from Banks and Financial Institutions	58,396,668,188	62,813,904,955
Balances of Other Institutions	3,138,927,211	3,129,473,058
IMF Account No 1	5,357,242,334	5,149,440,595
IMF Account No 2	294,269	1,153,206
Earnest Money	927,679	1,276,741
Money Changer	8,328,000	8,587,500
Margin against LCs	1,486,525,490	2,573,087,104
<b>Total</b>	<b>68,388,913,171</b>	<b>73,676,923,159</b>

Balances of Banks and Financial institutions also include the Cash Reserve Ratio (CRR) required to be maintained by commercial banks. Balances of Other Institutions include deposit of government corporations, companies and local authorities etc.

#### NOTE - 17: STAFF LIABILITIES

	As on 32.3.2067 NRs.	As on 31.3.2066 NRs.
Medical Fund	476,418,173	747,292,581
Welfare Provident Fund	243,376,376	199,642,765
Gratuity and Pension Fund	2,485,026,827	1,592,656,666
Staff Security Fund	731,958,805	705,032,468
Liability for Staff Leave Encashment	460,137,302	426,602,250
Liability for Retired staff insurance premium	59,715,565	81,885,385
Other payable to staff	38,843,802	34,195,347
<b>Total</b>	<b>4,495,476,850</b>	<b>3,787,307,462</b>

#### NOTE - 18: OTHER PAYABLES

	As on 32.3.2067 NRs.	As on 31.3.2066 NRs.
Insurance Premium collected from Staff	1,311,908,622	1,229,562,336
Less: Advance Insurance Premium paid on behalf of Staff	(1,114,026,542)	(1,023,370,767)
<b>Total</b>	<b>197,882,080</b>	<b>206,191,569</b>

## NEPAL RASTRA BANK

### Notes forming part of the Balance Sheet

**NOTE -19: CURRENCY IN CIRCULATION**

Currency in Circulation

As on 32.3.2067 NRs.	As on 31.3.2066 NRs.
161,300,000,000	141,210,000,000

Currency in circulation represents notes issued by NRB, as a sole currency issuing authority in Nepal, which includes cash in hand NRs 3,75,61,91,628(P.Y. NRs. 1,82,48,59,620 ).

The liability for notes in circulation is recorded at face value in the balance sheet. These liabilities are supported by assets including foreign currency, foreign securities and government securities as follows :

Foreign currency balance held abroad

Foreign Securities

Government Securities

As on 32.3.2067 NRs.	As on 31.3.2066 NRs.
141,520,568,000	111,430,568,000
15,607,732,000	25,607,732,000
4,171,700,000	4,171,700,000
<b>161,300,000,000</b>	<b>141,210,000,000</b>

The amount of currency note issued by the bank and in circulation at the balance sheet date are as follows:

**Denomination**

**Notes**

1  
2  
5  
10  
20  
25  
50  
100  
250  
500  
1000

As on 32.3.2067 Face Value (NRs.)	As on 31.3.2066 Face Value (NRs.)
31,500,000	166,564,157
64,800,000	200,270,208
233,500,000	904,291,035
528,700,000	1,216,549,940
531,200,000	1,487,015,360
387,700,000	88,317,875
3,236,900,000	2,549,817,500
9,403,800,000	9,735,589,300
109,000,000	81,818,375
40,863,400,000	33,631,384,250
105,909,500,000	91,148,382,000
<b>161,300,000,000</b>	<b>141,210,000,000</b>

**NEPAL RASTRA BANK**

**Notes forming part of the Balance Sheet**

<b>NOTE - 20: SUNDRY LIABILITIES</b>		<b>As on 32.3.2067</b>	<b>As on 31.3.2066</b>
		<b>NRs.</b>	<b>NRs.</b>
Sundry creditors		2,693,751,291	1,305,494,806
Unclaimed		2,078,431	4,530,273
Bills Collection	70,434,795		28,946,268
Less: Bills Lodged	<u>(70,434,795)</u>	-	<u>(28,946,268)</u>
Pension Payable to NRB Ex-Staff		118,877,455	105,148,925
General Account	<b>19b</b>	677,248,199	1,964,437,218
Note Kosh account	<b>19c</b>	314,400,000	43,587,000
<b>Total</b>		<u><b>3,806,355,376</b></u>	<u><b>3,423,198,222</b></u>

Note :General account includes Payorder balance of Rs 87,36,298.86(P.Y.2.08,22,127.58) and debit balance in MBL Non Operative Account of Rs 61517.32.

<b>NOTE - 21: PROJECTS LIABILITIES: *</b>	<b>(Amount in NRs.)</b>					
<b>Liabilities</b>	<b>MCPW</b>	<b>TLDP</b>	<b>PCRW</b>	<b>PAPWT</b>	<b>RMP</b>	<b>TOTAL</b>
Loans from IFAD/ADB	103,704,865	135,600,000	93,837,177	94,900,000	-	428,042,042
	(115,905,437)	(141,250,000)	(105,566,824)	(102,200,000)	-	(464,922,261)
ADB grants	-	-	-	-	-	-
Exchange fluctuation account	-	-	-	-	-	-
Split interest reserve	-	-	4,233,489	-	-	4,233,489
	-	-	(4,233,489)	-	-	(4,233,489)
Sundry Payables	534,274	16,226	641,331	15,750	-	1,207,581
	(591,777)	(12,726)	(716,029)	(18,860)	-	(1,339,392)
Provisions	-	2,255,180	1,872,834	373,122	-	4,501,136
	-	(2,255,180)	(1,872,834)	-	-	(4,128,014)
Profit to be transferred to NRB	6,124,098	10,031,776	3,568,055	3,389,921	-	23,113,850
	(7,523,250)	(2,710,823)	(5,018,850)	(3,787,999)	-	(19,040,922)
<b>Current Year Total</b>	<b>110,363,237</b>	<b>147,903,182</b>	<b>104,152,886</b>	<b>98,678,793</b>	<b>-</b>	<b>461,098,098</b>
<b>Previous Year Total</b>	<b>(124,020,464)</b>	<b>(146,228,730)</b>	<b>(117,408,025)</b>	<b>(106,006,859)</b>	<b>-</b>	<b>(493,664,078)</b>

\*These figures have been taken from financial statements of the projects. These projects are run by NRB under separate subsidiary loan agreements signed by the NRB with GON.

Figures in brackets represent the corresponding figures of the previous year.

MCPW = Micro Credit Project for Women

TLDP = Third Livestock Development Project

PCRW = Production Credit for Rural Women

PAPWT = Poverty Alleviation Project for Western Tarai

RMP = Rural Microcredit Project

19b. NRB general account represents NRB inter-office transactions, and the year end balances are under reconciliation.

19c Note Kosh account represents NRB interoffice transactions pending for settlement on Ashadh 32, 2067, and have been settled in F.Y.2067/68.

**NEPAL RASTRA BANK**

**Notes forming part of the Balance Sheet**

**NOTE - 22: RESERVES**

	As on 32.3.2067 NRs.	As on 31.3.2066 NRs.
<b>Capital Reserve:</b>		
Gold and Silver Equalization Reserve	4,184,079,683	3,297,404,693
Grants assets reserve	656,648	0
<b>Statutory Reserve:</b>		
General Reserve	12,794,127,004	12,361,327,004
Monetary Liabilites Reserve	1,579,600,000	1,383,600,000
<b>Exchange Equalization Fund</b>	9,903,611,935	19,093,366,052
<b>Other Reserves and Funds:</b>		
Development Fund	4,835,503,358	4,695,222,054
Banking Development Fund	527,087,319	527,087,319
Development Finance Project Mob. Fund	129,428,163	106,328,163
Liquidity Stabilization fund	20,000,000	2,500,000
Mechanisation Fund	91,316,414	91,316,414
Scholarship Fund	61,594,504	61,594,504
Mint Development Fund	547,712,943	547,712,943
Employees Welfare Fund	-	-
Gold Replacement Fund	1,033,545,359	989,463,775
Rural Self Reliance Fund (GS Kosh)	253,400,000	253,400,000
<b>Securities Revaluation Fund</b>	0	520,067,241
<b>Total Reserves and Funds</b>	<b>35,961,663,330</b>	<b>43,930,390,162</b>

1 Reserves/ Funds other than capital reserve ( gold and silver equilization reserve and Grants assets reserve) represent appropriation out of the profits, which are statutory or specific in nature. All the specific funds / reserve are created with the approval of the Board.

2 **Gold and Silver Equalization Reserve**

This represents the gain or loss on the revaluation of gold and silver. Any appreciation or depreciaton on revaluation of gold and silver is taken to/from this reserve through income statement.

3 **Exchange Equilization Fund**

Represents net exchange gains on various foreign currency assets and liabilities. An amount equivalent to net exchange gain/loss is appropriated from/to income statement and adjusted in the opening balance of such reserve.

4 **General reserve**

Under Section 41 (kha) of the NRB Act, 2058, the NRB has to transfer to the general reserve fund not less than 10 percent of the net profit every year, which has been complied with.

5 **Monetary Liabilites Reserve**

Under Section 41 (ka) of the NRB Act, 2058, the Bank is required to maintain a monetary liability reserve to meet its financial liability. Accordingly, five percent of the net profit is transferred to this reserve.

6 **Development Fund**

Specific fund created in order to provide support for loans and refinances to banks and Financial Institutions as well as to make investment in the shares and debentures of these Institutions.

7 **Banking Development Fund:**

This fund was created to meet the expenses relating to feasibility survey to open new banks in the priority area, to provide interest free loans to such banks, to compensate the losses incurred by those banks for specified period and expenses relating to banking promotion, work-shops and seminars.

8 **Development Finance Project Mobilization Fund**

This fund was created as a cushion to meet the probable loss on project loan. An amount equivalent to the projects' profits are appropriated and transferred to this fund.

- 9 **Mechanization Fund**  
This fund was created to meet the amount required to develop and install modern software, hardware and allied mechanization system.
- 10 **Scholarship Fund**  
This fund was created to meet the amount required for the development of skilled manpower by way of providing training and higher studies to the employees of the Bank.
- 11 **Mint Development Fund**  
This fund was created to meet the heavy capital expenditure required for construction of factory building and installation of machinery for minting activities.
- 12 **Employees welfare fund**  
This fund was created in FY 2015/16 for the welfare of the employees who have suffered financial and other losses due to unprecedented events and any other reasons.
- 13 **Gold Replacement Fund**  
This fund has been created for replacing the gold / silver sold during the year.
- 14 **Rural Self Reliance Fund (GS Kosh)**  
This fund was created as per the NRB Monetary Policy to meet the fund required for long term refinancing in tea, cardamom plantation and production as well as construction of cold storage etc.
- 15 **Securities Revaluation Fund**  
This fund was created in FY 2063/64. It represents unrealized gain on fair valuation of investment in securities. Any gain/loss on fair valuation of investment in securities is taken to/from this fund through income statement.
- 16 **Grants assets reserve**  
This reserve represents assets received in grant with corresponding effect in fixed assets. Equivalent amount of depreciation charged on these assets is transferred to income from this reserve.

**NEPAL RASTRA BANK**

**Notes forming part of the Balance Sheet**

**NOTE - 23a : Movement of Provisions.**

Particulars	As on 31.3.2066 NRs 1	Addition 2	Adjustments 3	Payment/ Writeback 4	As on 32.3.2067 NRs. 5=1+2+3-4
Leave encashment	426,602,250	107,246,843	(73,711,790.66)		460,137,302
Gratuity and Pension Fund	1,592,656,666	1,164,372,517	5,071,748	277,074,105	2,485,026,827
Staff Security Fund	705,032,468	125,354,156	(98,427,819)		731,958,805
Medical Fund	746,343,097	182,829,800		453,430,070	475,742,827
Diminution in value of investment	77,050,000			16,000,000	61,050,000
Provision for doubtful loans	90,737,379			77,439,510	13,297,869
Nuismatic and Medallion Coins	22,465,793	-		-	22,465,793
Provision for non moving metal stock	8,716,000	-		-	8,716,000
<b>Total</b>	<b>3,669,603,653</b>	<b>1,579,803,316</b>	<b>(167,067,862)</b>	<b>823,943,685</b>	<b>4,258,395,422</b>

## NEPAL RASTRA BANK

### Notes forming part of the Balance Sheet

#### NOTE - 23b: Contingent Liabilities and Commitments

	As on 32.3.2067 NRs.	As on 31.3.2066 NRs.
Letters of Credit	-	107,051,296
Guarantees Issued	-	3,063,825
Claims not acknowledged as debt	155,370	67,110
Other	114,214,409	14,371,094
<b>Total</b>	<b>114,369,779</b>	<b>124,553,325</b>

- Contingent liabilities in respect of Letter of Credit (L/C) are determined on the basis of LCs remaining unexpired at the Balance sheet date after adjusting therefrom the margin retained by the bank. Accordingly Total Letter of Credit of Rs 3,29,93,12,736.75 was outstanding at Asar 32, 2067 for which 100 percent margin has been retained by the bank. In addition to above, Letter of Credit opened for various projects of Nepal Government for which grants is received from various donor agencies, liability of such letter of credit is met directly by the donor agencies, hence it is not shown as contingent liabilities of the bank.
- 1
  - 2 Claims not acknowledged as debt consist of legal and other claims pending against the Bank as at 32nd Ashadh, 2067. No provision on such claims have been made, as the Bank is of the opinion that it is unlikely that any significant liabilities with respect to these will arise.
  - 3 Contingent liability in respect of possible payment of Rs. 14,371,094 to obtain ownership on 50 % land having total area of 1-15-7-2 bigha where janakpur office is situated is included in the head 'other' .
  - 4 Contingent liabilities in respect of Unclaimed Creditors amount of Rs 99,843,315 transferred to Income is included in head others.

#### NOTE - 23c: Contingent Assets

	As on 32.3.2067 NRs.	As on 31.3.2066 NRs.
Land where Janakpur office is situated.	14,371,094	14,371,094
<b>Total</b>	<b>14,371,094</b>	<b>14,371,094</b>

- 1 This contingent asset is in respect of possible ownership of 50 % of land where janakpur office is situated. The land has total area of 1-15-7-2 . bigha and Nepal Rastra Bank may require to pay Rs.14,371,094 to obtain remaining 50% ownership of the land.



## NEPAL RASTRA BANK

### Notes forming part of the Income Statement

#### NOTE - 24: INTEREST INCOME

##### Foreign Currency Financial Assets

Treasury bills & Deposits

3,202,275,367

4,465,336,306

SDR Holding & Asian Clearing Union

16,741,297

11,767,701

**Interest income from Foreign Currency Financial Assets**

**3,219,016,664**

**4,477,104,007**

##### Local Currency Financial Assets

Government Securities

62,604,355

29,900,956

Investment in financial and other institutions

3,262,281,288

1,492,586,901

Overdraft to Government

406,207,389

43,423,842

Loans and Refinance

20,571,486

13,657,004

**Interest income from Local Currency Financial Assets**

**3,751,664,518**

**1,579,568,703**

**Total interest income from financial assets**

**6,970,681,182**

**6,056,672,710**

#### NOTE - 25: COMMISSION INCOME

##### Foreign Currency Financial Assets

On Currency exchange

363,649,585

311,117,876

##### Local Currency Financial Assets

Government transaction & Other services

4,808,469

4,217,594

**Total Commission income from financial assets**

**368,458,054**

**315,335,470**

#### NOTE - 26: INTEREST EXPENSES

##### Foreign Currency Financial Liabilities

SDR Allocation & PRGF Loan

32,722,933

41,443,694

Others

237,498

-

**Sub Total**

**32,960,431**

**41,443,694**

##### Local Currency Financial Liabilities

Government Securities

61,713,970

172,458,274

**Sub Total**

**61,713,970**

**172,458,274**

**Total Interest Expense on Financial Liabilities**

**94,674,401**

**213,901,967**

#### NOTE - 27: AGENCY AND SERVICE CHARGE

##### Foreign Currency Liabilities

Service Charge

-

-

Commission

5,782,910

5,148,289

**Sub Total**

**5,782,910**

**5,148,289**

##### Local Currency Liabilities

Agency Expenses

578,524,781

583,759,774

**Sub Total**

**578,524,781**

**583,759,774**

**Total Agency and Service Charge**

**584,307,691**

**588,908,063**

Agency Expenses includes agency commission paid to the following banks for operating government accounts.

Nepal Bank Ltd.

211,585,856

211,585,856

Rastriya Banijya Bank

324,580,741

324,580,741

Nepal Bangladesh Bank

4,886,689

4,886,689

Everest Bank Ltd

5,027,468

5,027,468

**Total**

**546,080,754**

**546,080,754**

## NEPAL RASTRA BANK

### Notes forming part of the Income Instatement

#### NOTE - 28: OTHER OPERATING INCOME

	2066-67 NRs.	2065-66 NRs.
Income from Mint (Sale of coin)	146,675,075	173,400,227
Gain from sale of precious metals and coins	78,543,770	73,507,873
Fine/Penalty charge	40,807,679	9,296,725
Profit from sale of investments	125,973,592	-
Dividend Income	2,799,237	3,468,350
Provision on Investment written back (Net)	16,000,000	19,219,000
Provision on Loans & Advances written back (Net)	77,439,510	151,376,131
Interest suspense written back (Net)	3,297,869	
Project income <span style="float: right;">28a</span>	37,676,571	26,123,234
Provision no longer required written back		
Grants assets reserve	267,720	
Grants received for expenses	17,610,627	-
Miscellaneous	78,936,920	90,218,534
<b>Total</b>	<b>626,028,570</b>	<b>546,610,074</b>

28 a. Income from Projects account run by Micro Finance Department are as follows:

(Amount in NRs.)

Income	MCPW	TLDP	PCRW	PAPWT	RMP	TOTAL
Interest income	9,719,457	15,630,276	5,547,546	6,779,292		37,676,571
	(7,591,375)	(8,643,327)	(4,426,171)	(5,462,361)		(26,123,234)
Other income	-	-	-	-		
<b>Current Year Total</b>	<b>9,719,457</b>	<b>15,630,276</b>	<b>5,547,546</b>	<b>6,779,293</b>	-	<b>37,676,571</b>
<b>Previous Year Total</b>	<b>(7,591,375)</b>	<b>(8,643,327)</b>	<b>(4,426,171)</b>	<b>(5,462,361)</b>	-	<b>(26,123,234)</b>

Figures in brackets represent the corresponding figures of the previous year.

**NEPAL RASTRA BANK**  
Notes forming part of the Income Statement

**NOTE - 29: GENERAL, ADMINISTRATIVE EXPENSES & PROVISIONS**

		2066-67 NRs.	2065-66 NRs.
Staff Costs	<b>29a</b>	2,676,414,208	1,958,369,876
Depreciation and amortization		53,534,495	53,487,372
Directors Fees and Expenses		2,556,687	1,960,262
Note Printing charges	<b>29b</b>	424,005,536	243,068,023
Mint Expenses		142,466,196	265,663,913
Security charges		18,503,842	18,503,842
Remittance charges		78,359,989	72,066,732
Travelling expenses		86,449,604	70,593,210
Insurance charges		60,297,230	47,247,357
Repair & Maintenance		13,887,078	9,760,475
Provisions on loans & advances, Investments, etc.	<b>29c</b>	5,689,003	3,523,976
Project expenses	<b>29e</b>	14,562,721	17,491,785
Miscellaneous	<b>29d</b>	178,033,054	159,688,204
<b>Total</b>		<b>3,754,759,643</b>	<b>2,921,425,027</b>

**29a Staff Costs**

	2066-67 NRs.	2065-66 NRs.
Salary	358,199,074	327,056,289
Allowances	402,163,357	405,100,175
Provident Fund Contribution	35,477,855	32,727,231
Staff Welfare (Including Medical fund contribution)	320,244,958	328,679,552
Staff Welfare Provident Fund	200,000,000	160,000,000
Pension & Gratuity Fund	1,164,372,517	320,803,476
Staff Security Fund	125,354,156	313,374,257
Others	70,602,291	70,628,896
<b>Total</b>	<b>2,676,414,208</b>	<b>1,958,369,876</b>

All leave compensations are included in the allowances.

29b Unissued currency stocks are recorded as inventory at the cost of acquisition and expensed when issued.

**29c Provision on loans & advances, Investments, etc.**

	2066-67 NRs.	2065-66 NRs.
Provision for retired Staff Insurance Premium	5,689,003	3,523,723
Provision for Inventory & Spare Parts	-	253
<b>Total</b>	<b>5,689,003</b>	<b>3,523,976</b>

**29d Miscellaneous Expenses**

	2066-67 NRs.	2065-66 NRs.
Banking Promotion	6,291,835	10,598,115
Audit Fees and Expenses	1,119,824	966,980
Sundry balances written off	10,423,869	-
Others	160,197,526	148,123,109
<b>Total</b>	<b>178,033,054</b>	<b>159,688,204</b>

## 29e Expenses from Projects account run by Micro Finance Department are as follows:

(Amount in NRs.)

Expenses	MCPW	TLDP	PCRW	PAPWT	RMP	TOTAL
Interest IFAD	-	-	1,974,491	3,011,250	-	4,985,741
	-	-	(2,209,084)	(3,230,250)	-	(5,439,334)
Interest ADB	3,324,656	5,593,500	-	-	-	8,918,156
	(3,690,673)	(5,819,500)	-	-	-	(9,510,173)
Audit Fee	3,500	3,500	3,500	3,500	-	14,000
	(3,500)	(3,500)	(3,500)	(3,500)	-	(14,000)
Meeting, training and others	1,500	1,500	1,500	1,500	-	6,000
	(1,500)	(1,500)	(1,500)	(2,896)	-	(7,396)
Depreciation	265,702	-	-	-	-	265,702
	(265,702)	(2,255,180)	-	-	-	(2,520,882)
Loan loss provision and other provisions	-	-	-	373,122	-	373,122
	-	-	-	-	-	-
Profit transferred to NRB Central Office	6,124,098	10,031,776	3,568,055	3,389,921	-	23,113,850
	(3,629,999)	(563,647)	(2,212,087)	(2,225,715)	-	(8,631,449)
(Loss transferred to ADB grants)	-	-	-	-	-	-
	-	-	-	-	-	-
<b>Current Year Total</b>	<b>9,719,456</b>	<b>15,630,276</b>	<b>5,547,546</b>	<b>6,779,293</b>	<b>-</b>	<b>37,676,571</b>
<b>Previous Year Total</b>	<b>(7,591,374)</b>	<b>(8,643,327)</b>	<b>(4,426,171)</b>	<b>(5,462,361)</b>	<b>-</b>	<b>(26,123,233)</b>

Figures in brackets represent the corresponding figures of the previous year.

**NOTE - 30: CASH AND CASH EQUIVALENT**

	2066-67	2065-66
Foreign currency cash and bank balance	16,964,757,310	15,330,232,637
Foreign currency time deposits	88,455,780,178	114,648,144,987
Local currency in hand	3,756,191,628	1,824,859,620
SDR holdings	7,042,007,705	555,366,917
Investment in Treasury Bills/Notes	84,512,233,231	64,856,851,692
Investment in Fixbis	4,884,334,510	3,743,356,590
Investment in repurchase agreement (Repo)	18,840,991,083	15,745,392,000
<b>Total</b>	<b>224,456,295,645</b>	<b>216,704,204,443</b>

## NOTE - 31: OTHER NOTES

### I. Financial Year

The financial statements relate to the financial year i.e. 1st Shrawon 2066 to 32nd Ashadh 2067 corresponding to Gregorian calendar 16th July 2009 to 16th July 2010. The previous year was 1st Shrawon 2065 to 31 Ashadh 2066 (16th July 2008 to 15th July 2009). The corresponding information presented in the financial statements for the previous year has been rearranged and reclassified, wherever necessary, in order to facilitate comparison.

### II. Currency of Presentation

All amounts in Nepalese Rupees (NRs.) are rounded to nearest rupees, unless otherwise stated.

### III. Capital

Capital includes NRs. 2,990 million transferred from General Reserve.

### IV. Bills payable and Bills Receivable

The Bank carries out the function of repayment of government securities and interest thereon on behalf of the GON. Bills Payable primarily represents the year-end un-disbursed or unadjusted amount of payments received from GON in respect of interest / repayment liabilities of such securities. The year-end balance of Bills Purchased represents the amounts paid by the Bank to the security holders but the corresponding claim adjustment with Bills Payable is pending.

### V. Quantity and market value of gold and silver

The quantity and market value of gold and silver including those held as inventory are as follows (market value based on closing rate prevailing on last working day of the bank's financial year in London Market):

Particulars	Weight (Kg, gm, mg)	Market Price (NRs.) Per Grams.	Total Market Value (NRs.)
Gold	1456.057.075	2888.715	4,206,133,922
	(1,456.057.075)	(2279.759)	(3,319,458,932)
Gold held in Stock	2952.420.75	2888.715	8,528,702,106
	(2959.853.100)	(2279.759)	(6,747,751,743)
Silver held in Stock	134355.273.502	43.677	5,734,394,044
	(135440.765.302)	(32.170)	(4,357,129,420)
<b>Current Year Total</b>			<b>18,469,230,072</b>
<b>Previous Year Total</b>			<b>(14,424,340,095)</b>

Figures in bracket represent the corresponding figures of the previous year.

### VI. Year end exchange rates

The year-end exchange rates for major currencies considered for realignment of foreign currency assets and liabilities were as follows:

S.No.	Currency	32nd Ashadh 2067	31st Ashadh 2066
1	US Dollar	74.44	78.05
2	Sterling Pound	113.71	126.78
3	Euro	94.79	109.07
4	Swiss Frank	70.63	71.99
5	Australian Dollar	65.34	61.28
6	SDR	113.07	121.76

NRs.

### VII. NRB general account

NRB general account represents NRB inter-office transactions and balances under reconciliation of the entries in progress.

## **VIII. Unclaimed account**

Unclaimed account represents amount that remained unclaimed and outstanding for more than two years in sundry creditors being transferred to unclaimed account as per policy of Nepal Rastra Bank. Amount transferred from sundry creditors to Unclaimed account during F.Y.2066/67 is Rs 1,804,941.35(P.Y.137,593.71) .

Amount outstanding for more than three years in unclaimed account is transferred to miscellaneous income in Profit and loss account. Amount transferred from unclaimed account to miscellaneous income during F.Y.2066/67 in Profit and Loss account is Rs 4,256,783.59(P.Y.12,313.47).

## **IX. Consolidation of Subsidiaries**

The Bank's investments in three entities as mentioned in Note 5 (a) are in excess of 50% of the capital of those entities. These investments have been made under the specific directives or policies of the Government and other relevant statutes.

The management of the Bank as such does not exercise significant influence or control over these entities except for any regulatory purposes.

With regard to consolidation of accounts, International Accounting Standard (IAS) 27 para 10 states that a parent need not present consolidated financial statements if and only if:

(a) the parent is itself a wholly-owned subsidiary, or is a partially- owned subsidiary of another entity and its other owners, including those not otherwise entitled to vote, have been informed about, and do not object to the parent not presenting consolidated financial statements.

(b) the parent's debt or equity instruments are not traded in public market ( a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets,.

(c) the parent did not file, nor is it in the process of filing, its financial statements with a securities commission or other regulatory organization for the purpose of issuing any class of instrument in a public market, and

(d) the ultimate or any intermediate parent of the parent produces consolidated financial statements available for public use that comply with International Financial Reporting Standards.

Keeping in view above facts Nepal Rastra Bank has not prepared consolidated accounts as for these subsidiaries.

## **X. Related Parties**

### **i. Government:**

In the normal course of its operations, the Bank enters into transactions with related parties. Related Parties include GON; as ultimate owner of the Bank, various Government Departments and state controlled enterprises/entities.

Transactions entered into with GON include:

- (a) Acting as the fiscal agent and financial advisor of the government;
- (b) Acting as the agent of government or its agencies and institutions, provide guarantees, participate in loans to government and related institutions;
- (c) Acting as agent of government, the Bank issues securities of government, purchases unsubscribe portion of any issue and amounts set aside for the Bank;
- (d) Acting as the agent of government, the Bank manages public debt and foreign reserves.

The Bank doesn't ordinarily collect any commission, fees or other charges for services, which it renders, to the government or related entities except where agreement has stated otherwise.

### **ii. Financial and other institutions:**

The Bank does not exercise significant influence or control over its subsidiaries, associates and other entities except for any regulatory purposes where substantial investments have been made. These subsidiaries, associates and other entities are incorporated under relevant act of Government of Nepal and are carrying out the business activities in domestic market only. These investments have been made under the specific directives or policies of the Government and other relevant statutes. Investments made in these entities along with percentage of holdings have been disclosed in Note 5. There are no any transactions of bank with its subsidiaries, associates and other entities. Banks investment in its subsidiaries, associates and other entities along with respective provision for diminution in value of such investment are as under.

S. No.	Financial and Other Institutions	NRB's Investment At Cost Rs.	Provision Made up to F/Y 065-66 Rs.	Provision/ (Write Back) F/Y 066-67 Rs	Provision Up to F/Y 066-67 Rs.
<b>a. Investment in share of Subsidiaries</b>					
1	Sudur Pashchimanchal GBB	40,050,000.00	40,050,000.00	-	40,050,000.00
2.	Agriculture Project Service Centre	5,000,000.00	5,000,000.00	-	5,000,000.00
3.	Rastriya Bima Sansthan-Life insurance	1,000,000.00	-	-	-
<b>b. Investment in share of Associates</b>					
1	Deposit & Credit Guarantee Corporation	20,500,000.00			
2	Nepal Stock Exchange Ltd.	12,080,500.00			
3	National Productivity and Economic Development	2,500,000.00			
<b>c. Other Investments:</b>					
1	CSI Development Bank	-	16,000,000.00	( 16,000,000.00)	-
2	Rural Microfinance Development Centre	21,045,000.00	-	-	-
3	Pashchimanchal GBB	6,000,000.00			
4	Nepal Bikash Bank	16,000,000.00	16,000,000.00	-	16,000,000.00
5	Credit Information Bureau	3,500,000.00			
6	Citizen Investment Trust	10,000.00			
7	Rural Self Reliance Fund (Seed Capital)	253,400,000.00			
8.	National Bankers Training Centre	5000,000.00			
	<b>Total</b>	<b>386,085,500.00</b>	<b>77,050,000.00</b>	<b>(16,000,000.00)</b>	<b>61,050,000.00</b>

### iii. Key Management Personnel:

S.No.	Name of the Key Management Personnel	Designation
1.	Yuba Raj Khatiwada	Governor
2.	Bir Bikram Rayamajhi	Deputy Governor
3.	Sushil Ram Mathema	Executive Director
4.	Gopal Prasad Kafle	Executive Director
5.	Ravindra Prasad Pandey	Executive Director
6.	Lila Prakash Sitaula	Executive Director
7.	Ashwini Kumar Thakur	Executive Director
8.	Bishnu Nepal	Executive Director
9.	Gokul Ram Thapa	Executive Director
10.	Ramjee Regmi	Executive Director
11.	Bhaskar Mani Gyawali	Executive Director
12.	Manmohan Kumar Shrestha	Executive Director
13.	Lok Bahadur Khadka	Executive Director
14.	Pradeep Raj Pandey	Executive Director
15.	Hari Prasad Kaphle	Executive Director
16.	Sidhi Krishna Joshi	Executive Director
17.	Maha Prasad Adhikari	Executive Director

Salary and related expenses to key management personnel are NRs. 12,136,320 ( previous year – NRs14,024,634). As at 16th July 2010 an amount of NRs. 23,804,847(Previous year – NRs. 14, 283,350) was receivable from key managerial personnel as approved loan and advances made by the Bank at the same standard rate of interest with that of other loan and advances provided to employees.

There were no other related-party transactions with Key Management Personnel; transactions, if any, with director-related or key management personnel –related entities which occurred in the normal course of NRB's operations were conducted on terms no more favorable than similar transactions with other customers.

The above information has been compiled to the extent ascertainable and available from the records of the Bank.

### XI. Prior Year Adjustment

This includes adjustments relating to amount reversed from liabilities towards some ex-employees and other revenue expenses not booked in previous years.

## XII. Risk Management

The Bank is primarily subject to interest rate risk, credit risk, foreign currency risk and liquidity risk. Nepal Rastra Bank, being the central bank of the country, is largely instrumental in policy related matters, and accordingly the risk management framework differs from the risk management framework for most other financial institutions. The key risk from the Bank's prospective includes risk on foreign currency assets and interest rate risk on the foreign and local currency assets.

**Interest Rate Risk:** Interest rate risk is the risk that the value of financial assets will fluctuate due to change in market interest rate. The Bank's exposure to interest rate risks and the maturities of assets and liabilities are provided in **Table 1** annexed. The Bank has kept substantial investments on short-term loans thereby controlling the interest rate risk to significant extent.

**Credit Risk:** Credit risks in relation to a financial instrument is the risk that one party fails to discharge an obligation in accordance with agreed terms and cause the other party to incur a financial loss. The credit risk in the bank's foreign exchange reserve is monitored and reviewed by using credit limits based on credit ratings by international rating agency viz. Standard & Poor credit ratings. Under Standard & Poor credit ratings, AAA is the highest quality rating possible and indicates that the entity has an extremely strong capacity to pay interest and principal; AA is the high grade rating, indicating a strong capacity, and A is an upper medium grade indicating a strong capacity; BBB is the lowest investment grade, indicating a medium capacity to pay interest and principal. Ratings lower than AAA can be modified by + or – signs to indicate relative standing within the major categories. NR indicates the entity/issuer has not been rated. The concentration of credit risk of the Bank's foreign exchange reserve is provided in **Table 2** annexed.

**Foreign Currency Risk:** Currency risk is the risk, where the value of financial instruments will fluctuate due to changes in foreign exchange rates. Foreign currency activities result mainly from the Bank's holding of foreign currency assets under its foreign exchange reserves management function. The investment committee reviews the currency composition of the reserve and monitors the Bank's compliance with the limits established for foreign currency positions by the board.

**Liquidity Risk:** Liquidity risks are the risks that the Bank will encounter difficulty in raising funds to meet commitments associated with the financial instruments. In order to control liquidity risk, the bank has maintained sufficient balance in the current account with the other central banks and investment in very high liquid securities.

## XIII. Concentration of funding

The details of year-end concentration of funding are provided in **Table 3** annexed.

## XIV. Fair values

The carrying value of agency bank balances, investments in foreign currency Treasury bills, other held for trading/available for sale investments, Deposits and other balances are considered to approximate their fair value. The cost of investment in US Government Treasury Notes/Bonds and US Treasury Bills along with its' fair value are as under.

NRs.		
Name of Instruments	Cost of Investment As on 32.3.2067	Fair Value As on 32.3.2067
US Government Treasury Notes/Bonds	* 744,389,634.00	7,445,861,000.00
US Government Treasury Bills	29,766,899,188.00	29,771,223,073.54

NRs.		
Name of Instruments	Cost of Investment As on 31.3.2066	Fair Value As on 31.3.2066
US Government Treasury Notes/Bonds	* 779,581,360.09	796,231,953.13
US Government Treasury Bills	46,808,494,961.55	47,616,289,553.88

\* Cost of US Government Treasury Notes/Bonds represents amortized cost.

## XV. Disclosure of obligation under pension and gratuity.

Before 2004/05, liability under pension and gratuity of employees would be provided for on the basis of best estimation made by management. During the financial year 2004/05 the liability of Rs 2,269,949,046 was determined for the first time based on actuarial valuation and deficit in the gratuity and pension fund has been provided for on straight-line basis over the period of 5 years commencing from fiscal year 2004/05 till fiscal year 2008/09.



During financial year 2009/10 actuarial valuation of liability on account of pension and gratuity fund has been made for the second time. Accordingly, total liability of Rs 4,813,771,862/- has been determined. one third of Deficit amount in the Gratuity and pension fund has been transferred to the fund and rest will be transferred in fiscal year 2067/68 and 2068/69 on proportionate basis. The status is reflected from under mentioned table.

NRs.

Present value of liability as on 16th July 2010	Liability as per books as on 16th July 2010	Total Deficit	Recognized in F.Y.2009/10	To be provided upto F.Y. 2011/12
4,813,771,862	1,320,654,310	3,493,117,552	1,164,372,517.33	2,328,745,034.67

#### XVI. Disclosure of obligation under Staff security fund.

During financial year 2009/10 actuarial valuation of liability on account of Staff security fund has been made for the first time. Accordingly, total liability of Rs 982,667,117/- has been determined. One third of Deficit amount in the Staff security fund has been transferred to the fund and rest will be transferred in fiscal year 2067/68 and 2068/69 on proportionate basis. The status is reflected from under mentioned table.

NRs.

Present value of liability as on 16th July 2010	Liability as per books as on 16th July 2010	Total Deficit	Recognized in F.Y.2009/10	To be provided upto F.Y. 2011/12
982,667,117	606,604,648	376,062,469	125,354,156.33	250,708,312.67

#### XVII. Gold and Silver

i. Gold (other than inventory) till the financial year 2060/61 was valued at a price revalued in year 2043. In terms of the board resolution dated 2062/09/18 the said gold has been valued at price prevailing in London Bullion Market at the close of the year. Increase in value thereof amounting to Rs. Rs 886,674,990.39 has been taken to "Gold and Silver Equalizations Reserve" through Income Statement..

ii. An amount of Rs 44,081,584 has been appropriated from the Income Statement and kept in "Gold Replacement Fund" for replacing the Gold/Silver sold during the year (out of reserves).

#### XVIII Projects' Asset and Liability

The total Asset and Liability of projects run by Nepal Rastra Bank (NRB) under separate subsidiary loan agreement signed by the NRB with Nepal Government would be netted off under Note.20 Sundry Liabilities. Likewise, income and expenses of projects used to be incorporated in financial statement on net basis until F/y 2062/063. From F/y 2063/64, the asset, liability, income and expenses of projects are incorporated in financial statement without netting it off. Separate disclosure of individual asset, liability, income and expenses of projects are made in notes to the account.

#### XIX. Number of employees

<u>2067 Ashadh</u>	<u>2066 Ashadh</u>
1446	1465

#### XX. Events occurred after Balance Sheet Date

i. The exchange rate of Nepalese currency vis-à-vis some of the foreign currencies has largely changed after the balance sheet date. The change in exchange rate of NRs. vis-à-vis major other currencies are depicted hereunder:

NRs.

S.No.	Currency	25th Poush 2067	32nd Ashadh 2067	Increase / (decrease)	Estimated Financial Statements Impact
1	US Dollar	72.30	74.44	-2.14	-2,833,156,919
2	Sterling Pound	111.58	113.71	-2.13	-9,982,943
3	Euro	93.90	94.79	-0.89	-4,413,136
4	Swiss Frank	75.00	70.63	4.37	10,573,504
5	Australian Dollar	71.76	65.34	6.42	33,018,881
5	Canadian Dollar	72.33	71.88	0.45	906,610
6	Japanese Yen	0.866	0.845	0.02	61,245,297
7	SDR	110.345	113.07	-2.72	220,491,206
	Total				<b>-2,521,317,500</b>

This change in exchange rate results in decrease in net foreign currency assets, exchange equalization fund and Net profit/(loss) for the period of the bank. The decrease is estimated to be around Rs 2,521,317,500/- in each head.

- ii. Gold prices have also largely changed after the balance sheet date. The change price of the gold and silver with its estimated financial impact are shown below:

NRs.					
S.No.	Particular	25th Poush 2067	32 <sup>st</sup> Ashadh 2067	Increase / (decrease)	Estimated Financial Statements Impact
1	Gold per gram	3181.076	2,888.715	292.361	425,695,539

The change in price results in increase in foreign currency financial assets (Gold), Reserve (Gold and Silver equalization Reserve) and Net profit/(loss) for the period of the bank. The impact is estimated to be around Rs 425,695,539 in each head.

- iii. In addition to above, there was no material event occurred subsequent to the balance sheet date that requires adjustments or disclosure in the financial statements.

NEPAL RASTRA BANK

Table 1 : Interest Rate Risk and Maturity Profile (Foreign Currency)

Particulars	Weighted Average Interest Rate %	2009-10 Total NRs.	Upto 6 Months NRs.	6 to 12 Months NRs.	Above 12 Months NRs.
<b>Interest Sensitive Foreign Currency Financial Assets</b>					
Cash and Bank Balance	1.34	14,896,995,310	14,896,995,310	-	-
Investment in Foreign Currency	1.92	190,486,661,053	185,384,295,263	-	5,102,365,790
IMF Related Assets	0.31	7,042,007,705	7,042,007,705	-	-
<b>Total Interest Sensitive Foreign Currency Financial Assets</b>	<b>A</b>	<b>212,425,664,068</b>	<b>207,323,298,278</b>	<b>0</b>	<b>5,102,365,790</b>
<b>Non Interest Sensitive Foreign Currency Financial Assets</b>					
Other Receivable		295,175,848	295,175,848	-	-
Other Securities		0	-	-	0
<b>Total Non Interest Sensitive Foreign Currency Financial Assets</b>		<b>295,175,848</b>	<b>295,175,848</b>	<b>-</b>	<b>0</b>
<b>Total Foreign Currency Financial Assets</b>	<b>B</b>	<b>212,720,839,917</b>	<b>207,618,474,127</b>	<b>0</b>	<b>5,102,365,790</b>
<b>Interest Sensitive Foreign Currency Financial Liabilities</b>					
IMF Related Liabilities	0.31	16,245,357,425	7,700,430,257	-	8,544,927,168
Asian Clearing Union		-	-	-	-
<b>Total Interest Sensitive Foreign Currency Financial Liabilities</b>	<b>C</b>	<b>16,245,357,425</b>	<b>7,700,430,257</b>	<b>-</b>	<b>8,544,927,168</b>
<b>Non Interest Sensitive Foreign Currency Financial Liabilities</b>					
Deposit from banks and other agencies		741,560,335	741,560,335	-	-
IMF Related Liabilities		-	-	-	-
Other Liabilities		7,899,401	7,899,401	-	-
<b>Total Non Interest Sensitive Foreign Currency Financial Liabilities</b>		<b>749,459,736</b>	<b>749,459,735</b>	<b>-</b>	<b>-</b>
<b>Total Foreign Currency Financial Liabilities</b>	<b>D</b>	<b>16,994,817,161</b>	<b>8,449,889,992</b>	<b>-</b>	<b>8,544,927,168</b>
<b>Foreign Currency Interest Rate Sensitivity Gap (A-C)</b>		<b>196,180,306,644</b>	<b>199,622,868,022</b>	<b>0</b>	<b>(3,442,561,378)</b>
<b>Total Gap (B-D)</b>		<b>195,726,022,756</b>	<b>199,168,584,135</b>	<b>0</b>	<b>(3,442,561,378)</b>

Comparative Figure as on 15 July 2009 of Table 1 : Interest Rate Risk and Maturity Profile (Foreign Currency)

Particulars	Weighted Average Interest Rate %	2008-09 Total NRs.	Upto 6 Months NRs.	6 to 12 Months NRs.	Above 12 Months NRs.
<b>Interest Sensitive Foreign Currency Financial Assets</b>					
Cash and Bank Balance	1.55	129,018,822,624	129,018,822,624	-	-
Investment in Foreign Currency	2.04	90,971,172,884	86,294,096,544	-	4,677,076,341
IMF Related Assets	0.42	555,366,917	555,366,917	-	-
<b>Total Interest Sensitive Foreign Currency Financial Assets</b>	<b>A</b>	<b>220,545,362,425</b>	<b>215,868,286,085</b>	<b>0</b>	<b>4,677,076,341</b>
<b>Non Interest Sensitive Foreign Currency Financial Assets</b>					
Other Receivable		419,083,326	419,083,326	-	-
Other Securities		4,461,328,042	-	-	4,461,328,042
<b>Total Non Interest Sensitive Foreign Currency Financial Assets</b>		<b>4,880,411,368</b>	<b>419,083,326</b>	<b>0</b>	<b>4,461,328,042</b>
<b>Total Foreign Currency Financial Assets</b>	<b>B</b>	<b>225,425,773,793</b>	<b>216,287,369,411</b>	<b>0</b>	<b>9,138,404,383</b>
<b>Interest Sensitive Foreign Currency Financial Liabilities</b>					
IMF Related Liabilities	0.49	6,975,677,693	986,816,134	-	5,988,861,559
Asian Clearing Union		0	-	-	-
<b>Total Interest Sensitive Foreign Currency Financial Liabilities</b>	<b>C</b>	<b>6,975,677,693</b>	<b>986,816,134</b>	<b>0</b>	<b>5,988,861,559</b>
<b>Non Interest Sensitive Foreign Currency Financial Liabilities</b>					
Deposit from banks and other agencies		904,923,484	904,923,484	-	-
IMF Related Liabilities		0	-	-	-
Other Liabilities		2,373,545	2,373,545	-	-
<b>Total Non Interest Sensitive Foreign Currency Financial Liabilities</b>		<b>907,297,029</b>	<b>907,297,029</b>	<b>-</b>	<b>-</b>
<b>Total Foreign Currency Financial Liabilities</b>	<b>D</b>	<b>7,882,974,721</b>	<b>1,894,113,162</b>	<b>0</b>	<b>5,988,861,559</b>
<b>Foreign Currency Interest Rate Sensitivity Gap (A-C)</b>		<b>213,569,684,732</b>	<b>214,881,469,951</b>	<b>0</b>	<b>(1,311,785,218)</b>
<b>Total Gap (B-D)</b>		<b>217,542,799,072</b>	<b>214,393,256,249</b>	<b>0</b>	<b>3,149,542,824</b>

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Table 1: Interest Rate Risk and Maturity Profile (Local Currency)

Particulars	Weighted Average Interest Rate %	2009-10 Total NRs.	Upto 6 Months NRs.	6 to 12 Months NRs.	Above 12 Months NRs.
<b>Interest Sensitive Local Currency Financial Assets</b>					
Investment in Government Securities	6.79	32,821,963,463	15,870,360,460	14,401,607,003	2,549,996,000
GON Overdraft		16,711,491,611	16,711,491,611	-	-
Other Investments	13.05	9,689,100,000	3,185,400,000	4,268,700,000	2,235,000,000
Refinance & Loans	7.59	5,373,201,000	5,373,201,000	-	-
<b>Total Interest Sensitive Local Currency Financial Assets</b>	<b>E</b>	<b>64,595,756,074</b>	<b>41,140,453,071</b>	<b>18,670,307,003</b>	<b>4,784,996,000</b>
<b>Non Interest Sensitive Local Currency Financial Assets</b>					
Cash in Hand		3,756,191,628	3,756,191,628	-	-
Investment in Government Securities		5,200,745,941	33,438,402	296,256,497	487,105,104.3
Investment in Financial & Other Institutions		325,035,500	-	-	325,035,500
Refinance & Loans (Loans to employees)		2,738,964,241	-	-	2,738,964,241
Other Receivables		3,185,510,202	3,185,510,202	-	-
<b>Total Non Interest Sensitive Local Currency Financial Assets</b>		<b>15,206,447,514</b>	<b>6,975,140,232</b>	<b>296,256,497</b>	<b>7,935,050,785</b>
<b>Total Local Currency Financial Assets</b>	<b>F</b>	<b>79,802,203,587</b>	<b>48,115,593,303</b>	<b>18,966,563,500</b>	<b>12,720,046,785</b>
<b>Interest Sensitive Local Currency Financial Liabilities</b>					
<b>Total Interest Sensitive Local Currency Financial Liabilities</b>	<b>G</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Non Interest Sensitive Local Currency Financial Liabilities</b>					
Deposit and Other Balances		68,388,913,171	68,388,913,171	-	-
Bills Payable		921,594,753	921,594,753	-	-
Staff Liabilities		4,495,476,850	-	-	4,495,476,850
Other Payables		197,882,080	197,882,080	-	-
<b>Total Non Interest Sensitive Local Currency Financial Liabilities</b>		<b>74,003,866,854</b>	<b>69,508,390,004</b>	<b>-</b>	<b>4,495,476,850</b>
<b>Total Local Currency Financial Liabilities</b>	<b>H</b>	<b>74,003,866,854</b>	<b>69,508,390,004</b>	<b>-</b>	<b>4,495,476,850</b>
<b>Local Currency Interest Rate Sensitivity Gap (E-G)</b>		<b>64,595,756,074</b>	<b>41,140,453,071</b>	<b>18,670,307,003</b>	<b>4,784,996,000</b>
<b>Total Gap (F-H)</b>		<b>5,798,336,733</b>	<b>(21,392,796,701)</b>	<b>18,966,563,500</b>	<b>8,224,569,935</b>

Comparative Figure as on 15 July 2009 of Table 1: Interest Rate Risk and Maturity Profile (Local Currency)

Particulars	Weighted Average Interest Rate %	2008-09 Total NRs.	Upto 6 Months NRs.	6 to 12 Months NRs.	Above 12 Months NRs.
<b>Interest Sensitive Local Currency Financial Assets</b>					
Investment in Government Securities	5.12	24,455,505,079	14,650,354,746	8,374,906,333	1,430,244,000
GON Overdraft		8,835,795,125	8,835,795,125	-	-
Other Investments	9.15	4,934,769,000	1,331,905,000	3,602,864,000	-
Refinance & Loans	6.09	7,000,000	7,000,000	-	-
<b>Total Interest Sensitive Local Currency Financial Assets</b>	<b>E</b>	<b>38,233,069,204</b>	<b>24,825,054,871</b>	<b>11,977,770,333</b>	<b>1,430,244,000</b>
<b>Non Interest Sensitive Local Currency Financial Assets</b>					
Cash in Hand		1,824,859,620	1,824,859,620	-	-
Investment in Government Securities		4,800,357,504	3,694,769,593	-	1,105,587,911
Investment in Financial & Other Institutions		320,035,500	-	-	320,035,500
Refinance & Loans (Loans to employees)		2,320,394,002	-	-	2,320,394,002
Other Receivables		3,340,144,403	3,340,144,403	-	-
<b>Total Non Interest Sensitive Local Currency Financial Assets</b>		<b>12,605,791,029</b>	<b>8,859,773,616</b>	<b>-</b>	<b>3,746,017,413</b>
<b>Total Local Currency Financial Assets</b>	<b>F</b>	<b>50,838,860,233</b>	<b>33,684,828,486</b>	<b>11,977,770,333</b>	<b>5,176,261,413</b>
<b>Interest Sensitive Local Currency Financial Liabilities</b>					
<b>Total Interest Sensitive Local Currency Financial Liabilities</b>	<b>G</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Non Interest Sensitive Local Currency Financial Liabilities</b>					
Deposit and Other Balances		73,676,923,159	73,676,923,159	-	-
Bills Payable		1,121,290,448	1,121,290,448	-	-
Staff Liabilities		3,776,318,598	-	-	3,776,318,598
Other Payables		217,180,433	217,180,433	-	-
<b>Total Non Interest Sensitive Local Currency Financial Liabilities</b>		<b>78,791,712,638</b>	<b>75,015,394,040</b>	<b>-</b>	<b>3,776,318,598</b>
<b>Total Local Currency Financial Liabilities</b>	<b>H</b>	<b>78,791,712,638</b>	<b>75,015,394,040</b>	<b>-</b>	<b>3,776,318,598</b>
<b>Local Currency Interest Rate Sensitivity Gap (E-G)</b>		<b>38,233,069,204</b>	<b>24,825,054,871</b>	<b>11,977,770,333</b>	<b>1,430,244,000</b>
<b>Total Gap (F-H)</b>		<b>(27,952,852,405)</b>	<b>(41,330,565,554)</b>	<b>11,977,770,333</b>	<b>1,399,942,815</b>

**NEPAL RASTRA BANK**

**Table 2 : Credit Exposure by Credit Rating**

Particulars	Credit	2009/10		2008/09	
	Rating	NRs.	% Financial Assets	NRs.	% Financial Assets
<b>Foreign Currency Financial Assets</b>	A-	4,829,074,224	1.65%	5,523,616,864	2.00%
	A1(ICRA)	7,676,333,704	2.62%		0.00%
	A+	18,447,896,778	6.31%	34,066,776,645	12.33%
	A	10,102,039,530	3.45%	19,922,847,635	7.21%
	AA	8,048,386,205	2.75%	12,650,063,188	4.58%
	AA+	34,118,930	0.01%	-	0.00%
	AA-	15,824,776,785	5.41%	20,937,538,653	7.58%
	AAA		0.00%	-	0.00%
	BB		0.00%	18,048,356,730	6.53%
	BBB	6,413,974	0.00%	21,249,472	0.01%
	BBB+	127,338,739	0.04%		0.00%
	BBB-	15,180,511,555	5.19%	15,674,789,089	5.67%
	NR *	132,443,949,493	45.28%	98,580,535,518	35.68%
	<b>Total Foreign Currency Financial Assets</b>		<b>212,720,839,917</b>	<b>72.72%</b>	<b>225,425,773,793</b>
<b>Local Currency Financial Assets</b>	NR *	79,802,203,587	27.28%	50,838,860,232	18.40%
<b>Total Local Currency Financial Assets</b>		<b>79,802,203,587</b>	<b>27.28%</b>	<b>50,838,860,232</b>	<b>18.40%</b>
<b>Total Financial Assets</b>		<b>292,523,043,504</b>	<b>100.00%</b>	<b>276,264,634,025</b>	<b>100.00%</b>

\* NR represents not rated.

**NEPAL RASTRA BANK**

**Table 3a : Concentrations of Funding**

The Bank's significant end-of-year concentrations of funding as at 16th July, 2010 were as follows:

	Total NRs.	GON NRs.	Domestic Bills NRs.	Employees NRs.	Banks & F.I. NRs.	Foreign Bank NRs.	Foreign Govt. NRs.	Supernational F.I. NRs.	Others NRs.
<b>Foreign Currency</b>									
<b>Financial Assets</b>									
Cash and Bank Balances	14,896,995,310	-	-	-	12,688,726,129	-	-	-	2,208,269,181
SDR holdings - with IMF	7,042,007,705	-	-	-	-	-	7,042,007,705	-	-
Investments in Foreign Currency	190,486,661,053	-	-	-	-	121,003,703,531	69,482,957,521	-	-
Other receivables	295,175,848	-	-	-	-	-	-	-	295,175,848
<b>Sub-Total</b>	<b>212,720,839,917</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,688,726,129</b>	<b>121,003,703,531</b>	<b>69,482,957,521</b>	<b>7,042,007,705</b>	<b>2,503,445,030</b>
<b>Other Assets</b>									
Gold	4,206,133,922	-	-	-	-	4,206,133,922	-	-	-
<b>Sub-Total</b>	<b>4,206,133,922</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,206,133,922</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Foreign Currency Assets</b>	<b>216,926,973,839</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,688,726,129</b>	<b>125,209,837,453</b>	<b>69,482,957,521</b>	<b>7,042,007,705</b>	<b>2,503,445,030</b>
<b>Local Currency</b>									
<b>Financial Assets</b>									
Cash in hand	3,756,191,628	-	-	-	-	-	-	-	3,756,191,628
Investments in Government Securities	38,022,709,404	38,022,709,404	-	-	-	-	-	-	-
GON Overdraft	16,711,491,611	16,711,491,611	-	-	-	-	-	-	-
Investments in Financial and Other Ins.	325,035,500	-	-	-	325,035,500	-	-	-	-
Other Investments	9,689,100,000	-	-	-	9,689,100,000	-	-	-	-
Refinance & Loans	8,112,165,241	-	-	2,738,964,241	5,373,201,000	-	-	-	-
Other Receivables	3,185,510,202	-	794,515,391	-	-	-	-	-	2,390,994,811
<b>Sub-Total</b>	<b>79,802,203,587</b>	<b>54,734,201,015</b>	<b>794,515,391</b>	<b>2,738,964,241</b>	<b>15,387,336,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,147,186,439</b>
<b>Other Assets</b>									
Gold & Silver	298,184,530	-	-	-	-	-	-	-	298,184,530
Other Inventories	622,632,522	-	-	-	-	-	-	-	622,632,522
Property, Plant & Equipment	523,065,607	-	-	-	-	-	-	-	523,065,607
Intangible Assets	3,642,638	-	-	-	-	-	-	-	3,642,638
Project Asset	461,098,098	-	-	-	-	-	-	-	461,098,098
<b>Sub-Total</b>	<b>1,908,623,395</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,908,623,395</b>
<b>Total Local Currency Assets</b>	<b>81,710,826,982</b>	<b>54,734,201,015</b>	<b>794,515,391</b>	<b>2,738,964,241</b>	<b>15,387,336,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,055,809,833</b>
<b>Total Assets</b>	<b>298,637,800,820</b>	<b>54,734,201,015</b>	<b>794,515,391</b>	<b>2,738,964,241</b>	<b>28,076,062,629</b>	<b>125,209,837,453</b>	<b>69,482,957,522</b>	<b>7,042,007,705</b>	<b>10,559,254,864</b>

Comparative figures as at 15th July, 2009 for significant end-of-year concentration of funding were as follows:

	Total NRs.	GON NRs.	Domestic Bills NRs.	Employees NRs.	Banks & F.I. NRs.	Foreign Bank NRs.	Foreign Govt. NRs.	Supernational F.I. NRs.	Others NRs.
<b>Foreign Currency</b>									
<b>Financial Assets</b>									
Cash and Bank Balances	129,018,822,625	-	-	-	125,332,415,360	-	-	-	3,686,407,264
SDR holdings - with IMF	555,366,917	-	-	-	-	-	555,366,917	-	-
Investments in Foreign Currency	95,432,500,926	-	-	-	-	29,796,067,874	65,636,433,052	-	-
Other receivables	419,083,326	-	-	-	-	-	-	-	419,083,326
<b>Sub-Total</b>	<b>225,425,773,793</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>125,332,415,360</b>	<b>29,796,067,874</b>	<b>65,636,433,052</b>	<b>555,366,917</b>	<b>4,105,490,591</b>
<b>Other Assets</b>									
Gold	3,319,458,932	-	-	-	-	3,319,458,932	-	-	-
<b>Sub-Total</b>	<b>3,319,458,932</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,319,458,932</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Foreign Currency Assets</b>	<b>228,745,232,725</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>125,332,415,360</b>	<b>33,115,526,805</b>	<b>65,636,433,052</b>	<b>555,366,917</b>	<b>4,105,490,591</b>
<b>Local Currency</b>									
<b>Financial Assets</b>									
Cash in hand	1,824,859,620	-	-	-	-	-	-	-	1,824,859,620
Investments in Government Securities	29,255,862,582	29,255,862,582	-	-	-	-	-	-	-
GON Overdraft	8,835,795,125	8,835,795,125	-	-	-	-	-	-	-
Investments in Financial and Other Ins.	320,035,500	-	-	-	320,035,500	-	-	-	-
Other Investments	4,934,769,000	-	-	-	4,934,769,000	-	-	-	-
Refinance & Loans	2,327,394,002	-	-	2,320,394,002	7,000,000	-	-	-	-
Other Receivables	3,340,144,403	-	1,133,560,829	-	-	-	-	-	2,206,583,574
<b>Sub-Total</b>	<b>50,838,860,232</b>	<b>38,091,657,707</b>	<b>1,133,560,829</b>	<b>2,320,394,002</b>	<b>5,261,804,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,031,443,194</b>
<b>Other Assets</b>									
Gold & Silver	325,676,038	-	-	-	-	-	-	-	325,676,038
Other Inventories	323,069,583	-	-	-	-	-	-	-	323,069,583
Property, Plant & Equipment	532,930,222	-	-	-	-	-	-	-	532,930,222
Intangible Assets	2,506,945	-	-	-	-	-	-	-	2,506,945
Project Asset	493,664,078	-	-	-	-	-	-	-	493,664,078
<b>Sub-Total</b>	<b>1,677,846,866</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,677,846,866</b>
<b>Total Local Currency Assets</b>	<b>52,516,707,098</b>	<b>38,091,657,707</b>	<b>1,133,560,829</b>	<b>2,320,394,002</b>	<b>5,261,804,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,709,290,060</b>
<b>Total Assets</b>	<b>281,261,939,822</b>	<b>38,091,657,707</b>	<b>1,133,560,829</b>	<b>2,320,394,002</b>	<b>130,594,219,860</b>	<b>33,115,526,805</b>	<b>65,636,433,052</b>	<b>555,366,917</b>	<b>9,814,780,650</b>

**NEPAL RASTRA BANK**

**Table 3b : Concentrations of Funding**

The Bank's significant end-of-year concentrations of funding as at 16th July 2010 were as follows:

	Total NRs.	GON NRs.	Public NRs.	Comm.Banks & FI NRs.	Supernational F.I. NRs.	Others NRs.
<b>Foreign currency</b>						
<b>Financial Liabilities</b>						
Deposit from banks and other agencies	741,560,335	-	-	693,362,979	-	48,197,357
IMF Related Liabilities	16,245,357,425	-	-	-	16,245,357,425	-
Others	7,899,401	-	-	7,899,401	0	-
<b>Total Foreign Currency Financial Liabilities</b>	<b>16,994,817,161</b>	<b>-</b>	<b>-</b>	<b>701,262,380</b>	<b>16,245,357,424</b>	<b>48,197,357</b>
<b>Local Currency Financial Liabilities</b>						
Deposit and other balances	68,388,913,171	-	-	58,396,668,188	5,357,536,603	4,634,708,379
Bills payables	921,594,753	-	921,594,753	-	-	-
Staff Liabilities	4,495,476,850	-	-	-	-	4,495,476,850
Other payables	197,882,080	-	-	-	-	197,882,080
<b>Total Local Currency Financial Liabilities</b>	<b>74,003,866,854</b>	<b>-</b>	<b>921,594,753</b>	<b>58,396,668,188</b>	<b>5,357,536,603</b>	<b>9,328,067,309</b>
<b>Total Financial Liabilities</b>	<b>90,998,684,014</b>	<b>-</b>	<b>921,594,753</b>	<b>59,097,930,568</b>	<b>21,602,894,027</b>	<b>9,376,264,666</b>
<b>Other Liabilities</b>						
Currency in circulation	161,300,000,000	-	157,543,808,372	-	-	3,756,191,628
Surplus payable to GON	3,110,000,000	3,110,000,000	-	-	-	-
Sundry Liabilities	3,806,355,376	-	-	-	-	3,806,355,376
Project liability	461,098,098	-	-	-	-	461,098,098
<b>Total Other Liabilities</b>	<b>168,677,453,474</b>	<b>3,110,000,000</b>	<b>157,543,808,372</b>	<b>-</b>	<b>-</b>	<b>8,023,645,102</b>
<b>Total Liabilities</b>	<b>259,676,137,488</b>	<b>3,110,000,000</b>	<b>158,465,403,125</b>	<b>59,097,930,568</b>	<b>21,602,894,027</b>	<b>17,399,909,767</b>

Comparative figures as at 15th July 2009 for significant end-of-year concentration of funding were as follows:

	Total NRs.	GON NRs.	Public NRs.	Com. Banks & F.I. NRs.	Supernational F.I. NRs.	Others NRs.
<b>Foreign currency</b>						
<b>Financial Liabilities</b>						
Deposit from banks and other agencies	904,923,484	-	-	901,678,981	-	3,244,503
IMF Related Liabilities	6,975,677,693	-	-	-	6,975,677,693	-
Others	2,373,545	-	-	2,373,545	-	-
<b>Total Foreign Currency Financial Liabilities</b>	<b>7,882,974,722</b>	<b>-</b>	<b>-</b>	<b>904,052,526</b>	<b>6,975,677,693</b>	<b>3,244,503</b>
<b>Local Currency Financial Liabilities</b>						
Deposit and other balances	73,676,923,159	-	-	62,813,904,955	5,150,593,800	5,712,424,404
Bills payables	1,121,290,448	-	1,121,290,448	-	-	-
Staff Liabilities	3,776,318,598	-	-	-	-	3,776,318,598
Other payables	217,180,433	-	-	-	-	217,180,433
<b>Total Local Currency Financial Liabilities</b>	<b>78,791,712,638</b>	<b>-</b>	<b>1,121,290,448</b>	<b>62,813,904,955</b>	<b>5,150,593,800</b>	<b>9,705,923,435</b>
<b>Total Financial Liabilities</b>	<b>86,674,687,360</b>	<b>-</b>	<b>1,121,290,448</b>	<b>63,717,957,482</b>	<b>12,126,271,493</b>	<b>9,709,167,939</b>
<b>Other Liabilities</b>						
Currency in circulation	141,210,000,000	-	139,385,140,380	-	-	1,824,859,620
Surplus payable to GON	2,530,000,000	2,530,000,000	-	-	-	-
Sundry Liabilities	3,423,198,222	-	-	-	-	3,423,198,222
Project liability	493,664,078	-	-	-	-	493,664,078
<b>Total Other Liabilities</b>	<b>147,656,862,300</b>	<b>2,530,000,000</b>	<b>139,385,140,380</b>	<b>-</b>	<b>-</b>	<b>5,741,721,920</b>
<b>Total Liabilities</b>	<b>234,331,549,659</b>	<b>2,530,000,000</b>	<b>140,506,430,828</b>	<b>63,717,957,482</b>	<b>12,126,271,492</b>	<b>15,450,889,859</b>

### Key Financial Indicators

S.No.	Particulars	Fiscal Year		Percentage Change
		2065/066	2066/067	2 over 1 = 3
		1	2	3
<b>1</b>	<b>Total Assets</b>	<b>281,261,939,822</b>	<b>298,637,800,820</b>	<b>6.18</b>
	Foreign Currency	228,745,232,724	216,926,973,838	-5.17
	Local Currency	52,516,707,098	81,710,826,982	55.59
<b>2</b>	<b>Total Liabilities &amp; Equity</b>	<b>281,261,939,822</b>	<b>298,637,800,820</b>	<b>6.18</b>
	Foreign Currency	7,882,974,722	16,994,817,162	115.59
	Local Currency	226,448,574,938	242,681,320,328	7.17
	Equity	46,930,390,162	38,961,663,330	-16.98
<b>4</b>	<b>Total Net Operating Income</b>	<b>6,115,808,225</b>	<b>7,286,185,714</b>	<b>19.14</b>
	Net Income from Foreign Currency	4,741,629,901	3,543,922,908	-25.26
	Net Income from Local Currency	827,568,250	3,116,234,236	276.55
	Other Operating Income	546,610,074	626,028,570	14.53
<b>5</b>	<b>Currency in Circulation</b>	<b>141,210,000,000</b>	<b>161,300,000,000</b>	<b>14.23</b>
<b>6</b>	<b>Total Reserve and Funds</b>	<b>43,930,390,162</b>	<b>35,961,663,330</b>	<b>-18.14</b>
	Capital Reserve	3,297,404,693	4,184,736,331	26.91
	Statutory Reserve	13,744,927,005	14,373,727,005	4.57
	Exchange Equalization Fund	19,093,366,052	9,903,611,935	-48.13
	Other Reserves and Funds	7,794,692,412	7,499,588,059	-3.79
<b>7</b>	<b>Exchange Rate (Rs. per currency unit at year end)</b>			
	US Dollar	78.05	74.44	-4.63
	Pound Sterling	126.78	113.71	-10.31
	Euro	109.07	94.79	-13.09
	SDR	121.76	70.63	-41.99



