

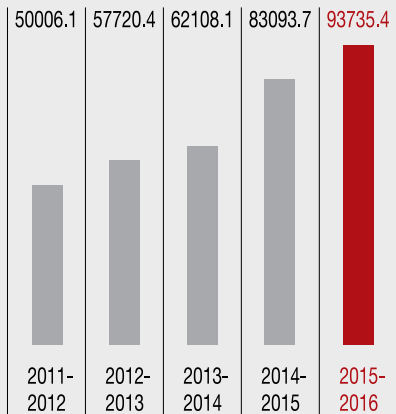
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**Annual Report
2015-2016**

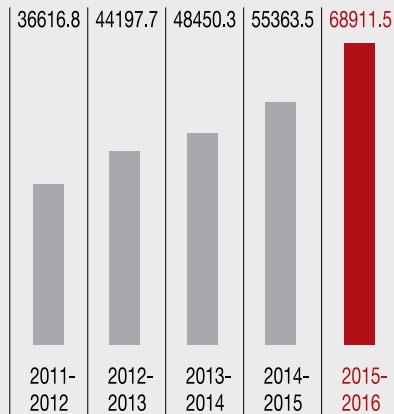


At a Glance

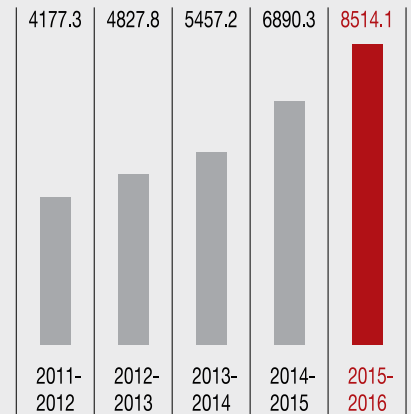
Deposit (Rs. in million)



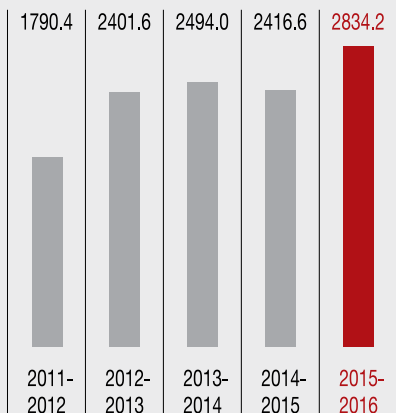
Loans & Advances (Including Bills Purchases) (Rs. in million)



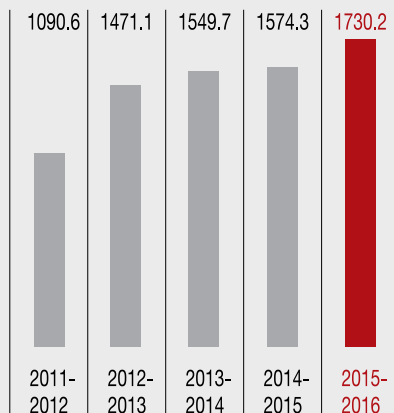
Capital & Reserve (Rs. in million)



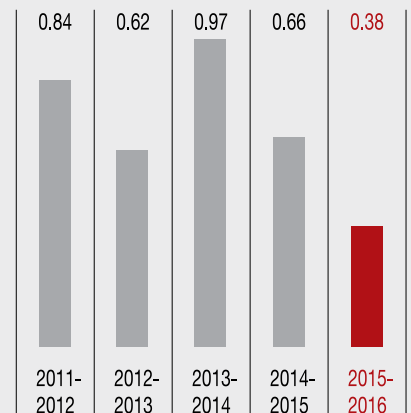
Operating Profit (Rs. in million)



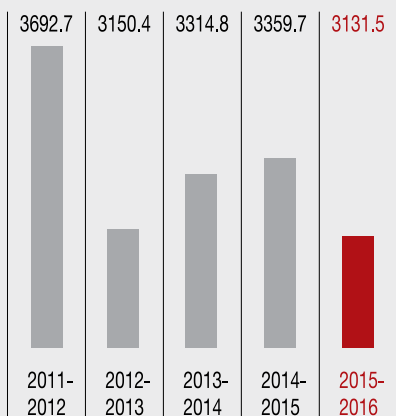
Net Profit (Rs. in million)



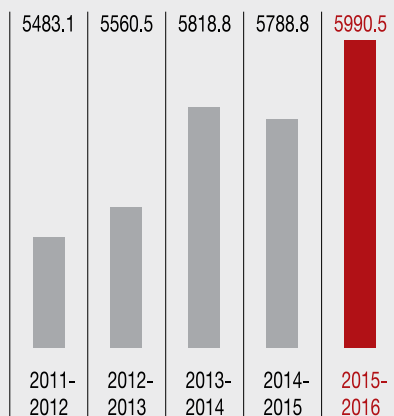
NPA (in %)



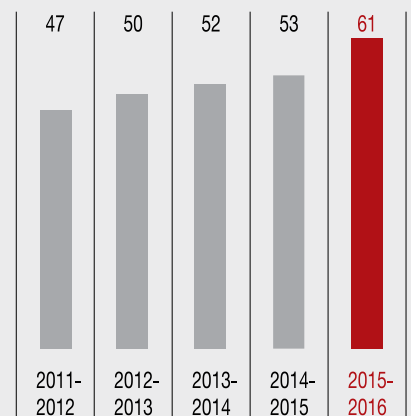
Total Expenditure (Rs. in million)



Total Income (Rs. in million)



No. of Branches



BOARD OF DIRECTORS



B. K. Shrestha
Chairman



Ved K. Shrestha
Director



Dr. Bal Gopal Baidya
Director



Arun Man Sherchan
Director



Dr. Ram S. Sangapure
Director
(Punjab National Bank, India)



P.K. Mohapatra
Director
(Punjab National Bank, India)



Navin Bhakta Shrestha
Director
(Public Shareholders)



Sunil Gopal Shrestha
Director
(Public Shareholders)

Suresh Chapagain
Company Secretary

Legal Advisor
Sr. Advocate Shambhu Thapa

Auditor
Manish Amatya, CA
N. Amatya & Company
Chartered Accountants

MANAGEMENT TEAM



Someshwar Seth
Chief Executive Officer



Rajesh Gautam
Dy. General Manager



Rajiv Jain
Dy. General Manager



Keshab Raj Paudel
Asst. General Manager



Aashutosh Sharma
Asst. General Manager



strength in balance

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NRB's Monetary Policy requiring all Banks to have "Paid-up Capital" of Rs.800 crores. We had pleaded that this Rs.800 crores should include not only the "Paid-up Capital", but also the "Free Reserves". Unfortunately, NRB has not agreed.

CHAIRMAN'S STATEMENT



1. World in Turmoil

Major events have taken place in the World, which were against all predictions.

Firstly, Britain decided, by referendum, to go out of Euro Zone. Secondly, Donald Trump was elected as President of USA.

In the year 2017, there are General Elections in countries like, Germany and France. There are Parties in these countries who would also like to get out from Euro Zone.

After the second World War, which ended in 1945, the World has never seen, in the history of mankind, the kind of stability that has taken place during more than seven decades. There was economic and market consolidation all around. There is danger of this major achievement going down the drain.

What happens next is anybody's guess.

2. India

Today, India is more stable relatively - both economically and politically.

Since Nepal is so much connected, in every way, with India, the relative stability of Indian Politics as well as Economics gives the stability also to Nepal.

This may be artificial. Eventually unless Nepal is stable on its own, the possible instability can invite disaster.

3. Nepal

a. As per the Constitution, (already approved by more than 90% of the Constituent Assembly Members), the General Election has to take place for electing a new Parliament in less than 18 months.

The Terai based Parties are threatening that they will not permit the election unless their demand is met. At the same time, the main opposition party in the present Government has stated that there is no necessity of amendment in the Constitution.

Consequently, a big question is whether General Elections in the new Parliament will at all take place.

b. The Current Account deficit between India and Nepal is not only continuing, but widening.

The people in power do not seem to address this serious economic imbalance. How long will Nepal continue to pay to India for imports from India through foreign exchange remitted by Nepalese who are working abroad?

c. With the appointment of Sh. Kul Man Ghising (who was working earlier in private sector namely Chilime Hydropower Company) as Managing Director of Nepal Electricity Authority, a welcome improvement in supply of electricity in Kathmandu valley has taken place. Hopefully this will spread to the whole country.

Major Hydro Electricity Projects have still not come into fruition. Even when there is generation, the distribution and transmission is far from satisfactory.

4. Banking

a. The continuous fluctuation in liquidity in the country is worrisome. This affects the rates of interest and the saving pattern in the country. Since the interest rate offered by Banks for the Depositors is much lower than the rate of inflation in the country, there is actual dis-inducement for persons to save.

Consequently, the savings are diverted to non-productive area, including real estate.

b. NRB's Monetary Policy requiring all Banks to have "Paid-up Capital" of Rs.800 crores.

We had pleaded that this Rs.800 crores should include not only the "Paid-up Capital", but also the "Free Reserves".

Unfortunately, NRB has not agreed.

Consequently, we have to issue Bonus Shares to the Shareholders by use of our hard earned "Free Reserves".

Since the time given by NRB was limited, we are also required to make a Right Issue - a proposal which is being placed for approval of the Shareholders.

(We could not go through the process of making a Public Issue for the same amount as this should have brought the Shareholding of PNB below 20% and as per the Policy of NRB this is not permissible).

B. K. SHRESTHA
CHAIRMAN

Directors' Report

Ladies and Gentlemen:

It gives me great pleasure to welcome you to the 22nd Annual General Meeting (AGM) of your Bank. I have the privilege of presenting the Balance Sheet as at 31st Ashadh 2073 (15th July, 2016), the Profit & Loss Account and Cash Flow Statement of your Bank for the year ending on that date and the Auditors' report made there on.

It is my great pleasure to present the performance of your bank over a period of last five years. As per the table presented below, core strength of your Bank has consistently increased over the period. Total shareholders' fund has gone up over the last five years from Rs. 295.35 crore to Rs. 839.51 crore consisting of the following:

Particulars	Rs. in crore	
	2067/068 (2010/11)	2072/073 (2015/16)
Paid Up Capital Ordinary Shares	111.96	262.26
Statutory General Reserve	80.34	228.66
Share Premium	1.48	1.86
Capital Adjustment Reserve	36.71	85.47
Other Reserves	3.12	15.51
Exchange Equalization Reserve	2.29	2.78
Investment Adjustment Reserve		5.04
Debenture Redemption Reserve	24.00	30.75
Capital Redemption Reserve	14.00	-
Deferred Tax Reserve	6.29	-
Proposed Bonus Share	11.2	186.38
Retained Profit	3.61	20.68
Total Shareholders' Fund	295.35	839.39

Out of the above shareholders total funds, following reserves amounting to Rs. 111.00 crore is available for appropriation subject to regulatory stipulations. The details of Rs. 111.00 crore are given below:

	Rs. in Crore
Share Premium	1.85
Capital Adjustment Reserve	85.47
Accumulated Profit	20.68
Other Free Reserve	3.00
Ordinary Capital & other related Funds	111.00

Other Major Performance:

a) Business:

Particulars	Rs. In crore				
	2067/068 (2010/11)	2071/072 (2014/15)	2072/073 (2015/16)	Increased over Previous Year %	Over 5 year's period %
Deposit	4112.79	8309.37	9373.54	12.81	127.91
Loans & Advances	3166.18	5536.35	6891.15	24.47	117.65

b) Profitability:

Particulars	Rs. In crore				
	2067/068 (2010/11)	2071/072 (2014/15)	2072/073 (2015/16)	Increased over Previous Year %	Over 5 year's period %
Total Income	477.46	599.59	608.75	1.59	27.50
Operating Profit	151.67	241.66	283.42	17.28	86.87
Net Profit after Tax	93.13	157.44	173.02	9.90	85.78

The table shows consistent progress of the Bank over the last five years.

During the year under review, your Bank has earned operating profit of Rs. 283.42 crore which is 17.28% more than last year and has been able to post a after tax net profit of Rs. 173.02 crore, which is 9.90% higher than the last year.

The total deposits have reached Rs. 9373.54 crore recording an annual growth of 12.81%. The loans and advances stood at Rs. 6891.15 crore showing an annual growth of 24.47%. The total business of the bank has crossed the figure Rs. 16,200 crores.

Directors are glad to report that with the present proposal being placed to the shareholders for approval of issuing 70 % Bonus Shares, the Bank's Paid-up Capital will be Rs. 452.64 crores. Nepal Rastra Bank has issued guidelines to make up the paid up capital of Rs. 800 crores by Ashadh 2074.

With increase in profit, the bonus provision at 10%, payable to the employees has also gone up to Rs. 25.34 Crores which was Rs. 22.47 Crores in the previous year.

The income tax liability also has gone up to Rs. 75.21 Crore for the year from Rs. 64.88 crore for the previous year.

2. Internal & External Factors Impacting Bank's Activities:

The FY 2072-73 was full of challenges on account of various external factors such as spill over earthquake effect of April 2015, political instability and border unrest almost disrupted the financial activities so as the economic environment of the country resulting very low demand of credit in the country during the first three quarters of FY 2072-73.

The situation further worsened on account of high liquidity conditions of the market putting pressure on the interest rate as due to low credit off take banks were competing within themselves. The weighted average rate on 91 days Treasury Bill as per the NRB report was as low as 0.79% for the FY 2072/73. NRB issued NRB bond with Maturity of 1 year of Rs. 49.08 billion to mop up the excess liquidity which also was reported with the interest rate of 0.98% only during last two months of FY 2072/73.

3. ACTIVITIES OF THE BANK AND FUTURE PLAN:

a. Operations:

The prolonged political uncertainty has created a lot of problems. Furthermore the last year devastating earthquake and obstruction of daily essential supply at border points has heavily affected the business of the BFIs. Our bank too has been affected by this devastating earthquake and obstruction at boarder points. Under such circumstances, it is challenging to predict/forecast future activities as well as set plan in a right way. However, the new Constitution has been enacted and brought into implementation. We believe that opportunity comes with difficulties. Keeping this in mind, we have to sketch our strategies and draw plans for future growth of the Bank.

Not to be left behind in technology advancement, a continuous review and upgrading of the technology is undertaken for the convenience of the customers. In this connection, Bank is using world class computer software 'Finacle 7.0.25' and all the information have been migrated in to it. All the branches of EBL have been housed in centralized data base backed by a Disaster Recovery Cell operating from outside valley.

With the changing technology, aspiration and requirement of customers, our service delivery channels are also to be updated. In this endeavor, we are increasing our own network of ATMs. Till the review period 415,000 Lac depositors have been issued debit card. EBL Debit Card can be used in 87 banks own ATMs at various locations as well as about 1068 other ATMs tied up with Smart Choice Technology (SCT) within the country and more than 6500 PNB ATMs in India. EBL Debit Card can also be used at more than 3500 Point of Sales (PoS) terminals for purchase of merchandise. In addition to above, Bank has introduced VISA Debit. Currently, 55,000 cards have been issued. Such Debit Cards can be used in 2600 ATMs of Nepal and all Visa affiliated ATM and POS Outlets in India. The bank has also launched Credit Card Services in the FY 2072-73. The Bank also provides various ranges of services to the customers.

Our Bank has introduced e-banking, SMS banking, mobile-banking. Our customers can do banking transactions such as - viewing their account, money transfers, recharge their mobile, utility payments etc. sitting at home. We always strive to provide easy, fast, reliable and hassle free services to our customers.

The Bank is striving to improve customer service quality, fulfill their needs through technology and extended services. Most of our important valley branches and outside valley branch are providing extended customer services through evening counters. Our New Road and New Baneshwor branch provide 365 days banking services (including on holidays).

Further, our Bank is providing web based online remittance facility through its own product "Everest Remit". Presently, this remittance facility is available to the Nepalese who are working in UAE, Qatar, Bahrain, Oman, Malaysia, UK, USA. This facility will be extended to other corridors too in due course. In order to facilitate inward remittance and foreign trade, we have tied up with various foreign banks/ agencies in different countries.

Likewise, agreements for instant money transfer have been entered into EZ Remit, Xpress Money Transfer, MoneyGram, Western Union Money Transfer and Xoom Corporation. Customer will get easily access to these agencies and increase inward remittance from worldwide.

Similarly, our joint venture partner Punjab National Bank (PNB), India has launched its' own remittance product "INREMIT". Under this facility, Nepalese who are working/residing in India can instantly remit money from PNB India to our bank through any branch of PNB or Mobile/Internet banking facility of PNB and through Business Correspondent locations for further payment to beneficiary either by direct credit into A/c maintained with banks in Nepal or cash payment.

b. Branch expansion/outreach:

In this fiscal year, the bank has opened 8 more branches in and outside Kathmandu Valley during the year 2072-73 i.e Bajhang, Rukum, Lamahi, Satdobato, Jorpati, Mahendra Nagar, Sukkhad and Khadbari increasing bank's branch network to 61. In addition to these, Bank is running additional twenty four Government Revenue collection counters and five extension counters.

However, after massive earthquake in Nepal in the last fiscal year, the Tatopani branch at Liping Sindhupalchowk is not in operation. Presently, the branch is being operated from Bank's head office at Lazimpat and shortly proposed to be shifted in the vicinity of the same route.

In addition, to render banking services for people who reside in rural unbanked/low banked area of Nepal where proper banking channel e.g. opening bank branches is not feasible, we had introduced the product branchless banking based on "FINO Product" in 2009. Later we have introduced our own online based product "Mobile ATM" (Branch Less Banking) Web & Mobile/Tab based product for the financial inclusion in the remote part of the nation with the slogan "Bank at Your Door Step". Under this product the customer can open the account, deposit/withdraw in their convenient time as long as the Business correspondent is available to provide the service. Bank has opened more than 7000 number of customer accounts through this product.

The Account holder needs to register his/her mobile in the system. Using the Mobile, transfer of fund within the Bank can be effected without visiting the Branch. Besides the customer can also withdraw cash from BC's where Branch network is not available by generating coded transfer message. Later, we will make available other services like mobile recharging, utility bill payment etc through this mode.

Bank has also tied up with UKaid Sakchyam access to finance for expansion of branchless banking agents and accounts in unbanked remote areas of 27 districts of Far/Mid/Western Development regions.

c. Human Resources Development & Per Employee Business:

At the end of the financial year 2072/73 (2015/16) was 739, Per employee business as at the end of the financial year is as under:

Description	2071-72 (2014/15)		2072-73 (2015/16)		Increase over last year
	Total Amount	Per Employee Amount	Total Amount	Per Employee Amount	
Deposits & Loans & Advances	13,84,573	1,989.33	16,26,470	2,200.91	10.64
Operating Profit	24,166	34.72	28,342	38.35	10.43
Net Profit	15,744	22.62	17,302	23.41	3.49

It is the considered view that the progress and success of any organization depends upon the knowledge, skills and motivational level of its workforce. The Bank has been taking keen and special interest in the development of its human resources by imparting its employees training in various aspects of banking. Besides this, the Bank has taken special care to keep the motivational level of its employees high as also to instill a sense of belongingness to the Bank.

In order to bring positive swing in the working attitude of senior officers, the Bank has been conducting special program on Management Development. In addition to this, during the review period various types of in-house training/talk program were conducted, staff were deputed/sent for training in programs organized by other institutions too. During the period being reported, various trainings have been provided to 370 Employees (In-house and outside).

4. DIVIDEND/BONUS SHARE:

The Board in its' meeting held on 16th November 2016 has decided to recommend to the forthcoming Annual General Meeting to declare bonus share @ 70% and cash dividend @ Rs. 3.68 per share representing applicable tax on proposed bonus share of Rs. 70/- per share subject to approval of Nepal Rastra Bank.

The Board also has recommended issuance of Right Shares at the rate of 3:1 (presently held 3 shares to get 1 fresh right share). This will be issued within 4 months of the approval of the shareholder as per rules of Sebon.

The same is being placed before you for approval.

5. CAPITAL ADEQUACY:

Under the Basel - II framework, minimum bench mark fixed by Nepal Rastra Bank the Capital Adequacy Ratio is 10%. However, the NRB has further directed to maintain additional one percent as buffer in case Cash Dividend is declared. The Capital Adequacy Ratio of the Bank as at the yearend 15th July, 2016 after proposed dividends, stands at 12.66%. To maintain the capital adequacy ratio intact, proper capital back up is required. If the Bank fails to maintain the required capital adequacy ratio, further growth in bank's business will be adversely affected.

6. BOARD OF DIRECTORS:

There have been some changes in the Board of Directors of the Bank during the financial year. Mr. Sunil Gopal Shrestha was appointed as director for remaining tenure of Mr. Shiva Sharan KC. PNB has nominated Dr. Ram S. Sanagapure in place of Dr. Rakesh Gupta. Dr. Ram S. Sanagapure was welcomed in the EBL Board and thanked to Dr. Rakesh Gupta/ Mr. Shiv Sharan KC for their valuable contributions made towards the development of the Bank.

7. MANAGEMENT TEAM

CEO Mr. A K Ahluwalia's tenure ended and new CEO Mr. Someshwar Seth has taken charge w.e.f 3rd November 2016. The Board thanked Mr. A K Ahluwalia for his contributions and welcomed Mr. Seth in the Bank's team.

DGM Mr. A K Bansal has also joined his parent bank, PNB, after completion of his deputation tenure at EBL. He was replaced by Mr. Rajeev Jain who joined w.e.f 16th October, 2016. The Board thanked Mr. A K Bansal for his contributions to the bank's development and welcomed Mr. Jain in the Bank's team.

8. EMPLOYEE RELATIONS:

The Board is pleased to report that during the year under review the Management Employee relation has remained harmonious. In view of your Bank's expansion, the recruiting of new human resource as well as motivating our existing employees is proceeding apace.

9. CORPORATE GOOD GOVERNANCE:

Respected shareholders, Corporate Good Governance are one of the key factors for strength, stability and sustainable progress of an institution. We always remain alert about the corporate good governance in your Bank. Your Bank has complied with the related provisions of related Acts, Rules and Directives issued by Nepal Rastra Bank.

10. APPOINTMENT OF THE STATUTORY AUDITORS:

The Shareholders are requested to appoint the Auditor from the list of the auditors approved by Nepal Rastra Bank for the financial year 2073/74 (2016/17) and also fix the remuneration. The present auditor Mr. Nem Lal Amatya (N. Amatya & Co., Chartered Accountants) is eligible for re-appointment.

The Audit Committee of the Bank has recommended to appoint Mr. Nem Lal Amatya (M/s N Amatya & Co. Chartered Accountants) as auditor of the Bank for the F.Y. 2016/17. Respected shareholders are requested to approve the appointment and their remuneration as recommended by the Audit Committee of the Board.

11. AMENDMENT IN MEMORANDUM AND ARTICLES OF ASSOCIATION:

In the Agenda for the Annual General Meeting a separate Agenda is executed for amendment of Memorandum of Association/Articles of Association for reasons explained in the Agenda itself.

12. GENERAL ECONOMIC ENVIRONMENT OF THE COUNTRY & REVIEW OF OPERATIONS OF THE BANK

(Please refer to Annexure I & II):

13. ACKNOWLEDGEMENT:

On this occasion, on behalf of the Board of Directors and on my own behalf, I would like to thank all the shareholders for their continuous support and guidance. I also take this opportunity to extend thanks to our valued customers for their patronage. Further, we express our sincere gratitude to the officials of concerned Departments of Nepal Government, Nepal Rastra Bank, our joint-venture partner, Punjab National Bank, other concerned authorities and institutions for their patronage and all the employees of the Bank for their hard work and dedication. Further we also express our sincere thanks to members of the press and other well wishers of the Bank for their valuable co-operation and support.

Finally, I am sure that the Bank shall continue to get the same co-operation and support from all of you in the future which will be a source of inspiration in our endeavor to take our Bank to newer heights of success in the times to come.

Thank you.

On behalf of the Board of Directors,
B. K. Shrestha,
Chairman

(Annexure I)

Progress made by the Bank during five years period is provided for reference:

TABLE 1 : Paid up Capital, Reserve & Surplus and Business:

(Rs. in Lacs)

Particulars	2068/069 (2011/12)	2069/070 (2012/13)	2070/071 (2013/14)	2071/072 (2014/15)	2072/073 (2015/16)
Paid Up Capital-Ordinary Shares	12316	16011	18012	20173	26226
Statutory General Reserve	10216	16158	19257	19406	22866
Share Premium	186	186	186	186	186
Capital Adjustment Reserve	3671	3671	5071	8071	8547
Other Free Reserve	313	313	313	1377	1551
Exchange Equilization Reserve	229	246	258	258	278
Investment Adjustment Reserve	35	35	35	379	504
Capital Redemption Reserve	1400	1400	-	-	-
Debenture Redemption Reserve	3000	469	937	1406	3075
Deferred Tax	738	994	1066	-	-
Proposed Bonus Share	3695	1601	2162	6052	-
Retained Profit	4375	5595	6074	10392	21688
Provision for Possible Losses	7577	8564	9242	8810	9564
Total Funds	47751	55243	62613	76510	94485
Total Deposit	500061	577205	621081	830937	937355
Total Advances	366168	441978	484503	553635	689115
Total Investment	78636	92638	65042	151026	181987

TABLE 2 : Profitability

(Rs. in Lacs)

Particulars	2068/069 (2011/12)	2069/070 (2012/13)	2070/071 (2013/14)	2071/072 (2014/15)	2072/073 (2015/16)
Total Income (Including Non-Operating Income)	56586	55605	59085	59959	60875
Interest Expenses	(28733)	(21792)	(22587)	(21169)	(18285)
Staff Expenses (Except Expense for Gratuity Provision)	(3156)	(3741)	(4704)	(5152)	(6124)
Operating Expenses	(4673)	(5095)	(5443)	(5552)	(6032)
Operating Profit	20024	24977	26351	28086	30434
Provision for Possible Losses	(2520)	(988)	(1560)	(1639)	(1681)
Provision for Staff Bonus	(1558)	(2101)	(2216)	(2247)	(2534)
Provision for Staff Gratuity	(365)	(878)	(414)	(1722)	(875)
Profit Before Income Tax	15581	21010	22161	22474	25344
Provision for Income Tax	(4675)	(6299)	(6664)	(6731)	(8042)
Net Profit After Tax	10906	14711	15497	15743	17302

ANNEXURE : II

General Economic Environment

Some important information is reproduced which are taken from the Economic Survey for the year 2072/73 (2015/16) published by Nepal Government for information:

i) Economic growth rate:

As per the Economic Survey 2014/15, the real GDP at basic price is estimated to be 2.32 % (previous year increase by 5.2%) as against an estimate of 3.0%. The agriculture sector is estimated to grow by 1.9% (previous year 2.9%) and the non-agriculture sector by 3.6% (previous year 6.3%). Among the non-agriculture sector industrial sector and services sector are estimated to grow by 2.6% and 3.9% respectively (previous year 6.2% and 6.3% respectively).

iii) Macroeconomic Indicators:

Major macroeconomic indicators of the economy have been re-produced below:

Particulars	Unit	2068/069	2069/070	2070/071	2071/072	2072/073*
1 Total GDP (at Basic Price)	Rs. Billn	670.3	698	739.80	759.90	764.20
2 Yearly Change	%	4.8	4.1	6.0	2.73	0.56
3 Per Capita GDP (at Fixed Price)	%	3.4	2.7	4.6	1.36	(0.78)
4 Per Capita GDP (at Current Price)	Rs.	56880	62764	72413	77079	80921
5 Per Capita GDP	USD	702	708	725	762	752
6 Total GDP (at Producer's Price)	Rs. Billn	670.3	698.0	739.80	759.90	764.20
7 Domestic Saving/GDP	%	8.3	9.9	9.1	7.20	9.50
8 National Saving/GDP	%	39.5	40.7	45.70	43.90	42.90
9 Fixed Capital Investment/GDP	%	20.8	22.6	23.50	27.70	25
10 Private Sector Fixed Capital Investment/GDP	%	16.1	18.1	18.7	22.50	19.10
11 Total Capital Investment/GDP	%	34.5	37	41	39	34
12 Difference in Domestic Saving & Investment/GDP	%	(23.50)	(26.80)	(29.2)	(30.0)	(28.70)
13 Total Population	in crore	2.69	2.72	2.76	2.80	2.83

Source: Economic Survey 2015/16

iv) Foreign Trade:

The following comparative table of foreign trade of the country is presented on the basis of the information provided in the Economic Survey (First 8 Months):

Particulars	2068/069 (2011/12)	2069/070 (2012/13)	2070/071 (2013/14)	2071/072 (2014/15)	2072/073 (2015/16)
EXPORT (F.O.B.)	14.1	5.0	19.4	(6.6)	(24.9)
India	14.5	2.0	21.9	(9.9)	(34.5)
China	—	—	12.6	9.3	(45.9)
Other countries	13.5	11.2	14.9	(0.9)	(3.7)
IMPORT (C.I.F.)	16.6	22.1	27.0	10.5	(13.9)
India	12.0	24.2	28.1	5.1	(19.3)
China	—	—	14.7	48.6	(2.0)
Other countries	26.3	18.2	30.1	8.7	(6.1)
Total foreign trade	17.1	25.5	28.2	13.1	(12.5)
India	11.5	28.8	29.1	7.4	(17.3)
China	—	—	14.8	50.1	(0.8)
Other countries	28.9	19.5	33.9	10.7	(6.6)
Total Business	16.3	19.7	26.0	8.5	(15.0)
India	12.4	21.0	27.3	3.3	(20.8)
China	—	—	14.7	47.3	(3.1)
Other countries	24.4	17.3	27.5	7.2	(5.8)

					(Changes in %)
Particulars	2068/069 (2011/12)	2069/070 (2012/13)	2070/071 (2013/14)	2071/072 (2014/15)	2072/073 (2015/16)
IMPORT EXPORT RATIO	16.4	14.1	13.3	11.2	9.8
India	17.0	14.0	13.3	11.4	9.3
China	–	3.6	3.6	2.6	1.4
Other countries	15.4	20.1	17.7	16.2	16.6
TOTAL EXPORT (%)					
India	67.1	65.2	66.5	64.2	56.0
China	–	3.0	2.8	3.3	2.4
Other countries	32.9	31.8	30.6	32.5	41.7
TOTAL IMPORT (%)					
India	64.8	65.9	66.5	63.2	59.3
China	–	11.7	10.5	14.2	16.1
Other countries	35.2	22.4	23.0	22.6	24.6
BUSINESS (%)					
India	64.3	66.0	66.5	63.1	59.6
China	–	13.1	11.7	15.5	17.6
Other countries	35.7	20.9	21.8	21.3	22.8
TOTAL BUSINESS (%)					
India	65.1	65.8	66.5	63.3	59.0
China	–	10.6	9.6	13.1	14.9
Other countries	34.9	23.6	23.9	23.6	26.1
Total Business					
Export	14.1	12.4	11.7	10.1	8.9
Import	85.9	87.6	88.3	89.9	91.1

v) Banking:

Following information are reproduced for information of the respected shareholders:

Particulars	2068/069 (2011/12)	2069/070 (2012/13)	2070/071 (2013/14)	2071/072 (2014/15)	2072/073 (2015/16)
Commercial Banks	32	31	30	30	29
Development Banks	88	86	84	76	72
Finance Companies	70	59	53	48	46
Microfinance Institutions	24	31	33	38	41
NRB Licensed Co-operatives	16	16	15	15	15
NRB licensed NGOs	36	31	29	27	27
Commercial Bank Branches	1425	1486	1524	1656	1806
Population Per Branch	18860	18348	17780	16701	15528
Local Currency Deposits (in Billion)	801	941	1117	1358	1470
Per Capital Deposit Rs.	29816	34519	40366	48404	51634
Loan and Advances (Rs. in Billion)	788	938	1067	1103	1227
Per Capita Loan and Advances Rs.	29320	34404	38574	39310	43105

Source: Economic Survey 2015/16.

Independent Auditor's Report to the Shareholders of Everest Bank Ltd.

Report on the Financial Statements

We have audited the accompanying financial statements of **Everest Bank Limited**, which comprise the Balance Sheet as at Ashadh 31, 2073 (July 15, 2016) profit and loss account, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Nepal Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Nepal Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Everest Bank Ltd. as at Ashadh 31, 2072 (July 15th, 2016), and its financial performances and its cash flows for the year then ended in accordance with Nepal Accounting Standards. However, Everest Bank Ltd. has not prepared the financial statement as per Nepal Financial Reporting Standard issued which is mandatory for commercial banks from July 17, 2015 in absence of defined guidelines for financial institutions. Hence, we are not able to express an opinion regarding the financial position of Everest Bank Ltd. based on Nepal Financial Reporting Standard.

Report of Other Legal and Regulatory Requirements

We report that:

- a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b. The enclosed Balance Sheet, the Profit and Loss Account and Statement of Cash Flow have been prepared in conformity with the formats prescribed by Nepal Rastra Bank and are in agreement with the accounts maintained by the Bank.
- c. The accounts and records of the Bank have been maintained as required by law and practice.
- d. Returns received from the branch offices of the Bank are adequate for the purpose of our audit.
- e. The capital fund and risk bearing fund of the bank are adequate considering the Directives issued by the Nepal Rastra Bank.
- f. The business of the Bank has been conducted satisfactorily and found within its authority.
- g. In our opinion and to the best of our information and according to the explanations given to us and from our examination of the books of account of the Bank, we have not come across any case where the Board of Directors or any employees of the Bank have acted contrary to the provisions of law, or committed any misappropriation or caused any loss or damage to the Bank and violated Directives issued by the Nepal Rastra Bank or acted in a manner as would jeopardize the interest and security of the Bank and its depositors.

CA. Manish Amatya

Partner

For: N. Amatya & Co.

Chartered Accountants

Date: 16.11.2016

Place: Kathmandu

Balance Sheet

As on 31 Ashadh 2073 (15th July, 2016)

S.No.	Capital and Liabilities	Schedule	This Year Rs.	Previous Year Rs.
1	Share Capital	4.1	4,606,426,899	2,742,604,058
2	Reserve and Surplus	4.2	3,907,661,213	4,147,772,967
3	Debenture and Bonds	4.3	1,068,845,000	1,068,845,000
4	Loans and Borrowings	4.4	2,500,000	-
5	Deposit Liabilities	4.5	93,735,480,708	83,093,789,957
6	Bills Payable	4.6	1,365,317,237	349,529,622
7	Proposed Cash Dividend		106,495,939	141,122,877
8	Income Tax Liabilities		-	-
9	Other Liabilities	4.7	9,092,319,407	7,623,629,179
	Total Capital and Liabilities		113,885,046,402	99,167,293,661

S.No.	Assets	Schedule	This Year Rs.	Previous Year Rs.
1	Cash in Hand	4.8	2,514,947,575	2,065,607,611
2	Balance with Nepal Rastra Bank	4.9	13,356,018,269	17,126,155,823
3	Balance with other Banks & Financial Institutions	4.10	7,246,428,654	5,924,718,626
4	Money at Call and Short Notice	4.11	-	-
5	Investments	4.12	18,198,739,944	15,102,674,197
6	Loan, Advances and Bills Purchased	4.13	67,955,107,021	54,482,465,225
7	Fixed Assets	4.14	678,987,899	630,397,372
8	Non-Banking Assets	4.15	-	-
9	Other Assets	4.16	3,934,817,040	3,835,274,807
	Total Assets		113,885,046,402	99,167,293,661

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Schedules 4.1 to 4.17, 4.32 and 4.33 are integral part of the Balance Sheet

Ashutosh Sharma Rajesh Gautam Someshwor Seth
Ast. General Manager Dy. General Manager C.E.O.

Directors
 Arun Man Sherchan
 Dr. Bal Gopal Vaidya
 Dr. Ram S. Sangapure
 P.K. Mohapatra
 Nabin Bhakta Shrestha
 Sunil Gopal Shrestha

Bishnu Krishna Shrestha
Chairman

As per our report of even date

CA, **Manish Amatya**
 Partner
 N. Amatya & Company
 Chartered Accountants
 Date: 16/11/2016

Profit and Loss Account

From Shrawan 1st, 2072 to Ashadh 31, 2073 (July 17, 2015 to July 15, 2016)

Particulars	Schedule	This Year Rs.	Previous Year Rs.
1 Interest Income	4.18	5,057,077,497	4,996,428,451
2 Interest Expenses	4.19	1,828,492,869	2,116,993,166
Net Interest Income		3,228,584,628	2,879,435,285
3 Commission and Discounts	4.20	285,939,873	305,138,807
4 Other Operating Income	4.21	509,795,262	387,487,562
5 Exchange Income	4.22	112,975,610	87,273,141
Total Operating Income		4,137,295,373	3,659,334,795
6 Staff Expenses	4.23	699,880,930	687,510,119
7 Other Operating Expenses	4.24	603,177,998	555,221,406
8 Exchange Loss	4.22	-	-
Operating Profit Before Provision for Possible Loss		2,834,236,445	2,416,603,270
9 Provision for Possible Losses	4.25	168,133,771	163,962,647
Operating Profit		2,666,102,674	2,252,640,623
10 Non-operating Income/Loss	4.26	24,718,829	12,484,331
11 Write-back of Loan Loss Provision	4.27	92,751,077	207,119,781
Profit from Regular Activities		2,783,572,580	2,472,244,735
12 Profit /Loss from Transaction of Extraordinary Activities	4.28	4,278,683	-
Profit after Inclusion of all Transaction		2,787,851,263	2,472,244,735
13 Provision for Staff Bonus		253,441,024	224,749,521
14 Provision for Income Tax			
Tax for the year		752,147,755	648,767,242
Tax for Earlier Year		45,000,000	-
Current Year Deferred Tax (Income)/Expense		7,055,459	24,375,529
NET PROFIT		1,730,207,025	1,574,352,443

Schedules 4.18 to 4.28, 4.32 and 4.33 are integral part of the Profit & Loss Account

Ashutosh Sharma
 Ast. General Manager

Rajesh Gautam
 Dy. General Manager

Someshwor Seth
 C.E.O.

Directors

Arun Man Sherchan
Dr. Bal Gopal Vaidya
Dr. Ram S. Sangapure
P.K. Mohapatra
Nabin Bhakta Shrestha
Sunil Gopal Shrestha

Bishnu Krishna Shrestha
 Chairman

As per our report of even date

CA, Manish Amatya
 Partner

N. Amatya & Company
 Chartered Accountants
 Date: 16/11/2016

Profit Appropriation Account

From Shrawan 1st, 2072 to Ashadh 31, 2073 (July 17, 2015 to July 15, 2016)

<i>Particulars</i>	<i>This Year Rs.</i>	<i>Previous Year Rs.</i>
INCOME		
1 Retained Profit upto last year	1,039,258,640	607,443,796
2 Profit for the year	1,730,207,025	1,574,352,443
3 Excgange Fluctuation Fund	-	-
4 Refund of Last Year Dividend Income of R.M.D.C.	-	-
TOTAL	2,769,465,665	2,181,796,239
APPROPRIATION		
1 Accumulated Loss upto last year	-	-
2 Loss for the year	-	-
3 General Reserve	346,042,000	314,871,000
4 Deferred Tax Reserve	-	-
5 Bank Development Fund	-	-
6 Dividend Equalization Fund	-	-
7 Staff related funds	-	-
8 Dividend on Preference Share	8,400,000	8,400,000
9 Proposed Cash Dividend on Ordinary Shares	98,095,939	132,722,877
10 Proposed Bonus Share	1,863,822,841	605,216,321
11 Capital Redemption Reserve	-	-
12 Exchange Equalization Fund	1,994,000	-
13 Debenture Redemption Reserve	166,885,000	46,885,000
14 Capital Adjustment Reserve	47,562,907	-
15 Investment Adjustment Reserve	12,500,000	34,442,400
16 Other Free Reserve (Interest Capitalization for restructured loan)	17,328,101	-
TOTAL	2,562,630,788	1,142,537,599
RETAINED PROFIT/(LOSS)	206,834,878	1,039,258,640

Ashutosh Sharma
Ast. General Manager

Rajesh Gautam
Dy. General Manager

Someshwor Seth
C.E.O.

Directors

Arun Man Sherchan
Dr. Bal Gopal Vaidya
Dr. Ram S. Sangapure
P.K. Mohapatra
Nabin Bhakta Shrestha
Sunil Gopal Shrestha

Bishnu Krishna Shrestha
Chairman

As per our report of even date

CA, Manish Amatya
Partner

N. Amatya & Company
Chartered Accountants
 Date: 16/11/2016

Statement of Changes in Equity

From Shrawan 1st, 2072 to Ashadh 31, 2073 (July 17, 2015 to July 15, 2016)

Particulars	Share Capital Rs.	Share Premium Rs.	General Reserve Rs.	Capital Adjustment Fund Rs. *	Exchange Fluctuation Fund Rs.	Accumulated Profit Rs.	Other Free Reserve Rs.	Total Rs.
Balance at 16 July 2015	2,742,604,058	18,555,127	1,940,601,514	807,147,000	25,842,539	1,039,258,640	316,368,147	6,890,377,025
Adjustment	-	-	-	-	-	-	-	-
Balance after Adjustment	2,742,604,058	18,555,127	1,940,601,514	807,147,000	25,842,539	1,039,258,640	316,368,147	6,890,377,025
Surplus on Revaluation of Properties	-	-	-	-	-	-	-	-
Deficit on Revaluation of Investments	-	-	-	-	-	-	-	-
Currency Translation Differences	-	-	-	-	-	-	-	-
Net Gains/Losses Not Recognised in the Income Statement	-	-	-	-	-	-	-	-
Net Profit for the Period	-	-	-	-	-	1,730,207,025	-	1,730,207,025
Transfer to General Reserve	-	-	346,042,000	-	-	(346,042,000)	-	-
Transfer to Capital Adjustment Reserve (for interest capitalization)	-	-	-	47,562,907	-	(47,562,907)	-	-
Declaration of Dividend- Ordinary Shares	-	-	-	-	-	(98,095,939)	-	(98,095,939)
Declaration of Dividend- Preference Shares	-	-	-	-	-	(8,400,000)	-	(8,400,000)
Issue of Bonus Share	1,863,822,841	-	-	-	-	(1,863,822,841)	-	-
Deferred Tax	-	-	-	-	-	-	-	-
Other Reserve (for Interest Capitalization)	-	-	-	-	-	(17,328,101)	17,328,101	-
Transfer to Debenture Redemption Reserve	-	-	-	-	-	(166,885,000)	166,885,000	-
Transfer to Investment Adjustment Reserve	-	-	-	-	-	(12,500,000)	12,500,000	-
Transfer to Exchange Equalization Fund	-	-	-	-	1,994,000	(1,994,000)	-	-
Balance as on July 15, 2016	4,606,426,899	18,555,127	2,286,643,514	854,709,907	27,836,539	206,834,878	513,081,248	8,514,088,111

* Other Reserve includes Debenture Redemption Reserve, Investment Adjustment Reserve and Other Free Reserve as well.

Cash Flow Statement

From Shrawan 1st, 2072 to Ashadh 31, 2073 (July 17, 2015 to July 15, 2016)

Particulars	Current Year Rs.	Previous Year Rs.
A. Cash flow from Operating Activities		
1. Cash Received	5,692,358,683	5,648,027,088
1.1 Interest Income	4,779,324,897	4,852,417,791
1.2 Commission & Discounts Income	285,939,873	303,619,260
1.3 Income from Foreign Exchange Transaction	105,003,094	95,970,497
1.4 Recovery of Loan written off	4,673,691	–
1.5 Other Income	517,417,128	396,019,540
2. Cash Paid	(3,998,423,527)	(4,128,772,407)
2.1 Interest Expense	(1,745,989,243)	(2,053,864,546)
2.2 Staff Expense	(717,018,863)	(706,938,590)
2.3 Office Administration Expenses	(524,843,588)	(475,666,819)
2.4 Income Tax Paid	(785,822,312)	(670,692,884)
2.5 Other Expenses	(224,749,521)	(221,609,568)
Cash Flow before Changes in Working Capital	1,693,935,156	1,519,254,681
(Increase)/Decrease in Current Assets		
1. (Increase)/Decrease in Money at Call & Short Notice	–	–
2. (Increase)/Decrease in Short-Term Investments	2,007,533,707	(5,927,865,430)
3. (Increase)/Decrease in Loan & Advances and BP	(13,548,419,498)	(6,913,214,233)
4. (Increase)/Decrease in Other Assets	(51,383,291)	(1,235,361,971)
Increase/(Decrease) in Current Liabilities		
1. Increase/(Decrease) in Deposit	10,641,690,751	20,985,654,203
2. Increase/(Decrease) in Certificate of Deposit	–	–
3. Increase/(Decrease) in Short-Term Borrowing	–	–
4. Increase/(Decrease) in Other Liabilities	2,445,862,529	6,440,972,621
Total Cash Flow from Operating Activities	3,189,219,354	14,869,439,871
B. Cash flow from Investing Activities		
1. Purchase of Shares & Debentures	(12,500,000)	–
2. Proceeds from Sale of Shares & Debentures	–	–
3. Purchase of Fixed Assets	(135,230,839)	(108,751,134)
4. Proceeds from Sale of Fixed Assets	20,243,876	5,817,906
5. (Increase)/Decrease in Long-Term Investments	(5,091,099,454)	(2,670,622,998)
6. Proceeds from Sale of Non-Banking Assets	–	46,000,000
7. Interest Income from Long-Term Investments	211,212,756	146,425,137
8. Dividend Received	5,158,989	4,183,963
9. Others (Refund of Last Year Dividend Income of R.M.D.C.)	–	–
Total Cash flow from Investing Activities	(5,002,214,673)	(2,576,947,125)
C. Cash flow from Financing Activities		
1. Increase/(Decrease) in Long Term borrowings (Bond, Debentures, etc)	–	600,000,000
2. Increase/(Decrease) in Share Capital	–	–
3. Increase/(Decrease) in Share Premium	–	–
4. Share Application Money Received	–	–
5. Dividend Paid	(133,600,620)	(902,516,639)
6. Interest in Debenture/Borrowing Paid	(62,964,139)	(37,579,558)
7. Increase/(Decrease) in Refinance / facilities received from NRB	2,500,000	–
Total Cash flow from Financing Activities	(194,064,759)	(340,096,197)
D. Income / Loss from change in exchange rate in Cash & Bank Balance	7,972,516	(8,697,356)
E. Current Year's Cash Flow from all activities	(1,999,087,563)	11,943,699,193
F. Opening Balance of Cash & Bank Balances	25,116,482,060	13,172,782,867
G. Closing Balance of Cash & Bank Balances	23,117,394,498	25,116,482,060

Share Capital and Shareholding

As on 31 Ashadh 2073 (15 July 2016)

Schedule 4.1

Particulars	Current Year Rs.	Previous Year Rs.
1. Share Capital		
1.1 Authorized Capital	10,000,000,000	5,000,000,000
A) 98,800,000 nos. of Ordinary Shares of Rs. 100 each (Previous 48,800,000 nos. of Ordinary Shares of Rs. 100 each)	9,880,000,000	4,880,000,000
B) 1,200,000 nos. of 7% Cumulative Convertible Preference Share of Rs. 100 each (Previous 1,200,000 nos. of Cumulative Convertible Preference Share of Rs. 100 each)	120,000,000	120,000,000
1.2 Issued Capital	2,742,604,100	2,137,387,737
A) 26,226,041 nos. of Ordinary Shares of Rs. 100 each (Previous 20,173,878 nos. of Ordinary Shares of Rs. 100 each)	2,622,604,100	2,017,387,737
B) 1,200,000 nos. of 7% Cumulative Convertible Preference Share of Rs. 100 each (Previous 1,200,000 nos. of Cumulative Convertible Preference Share of Rs. 100 each)	120,000,000	120,000,000
1.3 Paid up Capital	2,742,604,058	2,137,387,737
A) 26,226,041 nos. of Ordinary Shares of Rs. 100 each (Including 23,028,387 Bonus Shares fully paid) (Previous 20,173,878 nos. of Ordinary Shares of Rs. 100 each)	2,622,604,058	2,017,387,737
B) 1,200,000 nos. of 7% Cumulative Convertible Preference Share of Rs. 100 each (Previous 1,200,000 nos. of Cumulative Convertible Preference Share of Rs. 100 each)	120,000,000	120,000,000
1.4 Propose Bonus Share	1,863,822,841	605,216,321
1.5 Calls in Advance	—	—
Total (1.3 + 1.4 + 1.5)	4,606,426,899	2,742,604,058

Detail of Share Ownership

Particulars	Current Year Rs.		Previous Year Rs.	
	%	Share Capital	Share Capital	%
A. Local Ownership	80.00	2,096,772,858	1,612,902,237	80.00
1.1 Nepal Government	—	—	—	—
1.2 'A' Class Licensed Institutions	—	—	—	—
1.3 Other Licensed Institutions	—	—	—	—
1.4 Other Institutions	11.19	293,589,800	221,666,500	12.31
1.5 Individual	68.76	1,803,183,058	1,391,235,737	67.69
1.6 Others	—	—	—	—
B. Foreign Ownership	20.05	525,831,200	404,485,500	20.00
TOTAL	100	2,622,604,058	2,017,387,737	100

Detail of Shareholders holding more than 0.5% of the Share Capital is as under :

Name & Address	%	Amount in Rs.	Name & Address	%	Amount in Rs.
Sh. B. K. Shrestha, Sanepa Lalitpur	9.19	241,053,700	Sh. Arun Man Sherchan, Gairidhara	3.80	99,582,700
M/s Hotel Snow Lion Pvt. Ltd., Bagbazar	9.32	244,321,300	Sh. Shanta Dev Pathak, Kamalpokhari	2.33	61,011,100
Sh. (It) Maitra Dev Pathak, Kamalpokhari	5.69	149,298,600	Sh. Kul Bir Singh Tuladhar, Tripureshwor	1.00	26,350,500
Sh. Radha Shrestha, Tapahiti, Lalitpur	8.77	230,089,000	M/s Punjab National Bank, India	20.05	525,831,200
Sh. Nepal Krishna Shrestha, Tahachal	9.30	243,828,600			

Reserve and Surplus

As on 31 Ashadh 2073 (15 July 2016)

Schedule 4.2

Particulars	Current Year Rs.	Previous Year Rs.
1 General Reserve	2,286,643,514	1,940,601,514
2 Capital Reserve	—	—
2.1 Share Premium	18,555,127	18,555,127
3 Capital Redemption Reserve	—	—
4 Capital Adjustment Reserve	854,709,907	807,147,000
5 Other Reserve	—	—
a. Reserve for contingencies	—	—
b. Bank Development Fund	—	—
c. Dividend Equalization Fund	—	—
d. Debenture Redemption Reserve	307,540,000	140,655,000
e. Assets Revaluation Fund	—	—
f. Deferred Tax Reserve	—	—
g. Other free reserves	30,000,000	30,000,000
h. Investment Adjustment Reserve	50,418,266	37,918,266
i. Others	125,122,982	107,794,881
6 Retained Profit	206,834,878	1,039,258,640
7 Exchange Equalization Reserve	27,836,539	25,842,539
TOTAL	3,907,661,213	4,147,772,967

Debenture and Bond

As on 31 Ashadh 2073 (15 July 2016)

Schedule 4.3

Particulars	Current Year Rs.	Previous Year Rs.
1. 468,845 nos. of 8% Unsecured Debenture of Rs. 1,000 each (Issued on 14/06/2013 and Maturing on 13/06/2023) (Redemption Reserved as on Balance sheet date Rs. 187,540,000)	468,845,000	468,845,000
2. 600,000 nos. of 8% Debenture of Rs. 1,000 each (Issued on 15.07.2015 and maturing on 14.07.2021) (Redemption Reserved as on Balance sheet date Rs. 120,000,000)	600,000,000	600,000,000
TOTAL	1,068,845,000	1,068,845,000

Loans and Borrowing

As on 31 Ashadh 2073 (15 July 2016)

Schedule 4.4

Particulars	Current Year Rs.	Previous Year Rs.
A. Local		
1. Nepal Government	—	—
2. Nepal Rastra Bank (Refinance Loan)	2,500,000	—
3. Repo Obligation	—	—
4. Inter-bank & Financial Institutions	—	—
5. Other Body Corporates	—	—
6. Others	—	—
TOTAL OF (A)	2,500,000	—
B. Foreign		
1. Banks	—	—
2. Others	—	—
TOTAL OF (B)	—	—
GRAND TOTAL (A+B)	2,500,000	—

Deposit Liabilities

As on 31 Ashadh 2073 (15 July 2016)

Schedule 4.5

Particulars	Current Year Rs.	Previous Year Rs.
1 Non-interest Bearing Deposits		
A. Current Deposits	8,629,903,086	7,081,260,955
1. Local Currency	8,405,658,616	6,901,483,742
1.1 Nepal Government	–	–
1.2 'A' Class Licensed Institutions	61,733,654	82,842,929
1.3 Other Licensed Financial Institutions	272,008,598	316,131,328
1.4 Other Body Corporates	7,122,533,588	5,521,747,663
1.5 Individuals	738,952,394	378,514,337
1.6 Others	210,430,382	602,247,485
2. Foreign Currency	224,244,470	179,777,213
2.1 Nepal Government	–	–
2.2 'A' Class Licensed Institutions	–	–
2.3 Other Licensed Financial Institutions	–	–
2.4 Other Body Corporates	224,210,498	179,719,444
2.5 Individuals	33,972	57,769
2.6 Others	–	–
B. Margin	873,112,855	622,597,024
1. Staff Earnest Money	–	–
2. Security Margin	424,887,069	275,658,510
3. LC Margin	448,225,786	346,938,514
C. Others	159,013,131	236,020,331
1. Local Currency	155,641,056	192,388,891
1.1 Financial Institutions	–	–
1.2 Other Body Corporates	41,033,791	28,035,579
1.3 Individual	114,607,265	164,353,312
2. Foreign Currency	3,372,075	43,631,440
2.1 Financial Institutions	–	–
2.2 Other Body Corporates	3,372,075	43,631,440
2.3 Individual	–	–
Total Non-interest Bearing Deposit	9,662,029,072	7,939,878,310
2. Interest Bearing Deposits		
A. Saving Deposit	38,649,605,885	32,604,288,885
1. Local Currency	38,491,658,180	32,471,659,411
1.1 Body Corporate	–	–
1.2 Individual	37,304,941,136	31,505,933,862
1.3 Others	1,186,717,044	965,725,549

contd..

Deposit Liabilities

As on 31 Ashadh 2073 (15 July 2016)

Schedule 4.5

Particulars	Current Year Rs.	Previous Year Rs.
2. Foreign Currency	157,947,705	132,629,474
2.1 Body Corporate	–	–
2.2 Individual	157,947,705	132,629,474
2.3 Others	–	–
B. Fixed Deposit	25,999,038,315	19,784,889,538
1. Local Currency	21,294,653,596	19,273,689,138
1.1 Body Corporate	14,464,966,182	12,330,749,910
1.2 Individual	6,701,857,809	6,823,791,425
1.3 Others	127,829,605	119,147,803
2. Foreign Currency	4,704,384,719	511,200,400
2.1 Body Corporate	4,704,384,719	511,200,400
2.2 Individual	–	–
2.3 Others	–	–
C. Call Deposit	19,424,807,436	22,764,733,224
1. Local Currency	11,808,205,195	11,505,857,117
1.1 'A' Class Licensed Institution	–	–
1.2 Other Licensed Institutions	1,830,232,727	1,569,939,708
1.3 Other Body Corporates	8,906,268,497	8,811,382,273
1.4 Individual	282,216,101	226,865,656
1.5 Others	789,487,870	897,669,480
2. Foreign Currency	7,616,602,241	11,258,876,107
2.1 'A' Class Licensed Institution	–	–
2.2 Other Licensed Institutions	–	–
2.3 Other Body Corporates	7,614,391,941	11,256,734,329
2.4 Individual	2,210,300	2,141,778
2.5 Others	–	–
D. Certificate of Deposits	–	–
1. Body Corporate	–	–
2. Individual	–	–
3. Others	–	–
Total Interest Bearing Deposits	84,073,451,636	75,153,911,647
TOTAL DEPOSITS	93,735,480,708	83,093,789,957

Bills Payable

As on 31 Ashadh 2073 (15 July 2016)

Schedule 4.6

<i>Particulars</i>	<i>Current Year Rs.</i>	<i>Previous Year Rs.</i>
1 Local Currency	432,304,543	162,310,656
2 Foreign Currency	933,012,694	187,218,966
TOTAL	1,365,317,237	349,529,622

Other Liabilities

As on 31 Ashadh 2073 (15 July 2016)

Schedule 4.7

<i>Particulars</i>	<i>Current Year Rs.</i>	<i>Previous Year Rs.</i>
1 Pension / Gratuity Fund (Provision)	261,298,436	278,436,369
2 Staff Provident Fund	—	—
3 Staff Welfare Fund	—	—
4 Staff Bonus	253,441,024	224,749,521
5 Interest Payable on Deposits	44,808,918	47,812,892
6 Interest Payable on Borrowings	—	—
7 Unearned Discount/Commission	—	—
8 Sundry Creditors	796,010,557	240,524,749
9 Branch Adjustment Account	6,513,405	6,568,776
10 Deferred Tax Liabilities	—	—
11 Unpaid Dividend	77,582,522	70,060,265
12 Others		
a) Agency Account	13,631,973	7,963,933
b) Interest on Debenture	32,762,681	10,219,220
c) Remittance Payable	88,658,083	103,409,805
d) Audit Fee	395,500	282,500
e) Government Revenue Payable	6,918,562,034	6,306,710,656
f) Others	598,654,274	326,890,493
TOTAL	9,092,319,407	7,623,629,179

Cash in Hand

As on 31 Ashadh 2073 (15 July 2016)

Schedule 4.8

<i>Particulars</i>	<i>Current Year Rs.</i>	<i>Previous Year Rs.</i>
1 Local Currency (Including Coins)	2,496,723,518	2,039,393,727
2 Foreign Currency	18,224,057	26,213,884
TOTAL	2,514,947,575	2,065,607,611

Balance with Nepal Rastra Bank

As on 31 Ashadh 2073 (15 July 2016)

Schedule 4.9

Particulars	Local Currency	Foreign Currency			Current Year Rs.	Previous Year Rs.
		INRs.	Convertible	Total		
1. Nepal Rastra Bank						
a. Current Account	13,316,984,345	–	39,033,924	39,033,924	13,356,018,269	17,126,155,823
b. Others	–	–	–	–	–	–
Total	13,316,984,345	–	39,033,924	39,033,924	13,356,018,269	17,126,155,823

Balance as per Balance Certificate Rs. 13,676,385,437 (Previous Year Rs. 17,140,541,910) and the difference amount is reconciled.

Balance with Other Bank & Financial Institutions

As on 31 Ashadh 2073 (15 July 2016)

Schedule 4.10

Particulars	Local Currency	Foreign Currency			Current Year Rs.	Previous Year Rs.
		INRs.	Convertible	Total		
1. Other Local	1,066,277,093	–	11,034,163	11,034,163	1,077,311,256	647,464,593
Licensed Institutions						
a. Current Account	1,066,277,093	–	11,034,163	11,034,163	1,077,311,256	647,464,593
b. Others	–	–	–	–	–	–
2. Foreign Banks	– 2,009,975,883	4,159,141,515	6,169,117,398	6,169,117,398	6,169,117,398	5,277,254,033
a. Current Account	– 2,009,975,883	4,159,141,515	6,169,117,398	6,169,117,398	6,169,117,398	5,277,254,033
b. Others	–	–	–	–	–	–
Total	1,066,277,093	2,009,975,883	4,170,175,678	6,180,151,561	7,246,428,654	5,924,718,626

Balance as per Balance Certificate Rs. 6,295,122,587 (Previous Year Rs. 5,997,087,863) and the difference amount is reconciled.

Money at Call & Short Notice

As on 31 Ashadh 2073 (15 July 2016)

Schedule 4.11

Particulars	Current Year Rs.	Previous Year Rs.
1 Local Currency	–	–
2 Foreign Currency	–	–
TOTAL	–	–

Investments

As on 31 Ashadh 2073 (15 July 2016)

Schedule 4.12

Particulars	Purpose		Current Year Rs.	Previous Year Rs.
	Trading	Others		
1. Nepal Government Treasury Bills	–	4,570,601,521	4,570,601,521	6,578,135,228
2. Nepal Government Saving Bonds	–	–	–	–
3. Nepal Government Other Securities	–	5,791,164,623	5,791,164,623	2,009,590,169
4. Nepal Rastra Bank Bonds	–	–	–	–
5. Foreign Securities	–	–	–	–
6. Local Licensed Institutions	–	–	–	–
7. Foreign Banks	–	7,761,125,000	7,761,125,000	6,451,600,000
8. Corporate Shares	–	75,848,800	75,848,800	63,348,800
9. Corporate Bond & Debenture	–	–	–	–
10. Other Investments	–	–	–	–
Total Investments	–	18,198,739,944	18,198,739,944	15,102,674,197
Provision for Investment in Shares	–	–	–	–
NET INVESTMENTS	–	–	18,198,739,944	15,102,674,197

Investments in Shares, Debentures and Bonds

As on 31 Ashadh 2073 (15 July 2016)

Schedule 4.12 (ka)

Particulars	Cost	Market Value	Provision	Previous Year Rs.
1. Investments in Shares				
1.1 Rural Microfinance Development Centre Ltd. (34,320 shares of Rs. 100 each) including 3,120 bonus shares)	3,120,000	47,636,160	–	3,120,000
1.2 Nirdhan Utthan Bank Ltd. (332,208 shares of Rs. 100 each) including 204,275 bonus shares)	12,793,300	803,943,360	–	12,793,300
1.3 Credit Information Center Ltd. (36,599 shares of Rs. 100 each) including 24,244 bonus shares)	1,235,500	NA	–	1,235,500
1.4 Taragaon Regency Hotel Ltd.* (50,000 shares of Rs. 100)	5,000,000	12,800,000	–	5,000,000
1.5 Nepal Clearing House (25,000 shares of Rs. 100)	2,500,000	NA	–	2,500,000
1.6 National Banking Training Institute (12,000 shares of Rs. 100)	1,200,000	NA	–	1,200,000
1.7 Forward Community Micro Finance (375,000 shares of Rs. 100)	50,000,000	NA	–	37,500,000
2. Investment in Debentures				
Total Investments	75,848,800	–	–	63,348,800
3. Provision				
3.1 Upto last year	–			–
3.2 This year (Written Back)	–			–
Total Provision	–			–
NET INVESTMENTS	75,848,800	–	–	63,348,800

* Taragaon Regency Hotel Ltd. and Forward Community Micro Finance have not declared any dividend for more than last three years.

Held for Trading

As on 31 Ashadh 2073 (15 July 2016)

Schedule 4.12.1

Particulars	Cost Price	Last Year Market Price (A)	This Year Market Price (B)	This Year Profit/(Loss) Amount (B-A)	Last Year Profit/(Loss) Amount	Remarks
1. Nepal Government Treasury Bills	-	-	-	-	-	-
2. Nepal Government Saving Bonds	-	-	-	-	-	-
3. Nepal Government Other Securities	-	-	-	-	-	-
4. Nepal Rastra Bank Bonds	-	-	-	-	-	-
5. Foreign Securities	-	-	-	-	-	-
6. Local Licensed Institution's Shares	-	-	-	-	-	-
7. Local Licensed Institution's Debenture & Bond	-	-	-	-	-	-
8. Corporate Shares, Debenture & Bond	-	-	-	-	-	-
9. Foreign Bank Placement	-	-	-	-	-	-
10. Inter Bank Lending	-	-	-	-	-	-
11. Other Investments	-	-	-	-	-	-
Total Investments	-	-	-	-	-	-

Held to Maturity

As on 31 Ashadh 2073 (15 July 2016)

Schedule 4.12.2

Particulars	Cost Price (A)	Last Amount up to This Year (B)	Loss Amount Addition to This Year (C)	This Year Profit/(Loss) Amount (A-B-C)	Last Year Profit/(Loss) Amount	Remarks
1. Nepal Government Treasury Bills	4,570,601,521	-	-	-	-	-
2. Nepal Government Saving Bonds	-	-	-	-	-	-
3. Nepal Government Other Securities	5,791,164,623	-	-	-	-	-
4. Nepal Rastra Bank Bonds	-	-	-	-	-	-
5. Foreign Securities	-	-	-	-	-	-
6. Local Licensed Institution's Shares	-	-	-	-	-	-
7. Local Licensed Institution's Debenture & Bond	-	-	-	-	-	-
8. Corporate Shares, Debenture & Bond	-	-	-	-	-	-
9. Foreign Bank Placement	7,761,125,000	-	-	-	-	-
10. Other Investments	-	-	-	-	-	-
Total Investments	18,122,891,144	-	-	-	-	-

Available for Sale

As on 31 Ashadh 2073 (15 July 2016)

Schedule 4.12.3

Particulars	Cost Price	Last Year Market Price (A)	This Year Market Price (B)	This Year Adjustment Fund Amount (B-A)	Last Year Profit/(Loss) Amount	Remarks
1. Nepal Government Treasury Bills	—	—	—	—	—	—
2. Nepal Government Saving Bonds	—	—	—	—	—	—
3. Nepal Government Other Securities	—	—	—	—	—	—
4. Nepal Rastra Bank Bonds	—	—	—	—	—	—
5. Foreign Securities	—	—	—	—	—	—
6. Local Licensed Institution's Shares	—	—	—	—	—	—
7. Local Licensed Institution's Debenture & Bond	—	—	—	—	—	—
8. Corporate Shares, Debenture & Bond	75,848,800	—	—	—	—	—
9. Foreign Bank Placement	—	—	—	—	—	—
10. Other Investments	—	—	—	—	—	—
Total Investments	75,848,800	—	—	—	—	—

Loan & Advances and Provisioning

As on 31 Ashadh 2073 (15 July 2016)

Schedule 4.13

Particulars	Advances				Bills Purchased/Discounted				Current Year Rs.	Previous Year Rs.	
	Domestic										
	Deprived										
	Insured	Uninsured	Other		Foreign	Total	Domestic	Foreign			Total
1. Performing Loan	-	3,001,291,380	64,804,034,172		758,664,622	68,563,990,174	64,475,000	18,656,000	83,131,000	68,647,121,174	54,996,354,804
(a) Pass Loan	-	3,001,291,380	64,668,243,496		758,664,622	68,428,199,498	64,475,000	18,656,000	83,131,000	68,511,330,498	53,689,656,494
(b) Watch List	-	-	135,790,676		-	135,790,676	-	-	-	135,790,676	1,306,698,310
2. Non-Performing Loan	-	74,480	264,347,670		-	264,422,150	-	-	-	264,422,150	367,164,030
2.1 Restructure/Reschedule	-	-	-		-	-	-	-	-	-	-
2.2 Substandard	-	26,673	13,159,510		-	13,186,183	-	-	-	13,186,183	66,625,789
2.3 Doubtful	-	47,807	10,162,322		-	10,210,129	-	-	-	10,210,129	32,270,548
2.4 Loss	-	-	241,025,838		-	241,025,838	-	-	-	241,025,838	268,267,693
A. Total Loan (1+2)	-	3,001,365,860	65,068,381,842		758,664,622	68,828,412,324	64,475,000	18,656,000	83,131,000	68,911,543,324	55,363,518,834
3. Loan loss Provision											
3.1 Pass Loan	-	30,012,914	646,682,435		7,586,646	684,281,995	644,750	186,560	831,310	685,113,305	537,396,306
3.2 Watch List	-	-	5,431,627		-	5,431,627	-	-	-	5,431,627	26,133,966
3.3 Restructure/Reschedule	-	-	-		-	-	-	-	-	-	-
3.4 Substandard	-	6,668	3,289,878		-	3,296,546	-	-	-	3,296,546	16,656,447
3.5 Doubtful	-	23,903	5,081,161		-	5,105,064	-	-	-	5,105,064	16,135,275
3.6 Loss	-	-	241,025,838		-	241,025,838	-	-	-	241,025,838	268,267,692
3.7 Additional Provision	-	16,463,923	-		-	16,463,923	-	-	-	16,463,923	16,463,923
B. Total Loan Loss Provision	-	46,507,408	901,510,939		7,586,646	955,604,993	644,750	186,560	831,310	956,436,303	881,053,609
4. Provision upto Ashad end 2072											
4.1 Pass Loan	-	26,379,210	497,581,443		8,144,799	532,105,452	147,500	4,643,613	4,791,113	536,896,565	480,298,143
4.2 Watch List	-	-	26,133,966		-	26,133,966	-	-	-	26,133,966	-
4.3 Substandard	-	4,131	16,652,317		-	16,656,447	-	-	-	16,656,447	1,557,030
4.4 Doubtful	-	27,445	16,107,830		-	16,135,274	-	-	-	16,135,274	84,215,226
4.5 Loss	-	933,469	267,334,223		-	268,267,692	-	-	-	268,267,692	295,745,469
4.6 Additional Provision	-	16,963,664	-		-	16,963,664	-	-	-	16,963,664	16,464,526
C. Total Provision upto Ashad end 2072	-	44,307,919	823,809,778		8,144,799	876,262,496	147,500	4,643,613	4,791,113	881,053,609	878,280,394
D. Write Back of Provision from previous year	-	-	92,751,077		-	92,751,077	-	-	-	92,751,077	161,189,432
E. Provision for the year charged to P/L Account	-	2,199,490	170,452,238		(558,153)	172,093,575	497,250	(4,457,053)	(3,959,803)	168,133,771	163,962,647
F. Net Increase/Decrease for the year	-	2,199,490	77,701,161		(558,153)	79,342,498	497,250	(4,457,053)	(3,959,803)	75,382,694	2,773,215
NET LOAN (A-B)	-	2,954,858,452	64,166,870,903		751,077,976	67,872,807,331	63,830,250	18,469,440	82,299,690	67,955,107,021	54,482,465,225

Security Wise Detail of Loans, Advances and Bills Purchases

As on 31 Ashadh 2073 (15 July 2016)

Schedule 4.13(Ka)

Particulars	Current Year Rs.	Previous Year Rs.
A. Secured	68,911,543,324	55,363,518,834
1. Against Fixed/Movable Properties	66,781,327,633	51,129,568,355
2. Loan Against Guarantee Local Licensed Institutions	—	—
3. Against Government Guarantee	198,736,758	198,663,820
4. Against International Rated Bank's Guarantee	—	—
5. Against Export Document	83,131,000	40,640,000
6. Against Fixed Deposit Receipts	717,892,415	781,581,998
a) Own Fixed Deposit Receipts	717,892,415	781,581,998
b) Other Licensed Institutions' Fixed Deposit	—	—
7. Against Government Securities	9,058,759	30,124,470
8. Against Counter Guarantee	—	—
9. Against Personal Guarantee	29,462,363	2,498,707
10. Against Other Securities	1,091,934,396	3,221,081,484
B. Unsecured	—	—
TOTAL	68,911,543,324	55,363,518,834

Fixed Assets

As on 31 Ashadh 2073 (15 July 2016)

Schedule 4.14

Particulars	Assets					Current Year Rs.	Previous Year Rs.
	Building	Vehicles	Machinery	Office Equipment	Others		
1. Cost							
a) Upto Last Year	35,158,203	157,883,354	194,981,412	372,184,338	20,935,070	781,142,378	735,059,858
b) Addition this Year	3,323,429	34,392,000	15,659,447	33,925,455	28,250	87,328,581	68,043,073
c) Revaluation during the year	-	-	-	-	-	-	-
d) Sold during the year	-	(39,244,008)	(2,539,032)	(4,306,894)	-	(46,089,934)	(17,458,625)
e) Inter Head Transfers	-	-	-	-	-	-	-
f) Write off during this year	-	-	(907,885)	(7,143,046)	-	(8,050,931)	(4,501,928)
Total Cost (a + b + c + d + e)	38,481,632	153,031,346	207,193,942	394,659,854	20,963,320	814,330,095	781,142,378
2. Depreciation							
a) Upto Last Year	14,221,136	95,524,280	108,985,905	273,291,979	17,440,834	509,464,134	465,011,140
b) Addition this Year	1,159,537	16,560,124	14,149,661	29,997,270	1,154,219	63,020,811	61,554,929
c) Depreciation of Inter Head Transfers	-	-	-	-	-	-	-
d) Depreciation of write off	-	-	(853,028)	(6,371,295)	-	(7,224,323)	(3,997,578)
e) Depreciation of assets sold	-	(32,020,109)	(1,960,249)	(3,803,675)	-	(37,784,032)	(13,104,357)
Total Depreciation	15,380,674	80,064,295	120,322,289	293,114,280	18,595,053	527,476,590	509,464,134
3. Book Value (1 - 2)	23,100,958	72,967,052	86,871,654	101,545,574	2,368,267	286,853,505	271,678,244
4. Land	-	-	-	-	-	292,806,579	292,806,579
5. Capital WIP	-	-	-	-	-	74,785,124	32,819,769
6. Leasehold Asset	-	-	-	-	-	10,491,042	18,785,460
7. Finacle Software	-	-	-	-	-	14,051,650	14,307,320
Total (3 + 4 + 5 + 6 + 7)	23,100,958	72,967,052	86,871,654	101,545,574	2,368,267	678,987,900	630,397,372

Detail of Computer Software - Finacle

Cost	
Upto Last Year	50,415,522
Addition This Year	5,317,647
Total Cost	55,733,169
Amortisation	
Upto Last Year	36,108,202
Addition This Year	5,573,317
Total Amortisation	41,681,519
Net Book Value	14,051,650

Non Banking Assets

As on 31 Ashadh 2073 (15 July 2016)

Schedule 4.15

Name & Address of the Party/Borrower	Date of Transfer	Amount of NBA	Provisioning		Net Amount	Previous Year Rs.
			%	Amount		
1.	—	—	—	—	—	—
Total		—	—	—	—	—
Previous Year's Provisions					—	—
TOTAL		—	—	—	—	—

Other Assets

As on 31 Ashadh 2073 (15 July 2016)

Schedule 4.16

Particulars	Current Year Rs.	Previous Year Rs.
1. Stationeries Stock	22,418,663	12,665,945
2. Interest Receivable on Investments	85,958,025	19,418,181
3. Interest Receivable on Loans & Advances	–	–
Interest Receivable on Loans & Advances	149,262,190	118,555,989
Less: Interest Suspense	(149,262,190)	(118,555,989)
4. Commission Receivables	–	–
5. Sundry Debtors	255,137,008	30,888,388
6. Staff Loans & Advances	1,643,378,969	1,411,829,484
7. Pre-paid Expenses	20,680,796	15,979,555
8. Cash in Transit	–	–
9. Others in Transit (including cheques)	–	–
10. Draft Paid Without Advices	–	–
11. Expenses to be Written -off	–	–
12. Branch Account	–	–
13. Deferred Tax Assets	75,138,085	82,193,544
14. Others	–	–
Security Deposit - Utility Service	1,903,799	1,860,499
Security Deposit - Legal Case	52,900,000	75,116,342
Remittance Receivable	8,281,117	19,429,669
Misc.	–	975,155
Advance Tax	29,563,942	40,889,385
Custom Cheque Clearance	183,152,523	144,965,047
Government Payment Claimable	1,556,304,113	1,979,063,613
TOTAL	3,934,817,040	3,835,274,807

Other Assets (Additional Details)

As on 31 Ashadh 2073 (15 July 2016)

Schedule 4.16(ka)

Particulars	Current Year Rs.				Previous Year Rs.
	Up to 1 Year	More than 1 Year & upto 3 Years	More than 3 Years	Total	
1. Interest Receivables on Loan	81,292,198	38,058,927	29,911,065	149,262,190	118,555,989
2. Draft Paid without Schedule	–	–	–	–	–
3. Branch Account	–	–	–	–	–
4. Domestic Foreign Agency A/c	–	–	–	–	–
TOTAL	81,292,198	38,058,927	29,911,065	149,262,190	118,555,989

Contingent Liabilities

As on 31 Ashadh 2073 (15 July 2016)

Schedule 4.17

Particulars	Current Year Rs.	Previous Year Rs.
1. Claim Lodged but Not Accepted by the Bank	–	–
2. Letters of Credits	5,554,682,309	4,754,355,777
a. Maturity Value of Less Than Six Months	4,033,382,395	4,035,661,241
b. Maturity Value of More Than Six Months	1,521,299,915	718,694,536
3. Re-discounted Bills	–	–
4. Unexpired Guarantees	3,460,974,651	3,126,339,592
a. Bid Bond	315,811,849	245,287,632
b. Performance Bond	3,145,162,802	2,881,051,960
5. Share Money Against Investments in Shares	–	–
6. Forward Exchange Contracts	–	–
7. Bills on Collection	900,122,278	474,558,672
8. Acceptance and Endorsements	374,245,429	241,608,444
9. Underwriting Commitment	–	–
10. Irrevocable Loan Commitment	6,617,822,345	5,081,824,223
11. Guarantee Against Counter Guarantee of International Rated Bank	148,181,878	198,018,436
12. Advance Payment Guarantee	563,405,436	564,642,874
13. Financial Guarantees	–	–
14. Contingent Liability Against Income Tax	192,792,062	239,077,341
15. Others	–	–
TOTAL	17,812,226,388	14,680,425,359

Interest Income

As on 31 Ashadh 2073 (15 July 2016)

Schedule 4.18

Particulars	Current Year Rs.	Previous Year Rs.
A. Interest on Loans, Advances & Overdrafts	4,779,324,897	4,852,417,791
1. Loans & Advances	2,819,741,009	2,708,015,486
2. Overdrafts	1,959,583,888	2,144,402,305
B. Interest on Investments	191,116,475	97,400,305
1. Government Securities	186,066,789	96,339,510
a. Treasury Bills	84,123,936	8,003,378
b. Development Bonds	101,942,853	88,336,132
c. National Saving Bonds	—	—
2. Foreign Securities	—	—
3. Nepal Rastra Bank Securities	—	—
4. Debenture & Bond	—	—
5. Interest on Inter-bank Lending	5,049,686	1,060,795
a. Bank/Financial Institutions	5,049,686	1,060,795
b. Other Institutions	—	—
C. Agency Balance	84,066,215	46,457,504
1. Local Banks/Financial Institutions	—	—
2. Foreign Banks	84,066,215	46,457,504
D. Money at Call & Short Notice	2,569,910	152,851
1. Local Banks/Financial Institutions	—	—
2. Foreign Banks	2,569,910	152,851
E. Others	—	—
1. Certificate of Deposits	—	—
2. Inter Bank/Financial Institution Loan	—	—
3. Others	—	—
TOTAL	5,057,077,497	4,996,428,451

Interest Expenses

As on 31 Ashadh 2073 (15 July 2016)

Schedule 4.19

Particulars	Current Year Rs.	Previous Year Rs.
A. Interest on Deposits	1,742,985,269	2,079,348,661
1. Fixed Deposits	847,457,675	920,627,570
1.1 Local Currency	808,948,362	919,060,201
1.2 Foreign Currency	38,509,313	1,567,369
2. Saving Deposits	645,063,965	764,252,891
2.1 Local Currency	644,043,802	762,769,410
2.2 Foreign Currency	1,020,163	1,483,481
3. Call Deposits	250,463,629	394,468,200
3.1 Local Currency	186,501,200	287,022,974
3.2 Foreign Currency	63,962,429	107,445,226
4. Certificate of Deposits	—	—
B. Interest on Loans	85,507,600	37,644,505
1. Debenture & Bond	85,507,600	37,639,107
2. Loan from NRB	—	—
3. Inter-Bank Loan	—	5,398
4. Other Organisation	—	—
5. Other Loan	—	—
C. Others	—	—
TOTAL	1,828,492,869	2,116,993,166

Commission and Discounts

As on 31 Ashadh 2073 (15 July 2016)

Schedule 4.20

Particulars	Current Year Rs.	Previous Year Rs.
A. Bills Purchased & Discounted	8,727,975	22,617,090
1. Local	7,425,199	4,362,204
2. Foreign	1,302,776	18,254,886
B. Commission	236,766,560	246,032,193
1. Letter of Credits	48,700,138	47,138,458
2. Letter of Guarantees	49,888,097	60,533,501
3. Collection Fees	11,301,519	10,439,751
4. Remittance Fees	65,917,077	68,314,058
5. Credit Card	2,708	—
6. Share Underwriting/Issue com.	—	—
7. Government Transaction	—	—
8. Exchange Commission	—	—
9. Batta	60,957,021	59,606,425
C. Others	40,445,338	36,489,524
TOTAL	285,939,873	305,138,807

Other Operating Income

As on 31 Ashadh 2073 (15 July 2016)

Schedule 4.21

Particulars	Current Year Rs.	Previous Year Rs.
1. Safe Deposit Vault Rental Income	10,976,395	9,235,862
2. Credit Card Issue and Renewals	6,000	–
3. ATM Card Issue and Renewals	162,341,786	106,876,079
4. Telex / T.T.	15,078,596	14,629,407
5. Service Charges	219,847,497	171,229,108
6. Renewal Charges	20,605,448	23,922,411
7. Others	80,939,540	61,594,695
TOTAL	509,795,262	387,487,562

Exchange Gain/(Loss)

As on 31 Ashadh 2073 (15 July 2016)

Schedule 4.22

Particulars	Current Year Rs.	Previous Year Rs.
A. Exchange Rate Difference	7,972,516	(8,697,356)
B. Foreign Exchange Trading (except batta)	105,003,094	95,970,497
TOTAL	112,975,610	87,273,141

Staff Expenses

As on 31 Ashadh 2073 (15 July 2016)

Schedule 4.23

Particulars	Current Year Rs.	Previous Year Rs.
1. Salary	421,084,759	360,396,624
2. Allowances	55,383,244	45,131,983
3. PF Contributions	40,953,231	34,636,374
4. Training	2,169,371	1,112,129
5. Uniform	6,739,820	6,504,101
6. Medical	4,795,000	3,449,454
7. Insurance	8,549,580	7,923,201
8. Gratuity	82,514,109	172,240,604
9. Others		
a) Dashain Expenses	34,118,613	26,007,290
b) Leave Encashment	25,899,012	17,847,177
c) Leave Travel Assistance	17,674,191	12,261,182
TOTAL	699,880,930	687,510,119

Operating Expenses

From 17th July 2015 to 15th July 2016

Schedule 4.24

Particulars	Current Year Rs.	Previous Year Rs.
1. House Rent	93,192,946	78,549,127
2. Electricity & Water	16,404,890	16,959,482
3. Repair & Maintenance	—	—
A. Building	2,283,129	1,047,731
B. Vehicles	2,222,661	2,423,817
C. Others	—	—
4. Insurance Premium	42,468,053	39,661,091
5. Postage, Telex, Telephone, Fax	35,035,188	34,099,839
6. Office Equipment/Furniture & Maintenance	15,707,029	13,855,384
7. Traveling Expenses	13,804,560	8,099,437
8. Printing & Stationeries	22,352,676	21,877,157
9. Newspaper & Magazine	638,175	588,901
10. Advertisement	20,902,410	18,766,744
11. Legal Expenses	1,511,143	2,045,634
12. Donation	1,031,971	5,497,989
13. Board Expenses	—	—
A. Meeting Fee	850,000	838,000
B. Other Expenses	1,285,341	1,067,085
14. Annual General Meeting Expenses	2,199,094	2,317,379
15. Audit Expenses	—	—
A. Audit Fee	395,500	282,500
B. Other Expenses	1,067,135	1,075,887
16. Remittance Expenses	35,041,861	30,500,521
17. Depreciation	61,866,592	61,554,929
18. Pre-operating Expenses Write Off	—	—
19. Debenture/Share Issue Expenses	1,168,290	1,311,031
20. TSA Fee and Expenses Reimbursement	35,774,575	30,327,822
21. Entertainment	9,377,215	8,959,239
22. Amortization	15,627,629	17,495,307
23. Security Expenses	42,860,529	39,417,102
24. Loan Insurance Premium	—	—
25. Commission & Discounts	—	—
26. Others		
A) Business Promotion	10,638,574	10,518,719
B) Consultancy Charges	797,926	391,505
C) Registration/Renewals	11,432,619	10,867,278
D) Misc.	6,088,717	4,669,851
E) Fuel & Lubricant	20,655,371	26,505,710
F) Assets Written Off	840,189	504,351
G) A.T.M. Related Expenses	19,223,327	17,222,436
H) Temporary Staff Wages	17,335,498	15,740,338
I) Software Contract Expenses	14,444,939	15,100,614
J) Electronic Cheque Clearing	9,407,297	5,493,355
K) CIC Charges	9,146,840	7,040,920
L) Branch Less Banking	718,092	308,962
M) SMS Alert Charges	2,413,667	1,070,432
N) Disaster Recovery Sites	4,966,350	1,167,800
Total	603,177,998	555,221,406

Provision for Possible Loss

From 17th July 2015 to 15th July 2016

Schedule 4.25

Particulars	Current Year Rs.	Previous Year Rs.
1. Increase In Loan Loss Provision	168,133,771	163,962,647
2. Increase In Provision For Investment	—	—
3. Provision For Non-banking Assets	—	—
4. Provision Against Other Assets	—	—
Total	168,133,771	163,962,647

Gain/(Loss) from Non-Operating Activities

From 17th July 2015 to 15th July 2016

Schedule 4.26

Particulars	Current Year Rs.	Previous Year Rs.
1. Gain/(Loss) on Sale of Investment	—	—
2. Gain/(Loss) on Sale of Assets	11,937,974	1,218,286
3. Dividend	—	—
A. Rural Development Banks	4,285,953	3,317,582
B. Credit Information Center	521,536	695,381
C. National Banking Institute/Nepal Clearing House	351,500	171,000
4. Subsidy Received From NRB	—	—
A. Compensation of Branch Loss	—	—
B. Interest Compensation	—	—
C. Exchange Counters	—	—
5. Others	—	—
A. House Rent	7,621,866	7,012,431
B. Gain/Loss on Sale of NBA	—	69,651
Total Gain / (Loss)	24,718,829	12,484,331

Write Back from Provision for Possible Loss

From 17th July 2015 to 15th July 2016

Schedule 4.27

Particulars	Current Year Rs.	Previous Year Rs.
1. Write-back From Loan Loss Provision	92,751,077	161,189,432
2. Write-back From Provision for NBA	—	45,930,349
3. Write-back From Provision For Investment	—	—
4. Write-back From Other Provision	—	—
Total	92,751,077	207,119,781

Profit/(Loss) from Extra-Ordinary Transaction

From 17th July 2015 to 15th July 2016

Schedule 4.28

Particulars	Current Year Rs.	Previous Year Rs.
1. Recovery of Loss Loan	4,673,691	—
2. Expenses for Retirement Package	—	—
3. Write off of Bad Loan (Schedule 4.28 'Ka')	(395,008)	—
4. Other Income/Expenses	—	—
TOTAL	4,278,683	—

Details of Loan Written Off

From 17th July 2015 to 15th July 2016

Schedule 4.28 (ka)

S.No.	Type of Loan	Amount Written off	Nature of Security & Amount	Basis of Valuation of Security	Sancioning Authority/ Level	Action taken to Recover the Loan	Remarks
1.	Working Capital	—					
2.	Project Finance	—					
3.	Fixed Term Loan	—					
4.	Personal Loan	395,008			Credit Committee		
5.	Others	—					
	Total	395,008					

Loans to Directors, CEO, Promoters, Employees and Shareholders holding more than 1% Share

As on 31 Ashadh 2073 (15 July 2016)

Details of Loans & Advances including Bills Purchased and discounted provided to Directors, CEO, Promoters, Employees and Shareholders holding more than 1% shares (included in total loans & advances) and their undivided family members or Company in which such family members are the Managing Agent or Guarantor of such company is as under:

Schedule 4.29

Name of the borrower	Upto Previous Year		This Year Recovery		Addition This Year	Outstanding	
	Principal	Interest	Principal	Interest		Principal	Interest
1. Directors	—	—	—	—	—	—	—
2. Chief Executive	—	—	—	—	—	—	—
3. Promoters	—	—	—	—	—	—	—
4. Employee	—	—	—	—	—	—	—
5. Shareholders	—	—	—	—	—	—	—
6. Holding more than 1% share	—	—	—	—	—	—	—
Total	—	—	—	—	—	—	—

No Loans have been provided to any of the above mentioned group/person except the staff loans to employees under the staff loan schemes.

Capital Adequacy Table

As on 31 Ashadh 2073 (15 July 2016)

Schedule 4.30 (Ka1)
(Rs. in '000)

Particulars	Current Year Rs.	Previous Year Rs.
1.1 RISK WEIGHTED EXPOSURES	77,433,675	61,511,064
a. Risk Weighted Exposure for Credit Risk (Form No. 2)	71,827,799	56,381,528
b. Risk Weighted Exposure for Operational Risk (Form No. 5)	5,317,181	4,787,542
c. Risk Weighted Exposure for Market Risk	288,694	341,993
Adjustments under Pillar II		
Overall risk management policies and procedures are not satisfactory. Add: 2% of RWE (6.4 a 7)	1,548,673	1,230,221
Add: RWE equivalent to reciprocal of capital charge of 2% of gross income. (6.4 a9)	729,414	709,829
Add: ...% of the total deposit due to insufficient liquid Assets (6.4 a6)	—	—
Total Risk Weighted Exposures (after adjustment under Pillar II)	79,711,762	63,451,114
1.2 CAPITAL		
Core Capital (Tier 1)	8,240,695	6,624,423
a. Paid up Equity Share Capital	2,622,604	2,017,388
b. Proposed Bonus Equity Shares	1,863,823	605,216
c. Share Premium	18,555	18,555
d. Irredeemable Non- cumulative preference shares	—	—
e. Statutory General Reserves	2,286,644	1,940,602
f. Retained Earnings	206,835	1,039,259
g. Reserve for Deferred Tax	—	—
h. Un-audited current year cumulative profit	—	—
i. Debenture Redemption Reserve	307,540	140,655
j. Capital Adjustment Reserve	854,710	807,147
k. Capital Redemption Reserve	—	—
l. Other Free Reserve	155,123	137,795
m. Less: Goodwill	—	—
n. Less: Deferred Tax Assets	(75,138)	(82,194)
o. Less: Miscellaneous Expenditure not written off	—	—
p. Less: Investment in Equity in licensed Financial Institutions	—	—
q. Less: Investment in Equity of Institutions with vested interests	—	—
r. Less: Investment in Equity of institutions with excess of limits	—	—
s. Less: Investments arising out of underwriting commitments	—	—
t. Less: Reciprocal crossholdings	—	—
u. Less: Other Deductions	—	—
Adjustments under Pillar II		
Less: Shortfall in Provision (6.4 a 1)		
Less: Loans and Facilities extended to Related Parties and Restricted lending (6.4 a 2)		
Supplementary Capital (Tier 2)	1,854,109	1,832,600
a. Cumulative and/or Redeemable Preference Share	120,000	120,000
b. Subordinated Term Debt	948,845	1,068,845
c. Hybrid Capital Instruments	—	—
d. General Loan Loss provision	690,545	563,530
e. Investment Adjustment Reserve	50,418	37,918
f. Assets Revaluation Reserve	—	—
g. Exchange Equalization Reserve	27,837	25,843
h. Additional Loan Loss Provision	16,464	16,464
i. Other Reserves	—	—
Total Capital Fund (Tier I and II)	10,094,804	8,457,023
1.3 CAPITAL ADEQUACY RATIOS		
Tier 1 Capital to Total Risk Weighted Exposures	10.34	10.44
Tier 1 and Tier 2 Capital to Total Risk Weighted Exposures	12.66	13.33

Risk Weighted Exposure For Credit Risk

As on 31 Ashadh 2073 (15 July 2016)

Schedule 4.30 (Kha)

(Rs. in '000)

Balance Sheet Exposures (A)

	2073 Ashadh End						Previous Year	
	Book Value (A)	Specific Provision (B)	Eligible CRM (C)	Net Value (D=A-B-C)	Risk Weight (%) (E)	Risk Weighted Exposures (F = D x E)	Net Value	Risk Weighted Exposures
Cash Balance	2,514,948	-	-	2,514,948	0%	-	2,065,608	-
Balance With Nepal Rastra Bank	13,356,018	-	-	13,356,018	0%	-	17,126,156	-
Gold	-	-	-	-	0%	-	-	-
Investment in Nepalese Government Securities	10,361,766	-	-	10,361,766	0%	-	8,587,725	-
All other Claims on Government of Nepal	2,372,107	-	-	2,372,107	0%	-	2,602,916	-
Investment in Nepal Rastra Bank securities	-	-	-	-	0%	-	-	-
All other Claims on Nepal Rastra Bank	18,167	-	-	18,167	0%	-	-	-
Claims on Foreign Government Securities (ECA Rating 0-1)	-	-	-	-	0%	-	-	-
Claims on Foreign Government Securities (ECA- 2)	-	-	-	-	20%	-	-	-
Claims on Foreign Government Securities (ECA-3)	-	-	-	-	50%	-	-	-
Claims on Foreign Government Securities (ECA-4-6)	-	-	-	-	100%	-	-	-
Claims on Foreign Government Securities (ECA-7)	-	-	-	-	150%	-	-	-
Claims On BIS MIFECBEC and on Multilateral Development Banks (MDB's) recognized by the framework	-	-	-	-	0%	-	-	-
Claims on Other Multilateral Development Banks	-	-	-	-	100%	-	-	-
Claims on Public Sector Entity (ECA 0-1)	-	-	-	-	20%	-	-	-
Claims on Public Sector Entity (ECA 2)	-	-	-	-	50%	-	-	-
Claims on Public Sector Entity (ECA 3-6)	-	-	-	-	100%	-	-	-
Claims on Public Sector Entity (ECA 7)	-	-	-	-	150%	-	-	-
Claims on domestic banks that meet capital adequacy requirements	3,068,038	-	-	3,068,038	20%	613,608	2,672,812	534,562
Claims on domestic banks that do not meet capital adequacy requirements	149,474	-	-	149,474	100%	149,474	38,485	38,485
Claims on Foreign Bank (ECA Rating 0-1)	11,964,858	-	-	11,964,858	20%	2,392,972	10,878,713	2,175,743
Claims on Foreign Bank (ECA Rating 2)	-	-	-	-	50%	-	-	-
Claims on Foreign Bank (ECA Rating 3-6)	-	-	-	-	100%	-	-	-
Claims on Foreign Bank (ECA Rating 7)	-	-	-	-	150%	-	-	-
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	2,009,976	-	-	2,009,976	20%	401,995	858,183	171,637
Claims on Domestic Corporates	32,709,394	-	726,951	31,982,443	100%	31,982,443	23,551,061	23,551,061
Claims on Foreigns Corporates (ECA 0-1)	-	-	-	-	20%	-	-	-
Claims on Foreigns Corporates (ECA 2)	-	-	-	-	50%	-	-	-
Claims on Foreigns Corporates (ECA 3-6)	-	-	-	-	100%	-	-	-
Claims on Foreigns Corporates (ECA 7)	-	-	-	-	150%	-	-	-
Regulatory Retail Portfolio (Not Overdue)	16,624,487	-	-	16,624,487	75%	12,468,365	14,097,933	10,573,450
Claims fulfilling all criterion of regulatory retail except granularity	-	-	-	-	100%	-	-	-
Claims secured by residential properties	8,504,404	-	-	8,504,404	60%	5,102,643	7,729,199	4,637,519
Claims not fully secured by residential properties	-	-	-	-	150%	-	-	-
Claims secured by residential properties (overdue)	24,769	13,127	-	11,642	100%	11,642	7,416	7,416
Claims secured by Commercial real estate	2,464,198	-	-	2,464,198	100%	2,464,198	2,514,758	2,514,758
Past due claims (except for claim secured by residential properties)	239,653	236,299	-	3,354	150%	5,031	57,960	86,940
High Risk claims (Venture capital private equity investments personal loans and credit card receivables)	5,553,621	-	-	5,553,621	150%	8,330,431	3,743,707	5,615,561
Investment in equity of institutions listed in the stock exchange	20,913	-	-	20,913	100%	20,913	20,913	20,913
Investment in equity of institutions not listed in the stock exchange	54,936	-	-	54,936	150%	82,403	42,436	63,653
Staff Loan Secured by Residential Property	592,436	-	-	592,436	60%	355,462	478,516	287,110
Interest Receivable/Claim on Government Securities	41,367	-	-	41,367	0%	-	11,376	-
Cash in transit and other cash items in process of collection	-	-	-	-	20%	-	-	-
Other Assets	2,195,954	-	281,430	1,914,524	100%	1,914,524	1,572,856	1,572,856
TOTAL	114,841,483	249,426	1,008,381	113,583,676		66,296,103	98,658,728	51,851,663

Contd.....

Risk Weighted Exposure For Credit Risk

As on 31 Ashadh 2073 (15 July 2016)

Schedule 4.30 (Kha)
(Rs. in '000)

	2073 Ashadh End						Previous Year	
	Gross Book Value (A)	Specific Provision (B)	Eligible CRM (C)	Net Value (D=A-B-C)	Risk Weight (%) (E)	Risk Weighted Exposures (F = D x E)	Net Value	Risk Weighted Exposures
Off Balance Sheet Exposures (B)								
Revocable Commitments	-	-	-	-	0%	-	-	-
Bills under Collection	900,122	-	-	900,122	0%	-	474,559	-
Forward Exchange Contract Liabilities	-	-	-	-	10%	-	-	-
LC Commitments with Original Maturity Up to 6 months (domestic)	4,033,382	-	378,658	3,654,725	20%	730,945	3,815,377	763,075
ECA Rating 0-1	-	-	-	-	20%	-	-	-
ECA Rating 2	-	-	-	-	50%	-	-	-
ECA Rating 3-6	-	-	-	-	100%	-	-	-
ECA Rating 7	-	-	-	-	150%	-	-	-
LC Commitments with Original Maturity Over 6 months (domestic)	1,521,300	-	56,545	1,464,755	50%	732,377	678,060	339,030
ECA Rating 0-1	-	-	-	-	20%	-	-	-
ECA Rating 2	-	-	-	-	50%	-	-	-
ECA Rating 3-6	-	-	-	-	100%	-	-	-
ECA Rating 7	-	-	-	-	150%	-	-	-
Bid Bond, Performance Bond and Counter guarantee (domestic)	3,609,157	-	298,682	3,310,474	50%	1,655,237	3,071,116	1,535,558
ECA Rating 0-1	-	-	-	-	20%	-	-	-
ECA Rating 2	-	-	-	-	50%	-	-	-
ECA Rating 3-6	-	-	-	-	100%	-	-	-
ECA Rating 7	-	-	-	-	150%	-	-	-
Underwriting commitments	-	-	-	-	50%	-	-	-
Lending of Bank's Securities or Posting of Securities as Collateral	-	-	-	-	100%	-	-	-
Repurchase Agreements Assets sale with recourse (including repo/reverse repo)	-	-	-	-	100%	-	-	-
Advance Payment Guarantee	563,405	-	30,045	533,360	100%	533,360	547,726	547,726
Financial Guarantee	-	-	-	-	100%	-	-	-
Acceptances and Endorsements	374,245	-	10,825	363,421	100%	363,421	89,034	89,034
Unpaid portion of Partly Paid Shares and Securities	-	-	-	-	100%	-	-	-
Irrevocable Credit Commitments (Short Term)	6,617,822	-	-	6,617,822	20%	1,323,564	5,081,824	1,016,365
Irrevocable Credit Commitments (Long Term)	-	-	-	-	50%	-	-	-
Other Contingent Liabilities	192,792	-	-	192,792	100%	192,792	239,077	239,077
Unpaid Guarantee Claims	-	-	-	-	200%	-	-	-
TOTAL	17,812,226	-	774,755	17,037,471		5,531,697	13,996,773	4,529,866
Total RWE for Credit Risk Before Adjustment (A)+ (B)	132,653,709	249,426	1,783,136	130,621,147		71,827,799	112,655,501	56,381,528
Adjustments under Pillar II	-	-	-	-		-	-	-
Add: 10% of the loan and facilities in excess of Single Obligor limits (6.4 a 3)	-	-	-	-		-	-	-
Add: 1% of the contract(sale) value in case of the sale of credit with recourse (6.4 a 4)	-	-	-	-		-	-	-
Total RWE for credit Risk (After Bank's Adjustment of Pillar II)						71,827,799	112,655,501	56,381,528

Eligible Credit Risk Mitigants
As on 31 Ashadh 2073 (15 July 2016)

Schedule 4.30 (Ga)
(Rs. in '000)

	Deposits with Bank (a)	Deposits with Other Banks/FI (b)	Gold (c)	Govt. & NRB Securities (d)	G'tee of Govt. of Nepal (e)	Sec/G'tee of Other Sovereigns (f)	G'tee of Domestic Banks (g)	G'tee of MDBs (h)	Sec/G'tee of Foreign Bank (i)	Total
Credit Exposures										
Balance Sheet Exposures	-	-	-	-	-	-	-	-	-	-
Investment in Foreign Government Securities (ECA-2)	-	-	-	-	-	-	-	-	-	-
Investment in Foreign Government Securities (ECA-3)	-	-	-	-	-	-	-	-	-	-
Investment in Foreign Government Securities (ECA-4-6)	-	-	-	-	-	-	-	-	-	-
Investment in Foreign Government Securities (ECA-7)	-	-	-	-	-	-	-	-	-	-
Claims on Other Multilateral Development Banks	-	-	-	-	-	-	-	-	-	-
Claims on Public Sector Entity (ECA 0-1)	-	-	-	-	-	-	-	-	-	-
Claims on Public Sector Entity (ECA 2)	-	-	-	-	-	-	-	-	-	-
Claims on Public Sector Entity (ECA 3-6)	-	-	-	-	-	-	-	-	-	-
Claims on Public Sector Entity (ECA 7)	-	-	-	-	-	-	-	-	-	-
Claims on Domestic Banks That Meet Capital Adequacy Requirements	-	-	-	-	-	-	-	-	-	-
Claims on Domestic Banks That do Not Meet Capital Adequacy Requirements	-	-	-	-	-	-	-	-	-	-
Claims on Foreign Bank (ECA Rating 0-1)	-	-	-	-	-	-	-	-	-	-
Claims on Foreign Bank (ECA Rating 2)	-	-	-	-	-	-	-	-	-	-
Claims on Foreign Bank (ECA Rating 3-6)	-	-	-	-	-	-	-	-	-	-
Claims on Foreign Bank (ECA Rating 7)	-	-	-	-	-	-	-	-	-	-
Claims On Domestic Corporates	726,951	-	-	-	-	-	-	-	-	726,951
Claims on Foreign Corporates (ECA 0-1)	-	-	-	-	-	-	-	-	-	-
Claims on Foreign Corporates (ECA 2)	-	-	-	-	-	-	-	-	-	-
Claims on Foreign Corporates (ECA 3-6)	-	-	-	-	-	-	-	-	-	-
Claims on Foreign Corporates (ECA 7)	-	-	-	-	-	-	-	-	-	-
Regulatory Retail Portfolio (Not Overdue)	-	-	-	-	-	-	-	-	-	-
Regulatory Retail Portfolio (Overdue)	-	-	-	-	-	-	-	-	-	-
Claims Secured by Residential Properties (With Condition)	-	-	-	-	-	-	-	-	-	-
Claims Secured by Residential Properties (Without Condition)	-	-	-	-	-	-	-	-	-	-
Unsecured Portion of Claims Secured by Residential Properties	-	-	-	-	-	-	-	-	-	-
Claims Secured by Residential Properties (Overdue)	-	-	-	-	-	-	-	-	-	-
Claims Secured by Commercial Real Estate	-	-	-	-	-	-	-	-	-	-
Past Due Claims	-	-	-	-	-	-	-	-	-	-
(Except for Claim Secured by Residential Properties)	-	-	-	-	-	-	-	-	-	-
High Risk Claims	-	-	-	-	-	-	-	-	-	-
(Venture Capital, Private Equity Investments, Personal Loans and Credit Card Receivables)	-	-	-	-	-	-	-	-	-	-
Investments in Equity of Institutions Not Listed in The Stock Exchange	-	-	-	-	-	-	-	-	-	-
Investments in Equity of Institutions Listed in The Stock Exchange	-	-	-	-	-	-	-	-	-	-
Other Assets (as Per Attachment)	281,430	-	-	-	-	-	-	-	-	281,430
Total	1,008,381	-	-	-	-	-	-	-	-	1,008,381

Contd.....

Eligible Credit Risk Mitigants

As on 31 Ashadh 2073 (15 July 2016)

Schedule 4.30 (Ca)
(Rs. in '000)

Credit Exposures	Deposits with Bank (a)	Deposits with Other Banks/FI (b)	Gold (c)	Govt. & NRB Securities (d)	G'tee of Gpvt. of Nepal (e)	Sec/G'tee of Other Sovereigns (f)	G'tee of Domestic Banks (g)	G'tee of MDBs (h)	Sec/G'tee of Foreign Bank (i)	Total
Off Balance Sheet Exposure	-	-	-	-	-	-	-	-	-	-
Forward Exchange Contract Liabilities	-	-	-	-	-	-	-	-	-	-
LC Commitments With Original Maturity Up to 6 months (domestic)	378,658	-	-	-	-	-	-	-	-	378,658
ECA Rating 0-1	-	-	-	-	-	-	-	-	-	-
ECA Rating 2	-	-	-	-	-	-	-	-	-	-
ECA Rating 3-6	-	-	-	-	-	-	-	-	-	-
ECA Rating 7	-	-	-	-	-	-	-	-	-	-
LC Commitments With Original Maturity Over 6 months (domestic)	56,545	-	-	-	-	-	-	-	-	56,545
ECA Rating 0-1	-	-	-	-	-	-	-	-	-	-
ECA Rating 2	-	-	-	-	-	-	-	-	-	-
ECA Rating 3-6	-	-	-	-	-	-	-	-	-	-
ECA Rating 7	-	-	-	-	-	-	-	-	-	-
Bid Bond, Performance Bond Counter Guarantee (domestic)	298,682	-	-	-	-	-	-	-	-	298,682
ECA Rating 0-1	-	-	-	-	-	-	-	-	-	-
ECA Rating 2	-	-	-	-	-	-	-	-	-	-
ECA Rating 3-6	-	-	-	-	-	-	-	-	-	-
ECA Rating 7	-	-	-	-	-	-	-	-	-	-
Underwriting Commitments	-	-	-	-	-	-	-	-	-	-
Lending of Bank's Securities or Posting of Securities as collateral	-	-	-	-	-	-	-	-	-	-
Repurchase Agreements, Assets sale with recourse	-	-	-	-	-	-	-	-	-	-
(Including repo/reverse repo)	-	-	-	-	-	-	-	-	-	-
Advance Payment Guarantee	30,045	-	-	-	-	-	-	-	-	30,045
Financial Guarantee	-	-	-	-	-	-	-	-	-	-
Acceptances and Endorsements	10,825	-	-	-	-	-	-	-	-	10,825
Unpaid Portion of Partly Paid Shares and Securities	-	-	-	-	-	-	-	-	-	-
Irrevocable Credit Commitments	-	-	-	-	-	-	-	-	-	-
Other Contingent Liabilities	-	-	-	-	-	-	-	-	-	-
Total	774,755	-	-	-	-	-	-	-	-	774,755
Grand Total	1,783,136	-	-	-	-	-	-	-	-	1,783,136

Risk Weighted Exposure For Operational Risk

As on 31 Ashadh 2073 (15 July 2016)

Schedule 4.30 (Gha)
(Rs. in '000)

Particulars	2073 Ashadh end			2072 Ashadh end
	F.Y. (2069/070)	F.Y. (2070/071)	F.Y. (2071/072)	
Net Interest Income	2,757,761	2,918,815	2,879,435	
Commission and Discount Income	266,821	254,882	303,619	
Other Operating Income	249,385	309,475	389,007	
Exchange Fluctuation Income	98,905	67,028	87,273	
Additional Interest Suspense During the Period	65,277	(1,056)	(12,266)	
Gross Income (A)	3,438,149	3,549,144	3,647,069	
Alfa (B)	15%	15%	15%	
Fixed Percentage of Gross Income [C=(A x B)]	515,722	532,372	547,060	
Capital Requirement for Operational Risk (D) (Average of C)	531,718			478,754
Risk Weight (Reciprocal of Capital Requirement of 10%) in Times (E)	10			10
Equivalent Risk Weight Exposure [F=(D x E)]	5,37,181			4,787,542

Risk Weighted Exposure For Market Risk

As on 31 Ashadh 2073 (15 July 2016)

Schedule 4.30 (Nga)
(Rs. in '000)

Particulars	2073 Ashadh End			Relevant open position of 2072 Ashadh end (NPR)
	Open Position (FCY)	Open Position (NPR)	Relevant Open Position (NPR)	
1. U.S. Dollar	(96)	(10,303)	10,303	40,309
2. Euro	66	7,806	7,806	8,419
3. Pound Sterling	77	10,993	10,993	10,835
4. Swiss Frank	5.6	607	607	1,302
5. Australian Dollar	0	6	6	3,373
6. Canadian Dollar	7.56	626	626	369
7. Singapore Dollar	0.86	68	68	2,434
8. Japanese Yen	2,720	2,743	2,743	4,952
9. Hongkong Dollar	15	201	201	122
10. Chinese Yuan	14	224	224	1,633
11. Thailand Bhat	222.20	680	680	72
12. Qatari Riyal	12.34	362	362	70
13. Saudi Rial	12.50	356	356	–
14. Korean Won	400.00	38	38	22
14. Indian Rupees	338,985	542,375	542,375	610,075
Total Open Position (a)	–	556,783	577,389	683,986
Fixed % (b)	–	–	5%	5%
Capital Charge for Market Risk c= a x b	–	–	28,869	34,199
Risk Weight (reciprocal of capital requirement of 10%) in times (d)	–	–	10	10
Equivalent Risk Weight Exposure (c x d) = (e)	–	–	288,694	341,993

Main Indicators

Schedule 4.31

Particulars	Indicator	Financial Years				
		2011/12	2012/13	2013/14	2014/15	2015/16
1 Net Profit/Total Income	%	19.80	26.45	26.63	27.20	28.88
2 Per Share Earning (after tax income)	Rs.	88.55	91.88	86.04	78.04	65.97
3 Market Price Per Share	Rs.	1033	1591	2631	2120	3385
4 Price/Earning Ratio	Times	11.67	17.32	30.58	27.17	51.31
5 Dividend on Share- Bonus Share	%	30	10	12	30	70
6 Cash Dividend	%	1.58	50	50	5	3.74
7 Interest Income/Loans & Advances	%	12.30	10.49	10.11	8.76	6.94
8 Employee Expenses/Total Operating Expenses	%	9.53	14.66	15.44	20.46	22.35
9 Interest Expenses/Total Deposits & Borrowing	%	5.75	3.72	3.61	2.52	1.93
10 Exchange Income/Total Income	%	–	0.08	0.06	–	–
11 Staff Bonus/Total Employee Expenses	%	44.26	45.49	43.29	32.69	36.21
12 Net Profit/Loans & Advances	%	2.98	3.33	3.20	2.84	2.51
13 Net Profit/Total Assets	%	2.11	2.39	2.25	1.85	1.85
14 Total Loans & Advances/Total Deposits	%	73.22	76.57	78.01	66.63	73.52
15 Total Operating Expenses/Total Assets	%	6.62	4.79	4.71	3.39	2.75
16 Capital Adequacy Ratio:						
a) Core Capital	%	9.61	9.31	9.35	10.44	10.34
b) Supplementary Capital	%	1.41	2.28	1.96	2.89	2.33
c) Total Capital Funds	%	11.02	11.59	11.31	13.33	12.66
17 Cash Reserve Ratio (CRR)	%	17.22	15.19	16.91	24.27	16.61
18 NPAs/Total Loans & Advances	%	0.84	0.62	0.97	0.66	0.38
19 Base Rate	%	NA	7.16	6.40	6.14	6.14
20 Weighted Average Interest Rate Spread	%	5.32	5.68	5.69	4.76	4.76
21 Book Net Worth (Rs. in Lacs)	Rs.	40173	46678	53371	67704	83941
Total Shares	Number	12316357	16011264	18012391	20173877	26226041
Total Employee	Number	625	643	696	696	739
22 Others						
- Per Employee Business (Rs. in Lakh)	Rs.	1386	1585	1588	1989	2201
- Employee Expenses/Total Income	%	6.39	8.31	8.80	11.88	11.68

Note: CRR Amount have been calculated on the basis of year end figure.

SIGNIFICANT ACCOUNTING POLICIES

Schedule 4.32

General Information

Everest Bank Limited (Bank) is a limited liability company domiciled in Nepal. Its registered office is at Lazimpat, Kathmandu, Nepal. The Bank is listed with Nepal Stock Exchange Ltd. and provides full commercial banking services as licensed by Nepal Rastra Bank (NRB) (Central Bank). The Bank has entered into Technical Services Agreement (TSA) for the equity & management participation with Punjab National Bank, New Delhi, India.

The accompanied financial statements have been approved and authorised for issued by the Board of Directors in its meeting held on 16th November, 2016.

Basis of Preparation

These financial statements have been prepared on historical cost convention basis in conformity with generally accepted accounting principles, prevailing accepted banking norms/practices, applicable Nepal Accounting Standards issued by the Institute of Chartered Accountants of Nepal, provisions of Banks & Financial Institutions Act, 2063 and directives issued by the NRB.

Use of Estimate

The preparation of financial statements requires the management to make estimates and assumptions which are considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates.

Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied, unless otherwise stated.

1. Fixed Assets, Depreciation and Amortization

- Fixed assets are stated at cost less accumulated depreciation. The cost comprises of expenditure that is directly attributable to acquisition and/or construction of the fixed assets. Purchase of items of durable (capital) nature costing Rs. 5,000 or less has been charged to Profit and Loss Account.
- Depreciation on fixed assets (except for leasehold development and computer software) are charged to Profit & Loss Account on reducing balance method, computed by applying the rates and method as prescribed by Schedule 2 of the Income Tax Act, 2058.
- Leasehold development expenses have been amortized in equal installment over the period of lease or 5 years whichever is less.
- Cost incurred for acquiring computer software "Finacle" has been amortized in ten equal yearly installments and other software are amortized in five equal yearly installments.

2. Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognized in the Profit & Loss Account.

Current tax is the expected tax payable on the taxable income for the year computed as per the provision for Income Tax Act, 2058.

Deferred taxes are accounted using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities, and their respective tax bases. Deferred tax assets and liabilities are measured using tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled based on the laws that have been enacted or subsequently enacted by the reporting date.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3. Investments

Investment made in government securities (development bonds and treasury bills), long term and short term placements and in equity shares and debentures of companies are included under Investments. All investments are carried at their acquisition cost or at amortized cost if acquired at a premium over the face value and are presented at net of provision made for loss in investment.

The Bank classifies the investment under the following categories:

a) Held for Trading

Marketable securities that are held with an intention to resale in the short period of time are classified as investment held for trading. These investments are marked to its market value. Provision is made in respect of securities whose cost exceeds the market value.

b) Held till Maturity

Investments that are held with an intention to hold until the maturity of the securities are classified as investment held till maturity. These investments are valued at cost of acquisition. Provision is made for impairment loss, if any, in the value of such investment. Premium paid in excess of the face value of the investment are recognized as a part of the initial cost and are subsequently amortized over the period of the investment. The excess of the cost over face value of government bond is proportionately amortized over

the maturity period of the bond by adjusting it to the interest income from such bonds.

c) Available for Sale

Investments which are held with an intention to recover the value through sale rather than holding till maturity are classified as investment available for sale. These investments are valued at lower of cost or market value. Provision is made in respect of securities whose cost exceeds its market value. Amount equivalent to 2% of the cost of such investment is appropriated to Investment Adjustment Reserve.

4. Foreign Exchange Transactions

Assets and liabilities denominated in foreign currency are translated into Nepalese Rupees at the mid-rate of foreign exchange rate prevailing on the Balance Sheet date.

Gains or losses realized on the foreign exchange transactions is recognized at the foreign exchange rate applicable at the date of transaction and is included under Exchange Gain/(Loss) as the case may be as Trading Gain/(Loss).

Gains or losses arising due to fluctuation in exchange rate of assets and liabilities denominated in foreign currencies is accounted for on a daily basis and presented at net as "Revaluation Gain/Loss". As per the directive issued by Nepal Rastra Bank, 25% of such net revaluation gain is transferred to Exchange Fluctuation Reserve through Profit and Loss Appropriation.

5. Non-Banking Assets

Collateral securities taken over by the Bank during the process of recovery of loans are transferred to Non-Banking Assets. Non Banking Assets are valued at lower of the total amount outstanding (including interest) or market value of the assets acquired and is stated at net of provision made for such assets as per the directive issued by NRB. The surplus or deficit arising on sale of such asset is taken to Profit & Loss Account in the year of sale.

6. Recognition of Income

a) Interest Income

Interest on loans and advances are accounted on accrual basis by credit to interest suspense account. As per unified directive issued by NRB, interest on loans and advances are recognized as revenue on cash realization with the exception of interest capitalization on project financing and as permissible by NRB Circular.

Interest income on investment made on government securities, bonds and foreign placement are recognized on accrual basis.

b) Commissions received on account of LCs, Guarantees etc. are recognized on cash basis.

c) Dividend on investment is recognized on cash basis at net of withholding tax.

7. Loans and Advances including Bills Purchased

Loans and Advances including Bills Purchased are graded as pass, watch list, sub-standard, doubtful and loss assets and provision for loan loss are made in accordance with the such

grading as per the directive issued by Nepal Rastra Bank. Loans and advances are presented net of loan loss provisions.

The Bank has a policy to write off unrecoverable loan after appraisal and due approval of the Board of Directors on case to case basis. The amount of loans written off is charged to Profit & Loss Account and the corresponding amounts of loan loss provision made on such loan account are written back in the Profit & Loss Account.

Loans and advances disbursed to staffs in accordance with the staff loan schemes are shown under other Assets.

8. Employees Retirement Benefit

a) Gratuity

Gratuity payable to eligible employees on retirement/ termination is accounted for on accrual basis and the amount of liability on this account are determined in accordance with the Bank's rule. Gratuity liability up to FY 2070-71 is not funded.

b) Leave Encashment

Leave encashment payable to the employees are charged to revenue on cash basis.

c) Provident Fund

Contributions to the employees' provident fund are made regularly on monthly basis which are charged to revenue. The above together with the employees' contribution are deposited in approved retirement fund account maintained by bank.

9. Bonus

Staff bonus is provided at 10% of net profit before tax (after charging the bonus) as per Bonus Act, 2030.

10. Lease

Premises are taken as operating leases which are cancellable in nature. The expenses for operating leases are charged to Other Operating Expenses in the profit and loss account as per the respective lease agreements

11. Contingent Liabilities

All letter of credit, bank guarantee and forward exchange contract liabilities have been shown in full amount as contingent liabilities in accordance with the directive issued by Nepal Rastra Bank.

Letter of Credits (LCs) denominated in foreign currencies, are stated at the equivalent Rupees calculated at the current exchange rate.

Besides above, all known liabilities wherever material, are provided for and liabilities which are material and whose future outcome cannot be ascertained with reasonable certainty are treated as contingent and disclosed under contingent liabilities.

12. Dividend and Proposed Bonus Shares

Dividend and proposed bonus shares are provided as proposed by the Board of Directors pending approval by NRB and Annual General Meeting.

NOTES TO ACCOUNT

Schedule 4.33

1. Dividend and Proposed Bonus Shares

The Board of Directors has proposed Bonus Share of Rs. 1,863,822,841/- and Cash Dividend of Rs. 98,095,939/- (applicable tax on Bonus Share) for Ordinary Share and Dividend of Rs. 8,400,000/- for convertible Preference Share. The proposed Bonus Share and Cash Dividend on Ordinary Share includes Bonus Share and Dividend for convertible Preference Share of Rs. 4.00 crore which was converted to Ordinary Shares on Ashwin 2073.

2. Reconciliation Position

a) Branch Reconciliation

Inter-branch transactions have been reconciled and are up to date. The summary of age-wise amount of the pending reconciliation items are as under:

(Rs. in Lacs)

Particulars	Debit Pending	Credit Pending
Less than 3 months	–	–
3 to 6 months	–	–
More than 6 months	6.56	71.70

b) Reconciliation of Agency Banks

Agency bank accounts have been reconciled and are up to date. The summary of the age-wise amount of the reconciliation pending amount are as under:

(Amount in '000)

Currency	Ledger Pending		Statement Pending	
	Debit	Credit	Debit	Credit
Sterling Pound				
Upto 1 Year	0.31	–	33.63	3.68
More than 1 year to 3 years	–	–	–	0.02
More than 3 years	–	3.12	–	5.14
US Dollar				
Upto 1 Year	426.98	2,271.17	14,528.48	1,437.99
More than 1 year to 3 years	–	61.04	0.07	13.24
More than 3 years	–	11.42	–	43.60
EURO				
Upto 1 Year	–	7.21	26.16	56.65
More than 1 year to 3 years	–	0.12	0.07	2.17
More than 3 years	–	6.99	–	8.30
Japanese Yen				
Upto 1 Year	–	–	255.50	5000.00
More than 1 year to 3 years	–	6.40	8.00	–
More than 3 years	–	140.13	2.50	–
Australian Dollar				
Upto 1 Year	–	38.61	1.31	1.75
More than 1 year to 3 years	–	–	–	–
More than 3 years	–	–	–	6.22
Indian Rupee				
Upto 1 Year	401,297.87	142,828.20	575,275.98	81,311.70
More than 1 year to 3 years	–	3,651.01	2,527.24	925.62
More than 3 years	–	91,873.52	–	11,770.92

3. Increase/decrease in Loans & Advances

The following depicts the movement of the balances of Loans & Advances during the year:

	(Rs. in Lacs)	
<i>Particulars</i>	<i>Current Year</i>	<i>Previous Year</i>
Balance as on Ashad 31, 2072 (July 16, 2015)	553,635	484,503
Loans Disbursed during the year	3,427,723	2,508,786
Recovered during the year	3,292,244	(2,439,654)
Balance as on Ashad 31, 2073 (July 15, 2016)	689,115	553,635
Write off during the year		
Principal	3.95	–
Interest	109.13	213.91

4. Change in Deposit Liabilities

The following depicts the percentage change in deposit between the end of current year and previous year:

	(Rs. in Lacs)		
<i>Types of Deposit</i>	<i>Current Year</i>	<i>Previous Year</i>	<i>Change %</i>
Current	86,300	70,813	21.87
Margin	8,731	6,226	40.23
Saving	386,496	326,043	18.54
Fixed	259,990	197,849	31.41
Call	194,248	227,647	(14.67)
Others	1,590	2,360	(32.63)
Total	937,355	830,938	12.81

5. Average Interest Spread Rate

The average yield rate on interest bearing assets is 7.13% (Previous year 8.02%). The average cost of deposit for the year is 2.24% (Previous Year 3.26%). Accordingly, the average spread for the financial year stands at 4.89% (Previous Year 4.76%).

6. Leasehold Improvements and Computer Software

The expenses incurred in the renovation and modification of the leased properties and the cost of software purchased are capitalized in the Leasehold assets and Software respectively.

The above assets are amortized as per the policies stated in the significant accounting policies. The balances in above account pending amortization are as under:

a) Leasehold Assets

<i>Particulars</i>	<i>Current Year (Rs.)</i>	<i>Previous Year (Rs.)</i>
Opening Balance	18,785,460	22,987,341
Addition made during this year	619,256	8,497,190
Total	19,404,716	31,484,531
Amortized during the year	8,694,684	12,453,755
Disposed off during the year	218,990	245,316
Closing Balance	10,491,042	18,785,460

b) Software
i) *Finacle*

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Opening Balance	14,307,320	19,348,872
Addition made during this year	5,317,647	–
Total	19,624,967	19,348,872
Amortized during the year	5,573,317	5,041,552
Closing Balance	14,051,650	14,307,320

ii) *Others*

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Opening Balance	3,494,236	874,608
Addition made during this year	28,250	3,779,498
Total	3,522,487	4,654,106
Amortized during the year	1,154,219	1,159,870
Balance at the end of the year	2,368,267	3,494,236

7. **Concentration of exposure**

There is no over concentration of Assets and Liabilities of the Bank to an individual, a firm, a company or in a particular sector as specified by NRB. The highest concentration of loan in a single sector is 27.84% of total loan (Previous year 28.50%) and concentration of deposit to a single institution is of total deposit 10.11% (Previous year 13.14%).

8. **Non-Banking Assets (NBA)**

The position of the Non-banking Assets of the Bank is as under:

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Opening Balance (at Cost)	–	45,930,349
Addition during the year	–	–
Disposed off during the year	–	45,930,349
Closing Balance (at Cost)	–	Nil
Total Provision	–	–
Balance (Net of Provision)	–	Nil

9. **Convertible Preference Share**

7% Convertible Preference Share worth Rs. 20 Crore was issued on Ashwin 2064, which is convertible into Ordinary Share @ 20% after completion of each third year. On this basis preference shares worth Rs. 8 Crore have been converted into Ordinary Shares so far. The balance of Convertible Preference Share as on 31 Ashadh 2073 (July 15, 2016) is Rs. 12 Crore (Previous year Rs. 12 Crore).

10. **Debenture and Debenture Redemption Reserve**

- 8% Debenture of Rs. 46.88 crores for a period of 10 years and maturing on Jestha 2080 has been issued on Jestha 31, 2070.
- 8% debenture of Rs. 60 crores for a period of 6 years and maturing on Ashadh 2078 has been issued on Ashadh 31, 2072.
- During the year Rs. 16.69 crores has been appropriated through Profit & Loss Appropriation Account to Debenture Redemption Reserve (Rs. 12.00 crore for 8% Debenture maturing on 14.7.2021 & Rs. 4.69 crore for 8% Debenture maturing on 13.6.2023). The balance of Debenture Redemption Reserve as on Ashadh 31, 2073 is Rs. 30.75 crores (Previous Year Rs. 14.06 crores).

11. **Statutory General Reserve**

As required by the Bank and Financial Institution Act, 2063 a sum of Rs. 346,042,000 (Previous year Rs. 314,871,000) being 20% of net profit of the year has been transferred to General Reserve through Profit and Loss Appropriation Account. The balance of Statutory General Reserve as on Ashadh 31, 2073 (July 15, 2016) is Rs. 2,286,643,514 (Previous Year Rs. 1,940,601,514).

12. Staff Housing Fund

Since the Bank has been extending housing loan to the employees, provision for staff housing as required by the Labour Act, 2048 has not been made.

13. Exchange Fluctuation Reserve

As required by NRB directive, 25% of Revaluation Gain has to be transferred to Exchange Fluctuation Reserve through Profit and Loss Appropriation Account. Rs. 1,994,000 (Previous year Nil) has been transferred to this account.

14. Liquidity Risk

The liquidity risk as on Ashad 31, 2073 (July 15, 2016) is set out in the Table of Liquidity Statement (Format No. 5.1) as prescribed by the Directives of Nepal Rastra Bank is given as under:

(Rs. in Lacs)

S.N.	Particulars	1-7 Days	8-30 Days	31-90 Days	91-180 Days	181-270 Days	271-365 Days	More than 1 year	Total
Assets									
1.	Cash Balance	25,149	—	—	—	—	—	—	25,149
2.	Balance With Banks & FIs	206,024	—	—	—	—	—	—	206,024
3.	Investment in Foreign Banks	—	7,333	—	70,278	—	—	—	77,611
4.	Call Money	—	—	—	—	—	—	—	—
5.	Government Securities	—	5,991	20,337	4,995	5,438	8,944	—	45,706
6.	Nepal Rastra Bank Bonds	—	—	—	—	—	25,607	32,304	57,912
7.	Inter Bank & FI Lending	—	—	—	—	—	—	—	—
8.	Loans & Advances	22,026	40,643	69,039	19,952	39,229	34,072	464,156	689,115
9.	Interest Receivable	—	232	234	800	—	406	680	2,352
10.	Reverse Repo	—	—	—	—	—	—	—	—
11.	Acceptance Receivable	—	—	—	—	—	—	—	—
12.	Payments under S.No. 20,21 & 22	29,620	5,876	29,661	17,340	3,991	8,078	72,625	167,193
13.	Others	539	2	6	10	1,869	45	13,962	16,434
	Total (A)	283,359	60,077	119,277	113,375	50,528	77,153	583,727	1,287,497
Liabilities									
14.	Current Deposits	9,503	4,752	4,752	—	—	—	76,024	95,030
15.	Saving Deposits (including call)	29,037	29,037	29,037	—	—	—	493,633	580,744
16.	Fixed Deposits	36,358	10,295	52,419	57,165	37,538	37,254	28,962	259,990
17.	Debentures/Bonds	—	—	—	—	—	—	10,688	10,688
18.	Borrowings	—	—	—	—	—	—	—	—
	Call/Short Notice	—	—	—	—	—	—	—	—
	Inter-bank/Financial Institutions	—	—	—	—	—	—	—	—
	Refinance	—	—	—	—	—	—	—	—
	Others	—	—	—	—	—	—	—	—
19.	Other Liabilities and Provisions	14,310	7,890	242	—	—	—	12,176	34,619
	Sundry Creditors	451	7,890	—	—	—	—	—	8,342
	Bills Payable	13,653	—	—	—	—	—	—	13,653
	Interest Payable	206	—	242	—	—	—	—	448
	Provisions	—	—	—	—	—	—	12,176	12,176
	Others	—	—	—	—	—	—	—	—
20.	Acceptance Liabilities	927	963	1,091	667	95	1	—	3,742
21.	Irrevocable Loan Commitment	6,618	—	—	—	—	—	59,560	66,178
22.	Letter of Credit/Guarantee	22,076	4,914	28,570	16,674	3,896	8,078	13,065	97,272
23.	Repo	14,310	7,890	242	—	—	—	12,176	34,619
24.	Payable under S.No.11	451	7,890	—	—	—	—	—	8,342
25.	Others	13,653	—	—	—	—	—	—	13,653
	Total (B)	118,829	57,851	116,111	74,505	41,529	45,332	694,109	1,148,266
	Net Financial Assets (A-B)	164,530	2,226	3,167	38,870	8,999	31,821	(110,381)	139,232
	Cumulative Net Financial Assets	164,530	166,756	169,923	208,793	217,792	249,613	139,232	—

15. Deferred Tax

The component of deferred tax assets as on Ashad 31, 2073 (July 15, 2016) is as follows:

Deferred Tax Asset	Current Year (Rs.)	Previous Year (Rs.)
On Employees' Gratuity	78,389,531	83,530,911
On Provision for Non Banking Assets	—	—
On Fixed Assets	(3,251,446)	(1,337,367)
Total	75,138,085	82,193,544

In accordance with Nepal Accounting Standard (NAS) – 09 Income Taxes, decrease in deferred tax assets amounting to Rs. 7,055,459 has been charged to Profit & Loss Account as deferred tax expenses.

Explanation of the relationship between tax expenses and accounting profit

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Accounting Profit	2,534,091,557	2,247,495,214
Income tax at the applicable tax rate of 30%	760,227,467	674,248,564
Tax effect of expenses/income that are not deductible/included in determining Taxable Profit		
Donation	309,337	149,396
Others	118,501	–
Dividend Income	(1,547,697)	(1,255,189)
Total Tax Expenses	759,107,609	673,142,771

16. Related Party Disclosure

Following are the related party as defined in Nepal Accounting Standard (NAS 16)

- Joint Venture Partner – Punjab National Bank (PNB)

Following depicts the transaction between the Bank and PNB and the status of balances as on Ashad 31, 2073 (July 16, 2016):

Nature of Transaction	Current Year (Rs.)	Previous Year (Rs.)
Technical Service Agreement Fees Paid	70.56	70.56
Cash Dividend (including Dividend Tax on Bonus Shares Issued)	192.13	1821.70
Bonus Shares Issued	1,213.45	433.38
Balance as on Ashad 31, 2073 (July 15, 2016)		
Deposit with PNB (NPR)	16,825.77	8,094.44
Technical Service Agreement Fees Payable	81.36	81.36

Key Management Personnel

- | | |
|--------------------------------|-------------------------|
| a. Mr. Bishnu Krishna Shrestha | Chairman |
| b. Mr. Ved Krishna Shrestha | Director |
| c. Mr. Arun Man Sherchan | Director |
| d. Dr. Bal Gopal Vidya | Director |
| e. Mr. Nabin Bhakta Shrestha | Director |
| f. Mr. Sunil Gopal Shrestha | Director |
| g. Dr. Ram S. Sangapure | Director |
| h. Mr. P.K. Mohapatra | Director |
| i. Mr. Someshwor Seth | Chief Executive Officer |

Compensation to Key Management Personnel of the Bank

Short term employee benefits paid to seconded staff deputed from Punjab National Bank Chief Executive Officer (CEO) amounts to Rs. 8,727,467/- (Previous Year Rs. 8,073,737/-).

In addition to the above, other benefits and amenities such as residence facilities, vehicle facility etc. has been provided as per the terms of Technical Service agreement with Punjab National Bank.

Fees for board meetings paid Rs. 850,000/- (Previous Year Rs. 838,000/-) and fees for other board level committee meetings paid Rs. 1,090,000/- (Previous Year Rs. 970,000/-).

17. Borrowing by Bank against the collateral of own assets/properties

The bank has not offered any assets or properties for obtaining any borrowings including issue of debentures.

18. Others

- a) During the year, the Bank has provided Rs. 82,514,109/- (Previous year Rs. 172,240,604/-) for gratuity as per the Bank's policy. The balance of provision for gratuity as on Ashadh 31, 2073 (July 15, 2016) is Rs. 261,298,436/- (Previous year Rs. 278,436,369/-). During the year Rs. 17,137,933/- (Previous year Rs. 19,428,471/-) has been paid during the year to retiring/outgoing staff and Rs 87,454,315 is deposited in approved EBL Retirement Fund.

- b) Share premium of Rs. 18,555,127 represents the balance amount of premium received on issue of shares as detailed as below:

Particulars	Amount (Rs.)
Premium on Issue of Ordinary Shares (on partial issue only)	6,427,200
Premium on Issue of 7% Cumulative Convertible Preference Shares	200,000,000
Amount used for issuig bonus share on F.Y. 2065/66 from Share Premium	191,646,300
Increase in Share Premium from fraction share on F.Y. 2068/69	3,774,227
Total	18,555,127

- c) Provision for Income Tax

During the year, Rs. 752,052,150/- (Previous year Rs. 648,767,242/-) has been provided in the accounts for income tax. Income tax is calculated on the basis of taxable profit determined under self assessment in accordance with the provisions of Income Tax Act, 2058 and rules made there under. Any additional tax arises on final assessment of tax by the income tax authorities shall be accounted on cash basis.

- d) Contingent Liability on account of Income Tax

Large tax payer office has reassessed the income tax for the year 2063-64, 2064-65, 2067-68 and 2068-69 demanding total additional tax of Rs. 19.28 crores (including fine, interest and TDS). The bank has disputed remaining said assessment and is under appeal with the Revenue Tribunal/ Supreme Court.

During the year the bank has settled tax dispute of FY 2065-66 and 2066-67 through Settlement Commission of Nepal by paying additional tax of Rs. 4.50 crores and the same is provided in the books.

- e) Capital Adjustment Reserve

During the year a sum of Rs. 47,562,907 is transferred to this account for interest capitalization in compliance of NRB Circular.

The balance of reserve on this account as on Ashadh 31, 2073 (July 15, 2016) is Rs. 854,709,907 (Previous year Rs. 807,147,000).

- f) Other Reserve

During the year a sum of Rs. 17,328,101 (Previous year Rs. Nil) transferred to this account for interest capitalization in compliance of NRB Circular.

The balance of the reserve on this account as on Ashad 31, 2073 (July 15, 2016) is Rs. 125,122,982 (Previous year Rs. 107,794,881).

- g) Other Free Reserve

The balance of the reserve on this account as on Ashad 31, 2073 (July 15, 2016) is Rs. 30,000,000 (Previous year Rs. 30,000,000).

- h) Investment Adjustment Reserve

The total Investment in shares of Rs. 758.49 lacs is treated as available for sale category. During the year the bank has appropriated Rs. 12,500,000 to this reserve for share not listed. The balance of the reserve on this account as on Ashad 31, 2073 (July 15, 2016) is Rs. 50,418,266 (Previous year Rs. 37,918,266).

- i) Refinancing from NRB

The bank has received Refinancing Loan amounting to Rs. 25.00 lacs from NRB against laon provided to earthquake victim.

19. Previous year's figure and rounding off

Previous year's figures have been regrouped/rearranged wherever necessary, to make the same comparable with the current year's figure. Figures in the Financial Statements are rounded off to the nearest rupee.



Details of Loan & Advances taken by Promoter/Group of Promoter from Other Financial Institutions against Promoter Share

As on 31 Ashadh 2073 (15 July 2016)

Schedule 4.34

S.No.	Name of Promoter/ Group of Promoter	Share Owned by Promoters		Details of Loan and Advances			
		Total Shares	% Over Paid up Capital	Name of Financial Institution	Amount	No. of Shares as Collateral	Remarks

Comparison of Unaudited and Audited Financial Statement

Financial Year 2072/073

Schedule 4.35
Rs. in '000

S.No.	Particulars	As per Unaudited Financial Statement	As per Audited Financial Statement	Variance		Reasons for Variance
				In Amount	%	
1.	Total Capital and Liabilities (1.1 To 1.7)	114,841,637	114,841,483	(154)	(0.00)	
1.1	Paid Up Capital*	2,742,604	4,606,427	1,863,823	67.96	Issue of Bonus Share
1.2	Reserve and Surplus	5,869,615	3,907,661	(1,961,953)	(33.43)	Issue of Bonus Share
1.3	Debenture and Bond	1,068,845	1,068,845	—	—	
1.4	Borrowings	2,500	2,500	—	—	
1.5	Deposits (A+B)	93,735,481	93,735,481	—	—	
	A. Domestic Currency	81,023,342	81,023,342	—	—	
	B. Foreign Currency	12,712,139	12,712,139	—	—	
1.6	Income Tax Liability	—	—	—	—	
1.7	Other Liabilities	11,422,593	11,520,569	97,976	0.86	Share Div. & Tax on Bonus Share
2.	Total Assets (2.1 To 2.7)	114,841,637	114,841,482	(154)	(0.00)	
2.1	Cash & Bank Balance	23,117,394	23,117,394	—	—	
2.2	Money at Call & Short Notice	—	—	—	—	
2.3	Investments	18,198,740	18,198,740	—	—	
2.4	Loans and Advances (Gross) (a+b+c+d+e+f)	68,911,543	68,911,543	—	—	
	a. Real Estate Loan	3,468,561	3,468,561	—	—	
	1. Residential Housing Loan (Except Personal Housing Loan upto 1 Crore)	1,722,785	1,722,785	—	—	
	2. Business Complex & Residential Apartment Con. Loan	1,035,377	1,035,377	—	—	
	3. Income Generating Commercial Complex Loan	563,131	563,131	—	—	
	4. Other Real Estate Loan (Including Land Purchase & Plotting)	147,268	147,268	—	—	
	b. Personal Housing Loan upto Rs. 1 Crore	9,263,902	9,263,902	—	—	
	c. Margin Type Loan	1,091,934	1,091,934	—	—	
	d. Term Loan	14,300,991	14,300,991	—	—	
	e. Overdraft Loan/TR Loan/Working Capital Loan	32,487,623	32,487,623	—	—	
	f. Others	8,298,532	8,298,532	—	—	
2.5	Fixed Assets	687,948	678,988	(8,960)	(1.30)	Due to Regrouping
2.6	Non Banking Assets (Net of Provision)	—	—	—	—	
2.7	Other Assets	3,926,011	3,934,817	8,806	0.22	Due to Regrouping
3.	Profit and Loss Account					
3.1	Interest Income	5,057,077	5,057,077	—	—	
3.2	Interest Expense	1,828,493	1,828,493	—	—	
	A. Net Interest Income (3.1-3.2)	3,228,585	3,228,585	—	—	
3.3	Fees, Commission and Discounts	285,937	285,940	3	0.00	
3.4	Other Operating Income	509,798	509,795	(3)	(0.00)	
3.5	Foreign Exchange Gain/Loss (Net)	112,976	112,976	—	—	
	B. Total Operating Income (A+3.3+3.4+3.5)	4,137,295	4,137,295	—	—	
3.6	Staff Expenses	699,662	699,881	219	—	Audit Adjustment
3.7	Other Operating Expenses	603,529	603,178	(351)	—	Audit Adjustment
	C. Operating Profit Before Provision (B-3.6-3.7)	2,834,105	2,834,236	132	—	
3.8	Provision for Possible Losses	168,134	168,134	—	—	
	D. Operating Profit (C-3.8)	2,665,971	2,666,103	132	0.00	
3.9	Non Operating Income/Expenses (Net)	24,719	24,719	—	—	
3.10	Write Back of Provision for Possible Loss	92,751	92,751	—	—	
	E. Profit From Regular Activities (D+3.9+3.10)	2,783,441	2,783,573	132	—	
3.11	Extra Ordinary Income/Expenses (Net)	4,279	4,279	—	—	
	F. Profit Before Bonus and Taxes (E+3.11)	2,787,720	2,787,851	132	—	
3.12	Provision for Staff Bonus	253,429	253,441	12	—	
3.13	Provision for Income Tax	804,049	804,203	154	—	Audit Adjustment
	G. Net Profit/Loss (F - 3.12 - 3.13)	1,730,242	1,730,207	(35)	—	Audit Adjustment

Unaudited Financial Results (Provisional)

As at Fourth Quarter 31/03/2073 (15/07/2016) of the Fiscal Year 2072/73

Schedule 4 (Ka)
Rs. in '000

S.No.	Particulars	This Quarter 15.07.2016	Previous Quarter 12.04.2016	Corresponding Previous Year 16.07.2015 (Audited)
1	Total Capital and Liabilities (1.1 To 1.7)	114,841,637	97,867,615	100,033,860
1.1	Paid Up Capital*	2,742,604	2,742,604	2,742,604
1.2	Reserve and Surplus	5,869,615	5,356,825	4,147,773
1.3	Debenture and Bond	1,068,845	1,068,845	1,068,845
1.4	Borrowings	2,500	—	—
1.5	Deposits (A+B)	93,735,481	79,818,425	83,093,790
	A. Domestic Currency	81,023,342	68,601,757	70,962,372
	B. Foreign Currency	12,712,139	11,216,667	12,131,418
1.6	Income Tax Liability	—	39,333	—
1.7	Other Liabilities	11,422,593	8,841,583	8,980,848
2	Total Assets (2.1 to 2.7)	114,841,637	97,867,615	100,033,860
2.1	Cash & Bank Balance	23,117,394	14,183,310	25,116,482
2.2	Money at Call & Short Notice	—	1,300,000	—
2.3	Investments	18,198,740	19,572,932	15,102,674
2.4	Loans and Advances (Gross) (a+b+c+d+e+f)	68,911,543	59,183,268	55,363,519
	a. Real Estate Loan	3,468,561	3,205,134	2,366,513
	1. Residential Housing Loan (Except Personal Housing Loan upto Rs. 1 Crore)	1,722,785	1,505,125	1,442,740
	2. Business Complex & Residential Apartment Construction Loan	1,035,377	1,038,988	702,702
	3. Income Generating Commercial Complex Loan	563,131	625,558	186,299
	4. Other Real Estate Loan (Including Land Purchase & Plotting)	147,268	35,463	34,772
	b. Personal Housing Loan upto Rs. 1 Crore	9,263,902	8,878,766	8,404,441
	c. Margin Type Loan	1,091,934	489,055	582,156
	d. Term Loan	14,300,991	12,180,630	11,195,915
	e. Overdraft Loan/Tr Loan/Working Capital Loan	32,487,623	26,356,567	24,241,120
	f. Others 8,573,374	8,298,532	8,073,116	8,573,374
2.5	Fixed Assets	687,948	709,369	630,397
2.6	Non Banking Assets (Net of Provision)	—	—	—
2.7	Other Assets	3,926,011	2,918,736	3,820,787
3	Profit and Loss Account			
3.1	Interest Income	5,057,077	3,540,847	4,996,428
3.2	Interest Expense	1,828,493	1,375,236	2,116,993
	A. Net Interest Income (3.1-3.2)	3,228,585	2,165,611	2,879,435
3.3	Fees, Commission and Discounts	285,937	198,090	303,619
3.4	Other Operating Income	509,798	340,917	389,007
3.5	Foreign Exchange Gain/Loss (Net)	112,976	84,226	87,273
	B. Total Operating Income (A+3.3+3.4+3.5)	4,137,295	2,788,844	3,659,335
3.6	Staff Expenses	699,662	465,182	687,510
3.7	Other Operating Expenses	603,529	373,700	555,221
	C. Operating Profit Before Provision (B-3.6-3.7)	2,834,105	1,949,962	2,416,603
3.8	Provision for Possible Losses	168,134	69,414	163,963
	D. Operating Profit (C-3.8)	2,665,971	1,880,548	2,252,641
3.9	Non Operating Income/Expenses (Net)	24,719	13,035	12,484
3.10	Write Back of Provision for Possible Loss	92,751	53,003	207,120
	E. Profit From Regular Activities (D+3.9+3.10)	2,783,441	1,946,586	2,472,245
3.11	Extra Ordinary Income/Expenses (Net)	4,279	(395)	(20)
	F. Profit Before Bonus and Taxes (E+3.11)	2,787,720	1,946,191	2,472,225
3.12	Provision for Staff Bonus	253,429	176,926	224,750
3.13	Provision for Income Tax	804,049	560,212	673,143
	G. Net Profit/Loss (F-3.12-3.13)	1,730,242	1,209,052	1,574,332
4	Ratios			
4.1	Capital Fund to RWA	12.79%	13.95%	13.33%
4.2	Non Performing Loan (NPL) to Total Loan	0.38%	0.63%	0.66%
4.3	Total Loan Loss Provision to NPL	100%	100%	100%
4.4	Average Yield	7.13%	7.01%	8.02%
4.5	Cost of Deposit	2.24%	2.03%	3.26%
4.6	Average Interest Spread	4.89%	4.98%	4.76%
4.7	Base Rate 6.14%	4.86%	4.72%	6.14%
4.8	Credit to Deposit Ratio (Calculated as per NRB Directives)	76.24%	76.43%	69.47%

* Paid Up Capital includes Convertible Preference Shares of Rs. 12 crore.

DISCLOSURE RELATING TO BASEL –II FRAMEWORK

1. Capital Structure and Capital Adequacy

• Tier 1 capital and a breakdown of its components: Rs. in '000

Core Capital (Tier 1)	8242169
a. Paid up Equity Share Capital	2622604
b. Proposed Bonus Equity Shares	1835822
c. Irredeemable Non-cumulative Preference Shares	-
d. Share Premium	18555
e. Statutory General Reserves	2286644
f. Retained Earnings	236308
g. Reserve for Deferred Tax	-
h. Unaudited Current Year Cumulative Profit	-
I. Debenture Redemption Reserve	307540
j. Capital Adjustment Reserve	854710
k. Dividend Equalization Reserves	-
l. Capital Redemption Reserve	-
m. Other Free Reserve	155123
n. Less: Goodwill	-
o. Less: Deferred Tax Assets	(75138)
p. Less: Shortfall in Provisions	-
q. Less: Loan to Parties Prohibited by Acts and Directives	-
r. Less: Investment in Equity in Licensed Financial Institutions	-
s. Less: Investment in Equity of Institutions with Vested Interests	-
t. Less: Investment in Equity of Institutions with Excess of Limits	-
u. Less: Investments Arising out of Underwriting Commitments	-
v. Less: Reciprocal Cross Holdings	-
w. Less: Other Deductions	-

• Tier 2 capital and a breakdown of its components

Supplementary Capital (Tier 2)	1854109
a. Cumulative and/or Redeemable Preference Share	120000
b. Subordinated Term Debt	948845
c. Hybrid Capital Instruments	-
d. General Loan Loss Provision	690545
e. Investment Adjustment Reserve	50418
f. Assets Revaluation Reserve	-
g. Exchange Equalization Reserve	27837
h. Additional Loan Loss Provision	16465
i. Other Reserves	-

Total Capital Fund (Tier I and II) 10096278

- Detailed information about the Subordinated Term Debts with information on the outstanding amount, maturity, amount raised during the year and amount eligible to be reckoned as capital funds.
- Deductions from capital : 75138 thousand
- Total qualifying capital : 10096278 thousand
- Capital adequacy ratio : 12.66%

• Summary of the bank's internal approach to assess the adequacy of its capital to support current and future activities, if applicable:

Bank assesses the adequacy of capital on a regular basis taking into consideration of the present total risk exposure and expected future increase in this respect. Bank is aiming to maintain a proper mix of different types of capital so that there would not be pressure on dividend policy as well as inadequacy of total capital funds against the risk exposure. In addition to annual capitalization of profit through issue of bonus shares, bank is issuing 70% Bonus Share amounting Rs. 183 Crore and further issue 3:1 right share for capital adequacy as prescribed by Regulator. In the past, bank had issued convertible preference share of Rs. 20 crore at a premium of 100% convertible into ordinary share @ 20% on completion of each third year. Further, the bank has issued debenture of Rs. 46.88 Crores in F.Y. 2069/70 for the period of 10 years and bank has also issued debenture of Rs. 60.00 Crore in F.Y. 2071/72 for the period of 6 years.

- Summary of the terms, conditions and main features of all capital instruments, especially in case of subordinated term debts including hybrid capital instruments:

As of 15th July 2016, Bank has the following capital structure:

Paid up ordinary capital	Rs. 448.64 crore (with proposed bonus share)
Convertible preference share	Rs. 12.00 crore (Rs. 8 Crore already converted into Ordinary Shares out of Rs. 20 Crores)

The salient features of each instrument are as under:

i) Convertible Preference Shares of Rs. 20 crore:

These shares were issued at 100% premium with the terms and condition of 7% fixed dividend on the face value on unconverted portion. These shares are convertible into ordinary shares @ 20% after completion every three year. Rs. 8 Crore has been already converted into ordinary share so far.

ii) EBL Debenture Rs. 46.88 crore :

These debentures were issued for 10 years with a fixed interest of 8% p.a. These debentures are redeemable after expiry of its' fixed period of ten years.

iii) EBL Debenture Rs. 60.00 crore: These debentures were issued for 6 years with a fixed interest of 8%. These debentures are redeemed after expiry of its' fixed period of six years.

2. Risk Exposures

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

The Risk Weighted exposure as of 15th July 2016 is given below:

Particulars	Amount (000)
1. Credit Risk	71,827,799
2. Market Risk	288,694
3. Operational Risk	5,317,181
4. Adjustment under Pillar II	2,278,087
TOTAL	79,711,762

- Risk weighted exposures under each of 11 categories of Credit Risk:

Risk weighted exposure under each of 11 categories of Credit Risk as of 15th July 2016 is given as under:

Particulars	Amount (000)
1. Claims on other official entities	-
2. Claims on banks	3558048
3. Claims on Domestic corporate & securities firms	31982443
4. Claims on regulatory retail portfolio	12468365
5. Claims secured by residential properties	5114285
6. Claims secured by commercial real estate	2464198
7. Past due claims	5031
8. High risk claims	8330430
9. Investment in Equity of Institutions	103317
10. Other assets	2269985
11. Off balance sheet items	5531697
Total	71827799

- Total risk weighted exposure calculation table:
Enclosed as an Annexure:

Amount of NPAs (both Gross and Net)	Rs. in '000
Gross NPA	: Rs. 264,422
Net NPA	: Rs. 14,995
❖ Restructure/Reschedule Loan	: -
❖ Substandard Loan	: 13,186
❖ Doubtful Loan	: 10,210
❖ Loss Loan	: 241,026
NPA Ratios	
❖ Gross NPA to Gross Advances	: 0.38%
❖ Provision to NPA	: >100%

- Movement of Non Performing Assets:

Particulars	Amount	Provision
Opening balance	367,164	301,059
Addition during the year	34,176	41,119
Sold during the year	(136,918)	(92,751)
Balance as at 15 July 2016	264,422	249,427

- Write off of Loans and Interest Suspense:
Following Loans and Interest Suspenses have been written off during the year 2015/16:

Particulars	Amount
1. Loan	395
2. Interest Suspense	10,931

- Movements in Loan Loss Provisions and Interest Suspense:

Particulars	Loan Loss Provision	Interest Suspense
Opening balance	881054	124352
Write back /off in the year	(92752)	(51717)
Addition in the year	168134	81292
Balance as at 15 July 2016	956436	153927

- Details of additional Loan Loss Provisions

Particulars	Amount (000)
1. Substandard	-
2. Doubtful	-
4. Loan against PG	-
6. Deprived Sector Loan	-
7. Retail Lending	16464
Total	16464

- Segregation of Investment Portfolio

Investment Category	Amount (000)
1. Held from Trading	-
2. Held to Maturity	18,122,891
3. Available for Sale	75,849

3. Risk Management Function

- For each separate risk area (Credit, Market and Operational risk), bank must describe their risk management objectives and policies, including:
 - ❖ Strategies and processes;
 - ❖ The structure and organization of the relevant risk management function;
 - ❖ The scope and nature of risk reporting and/or measurement systems; and
 - ❖ Policies for hedging and/or mitigating risk and strategies, and processes for monitoring the continuing effectiveness of hedges/mitigants.

A. Credit Risk:

Strategies and Process:

Strategies: Main focus is given on medium sized entity. Maximum percentage of sectoral exposure in terms of capital funds for a particular financial year is fixed at the beginning of a financial year and approved by the Board. Loaning power to concerned official at branch as well as Head Office have been fixed. The loaning power at branch level has been fixed comparatively at lower level with a view to have strong appraisal system at corporate level. Manuals relating to credit is in place. Every aspect relating to credit such as procedure, documentation etc are clearly defined. Credit Policy of the Bank has also been put in place.

Process:

Pre sanction: Each credit limit is approved after due scrutiny by two layer of authority in branch level of their limit. Loans are approved after due scrutiny of background of the promoter, nature of business, turnover in the account, cash flows, debt/equity ratio, income or profit, value of primary and collateral security. Loans above branch power are recommended to Head Office for consideration on merit. Risk rating mechanism is in place for certain credits and beyond certain amount.

Post sanction monitor/follow up:

Concerned branch obtains regular returns from the borrower as stipulated in the sanctioned letter on regular interval. Drawing power in case of revolving type of loan is calculated to keep the exposure within its allowable DP. Business place of the borrower is visited, physical stock is also checked at regular interval checked on a time bound basis. In case there is symptom of any slippage in a particular account, steps are taken for regularizing or repayment or exit. Loans more than Rs. 1 Lac which are either irregular or likely to be irregular are reported to Board on regular basis and discussed about the course of action. Credit related returns such as Credit Officer's Report, Review Sheet etc. are submitted to H.O. in a specified time interval on regular basis.

B. Market Risk:

a) Investments:

Presently bank has made no investment for trading purposes. All instruments either government securities or bonds issued by government are intended to hold upto maturity. Instruments issued by semi-government body corporate have been purchased at face value. Premium paid on purchase of government bonds are amortized out of profit on prorata basis in each year.

b) Foreign exchange:

The Bank's policy is to maintain the net open position of convertible foreign currency where exchange rate risk persist in matching position. 25% of total revaluation profit if any in a financial year are transferred to a separate reserve for building a cushion.

C. Operational Risk:

1. Risk arising from break down of information & Operating system: All banking transactions are done through highly sophisticated software. All related data are processed centrally. To safe guard the probable losses resulting from system failure or natural disaster, bank has taken following policies to minimize the risk:

- i) Back up – Daily back up of all balances are taken at the end of day. Auto back up while the system is running are also taken at certain time interval to safe guard the normal system failure.
- ii) Disaster Recovery Site (DRS) – To safe guard the natural disaster, DRS site is being maintained outside valley, which is considered to be less seismic zone.

iii) Validation of entry & password control- Each entry in the system is revalidated by another staff having the power to do so before final posting. Level wise access authority is given for data entry, update, modification and validation process. Password control is maintained at each level of operation very strictly and confidentially.

iv) Generation of exceptional Report:

Exceptional report at the end of day is generated through system and examined.

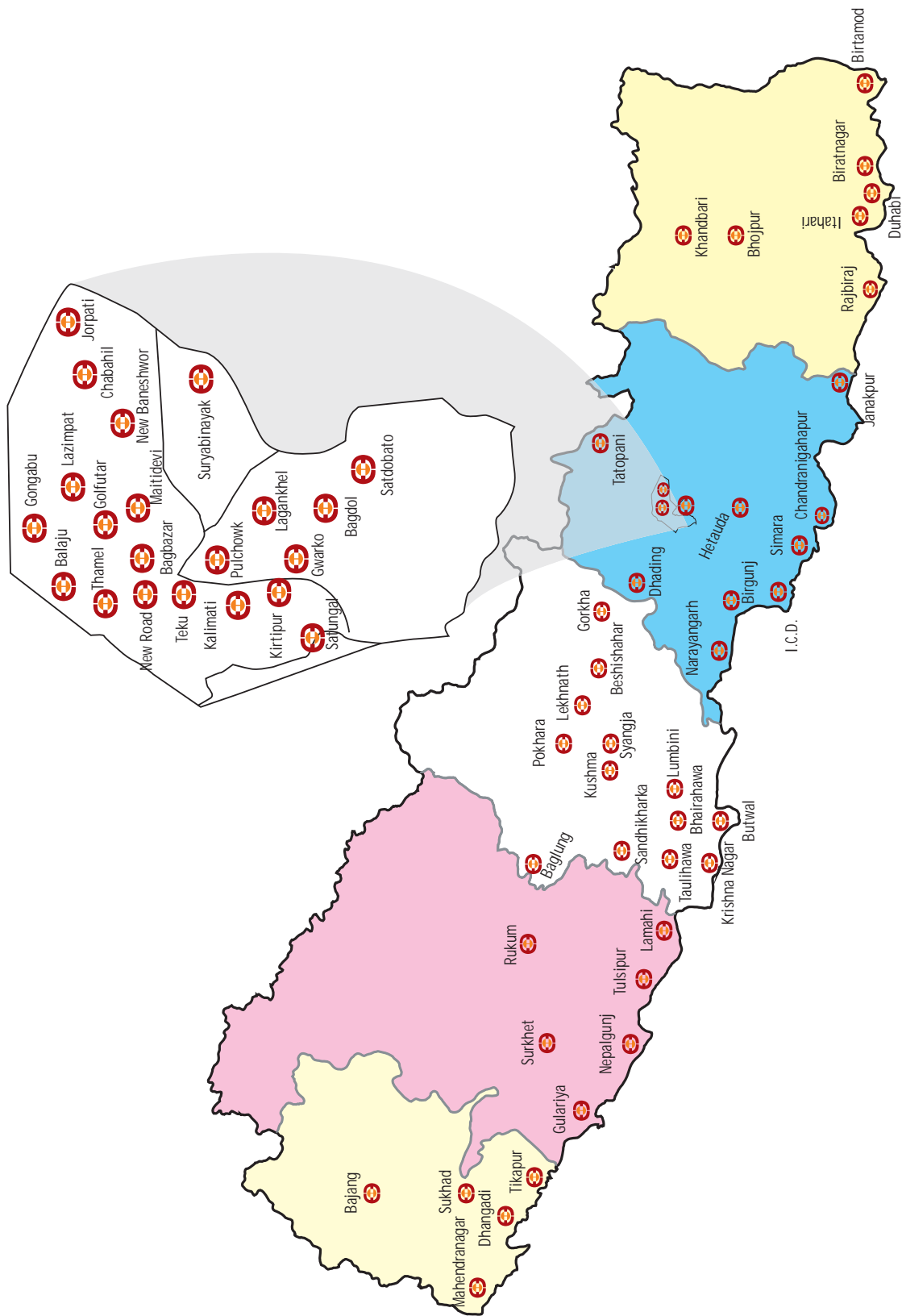
v) Morning checking: Each and every vouchers are physically verified with the ledger posted at the start of next day.

2. Risk Arising from Procedural Lapses and Internal Control:

Operating manual describing every procedure related to banking function is in place. In addition to this, internal circulars are issued as and when required. Regular returns are submitted by every branch on regular interval to H.O. Internal audit of each and every branch including Head Office is carried out every year. The internal audit department conducts off site as well as on site inspection. Monthly manager's certificate in respect of compliance of set systems & procedures are obtained from each branch.

3. Corporate Good Governance: Guidelines issued by the central bank, (Nepal Rastra Bank) are observed and complied with.

- Types of eligible credit risk mitigants used and the benefits availed under CRM - Margin money deposited with the bank against off balance sheet exposures-Lc, Gtee and Loan against Fixed Deposit Receipt & Govt. Bond etc. have been claimed as CRM. Under this, Rs. 1783136 thousand have been deducted from risk as CRM.



Legal form of the Company	: Limited Company
Domicile	: Nepal
Registered Office	: Lazimpat, P.O.Box 13384, Kathmandu, Nepal
Listing of Shares	: Nepal Stock Exchange Limited, Nepal

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Human Resource



Anil K. Karki

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Rajan Kayastha

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Glimpses of 21st Annual General Meeting





Everest Bank Branches Network



Kathmandu Valley:

☎ New Baneshwor ☎ New Road ☎ Lazimpat ☎ Bagbazar ☎ Teku ☎ Satungal
☎ Golfutar ☎ Chabahil ☎ Balaju ☎ Thamel ☎ Kalimati ☎ Maitidevi
☎ Kirtipur ☎ Gongabu ☎ Jorpati
☎ Pulchowk ☎ Gwarko ☎ Lagankhel ☎ Bagdole ☎ Satdobato
☎ Suryabinayak (Bhaktapur)

Eastern:

☎ Birtamod ☎ Biratnagar ☎ Itahari ☎ Duhabi ☎ Rajbiraj
☎ Bhojpur ☎ Khandbari

Central Region:

☎ Janakpur ☎ Birgunj ☎ Narayangarh ☎ Simara ☎ I.C.D. ☎ Chandranigahpur
☎ Tatopani ☎ Dhading ☎ Hetauda

Western:

☎ Butwal ☎ Bhairahawa ☎ Lumbini ☎ Taulihawa ☎ Krishnanagar
☎ Gorkha ☎ Beshisahar ☎ Lekhnath ☎ Pokhara ☎ Kushma
☎ Sandhikarka ☎ Syangja ☎ Baglung

Mid-Western:

☎ Tulsipur ☎ Nepalgunj ☎ Gulariya ☎ Lamahi
☎ Surkhet ☎ Rukum

Far-Western:

☎ Dhangadhi ☎ Tikapur ☎ Sukkhad ☎ Mahendranagar ☎ Bajhang

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