

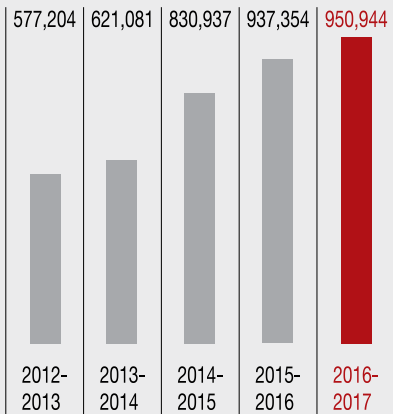
23rd

**Annual Report
2016-2017**

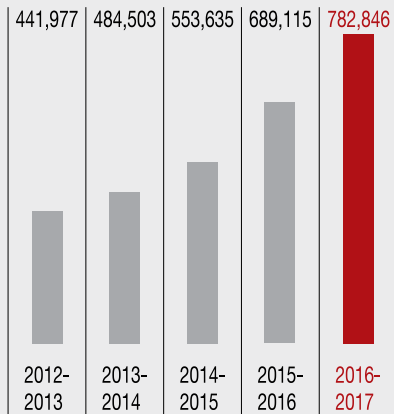


At a Glance

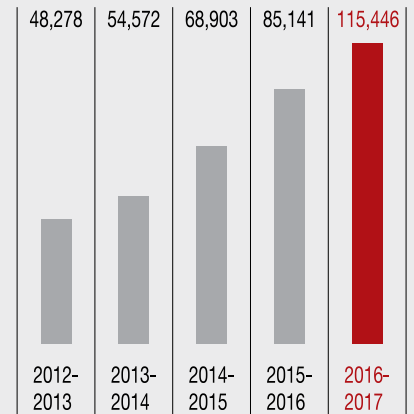
Deposit (Rs. in lacs)



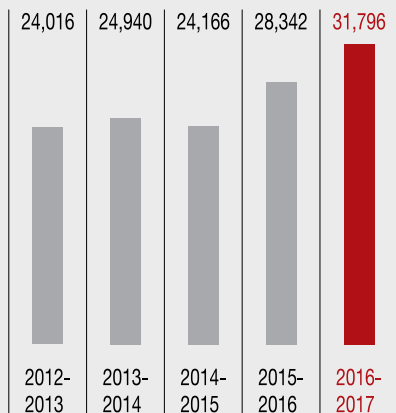
Loans & Advances (Including Bills Purchases) (Rs. in lacs)



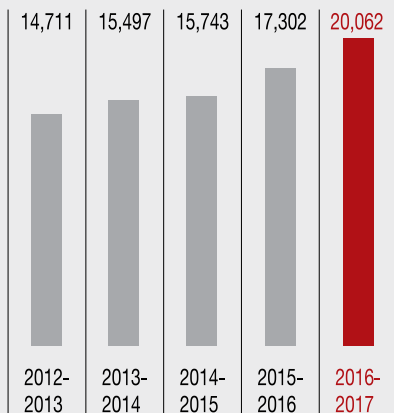
Capital & Reserve (Rs. in lacs)



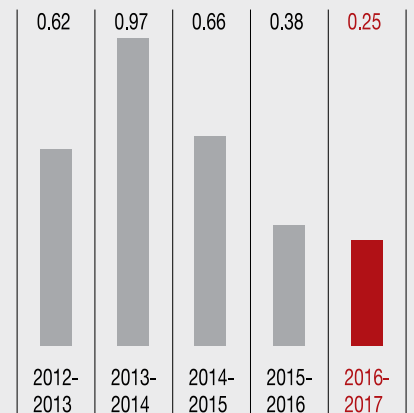
Operating Profit (Rs. in lacs)



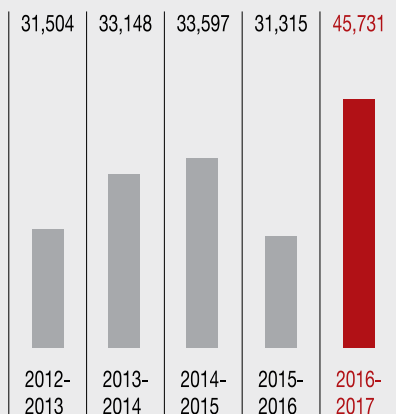
Net Profit (Rs. in lacs)



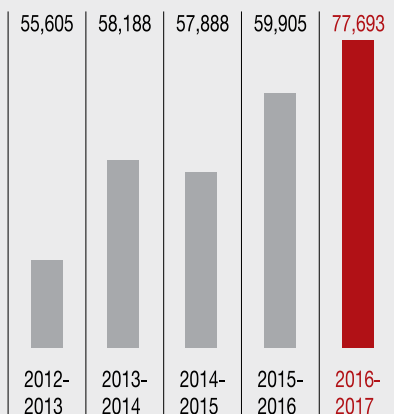
NPA (in %)



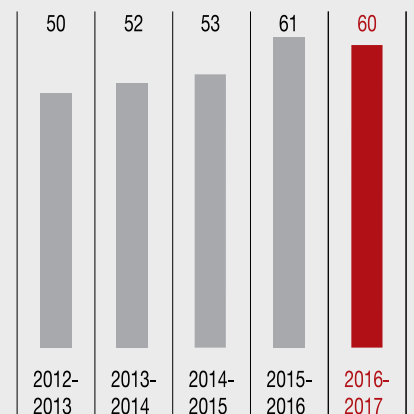
Total Expenditure (Rs. in lacs)



Total Income (Rs. in lacs)



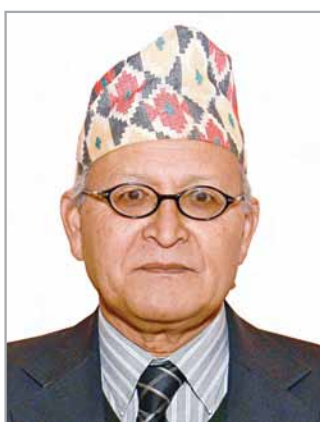
No. of Branches



BOARD OF DIRECTORS



B. K. Shrestha
Chairman



Dr. Bal Gopal Baidya
Director



Arun Man Sherchan
Director



Dr. Ram S. Sangapure
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



Rajeev Jain
Dy. General Manager



Keshab Raj Paudel
Asst. General Manager



Ashutosh Sharma
Asst. General Manager

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CHAIRMAN'S STATEMENT



1. Nepal is greatly influenced by events in India. The dependency, however, is decreasing with the opening of business with other countries especially with China. It is reported that almost 1 million Nepalese are working in India as everybody knows the movement of people and goods between India and Nepal is free. Even the two currencies have their exchange rate pegged. In fact, SAARC is modelled after the relationship between India and Nepal - as it would appear that India would like economies of the neighboring countries are integrated with India. This has happened in the case of Nepal and Bhutan. Bangladesh is coming more and more closer to India. There seems to be no chance of such integration between India and Pakistan as well as India and Srilanka. In fact, Srilanka is more influenced by China than by India.

2. India is influenced by events in the World Power Sector. After the Second World War in 1945, the World has seen relative stability. The First and the Second World Wars were all started in Europe. Starting with the common market, Europe has now European Union. There has been no war since 1945.

Secondly, while US seems to be withdrawing from its commitments around the World, China is not only filling up this vacuum, but aggressively pursuing to influence the World events.

That brings the possibility of tension between India and China. In fact, there was danger of war few months ago, at the tri junction of India, Bhutan, and Tibet - Doklam Plateau issue. This seems to have cooled down, but the tension has not gone down.

3. General Election in the country has been completed and political stability is now expected. Politically country is in long transition phase and with the conclusion of current phase of election, new challenges will be emerging for the political parties. The outcome of these results is being watched keenly by our neighbours and International Community. Any further political unrest may bring instability in Nepal.

4. The year 2016/17 spurred a new hope as the Nepalese economy witnessed higher growth, contained inflation and surplus in balance of payments mainly due to increase in tourists arrival and improvement in overall supply situation. The financial friction stemmed after the first quarter of 2016-17, partly from reckless risk taking by BFIs is getting smoothened; however, it has once again

underscored the need for good corporate governance. As such, we should firmly commit to the highest standards of governance. The Board of the Bank desires that the activities of the Bank are always conducted with the highest standards and in the best interests of its stakeholders. The progressive steps of development and improvement in these aspects allows the Bank to win the trust of customers and other stakeholders by building strong and sustainable relationships.

I wish the political as well as bureaucratic leadership and also the thinking leaders in the Country seriously consider the difficult Current Account deficit with India. This is unsustainable.

To reverse this, firstly the Hydroelectricity Projects which will export hydroelectricity to India, has to be completed as fast as possible. Secondly, Indian investors should be made more and more welcome and make it even more attractive to them (tax-wise), to invest in Nepal and export to India.

If this is not done, the difficult position regarding Indian Currency availability will worsen and there is danger that the pegged exchange rate between Indian Currency and Nepalese Currency may collapse. If it collapses, one does not know where it will end.

Presently, we are purchasing Indian Currency by selling hard currency, which the country is receiving from millions of Nepalese, who are working abroad and sending part of their earnings to their homes in Nepal.

5. The Monetary Policy of 2017/18 has targeted the economic growth of 7.20% and has also come up with provisions to maintain interest rates within appropriate bounds so as to minimize its volatility. Attaining projected economic growth is a challenge, however, after election as a stable government, reconstruction works will gain momentum and there may be a flurry of economic activities in the near future. The policy has also introduced priority sector by redefining existing productive sectors. Inflation rate is targeted at 7% or below, however, containing inflation to this level is not an easy proposition given the volatile economic situation. The policy has not revised CRR and SLR but has tried to curb margin and real estate lending. The Policy also aims to manage the interest rate corridor in relation to the current market scenario besides implementing BASEL-III framework.

Further, IMF projects the world economy to grow 3.5% in 2017 and 3.6% in 2018. Such growth was estimated 3.1% in 2016. Advanced economies, which expanded by 1.7% in 2016, are projected to grow at a same rate of 2% in 2017 and 2018. Improvement in the world economy seems to have positive impact on the least developed economies including Nepal. However, slow productivity growth and inward looking policies in advanced economies could possibly have downside risks to emerging market and least developed countries. Furthermore, doing Business 2018 report ranks Nepal 105 out of 190 economies in terms of ease of doing business. In South Asia, Nepal ranked third, after Bhutan and India. All the Asian countries', except for Afghanistan, had an improvement of DTF score in DB 2018. We, therefore, hope for better days both in national and international fronts.

6. Now coming to Everest Bank, in its pursuit to excellence, the Bank has earned many laurels and accolades in recognition to its service and overall performance viz. Best Managed Commercial Bank-2013, Highest Income Tax payer for FY 2068/69 among others. The Bank is not only serving the society by way of extending

banking services but also consciously targeting inclusive growth by bringing unbanked population to formal banking channels, i.e. through financial inclusion. The Bank is also contributing to the society by way of supporting the people from deprived and under privileged segments for Health, Education, and Infrastructure and most importantly during Natural Disasters towards its Corporate Social Responsibilities. Recently, the Bank celebrated its 23rd anniversary as a "Corporate Social Responsibility" day by organizing various welfare activities at its Head Office as well as in all its branches across the country.

7. Finally, I would like to express my gratitude to all the employees who always displayed the unceasing faith and belief to serve our valued customers, Board of Directors who has always supported the Bank in taking strong decisions and most importantly our valued customers who entrusted faith in us and stood by us. I would also express my gratefulness to our Regulators and other stakeholders for continuous guidance, patronage and supports.

B. K. SHRESTHA
 CHAIRMAN

Directors' Report

Ladies and Gentlemen:

It gives me great pleasure to welcome you to the 23rd Annual General Meeting (AGM) of your Bank. I have the privilege of presenting the Balance Sheet as at 31st Ashadh 2074 (15th July, 2017), 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.

1. Review of Operation of your Bank (Annexure 1) & General Economic Environment of the Country (Annexure 2):

2. Performance Review :

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. 417.73 crore to Rs. 1154.46 crore consisting of the following:

Particulars	Rs. in crore	
	2068/069 (2011/12)	2073/074 (2016/17)
Paid Up Capital Ordinary Shares	123.16	452.64
Calls in advance	-	113.47
Preference Share	16.00	8.00
Statutory General Reserve	102.16	268.79
Share Premium	1.85	-
Capital Adjustment Reserve	36.71	4.76
Other Reserves	3.12	8.81
Exchange Equalization Reserve	2.29	2.82
Investment Adjustment Reserve	0.35	0.14
Debenture Redemption Reserve	30.00	47.44
Capital Redemption Reserve	14.00	-
Deferred Tax Reserve	7.38	-
Proposed Bonus Share	36.95	199.16
Retained Profit	43.75	44.90
Other Reserve (Training)	-	1.51
Other Reserve (CSR)	-	2.01
Total Shareholders' Fund	417.73	1154.46

Other Major Performance:

a) Business:

Particulars	Rs. In crore				
	Increased over				
	2068/069 (2011/12)	2072/073 (2015/16)	2073/074 (2016/17)	Previous Year %	Over 5 years period %
Deposit	5000.61	9373.54	9509.45	1.45	90.16
Loans & Advances	3661.68	6891.15	7828.46	13.60	113.79

b) Profitability:

Particulars	Rs. In crore				
	Increased over				
	2068/069 (2011/12)	2072/073 (2015/16)	2073/074 (2016/17)	Previous Year %	Over 5 years period %
Total Income	550.82	608.75	781.26	28.34	41.83
Operating Profit	179.04	283.42	317.96	12.19	77.59
Net Profit after Tax	109.06	173.02	200.62	15.95	83.95

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. 317.96 crore which is 12.19% more than last year and has been able to post a after tax net profit of Rs. 200.62 crore, which is 15.95% higher than the last year.

The total deposits have reached Rs. 9509.45 crore recording growth of 90.16% in last 5 years. The loans and advances stood at Rs. 7828.46 crore showing growth of 113.79% in last 5 years.

The Bank issued right share with proportion of 3:1 with approval of last Annual General Meeting (AGM). Directors are glad to report that with the present proposal being placed to the shareholders for approval of issuing 33% Bonus Shares, the Bank's Paid-up Capital will be Rs.802.68 crores as follows:

i) Paid Up Capital as on Ashad 2074	Rs. 4,526,426,899
ii) Calls in Advance as on Ashad 2074	Rs. 1,134,668,500
iii) Total Share Capital as on Ashad 2074	Rs. 5,661,095,399
iv) Remaining Right Share capitalization after Ashad 2074	Rs. 374,140,200
v) Total Share Capital	Rs. 6,035,235,599
vi) Proposed Bonus Share @ 33% (on book close balance)	Rs. 1,991,627,748
vii) Total Paid up Capital	Rs. 8,026,863,347

With increase in profit, the bonus provision at 10%, payable to the employees has also gone up to Rs. 28.63 Crores which was Rs. 25.34 Crores in the previous year.

The income tax liability also has gone up to Rs. 85.29 Crore for the year from Rs. 75.21 crore for the previous year.

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

During the year 2073/74, banking industry faced high liquidity crunch due to rise in the demand for loans from private sector. Liquidity crises resulted in cut throat competition in interest rates (both on deposit and government securities) between banks. As per the NRB report, the weighted average rate on 91 days Treasury Bill was 1.45% for the FY 2073/74 which was around 0.79% in the year 2072/73.

NRB has issued government bonds worth Rs. 55.00 billion which fetched the interest rate upto 4.99% in the FY 2073/74. The market was very volatile in the FY 2073/74 as the interbank rate rose to 4.13% in the mid of the year and decreased to 0.64% at the yearend 2074. Interbank rate as on Ashwin end 2073 was 3.27%. Such volatility of interbank rate put pressure on the borrowing and lending of the bank.

3. ACTIVITIES OF THE BANK AND FUTURE PLAN:

a. Operations:

The prolonged political uncertainty has created a lot of problems. Furthermore, devastating earthquake in early 2015 and obstruction of daily essential supply from border areas had heavily affected the business of the BFIs. Our bank too has been affected by incidents. Under such circumstances, it is challenging to predict/forecast future activities as well as set future plans in a right way. However, the new Constitution has been enacted and local body election and General election in the country. Keeping this in mind, we have to sketch our strategies and draw plans for future growth of the Bank.

Role of Information Technology is going to be more vital in coming years. In view of the same, bank is using world class computer software "Finacle" and it is also upgraded to 'Finacle 7.0.25 version from previous version and all the information have been migrated into it. All the branches of EBL have been housed in centralized data base backed by a Disaster Recovery Site operating from outside valley. With a view to automate the process, strengthen the IT System as well as to comply with the regulatory guidelines and besides to provide innovative product and services to the customers with efficiency, Bank has initiated process of implementing its own ATM Switching

system, AML/KYC Transaction monitoring system and enhance the technology up gradations. Similarly, Bank has introduced latest version of Internet Banking service with Retail and Corporate Modules by implementing added security mechanism "Two Factor Authentication (2FA)" for securing the transitions done through Internet Banking.

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 and Cards. The bank has more than 400,000 Lac depositors who been issued debit card. This is one of the highest card based in the country. EBL Debit Card can be used in 90 banks own ATMs at various locations as well as about 1000 other ATMs tied up with Smart Choice Technology (SCT) within the country and more than 9700 PNB ATMs in India. EBL Debit Card can also be used at more than 4500 Point of Sales (PoS) terminals for purchase of merchandise. In addition to above, Bank is also providing VISA Debit and currently, more than 86,700 VISA Debit cards have been issued. Such Debit Cards can be used in more than 3000 ATMs of Nepal and all Visa affiliated ATM and POS Outlets in India. Your bank has also launched Credit Card service from FY 2073/74 and the results are encouraging. The Bank also provides various ranges of services to the customers. Bank is also providing e-banking, SMS banking, mobile-banking. Customers can do banking transactions such as - viewing their account, money transfers, recharge their mobile, utility payments etc. sitting at home. Your Bank has also set up Customer Care Center for facilitating Customers to share their queries, suggestions and grievances by medium of telephonic conversation, e-mail and social media. Your Bank has always strived to provide easy, fast, reliable and hassle free services to its customers.

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

Further, your 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, UK, Malaysia, USA. This facility will be extended to other corridors too in due course. In order to facilitate inward remittance and foreign trade, your bank tied up with various foreign banks/agencies in different countries.

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

Similarly, our joint venture partner Punjab National Bank (PNB), India has already 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 through about 5000 payout locations.

b. Branch expansion/outreach:

In this fiscal year, the bank has network of total 60 branches in and outside Kathmandu Valley. In addition to these, Bank is running additional 28 Government Revenue collection counters and 6 extension counters.

Currently, Bank is providing Branchless Banking (BLB) facility based on internet and Mobile Banking service through the agent. Main objective of the bank under this product is to provide banking services to remotest, low bank segment and unbanked areas through business correspondent as per NRB guidelines where bank could not reach and potentiality of financial activity is high. EBL always intend to serve its customers with new and advance technologies, explore interest of customer towards the products and made it more efficient. EBL is providing BLB services in 67 districts through 450 Business Correspondents (BCs).

Further, with a view to reach the rural/semi rural people as well as to increase our customer base and core deposit, we have recently launched a mobile/tab based product under the brand name "MOBILE ATM" for Bank's customers. Bank has opened more than ten thousands customer accounts under 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, your bank plan to make available other services like mobile recharging, utility bill payment, etc through this mode.

Your Bank is in partnership with Sakcham-Access to Finance project for expansion branchless banking in western part of country. We are working with Sakcham Access to Finance in 27 districts in western part of Nepal to inculcate the banking habit among the people in unbanked area especially in rural areas. Total project cost of Sakcham Access to finance is Rs. 512.04 lacs. As on date we have appointed 31 BCs under Sakcham Project and out of which 22 BCs have already working for this project.

Similarly, we are working with UNNATI Access to Finance which is jointly promoted by UNCDF & Nepal Rastra Bank in 7 district of Eastern Development Region.

Besides, we are distributing Relief Fund to more than 10 thousand Earthquake Victims through our 11 branches with coordination of Nepal Banker Association and Nepal Reconstruction Authority.

c. Human Resources Development & Per Employee Business:

The staff strength of the Bank at the end of the financial year 2073/74 (2016/17) was 748. Per employee business as at the end of the financial year is as under:

Rs. In Lacs

Description	2072-73 (2015/16)		2073-74 (2016/17)		% Increase over last year
	Total Amount	Per Employee Amount	Total Amount	Per Employee Amount	
Deposits and Loans & Advances	16,26,470	2,200.91	17,33,791	2317.9	5.32
Operating Profit	28,342	38.35	31,796	42.51	10.84
Net Profit	15,744	23.41	20,062	27.15	15.97

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 training to its employees 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. Likewise, to upgrade the knowledge base and exposure of the employees of the Bank, a mobile and computer based application called as "SARASWATI APP" has been introduced in the Bank. The bank has also started EBL training academy for its staffs.

In order to enhance motivation & job efficiency 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 573 Employees (In-house and outside).

d. Compliance Department:

Your bank has established a full-fledged Compliance Department by a head Compliance Officer. The Department is coordinating with other functional department for ensuring compliance of regulatory and statutory guidelines to minimize the risk of non-compliance.

e. Corporate Social Responsibility:

Nepal Rastra Bank, the regulatory body has recently issued a guideline that BFLs shall allocate at least 1% of their net accordingly profit to activities relating to corporate social responsibility. "Corporate Social Responsibility Fund" has been created.

As a part of Bank's CSR initiative, various activities are being carried out for the benefit of people at large, especially for the deprived section of the society. In health sector, free checkup camps have been organized in coordination with different hospitals. Similarly, free drinking water facility is provided to the devotees of Janaki Temple, Janakpur and to Ratna Rajya School, Baneshwor, Kathmandu, GETA Eye Hospital, Dhangadi. Similarly, your bank has agreed to maintain of drinking water storage facility and new foot track at Buddha Birth Place, Lumbini, a world heritage site.

Your bank has also issued an annual book incorporating CSR activities.

4. DIVIDEND/BONUS SHARE:

The Board in its meeting held on 16th November 2017 has decided to recommend to the forthcoming Annual General Meeting to declare bonus share @ 33% and cash dividend @ 1.74% representing applicable tax on proposed bonus share.

The same is being placed before you for approval.

5. CAPITAL ADEQUACY:

Under the Basel - III framework, minimum bench mark fixed by Nepal Rastra Bank the Capital Adequacy Ratio is 11%. 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, 2017 after proposed dividends, stands at 14.69%. To maintain the capital adequacy ratio intact, proper capital back up is required. Your bank has managed to put the CAR at comfortable level.

6. BOARD OF DIRECTORS:

There was no change in Board of Directors of the Bank during the financial year under review. However, in accordance with BAFIA 2073, which has provision for 5-7 directors in Financial Institution. Accordingly, the Board in its meeting held on 16th November 2017 has proposed for 7 directors in the bank and the same is placed for your approval.

7. BOARD LEVEL COMMITTEE:

The Board of Directors (Board) and senior management subjugate a pivotal role in ensuring a sound risk management culture and environment of the bank. As good corporate governance is the prerequisite for sound risk management they are entrusted to be the custodian's of corporate governance.

The Board is being collectively accountable to stakeholders for the long-term success and financial soundness of the Bank accordingly, approving and overseeing implementation of the Bank's overall strategic direction, risk appetite, strategies, and related policies to establish corporate culture, values and a strong control environment. The Board conducted 12 meetings during the financial year and the total expenditure on account of meeting fee was incurred Rs. 8,40,000/-.

The Board has delegated the authority to make decisions to Board committees in line with NRB Directives and prevailing market scenarios but bears the ultimate responsibility. Major Sub committees of the Board to oversee the bank's function are as under:-

- (i) Risk Management Committee
- (ii) Audit Committee of Board
- (iii) Human Resource Management committee

The terms of reference for the Board and the Board committees are set out clearly. The Board has established communication procedures between the Board and Board committees, and across Board committees. The Board committees are periodically reporting to the Board on a regular basis as well as on when required basis. The Sub committees of Board conducted 31 meetings during the financial year and the total expenditure on account of meeting fee was incurred Rs.13, 50,000/-.

The Board has approved the Bank's organizational structure and to ensure adequate corporate governance frameworks and systems. The Board is also ensuring that senior management formulates policies that promote fair practices and professionalism, with respect to internal dealings and external transactions, including situations where there are real or potential conflicts of interests.

The Board has delegated to senior management the authority to run the institution's day-to-day operations. The Board, however, bears the overall responsibility for ensuring that the institution's operations comply with Board approved policies, applicable laws and regulations, and are consistent with the industry's sound and prudent practices. To oversee risk management functions following three senior management level committees are functioning:

- (i) Credit Risk Management Committee
- (ii) Operation Risk Management Committee
- (iii) Assets Liability Committee

The senior management is bearing the general executive responsibility for the day-to-day conduct of business and affairs of the institution. It is responsible for creating an accountability framework for the staff, but cognisant that it is ultimately accountable to the Board for the performance of the Bank. Senior management is providing the Board with information on all potentially material risks the Bank is facing, including those relevant to the Bank's risk profile, capital and liquidity needs.

8. AMENDMENT IN MEMORANDUM AND ARTICLES OF ASSOCIATION:

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

9. 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.

10. NEPAL FINANCIAL REPORTING STANDARD (NFRS):

The Institute of Chartered Accountant of Nepal (ICAN) via its guidelines on commercial banks has directed the banks to prepare financial statement as per NFRS.

Further, Nepal Rastra Bank had issued a notice on dated 12 March 2015 regarding NFRS Migration Guidelines to 'A' class Banks & Financial Institutions. In such guidelines, NRB states that all commercial banks to comply with NFRS as issued by the Institute of Chartered Accountants of Nepal (ICAN), subject to NRB regulation.

As per 278th Board approval dt. 7th April, 2017, Bank has hired a NFRS Consultant to prepare the financial report as per NFRS for the FY 2016-17.

Your bank has also prepared financial report in accordance with NFRS as per regulatory requirement.

11. 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.

12. APPOINTMENT OF THE STATUTORY AUDITORS:

The present auditor Mr. Nem Lal Amatya (N. Amatya & Co., Chartered Accountants) has completed his maximum tenure of 3 year, so is ineligible for re-appointment. A new auditor has to be appointed by AGM for FY 2017/18.

The appointment of the auditor shall be placed for your approval as a separate agenda.

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	2069/070 (2012/13)	2070/071 (2013/14)	2071/072 (2014/15)	2072/073 (2015/16)	2073/074 (2016/17)
Paid Up Capital- Ordinary Shares	16,011	18,012	20,173	26,226	45,264
Statutory General Reserve	16,158	19,257	19,406	22,866	26,879
Share Premium	186	186	186	186	-
Capital Adjustment Reserve	3,671	5,071	8,071	8,547	475
Other Free Reserve	313	313	1,377	1,551	882
Exchange Equalization Reserve	246	258	258	278	282
Investment Adjustment Reserve	35	35	379	504	14
Capital Redemption Reserve	1,400	-	-	-	-
Debenture Redemption Reserve	469	937	1,406	3,075	4744
Deferred Tax	994	1,066	-	-	-
Proposed Bonus Share	1,601	2,162	6,052	-	19916.28
Reserve for Training					151.00
Reserve for CSR					200.63
Retained Profit	5,595	6,074	10,392	21,688	44,89.84
Provision for possible losses	8,564	9,242	8,810	9,564	9,969
Total Funds	55,243	62,613	76,510	94,485	113266.75
Total Deposit	577,205	621081	30,937	937,355	950,944
Total Advances	441,978	484,503	553,635	689,115	782,846
Total Investment	92,638	65,042	151,026	181,987	119,646

TABLE 2 : Profitability

(Rs. in Lacs)

Particulars	2069/070 (2012/13)	2070/071 (2013/14)	2071/072 (2014/15)	2072/073 (2015/16)	2073/074 (2016/17)
Total Income (Including Non-Operating Income)	55,605	59,085	59,959	60,875	78,126
Interest Expenses	(21,792)	(22,587)	(21,169)	(18,285)	(30,098)
Staff Expenses (Except Expense for Gratuity Provision)	(3,741)	(4,704)	(5,152)	(6,124)	(6,925)
Operating Expenses	(5,095)	(5,443)	(5,552)	(6,032)	(6,810)
Operating Profit	24,977	26,351	28,086	30,434	34,293
Provision for Possible Losses	(988)	(1,560)	(1,639)	(1,681)	(897)
Provision for Staff Bonus	(2,101)	(2,216)	(2,247)	(2,534)	(2,863)
Provision for Staff Gratuity	(878)	(414)	(1,722)	(875)	(1,898)
Profit Before Income Tax	21,010	22,161	22,474	25,344	28,635
Provision for Income Tax	(6,299)	(6,664)	(6,731)	(8,042)	(8,572)
Net Profit After Tax	14,711	15,497	15,743	17,302	20,063

ANNEXURE : II

General Economic Environment

Some important information is reproduced which are taken from the Economic Survey for the year 2073/74(2016/17) published by Nepal Government for information:

i) Economic growth rate:

As per the Economic Survey 2016/17, the real GDP at basic price of 2015/16 is 0.01 % and expected to be 6.94% at 2016/17. The agriculture sector is estimated to grow by 5.29% (previous year 0.03%) and the non-agriculture sector by 7.74% (previous year 0.16%). Among the non-agriculture sector industrial sector and services sector are estimated to grow by 10.97% and 6.90% respectively.

ii) Macroeconomic Indicators:

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

Particulars	Unit	2069/070	2070/071	2071/072	2072/073	2073/074*
1 Total GDP (at Basic Price)	Rs. Billn	638	674	694	694	743
2 Yearly Change	%	3.76	5.72	2.97	0.01	6.94
3 Per Capita GDP (at Fixed Price)	%	2.74	4.58	1.95	(0.92)	6.07
4 Per Capita GDP	USD	708	725	766	746	853
5 Total GDP (at Producer's Price)	Rs. Billn	698	740	764	767	825
6 Domestic Saving/GDP	%	10.6	11.9	9.2	3.8	10.3
7 National Saving/GDP	%	40.7	45.70	44.10	40.00	43.8
8 Fixed Capital Investment/GDP	%	22.6	23.50	28	28.8	33.8
9 Private Sector Fixed Capital Investment/GDP	%	18.1	18.7	22.8	21.7	26.5
10 Total Capital Investment/GDP	%	37	41	39	34	43
11 Total Population	in crore	2.72	2.76	2.80	2.83	2.83

* Initial Annual Projection

Source: Economic Survey 2016/17

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	2069/070 (2012/13)	2070/071 (2013/14)	2071/072 (2014/15)	2072/073 (2015/16)	2073/074 (2016/17)
EXPORT (F.O.B.)	5.00	19.40	(6.60)	(24.90)	12.80
India	2.00	21.90	(9.90)	(34.50)	16.30
China	–	12.60	9.30	(45.90)	13.40
Other countries	11.20	14.90	(0.90)	(3.70)	8.20
IMPORT (C.I.F.)	22.10	27.00	10.50	(13.90)	44.20
India	24.20	28.10	5.10	(19.30)	59.00
China	–	14.70	48.60	(2.00)	17.50
Other countries	18.20	30.10	8.70	(6.10)	26.20
Total foreign trade	25.50	28.20	13.10	(12.50)	47.60
India	28.80	29.10	7.40	(17.30)	63.40
China	–	14.80	50.10	(0.80)	17.50
Other countries	19.50	33.90	10.70	(6.60)	29.80
Total Business	19.70	26.00	8.50	(15.00)	41.40
India	21.00	27.30	3.30	(20.80)	55.40
China	–	14.70	47.30	(3.10)	17.40
Other countries	17.30	27.50	7.20	(5.80)	23.60

	(Changes in %)				
Particulars	2069/070 (2012/13)	2070/071 (2013/14)	2071/072 (2014/15)	2072/073 (2015/16)	2073/074 (2016/17)
IMPORT EXPORT RATIO	14.10	13.30	11.20	9.80	7.70
India	14.00	13.30	11.40	9.30	6.80
China	3.60	3.60	2.60	1.40	1.40
Other countries	20.10	17.70	16.20	16.60	14.20
TOTAL EXPORT (%)					
India	65.20	66.50	64.20	56.00	57.70
China	3.00	2.80	3.30	2.40	2.40
Other countries	31.80	30.60	32.50	41.70	39.90
TOTAL IMPORT (%)					
India	65.90	66.50	63.20	59.30	65.30
China	11.70	10.50	14.20	16.10	13.10
Other countries	22.40	23.00	22.60	24.60	21.50
BUSINESS (%)					
India	66.00	66.50	63.10	59.60	66.00
China	13.10	11.70	15.50	17.60	14.00
Other countries	20.90	21.80	21.30	22.80	20.00
TOTAL BUSINESS (%)					
India	65.80	66.50	63.30	59.00	64.80
China	10.60	9.60	13.10	14.90	12.40
Other countries	23.60	23.90	23.60	26.10	22.80
Total Business					
Export	12.40	11.70	10.10	8.90	7.10
Import	87.60	88.30	89.90	91.10	92.90

v) Banking:

Following information are reproduced for information of the respected shareholders:

Particulars	2069/070 (2012/13)	2070/071 (2013/14)	2071/072 (2014/15)	2072/073 (2015/16)	2073/074* (2016/17)
Commercial Bank	31	30	30	28	28
Development Bank	86	84	76	67	55
Finance Companies	59	53	48	42	36
Microfinance Institutions	31	33	38	42	50
NRB Licensed Co-operatives	16	15	15	15	15
NRB Licensed NGOs	31	29	27	25	25
Commercial Bank Branches	1486	1524	1672	1869	2013
Population Per Branch	10938	10617	10300	9818	9599
No of Deposit Accounts	11403385	13129574	14934618	16836017	18206724
No of Loan Accounts	849908	940005	1033383	1096570	1156841
BranchLess Banking Centers	-	-	-	812	940
No of ATMs	1499	1652	1721	1908	1985

* upto 2073 Falgun

Source: Economic Survey 2016/17.

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, 2074 (July 15, 2017) 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 Financial Reporting 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 about whether the financial statements are free from material 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, 2074 (July 15th, 2017), and its financial performances and its cash flows for the year then ended in accordance with Nepal Accounting Standards (previous GAAP).

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. and of its operating results based on Nepal Financial Reporting Standard.

Report of Other Legal and Regulatory Requirements

We report that:

- 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.
- 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.
- The accounts and records of the Bank have been maintained as required by law and practice.
- Returns received from the branch offices of the Bank are adequate for the purpose of our audit.
- The capital fund and risk bearing fund of the bank are adequate considering the Directives issued by the Nepal Rastra Bank.
- The business of the Bank has been conducted satisfactorily and found within its authority.
- 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.

Other Matter

Everest Bank Ltd. has prepared separate set of financial statements for the year ended on July 15, 2017 in accordance with Nepal Financial Reporting Standards on which we have issued a separate audit opinion in our report dated November 16, 2017 to the shareholders of Everest Bank Ltd.

CA. Manish Amatya
Partner
For: N. Amatya & Co.
Chartered Accountants
Date: Nov. 16, 2017
Place: Kathmandu

Balance Sheet

As on 31 Ashadh 2074 (15th July, 2017)

S.No.	Capital and Liabilities	Schedule	This Year Rs.	Previous Year Rs.
1	Share Capital	4.1	7,732,723,147	4,606,426,899
2	Reserve and Surplus	4.2	3,811,858,733	3,907,661,213
3	Debenture and Bonds	4.3	1,068,845,000	1,068,845,000
4	Loans and Borrowings	4.4	14,761,650	2,500,000
5	Deposit Liabilities	4.5	95,094,461,030	93,735,480,708
6	Bills Payable	4.6	471,729,717	1,365,317,237
7	Proposed Dividend		110,422,513	106,495,939
8	Income Tax Liabilities		-	-
9	Other Liabilities	4.7	8,205,643,786	9,092,319,407
Total Capital and Liabilities			116,510,445,575	113,885,046,402

S.No.	Assets	Schedule	This Year Rs.	Previous Year Rs.
1	Cash in Hand	4.8	3,060,845,724	2,514,947,575
2	Balance with Nepal Rastra Bank	4.9	14,577,083,955	13,356,018,269
3	Balance with Other Banks & Financial Institutions	4.10	3,745,560,351	7,246,428,654
4	Money at Call and Short Notice	4.11	-	-
5	Investments	4.12	11,964,561,347	18,198,739,944
6	Loan, Advances and Bills Purchased	4.13	77,287,764,142	67,955,107,021
7	Fixed Assets	4.14	728,387,934	678,987,899
8	Non-Banking Assets	4.15	-	-
9	Other Assets	4.16	5,146,242,122	3,934,817,040
Total Assets			116,510,445,575	113,885,046,402

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

Ashutosh Sharma
 Ast. General Manager

Rajesh Gautam
 Dy. General Manager

Someshwar Seth
 C.E.O.

Directors

Ved Krishna Shrestha
Arun Man Sherchan
Dr. Bal Gopal Baidya
Dr. Ram S. Sangapure
A.K. Ahluwalia
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: 16/11/2017

Profit and Loss Account

From Shrawan 1st, 2073 to Ashadh 31st, 2074 (July 16, 2016 to July 15, 2017)

Particulars	Schedule	This Year Rs.	Previous Year Rs.
1 Interest Income	4.18	6,747,148,285	5,057,077,497
2 Interest Expenses	4.19	3,009,792,494	1,828,492,869
Net Interest Income		3,737,355,791	3,228,584,628
3 Commission and Discounts	4.20	346,169,793	285,939,873
4 Other Operating Income	4.21	565,449,748	509,795,262
5 Exchange Income	4.22	94,025,599	112,975,610
Total Operating Income		4,743,000,931	4,137,295,373
6 Staff Expenses	4.23	882,328,736	699,880,930
7 Other Operating Expenses	4.24	681,018,155	603,177,998
8 Exchange Loss	4.22	-	-
Operating Profit Before Provision for Possible Loss		3,179,654,040	2,834,236,445
9 Provision for Possible Losses	4.25	89,728,124	168,133,771
Operating Profit		3,089,925,916	2,666,102,674
10 Non-operating Income/Loss	4.26	16,511,723	24,718,829
11 Write-back of Loan Loss Provision	4.27	43,323,645	92,751,077
Profit from Regular Activities		3,149,761,284	2,783,572,580
12 Profit /Loss from Transaction of Extraordinary Nature	4.28	-	4,278,683
Profit after Inclusion of all Transaction		3,149,761,284	2,787,851,263
13 Provision for Staff Bonus		286,341,935	253,441,024
14 Provision for Income Tax			
Tax for the year		852,882,594	752,147,755
Tax for Earlier Year		-	45,000,000
Current Year Deferred Tax (Income)/Expense		4,288,975	7,055,459
NET PROFIT		2,006,247,780	1,730,207,025

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

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

Directors
Ved Krishna Shrestha
Arun Man Sherchan
Dr. Bal Gopal Baidya
Dr. Ram S. Sangapure
A.K. Ahluwalia
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: 16/11/2017

Profit Appropriation Account

From Shrawan 1st, 2073 to Ashadh 31st, 2074 (July 16, 2016 to July 15, 2017)

<i>Particulars</i>	<i>This Year Rs.</i>	<i>Previous Year Rs.</i>
INCOME		
1 Retained Profit upto last year	206,834,878	1,039,258,640
2 Profit for the year	2,006,247,780	1,730,207,025
3 Investment Adjustment Reserve for Forward Micro Finance	49,000,000	–
4 Capital Adjustment Reserve	807,147,000	–
5 Other Free Reserve	66,945,771	–
6 Share Premium	18,555,127	–
7 Exchange Fluctuation Fund	–	–
TOTAL	3,154,730,556	2,769,465,665
APPROPRIATION		
1 Accumulated Loss upto last year	–	–
2 Loss for the year	–	–
3 General Reserve	401,250,000	346,042,000
4 Deferred Tax Reserve	–	–
5 Bank Development Fund	–	–
6 Dividend Equalization Fund	–	–
7 Staff related funds	–	–
8 Dividend on Preference Share	5,600,000	8,400,000
9 Proposed Cash Dividend on Ordinary Shares	104,822,513	98,095,939
10 Proposed Bonus Share	1,991,627,748	1,863,822,841
11 Capital Redemption Reserve	–	–
12 Exchange Equalization Fund	399,000	1,994,000
13 Debenture Redemption Reserve	166,885,000	166,885,000
14 Capital Adjustment Reserve	–	47,562,907
15 Investment Adjustment Reserve	–	12,500,000
16 Reserve for CSR	20,063,000	–
17 Reserve for Staff Training	15,100,000	–
16 Other Free Reserve (Interest Capitalization for restructured loan)	–	17,328,101
TOTAL	2,705,747,261	2,562,630,788
RETAINED PROFIT/(LOSS)	448,983,295	206,834,878

Ashutosh Sharma
Ast. General Manager

Rajesh Gautam
Dy. General Manager

Someshwar Seth
C.E.O.

Directors

Ved Krishna Shrestha
Arun Man Sherchan
Dr. Bal Gopal Baidya
Dr. Ram S. Sangapure
A.K. Ahluwalia
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: 16/11/2017

Statement of Changes in Equity

From Shrawan 1st, 2073 to Ashadh 31st, 2074 (July 16, 2016 to July 15, 2017)

Particulars	Share Capital Rs.	Share Premium Rs.	General Reserve Rs.	Capital Adjustment Fund Rs.	Exchange Fluctuation Fund Rs.	Accumulated Profit Rs.	Other Reserve Rs.*	Total Rs.
Balance at 15 July 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
Adjustment								
Balance after Adjustment	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
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	-	-	-	-	-	2,006,247,780	-	2,006,247,780
Transfer to General Reserve	-	-	401,250,000	-	-	(401,250,000)	-	-
Transfer from Capital Adjustment Reserve	-	-	-	(807,147,000)	-	807,147,000	-	-
Declaration of Dividend- Ordinary Shares	-	-	-	-	-	(104,822,513)	-	(104,822,513)
Declaration of Dividend- Preference Shares	-	-	-	-	-	(5,600,000)	-	(5,600,000)
Issue of Bonus Share	1,991,627,748	-	-	-	-	(1,991,627,748)	-	-
Transfer to CSR Reserve	-	-	-	-	-	(20,063,000)	20,063,000	-
Transfer to Staff Training Reserve	-	-	-	-	-	(15,100,000)	15,100,000	-
Transfer from Other Reserve	-	-	-	-	-	66,945,771	(66,945,771)	-
Transfer to Debenture Redemption Reserve	-	-	-	-	-	(166,885,000)	166,885,000	-
Right Share Application Money Received	1,134,668,500	-	-	-	-	-	-	-
Transfer from Share Premium	-	(18,555,127)	-	-	-	18,555,127	-	-
Transfer from Investment Adjustment Reserve	-	-	-	-	-	49,000,000	(49,000,000)	-
Transfer to Exchange Equalization Fund	-	-	-	-	399,000	(399,000)	-	-
Balance as on July 15, 2017	7,732,723,146	-	2,687,893,514	47,562,907	28,235,539	448,983,295	599,183,477	11,544,581,879

*Other Reserve includes Debenture Redemption Reserve, Investment Adjustment Reserve, CSR Reserve, Staff Training Reserve and Other Free Reserve itself.

Cash Flow Statement

From Shrawan 1st, 2073 to Ashadh 31st, 2074 (July 16, 2016 to July 15, 2017)

Particulars	Current Year Rs.	Previous Year Rs.
A. Cash flow from Operating Activities		
1. Cash Received	7,420,327,128	5,692,358,683
1.1 Interest Income	6,408,368,901	4,779,324,897
1.2 Commission & Discounts Income	346,169,793	285,939,873
1.3 Income from Foreign Exchange Transaction	92,432,122	105,003,094
1.4 Recovery of Loan written off	–	4,673,691
1.5 Other Income	573,356,312	517,417,128
2. Cash Paid	(5,501,828,939)	(3,998,423,527)
2.1 Interest Expense	(2,907,364,809)	(1,745,989,243)
2.2 Staff Expense	(895,969,108)	(717,018,863)
2.3 Office Administration Expenses	(604,140,521)	(524,843,588)
2.4 Income Tax Paid	(840,913,477)	(785,822,312)
2.5 Other Expenses	(253,441,024)	(224,749,521)
Cash Flow before Changes in Working Capital	1,918,498,189	1,693,935,156
(Increase)/Decrease in Current Assets		
1. (Increase)/Decrease in Money at Call & Short Notice	–	–
2. (Increase)/Decrease in Short-Term Investments	840,828,149	2,007,533,707
3. (Increase)/Decrease in Loan & Advances and BP	(9,379,061,599)	(13,548,419,498)
4. (Increase)/Decrease in Other Assets	(1,242,319,752)	(51,383,291)
Increase/(Decrease) in Current Liabilities		
1. Increase/(Decrease) in Deposit	1,358,980,322	10,641,690,751
2. Increase/(Decrease) in Certificate of Deposit	–	–
3. Increase/(Decrease) in Short-Term Borrowing	–	–
4. Increase/(Decrease) in Other Liabilities	(1,787,474,604)	2,445,862,529
Total Cash Flow from Operating Activities	(8,290,549,295)	3,189,219,354
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	(132,003,688)	(135,230,839)
4. Proceeds from Sale of Fixed Assets	7,070,049	20,243,876
5. (Increase)/Decrease in Long-Term Investments	5,393,350,448	(5,091,099,454)
6. Proceeds from Sale of Non-Banking Assets	–	–
7. Interest Income from Long-Term Investments	353,415,962	211,212,756
8. Dividend Received	7,261,127	5,158,989
9. Others (Refund of Last Year Dividend Income of R.M.D.C.)	–	–
Total Cash flow from Investing Activities	5,629,093,898	(5,002,214,673)
C. Cash flow from Financing Activities		
1. Increase/(Decrease) in Long Term borrowings (Bond, Debentures, etc)	–	–
2. Increase/(Decrease) in Share Capital	–	–
3. Increase/(Decrease) in Share Premium	–	–
4. Share Application Money Received	1,134,668,500	–
5. Dividend Paid	(135,379,350)	(133,600,620)
6. Interest in Debenture/Borrowing Paid	(85,593,349)	(62,964,139)
7. Increase/(Decrease) in Refinance / facilities received from NRB	12,261,650	2,500,000
Total Cash flow from Financing Activities	925,957,451	(194,064,759)
D. Income / Loss from change in exchange rate in Cash & Bank Balance	1,593,477	7,972,516
E. Current Year's Cash Flow from all activities	(1,733,904,468)	(1,999,087,562)
F. Opening Balance of Cash & Bank Balances	23,117,394,498	25,116,482,060
G. Closing Balance of Cash & Bank Balances	21,383,490,030	23,117,394,498

Share Capital and Shareholding

As on 31 Ashadh 2074 (15 July 2017)

Schedule 4.1

Particulars	Current Year Rs.	Previous Year Rs.
1. Share Capital		
1.1 Authorized Capital	10,000,000,000	10,000,000,000
A) 98,800,000 nos. of Ordinary Shares of Rs. 100 each (Previous 98,800,000 nos. of Ordinary Shares of Rs. 100 each)	9,920,000,000	9,880,000,000
B) 800,000 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)	80,000,000	120,000,000
1.2 Issued Capital	6,115,226,970	2,742,604,100
A) 60,352,269 nos. of Ordinary Shares of Rs. 100 each (Previous 26,226,041 nos. of Ordinary Shares of Rs. 100 each)	6,035,226,970	2,622,604,100
B) 800,000 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)	80,000,000	120,000,000
1.3 Paid up Capital	4,606,426,899	2,742,604,058
A) 45,264,268 nos. of Ordinary Shares of Rs. 100 each (Including 23,028,387 Bonus Shares fully paid) (Previous 26,226,041 nos. of Ordinary Shares of Rs. 100 each)	4,526,426,899	2,622,604,058
B) 800,000 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)	80,000,000	120,000,000
1.4 Propose Bonus Share	1,991,627,748	1,863,822,841
1.5 Calls in Advance	1,134,668,500	—
Total (1.3 + 1.4 + 1.5)	7,732,723,147	4,606,426,899

Detail of Share Ownership

Particulars	Current Year Rs.		Previous Year Rs.	
	%	Share Capital	Share Capital	%
A. Local Ownership	79.97	3,619,588,399	2,096,772,858	79.95
1.1 Nepal Government	—	—	—	—
1.2 'A' Class Licensed Institutions	—	—	—	—
1.3 Other Licensed Institutions	—	—	—	—
1.4 Other Institutions	13.69	495,387,400	293,589,800	14.00
1.5 Individual	86.31	3,124,200,999	1,803,183,058	86.00
1.6 Others	—	—	—	—
B. Foreign Ownership	20.03	906,838,500	525,831,200	20.05
TOTAL	100	4,526,426,899	2,622,604,058	100

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

Name & Address	%	Amount in Rs.	Name & Address	%	Amount in Rs.
Sh. B. K. Shrestha, Sanepa Lalitpur	9.18	415,736,800	Sh. Arun Man Sherchan, Gairidhara	3.77	170,752,600
M/s Hotel Snow Lion Pvt. Ltd., Bagbazar	9.31	421,364,200	Sh. Shanta Dev Pathak, Kamalpokhari	7.90	357,526,700
Sh. Radha Shrestha, Tapahiti, Lalitpur	8.77	396,823,300	Sh. Ananda Ratna Tuladhar, Tripureshwor	1.00	45,468,800
Sh. Nepal Krishna Shrestha, Tahachal	9.24	418,410,100	M/s Punjab National Bank, India	20.03	906,838,500

Reserve and Surplus

As on 31 Ashadh 2074 (15 July 2017)

Schedule 4.2

Particulars	Current Year Rs.	Previous Year Rs.
1 General Reserve	2,687,893,514	2,286,643,514
2 Capital Reserve	—	—
2.1 Share Premium	—	18,555,127
3 Capital Redemption Reserve	—	—
4 Capital Adjustment Reserve	47,562,907	854,709,907
5 Other Reserve	—	—
a. Reserve for contingencies	—	—
b. Bank Development Fund	—	—
c. Dividend Equalization Fund	—	—
d. Debenture Redemption Reserve	474,425,000	307,540,000
e. Assets Revaluation Fund	—	—
f. Deferred Tax Reserve	—	—
g. Other free reserves	—	30,000,000
h. Investment Adjustment Reserve	1,418,266	50,418,266
i. Reserve for CSR	20,063,000	—
j. Reserve for Staff Training	15,100,000	—
k. Others	88,177,211	125,122,982
6 Retained Profit	448,983,295	206,834,878
7 Exchange Equalization Reserve	28,235,539	27,836,539
TOTAL	3,811,858,733	3,907,661,213

Debenture and Bond

As on 31 Ashadh 2074 (15 July 2017)

Schedule 4.3

Particulars	Current Year Rs.	Previous Year Rs.
1. 468,845 nos. of 8% 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. 234,250,000)	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. 240,000,000)	600,000,000	600,000,000
TOTAL	1,068,845,000	1,068,845,000

Loans and Borrowing

As on 31 Ashadh 2074 (15 July 2017)

Schedule 4.4

Particulars	Current Year Rs.	Previous Year Rs.
A. Local		
1. Nepal Government	—	—
2. Nepal Rastra Bank (Refinance Loan)	14,761,650	2,500,000
3. Repo Obligation	—	—
4. Inter-bank & Financial Institutions	—	—
5. Other Body Corporates	—	—
6. Others	—	—
TOTAL OF (A)	14,761,650	2,500,000
B. Foreign		
1. Banks	—	—
2. Others	—	—
TOTAL OF (B)	—	—
GRAND TOTAL (A+B)	14,761,650	2,500,000

Deposit Liabilities

As on 31 Ashadh 2074 (15 July 2017)

Schedule 4.5

Particulars	Current Year Rs.	Previous Year Rs.
1 Non-interest Bearing Deposits		
A. Current Deposits	8,867,660,592	8,629,903,086
1. Local Currency	8,693,929,316	8,405,658,616
1.1 Nepal Government	–	–
1.2 'A' Class Licensed Institutions	70,788,211	61,733,654
1.3 Other Licensed Financial Institutions	117,280,272	272,008,598
1.4 Other Body Corporates	7,649,536,273	7,122,533,588
1.5 Individuals	590,599,975	738,952,394
1.6 Others	265,724,586	210,430,382
2. Foreign Currency	173,731,276	224,244,470
2.1 Nepal Government	–	–
2.2 'A' Class Licensed Institutions	–	–
2.3 Other Licensed Financial Institutions	–	–
2.4 Other Body Corporates	173,698,557	224,210,498
2.5 Individuals	32,719	33,972
2.6 Others	–	–
B. Margin	1,066,663,677	873,112,855
1. Staff Earnest Money	–	–
2. Security Margin	591,166,084	424,887,069
3. LC Margin	475,497,593	448,225,786
C. Others	148,919,307	159,013,131
1. Local Currency	148,919,307	155,641,056
1.1 Financial Institutions	–	–
1.2 Other Body Corporates	46,323,604	41,033,791
1.3 Individual	102,595,703	114,607,265
2. Foreign Currency	–	3,372,075
2.1 Financial Institutions	–	–
2.2 Other Body Corporates	–	3,372,075
2.3 Individual	–	–
Total Non-interest Bearing Deposit	10,083,243,576	9,662,029,072
2. Interest Bearing Deposits		
A. Saving Deposit	35,555,930,898	38,649,605,885
1. Local Currency	35,422,043,228	38,491,658,180
1.1 Body Corporate	–	–
1.2 Individual	34,324,477,335	37,304,941,136
1.3 Others	1,097,565,893	1,186,717,044

contd..

Deposit Liabilities

As on 31 Ashadh 2074 (15 July 2017)

Schedule 4.5

Particulars	Current Year Rs.	Previous Year Rs.
2. Foreign Currency	133,887,670	157,947,705
2.1 Body Corporate	–	–
2.2 Individual	133,887,670	157,947,705
2.3 Others	–	–
B. Fixed Deposit	36,311,502,599	25,999,038,315
1. Local Currency	32,856,462,675	21,294,653,596
1.1 Body Corporate	21,261,526,861	14,464,966,182
1.2 Individual	11,387,293,998	6,701,857,809
1.3 Others	207,641,816	127,829,605
2. Foreign Currency	3,455,039,924	4,704,384,719
2.1 Body Corporate	3,455,039,924	4,704,384,719
2.2 Individual	–	–
2.3 Others	–	–
C. Call Deposit	13,143,783,957	19,424,807,436
1. Local Currency	10,837,690,794	11,808,205,195
1.1 'A' Class Licensed Institution	–	–
1.2 Other Licensed Institutions	886,542,304	1,830,232,727
1.3 Other Body Corporates	8,974,728,783	8,906,268,497
1.4 Individual	382,498,120	282,216,101
1.5 Others	593,921,587	789,487,870
2. Foreign Currency	2,306,093,163	7,616,602,241
2.1 'A' Class Licensed Institution	–	–
2.2 Other Licensed Institutions	–	–
2.3 Other Body Corporates	2,303,949,212	7,614,391,941
2.4 Individual	2,143,951	2,210,300
2.5 Others	–	–
D. Certificate of Deposits	–	–
1. Body Corporate	–	–
2. Individual	–	–
3. Others	–	–
Total Interest Bearing Deposits	85,011,217,454	84,073,451,636
TOTAL DEPOSITS	95,094,461,030	93,735,480,708

Bills Payable

As on 31 Ashadh 2074 (15 July 2017)

Schedule 4.6

<i>Particulars</i>	<i>Current Year Rs.</i>	<i>Previous Year Rs.</i>
1 Local Currency	246,048,973	432,304,543
2 Foreign Currency	225,680,744	933,012,694
TOTAL	471,729,717	1,365,317,237

Other Liabilities

As on 31 Ashadh 2074 (15 July 2017)

Schedule 4.7

<i>Particulars</i>	<i>Current Year Rs.</i>	<i>Previous Year Rs.</i>
1 Pension / Gratuity Fund (Provision)	247,658,064	261,298,436
2 Staff Provident Fund	—	—
3 Staff Welfare Fund	—	—
4 Staff Bonus	286,341,935	253,441,024
5 Interest Payable on Deposits	61,729,003	44,808,918
6 Interest Payable on Borrowings	—	—
7 Unearned Discount/Commission	—	—
8 Sundry Creditors	364,908,966	796,010,557
9 Branch Adjustment Account	6,513,404	6,513,405
10 Deferred Tax Liabilities	—	—
11 Unpaid Dividend	48,699,111	77,582,522
12 Others		
a) Agency Account	26,311,222	13,631,973
b) Interest on Debenture	32,676,932	32,762,681
c) Remittance Payable	122,171,085	88,658,083
d) Audit Fee	395,500	395,500
e) Government Revenue Payable	6,641,684,163	6,918,562,034
f) Others	366,554,401	598,654,274
TOTAL	8,205,643,786	9,092,319,406

Cash in Hand

As on 31 Ashadh 2074 (15 July 2017)

Schedule 4.8

<i>Particulars</i>	<i>Current Year Rs.</i>	<i>Previous Year Rs.</i>
1 Local Currency (Including Coins)	3,040,095,040	2,496,723,518
2 Foreign Currency	20,750,684	18,224,057
TOTAL	3,060,845,724	2,514,947,575

Balance with Nepal Rastra Bank

As on 31 Ashadh 2074 (15 July 2017)

Schedule 4.9

Particulars	Local Currency	Foreign Currency			Current Year Rs.	Previous Year Rs.
		INRs.	Convertible	Total		
1. Nepal Rastra Bank						
a. Current Account	14,527,677,729	–	49,406,226	49,406,226	14,577,083,955	13,356,018,269
b. Others	–	–	–	–	–	–
Total	14,527,677,729	–	49,406,226	49,406,226	14,577,083,955	13,356,018,269

Balance as per Balance Certificate Rs. 14,549,496,653 (Previous Year Rs. 13,676,385,437) and the difference amount is reconciled.

Balance with Other Bank & Financial Institutions

As on 31 Ashadh 2074 (15 July 2017)

Schedule 4.10

Particulars	Local Currency	Foreign Currency			Current Year Rs.	Previous Year Rs.
		INRs.	Convertible	Total		
1. Other Local Licensed Institutions	639,773,431	–	19,561,677	19,561,677	659,335,108	1,077,311,256
a. Current Account	639,773,431	–	19,561,677	19,561,677	659,335,108	1,077,311,256
b. Others	–	–	–	–	–	–
2. Foreign Banks	–	1,395,827,710	1,690,397,533	3,086,225,243	3,086,225,243	6,169,117,398
a. Current Account	–	1,395,827,710	1,690,397,533	3,086,225,243	3,086,225,243	6,169,117,398
b. Others	–	–	–	–	–	–
Total	639,773,431	1,395,827,710	1,709,959,210	3,105,786,920	3,745,560,351	7,246,428,654

Balance as per Balance Certificate Rs. 4,115,468,040 (Previous Year Rs. 6,295,122,587) and the difference amount is reconciled.

Money at Call & Short Notice

As on 31 Ashadh 2074 (15 July 2017)

Schedule 4.11

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

Investments

As on 31 Ashadh 2074 (15 July 2017)

Schedule 4.12

Particulars	Purpose		Current Year Rs.	Previous Year Rs.
	Trading	Others		
1. Nepal Government Treasury Bills	–	3,729,773,372	3,729,773,372	4,570,601,521
2. Nepal Government Saving Bonds	–	–	–	–
3. Nepal Government Other Securities	–	4,808,189,175	4,808,189,175	5,791,164,623
4. Nepal Rastra Bank Bonds	–	–	–	–
5. Foreign Securities	–	–	–	–
6. Local Licensed Institutions	–	–	–	–
7. Foreign Banks	–	3,350,750,000	3,350,750,000	7,761,125,000
8. Corporate Shares	–	75,848,800	75,848,800	75,848,800
9. Corporate Bond & Debenture	–	–	–	–
10. Other Investments	–	–	–	–
Total Investments	–	11,964,561,347	11,964,561,347	18,198,739,944
Provision for Investment in Shares	–	–	–	–
NET INVESTMENTS	–	–	11,964,561,347	18,198,739,944

Investments in Shares, Debentures and Bonds

As on 31 Ashadh 2074 (15 July 2017)

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	26,598,000	–	3,120,000
1.2 Nirdhan Utthan Bank Ltd. (673,395 shares of Rs. 100 each) including 545,462 bonus shares)	12,793,300	1,321,874,385	–	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	13,050,000	–	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 (500,000 shares of Rs. 100)	50,000,000	1,610,500,000	–	50,000,000
2. Investment in Debentures				
Total Investments	75,848,800	–	–	75,848,800
3. Provision				
3.1 Upto last year	–			–
3.2 This year (Written Back)	–			–
Total Provision	–			–
NET INVESTMENTS	75,848,800	–	–	75,848,800

* 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 2074 (15 July 2017)

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 2074 (15 July 2017)

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	3,729,773,372	-	-	-	-	-
2. Nepal Government Saving Bonds	-	-	-	-	-	-
3. Nepal Government Other Securities	4,808,189,175	-	-	-	-	-
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	3,350,750,000	-	-	-	-	-
10. Other Investments	-	-	-	-	-	-
Total Investments	11,888,712,547	-	-	-	-	-

Available for Sale

As on 31 Ashadh 2074 (15 July 2017)

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 2074 (15 July 2017)

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	-	4,649,329,789	72,294,848,506	1,022,245,412	77,966,423,707	119,350,000	-	119,350,000	78,085,773,707	68,647,121,174
(a) Pass Loan	-	4,643,763,236	72,213,413,288	1,022,245,412	77,879,421,936	119,350,000	-	119,350,000	77,998,771,936	68,511,330,498
(b) Watch List	-	5,566,553	81,435,218	-	87,001,771	-	-	-	87,001,771	135,790,676
2. Non-Performing Loan	-	2,933,102	195,971,758	-	198,904,860	-	-	-	198,904,860	264,422,150
2.1 Restructure/Reschedule	-	-	-	-	-	-	-	-	-	-
2.2 Substandard	-	1,186,928	1,303,294	-	2,490,222	-	-	-	2,490,222	13,186,183
2.3 Doubtful	-	607,672	1,241,326	-	1,848,997	-	-	-	1,848,997	10,210,129
2.4 Loss	-	1,138,503	193,427,138	-	194,565,641	-	-	-	194,565,641	241,025,838
A. Total Loan (1+2)	-	4,652,262,891	72,490,820,264	1,022,245,412	78,165,328,567	119,350,000	-	119,350,000	78,284,678,567	68,911,543,324
3. Loan loss Provision										
3.1 Pass Loan	-	46,437,632	722,134,133	10,222,454	778,794,219	1,193,500	-	1,193,500	779,987,719	685,113,305
3.2 Watch List	-	278,328	4,071,761	-	4,350,089	-	-	-	4,350,089	5,431,627
3.3 Restructure/Reschedule	-	-	-	-	-	-	-	-	-	-
3.4 Substandard	-	296,732	325,824	-	622,555	-	-	-	622,555	3,296,546
3.5 Doubtful	-	303,836	620,663	-	924,499	-	-	-	924,499	5,105,064
3.6 Loss	-	1,138,503	193,427,138	-	194,565,641	-	-	-	194,565,641	241,025,838
3.7 Additional Provision	-	-	16,463,923	-	16,463,923	-	-	-	16,463,923	16,463,923
B. Total Loan Loss Provision	-	48,455,031	937,043,441	10,222,454	995,720,926	1,193,500	-	1,193,500	996,914,426	956,436,303
4. Provision upto Ashad end 2073										
4.1 Pass Loan	-	30,012,914	646,682,435	7,586,646	684,281,995	644,750	186,560	831,310	685,113,305	536,896,565
4.2 Watch List	-	-	5,431,627	-	5,431,627	-	-	-	5,431,627	26,133,966
4.3 Substandard	-	6,668	3,289,878	-	3,296,546	-	-	-	3,296,546	16,656,447
4.4 Doubtful	-	23,903	5,081,161	-	5,105,064	-	-	-	5,105,064	16,135,274
4.5 Loss	-	-	241,025,838	-	241,025,838	-	-	-	241,025,838	268,267,692
4.6 Additional Provision	-	16,463,923	-	-	16,463,923	-	-	-	16,463,923	16,963,664
C. Total Provision upto Ashad end 2073	-	46,507,408	910,510,939	7,586,646	955,604,993	644,750	186,560	831,310	956,436,303	881,053,609
D. Write Back of Provision from previous year	-	-	43,323,645	-	43,323,645	-	-	-	43,323,645	92,751,077
E. Provision for the year charged to P/L Account	-	1,947,623	78,856,147	2,635,808	83,439,577	548,750	(186,560)	362,190	83,801,766	168,133,771
F. Net Increase/Decrease for the year	-	1,947,623	35,532,502	2,635,808	40,115,932	548,750	(186,560)	362,190	40,478,122	75,382,694
NET LOAN (A-B)	-	4,603,807,860	71,553,776,823	1,012,022,958	77,169,607,641	118,156,500	-	118,156,500	77,287,764,142	67,955,107,021

Security Wise Detail of Loans, Advances and Bills Purchases

As on 31 Ashadh 2074 (15 July 2017)

Schedule 4.13(Ka)

Particulars	Current Year Rs.	Previous Year Rs.
A. Secured	78,284,678,567	68,911,543,324
1. Against Fixed/Movable Properties	75,625,541,793	66,781,327,633
2. Loan Against Guarantee Local Licensed Institutions	—	—
3. Against Government Guarantee	198,736,758	198,736,758
4. Against International Rated Bank's Guarantee	—	—
5. Against Export Document	59,622,730	83,131,000
6. Against Fixed Deposit Receipts	1,052,914,636	717,892,415
a) Own Fixed Deposit Receipts	1,052,914,636	717,892,415
b) Other Licensed Institutions' Fixed Deposit	—	—
7. Against Government Securities	14,192,896	9,058,759
8. Against Counter Guarantee	—	—
9. Against Personal Guarantee	49,326,142	29,462,363
10. Against Other Securities	1,284,343,612	1,091,934,396
B. Unsecured	—	—
TOTAL	78,284,678,567	68,911,543,324

Fixed Assets

As on 31 Ashadh 2074 (15 July 2017)

Schedule 4.14

Particulars	Assets					Current Year Rs.	Previous Year Rs.
	Building	Vehicles	Machinery	Office Equipment	Others		
1. Cost							
a) Upto Last Year	38,481,632	153,031,346	207,193,942	394,659,854	20,963,320	814,330,095	781,142,378
b) Addition this Year	499,779	225,000	10,166,742	27,747,859	427,140	39,066,519	87,328,581
c) Revaluation during the year	-	-	-	-	-	-	-
d) Sold during the year	-	(19,166,275)	(1,273,371)	(3,065,271)	-	(23,504,917)	(46,089,934)
e) Inter Head Transfers	-	-	-	-	-	-	-
f) Write off during this year	-	-	(577,905)	(5,443,424)	-	(6,021,329)	(8,050,931)
Total Cost (a + b + c + d + e)	38,981,411	134,090,072	215,509,408	413,899,017	21,390,460	823,870,368	814,330,095
2. Depreciation							
a) Upto Last Year	15,380,674	80,064,295	120,322,289	293,114,280	18,595,053	527,476,590	509,464,134
b) Addition this Year	1,180,037	13,999,306	14,011,129	30,523,494	924,948	60,638,913	63,020,811
c) Depreciation of Inter Head Transfers	-	-	-	-	-	-	-
d) Depreciation of write off	-	-	(548,472)	(4,908,681)	-	(5,457,153)	(7,224,323)
e) Depreciation of assets sold	-	(14,086,280)	(1,009,309)	(2,683,311)	-	(17,778,900)	(37,784,032)
Total Depreciation	16,560,710	79,977,321	132,775,636	316,045,783	19,520,001	564,879,451	527,476,590
3. Book Value (1 - 2)	22,420,700	54,112,751	82,733,771	97,853,235	1,870,460	258,990,916	286,853,505
4. Land	-	-	-	-	-	292,806,579	292,806,579
5. Capital WIP	-	-	-	-	-	142,755,391	74,785,124
6. Leasehold Asset	-	-	-	-	-	25,356,715	10,491,042
7. Finacle Software	-	-	-	-	-	8,478,333	14,051,650
Total (3 + 4 + 5 + 6 + 7)	22,420,700	54,112,751	82,733,771	97,853,235	1,870,460	728,387,934	678,987,900

Detail of Computer Software - Finacle

Cost	
Upto Last Year	55,733,169
Addition This Year	-
Total Cost	55,733,169
Amortisation	
Upto Last Year	41,681,519
Addition This Year	5,573,317
Total Amortisation	47,254,836
Net Book Value	8,478,333

Non Banking Assets

As on 31 Ashadh 2074 (15 July 2017)

Schedule 4.15

Name & Address of the Party/Borrower	Date of Transfer	Amount of NBA	Provisioning		Net Amount	Previous Year Rs.
			%	Amount		
1. Balaji Enterprises, Bhadrapur	8/11/2016	5,140,696	100	5,140,696	—	—
2. Joshi Food Processing, Mechinagar	9/6/2016	2,202,745	100	2,202,745	—	—
Total		7,343,441	—	7,343,441	—	—
Previous Year's Provisions					—	—
TOTAL		7,343,441	—	7,343,441	—	—

Other Assets

As on 31 Ashadh 2074 (15 July 2017)

Schedule 4.16

Particulars	Current Year Rs.	Previous Year Rs.
1. Stationeries Stock	19,387,699	22,418,663
2. Interest Receivable on Investments	71,321,447	85,958,025
3. Interest Receivable on Loans & Advances	–	–
Interest Receivable on Loans & Advances	174,035,990	149,262,190
Less: Interest Suspense	(174,035,990)	(149,262,190)
4. Commission Receivables	–	–
5. Sundry Debtors	45,216,577	255,137,008
6. Staff Loans & Advances	1,961,446,631	1,643,378,969
7. Pre-paid Expenses	22,933,208	20,680,796
8. Cash in Transit	12,424,800	–
9. Others in Transit (including cheques)	–	–
10. Draft Paid Without Advices	–	–
11. Expenses to be Written -off	–	–
12. Branch Account	–	–
13. Deferred Tax Assets	70,849,110	75,138,085
14. Others		
Security Deposit - Utility Service	1,586,604	1,903,799
Security Deposit - Legal Case	63,530,000	52,900,000
Remittance Receivable	8,011,819	8,281,117
Misc.	–	–
Advance Tax	17,594,825	29,563,942
Custom Cheque Clearance	–	183,152,523
NIBL Capital Receivable	1,134,668,500	–
Government Payment Claimable	1,717,270,902	1,556,304,113
TOTAL	5,146,242,122	3,934,817,040

Other Assets (Additional Details)

As on 31 Ashadh 2074 (15 July 2017)

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	95,088,725	41,488,904	37,458,362	174,035,990	149,262,190
2. Draft Paid without Schedule	–	–	–	–	–
3. Branch Account	–	–	–	–	–
4. Domestic Foreign Agency A/c	–	–	–	–	–
TOTAL	95,088,725	41,488,904	37,458,362	174,035,990	149,262,190

Contingent Liabilities

As on 31 Ashadh 2074 (15 July 2017)

Schedule 4.17

Particulars	Current Year Rs.	Previous Year Rs.
1. Claim Lodged but Not Accepted by the Bank	–	–
2. Letters of Credits	7,572,398,036	5,554,682,309
a. Maturity Value of Less Than Six Months	5,055,947,579	4,033,382,395
b. Maturity Value of More Than Six Months	2,516,450,457	1,521,299,915
3. Re-discounted Bills	–	–
4. Unexpired Guarantees	3,820,185,361	3,460,974,651
a. Bid Bond	495,798,564	315,811,849
b. Performance Bond	3,324,386,797	3,145,162,802
5. Share Money Against Investments in Shares	–	–
6. Forward Exchange Contracts	–	–
7. Bills on Collection	969,746,811	900,122,278
8. Acceptance and Endorsements	605,923,141	374,245,429
9. Underwriting Commitment	–	–
10. Irrevocable Loan Commitment	6,217,489,714	6,617,822,345
11. Guarantee Against Counter Guarantee of International Rated Bank	241,571,917	148,181,878
12. Advance Payment Guarantee	334,002,035	563,405,436
13. Financial Guarantees	–	–
14. Contingent Liability Against Income Tax	236,617,401	192,792,062
15. Others	–	–
TOTAL	19,997,934,416	17,812,226,388

Interest Income

From 16th July 2016 to 15th July 2017

Schedule 4.18

Particulars	Current Year Rs.	Previous Year Rs.
A. Interest on Loans, Advances & Overdrafts	6,408,368,901	4,779,324,897
1. Loans & Advances	4,044,318,589	2,819,741,009
2. Overdrafts	2,364,050,312	1,959,583,888
B. Interest on Investments	258,484,911	191,116,475
1. Government Securities	238,644,586	186,066,789
a. Treasury Bills	62,832,766	84,123,936
b. Development Bonds	175,811,820	101,942,853
c. National Saving Bonds	—	—
2. Foreign Securities	—	—
3. Nepal Rastra Bank Securities	—	—
4. Debenture & Bond	—	—
5. Interest on Inter-bank Lending	19,840,325	5,049,686
a. Bank/Financial Institutions	19,840,325	5,049,686
b. Other Institutions	—	—
C. Agency Balance	74,448,553	84,066,215
1. Local Banks/Financial Institutions	—	—
2. Foreign Banks	74,448,553	84,066,215
D. Money at Call & Short Notice	5,845,920	2,569,910
1. Local Banks/Financial Institutions	—	—
2. Foreign Banks	5,845,920	2,569,910
E. Others	—	—
1. Certificate of Deposits	—	—
2. Inter Bank/Financial Institution Loan	—	—
3. Others	—	—
TOTAL	6,747,148,285	5,057,077,497

Interest Expenses

From 16th July 2016 to 15th July 2017

Schedule 4.19

Particulars	Current Year Rs.	Previous Year Rs.
A. Interest on Deposits	2,924,284,894	1,742,985,269
1. Fixed Deposits	1,733,476,466	847,457,675
1.1 Local Currency	1,676,580,707	808,948,362
1.2 Foreign Currency	56,895,759	38,509,313
2. Saving Deposits	679,442,867	645,063,965
2.1 Local Currency	678,330,614	644,043,802
2.2 Foreign Currency	1,112,253	1,020,163
3. Call Deposits	511,365,561	250,463,629
3.1 Local Currency	469,113,814	186,501,200
3.2 Foreign Currency	42,251,747	63,962,429
4. Certificate of Deposits	—	—
B. Interest on Loans	85,507,600	85,507,600
1. Debenture & Bond	85,507,600	85,507,600
2. Loan from NRB	—	—
3. Inter-Bank Loan	—	—
4. Other Organisation	—	—
5. Other Loan	—	—
C. Others	—	—
TOTAL	3,009,792,494	1,828,492,869

Commission and Discounts

From 16th July 2016 to 15th July 2017

Schedule 4.20

Particulars	Current Year Rs.	Previous Year Rs.
A. Bills Purchased & Discounted	19,876,461	8,727,975
1. Local	19,845,059	7,425,199
2. Foreign	31,402	1,302,776
B. Commission	293,053,291	236,766,560
1. Letter of Credits	72,030,888	48,700,138
2. Letter of Guarantees	73,176,446	49,888,097
3. Collection Fees	15,436,622	11,301,519
4. Remittance Fees	68,585,491	65,917,077
5. Credit Card	540,024	2,708
6. Share Underwriting/Issue com.	—	—
7. Government Transaction	—	—
8. Exchange Commission	—	—
9. Batta	63,283,820	60,957,021
C. Others	33,240,041	40,445,338
TOTAL	346,169,793	285,939,873

Other Operating Income

From 16th July 2016 to 15th July 2017

Schedule 4.21

Particulars	Current Year Rs.	Previous Year Rs.
1. Safe Deposit Vault Rental Income	11,836,525	10,976,395
2. Credit Card Issue and Renewals	283,628	6,000
3. ATM Card Issue and Renewals	156,787,523	162,341,786
4. Telex / T.T.	17,807,478	15,078,596
5. Service Charges	248,657,903	219,847,497
6. Renewal Charges	23,002,463	20,605,448
7. Others	107,074,228	80,939,540
TOTAL	565,449,748	509,795,262

Exchange Gain/(Loss)

From 16th July 2016 to 15th July 2017

Schedule 4.22

Particulars	Current Year Rs.	Previous Year Rs.
A. Exchange Rate Difference	1,593,477	7,972,516
B. Foreign Exchange Trading (except batta)	92,432,122	105,003,094
TOTAL	94,025,599	112,975,610

Staff Expenses

From 16th July 2016 to 15th July 2017

Schedule 4.23

Particulars	Current Year Rs.	Previous Year Rs.
1. Salary	475,925,907	421,084,759
2. Allowances	67,190,345	55,383,244
3. PF Contributions	45,976,436	40,953,231
4. Training	5,903,090	2,169,371
5. Uniform	6,499,576	6,739,820
6. Medical	5,100,200	4,795,000
7. Insurance	8,781,725	8,549,580
8. Gratuity	189,813,113	82,514,109
9. Others		
a) Dashain Expenses	35,954,429	34,118,613
b) Leave Encashment	23,126,077	25,899,012
c) Leave Travel Assistance	18,057,838	17,674,191
TOTAL	882,328,736	699,880,930

Operating Expenses

From 16th July 2016 to 15th July 2017

Schedule 4.24

Particulars	Current Year Rs.	Previous Year Rs.
1. House Rent	100,938,077	93,192,946
2. Electricity & Water	20,230,213	16,404,890
3. Repair & Maintenance	—	—
A. Building	1,031,434	2,283,129
B. Vehicles	2,550,683	2,222,661
C. Others	—	—
4. Insurance Premium	45,330,910	42,468,053
5. Postage, Telex, Telephone, Fax	36,380,703	35,035,188
6. Office Equipment/Furniture & Maintenance	14,613,810	15,707,029
7. Travelling Expenses	10,784,473	13,804,560
8. Printing & Stationeries	27,573,449	22,352,676
9. Newspaper & Magazine	596,158	638,175
10. Advertisement	22,358,389	20,902,410
11. Legal Expenses	1,286,139	1,511,143
12. Donation	1,080,338	1,031,971
13. Board Expenses	—	—
A. Meeting Fee	840,000	850,000
B. Other Expenses	1,838,312	1,285,341
14. Annual General Meeting Expenses	3,551,031	2,199,094
15. Audit Expenses	—	—
A. Audit Fee	395,500	395,500
B. Other Expenses	1,310,610	1,067,135
16. Remittance Expenses	38,440,884	35,041,861
17. Depreciation	59,713,965	61,866,592
18. Pre-operating Expenses Write Off	—	—
19. Debenture/Share Issue Expenses	4,617,018	1,168,290
20. TSA Fee and Expenses Reimbursement	48,440,985	35,774,575
21. Entertainment	10,600,393	9,377,215
22. Amortization	16,599,493	15,627,629
23. Security Expenses	51,480,678	42,860,529
24. Loan Insurance Premium	—	—
25. Commission & Discounts	—	—
26. Others		
A) Business Promotion	9,792,856	10,638,574
B) Consultancy Charges	2,991,105	797,926
C) Registration/Renewals	11,313,654	11,432,619
D) Misc.	7,671,612	6,088,717
E) Fuel & Lubricant	15,642,777	20,655,371
F) Assets Written Off	564,176	840,189
G) A.T.M. Related Expenses	36,766,301	19,223,327
H) Temporary Staff Wages	21,837,041	17,335,498
I) Software Contract Expenses	17,213,174	14,444,939
J) Electronic Cheque Clearing	15,132,185	9,407,297
K) CIC Charges	9,641,760	9,146,840
L) Branch Less Banking	179,339	718,092
M) SMS Alert Charges	2,670,100	2,413,667
N) Disaster Recovery Sites	7,018,430	4,966,350
Total	681,018,155	603,177,998

Provision for Possible Loss

From 16th July 2016 to 15th July 2017

Schedule 4.25

Particulars	Current Year Rs.	Previous Year Rs.
1. Increase In Loan Loss Provision	83,801,768	168,133,771
2. Increase In Provision For Investment	–	–
3. Provision For Non-banking Assets	5,926,356	–
4. Provision Against Other Assets	–	–
Total	89,728,124	168,133,771

Gain/(Loss) from Non-Operating Activities

From 16th July 2016 to 15th July 2017

Schedule 4.26

Particulars	Current Year Rs.	Previous Year Rs.
1. Gain/(Loss) on Sale of Investment	–	–
2. Gain/(Loss) on Sale of Assets	1,344,032	11,937,974
3. Dividend	–	–
A. Rural Development Banks	5,951,398	4,285,953
B. Credit Information Center	777,729	521,536
C. National Banking Institute/Nepal Clearing House	532,000	351,500
4. Subsidy Received From NRB	–	–
A. Compensation of Branch Loss	–	–
B. Interest Compensation	–	–
C. Exchange Counters	–	–
5. Others	–	–
A. House Rent	7,906,564	7,621,866
B. Gain/Loss on Sale of NBA	–	–
Total Gain / (Loss)	16,511,723	24,718,829

Write Back from Provision for Possible Loss

From 16th July 2016 to 15th July 2017

Schedule 4.27

Particulars	Current Year Rs.	Previous Year Rs.
1. Write-back From Loan Loss Provision	43,323,645	92,751,077
2. Write-back From Provision for NBA	–	45,930,349
3. Write-back From Provision For Investment	–	–
4. Write-back From Other Provision for Assets	–	–
Total	43,323,645	92,751,077

Profit/(Loss) from Extra-Ordinary Transaction

From 16th July 2016 to 15th July 2017

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 16th July 2016 to 15th July 2017

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	–					
5.	Others	–					
	Total	–					

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

As on 31 Ashadh 2074 (15 July 2017)

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 2074 (15 July 2017)

Schedule 4.30 (A1)
(Rs. in '000)

Particulars	Current Year Rs.	Previous Year Rs.
1.1 RISK WEIGHTED EXPOSURES	86,368,605	77,433,675
a. Risk Weighted Exposure for Credit Risk (Form No. 2)	80,133,906	71,827,799
b. Risk Weighted Exposure for Operational Risk (Form No. 5)	5,682,107	5,317,181
c. Risk Weighted Exposure for Market Risk	552,592	288,694
Adjustments under Pillar II		
Overall risk management policies and procedures are not satisfactory. Add: 2% of RWE (6.4 a 7)	1,727,372	1,548,673
Add: RWE equivalent to reciprocal of capital charge of 2% of gross income. (6.4 a9)	833,600	729,414
Add: ...% of the total deposit due to insufficient liquid Assets (6.4 a6)	—	—
Total Risk Weighted Exposures (after adjustment under Pillar II)	88,929,577	79,711,762
1.2 CAPITAL		
Core Capital (Tier 1)	11,309,301	8,240,695
a. Paid up Equity Share Capital	4,526,427	2,622,604
b. Proposed Bonus Equity Shares	1,991,628	1,863,823
c. Share Premium	—	18,555
d. Irredeemable Non- cumulative preference shares	—	—
e. Statutory General Reserves	2,687,894	2,286,644
f. Retained Earnings	448,983	206,835
g. Reserve for Deferred Tax	—	—
h. Un-audited current year cumulative profit	—	—
i. Debenture Redemption Reserve	474,425	307,540
j. Capital Adjustment Reserve	47,563	854,710
k. Capital Redemption Reserve	—	—
l. Other Free Reserve	108,240	155,123
m. Calls in Advance	1,134,669	—
a. Less: Goodwill and Intangible Assets	(8,478)	—
b. Less: Deferred Tax Assets	(70,849)	(75,138)
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	(31,200)	—
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)	1,754,401	1,854,109
a. Cumulative and/or Redeemable Preference Share	80,000	120,000
b. Subordinated Term Debt	828,845	948,845
c. Hybrid Capital Instruments	—	—
d. General Loan Loss provision	784,338	690,545
e. Investment Adjustment Reserve	1,418	50,418
f. Assets Revaluation Reserve	—	—
g. Exchange Equalization Reserve	28,236	27,837
h. Additional Loan Loss Provision	16,464	16,464
i. Other Reserves	15,100	—
Total Capital Fund (Tier I and II)	13,063,702	10,094,804
1.3 CAPITAL ADEQUACY RATIOS		
Tier 1 Capital to Total Risk Weighted Exposures	12.72	10.34
Tier 1 and Tier 2 Capital to Total Risk Weighted Exposures	14.69	12.66

Risk Weighted Exposure For Credit Risk

As on 31 Ashadh 7074 (15 July 2017)

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

	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
Balance Sheet Exposures (A)								
Cash Balance	3,060,846	-	-	3,060,846	0%	-	2,514,948	-
Balance With Nepal Rastra Bank	14,577,084	-	-	14,577,084	0%	-	13,356,018	-
Gold	-	-	-	-	0%	-	-	-
Investment in Nepalese Government Securities	8,537,963	-	-	8,537,963	0%	-	10,361,766	-
All other Claims on Government of Nepal	2,241,876	-	-	2,241,876	0%	-	2,372,107	-
Investment in Nepal Rastra Bank securities	-	-	-	-	0%	-	-	-
All other Claims on Nepal Rastra Bank	18,167	-	-	18,167	0%	-	18,167	-
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	3,450,207	-	-	3,450,207	20%	690,041	3,068,038	613,608
Claims on domestic banks that do not meet capital adequacy requirements	-	-	-	-	100%	-	149,474	149,474
Claims on Foreign Bank (ECA Rating 0-1)	5,063,889	-	-	5,063,889	20%	1,012,778	11,964,858	2,392,972
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	1,395,828	-	-	1,395,828	20%	279,166	2,009,976	401,995
Claims on Domestic Corporates	36,695,320	-	1,067,108	35,628,212	100%	35,628,212	31,982,443	31,982,443
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)	19,044,353	-	-	19,044,353	75%	14,283,264	16,624,487	12,468,365
Claims fulfilling all criterion of regulatory retail except granularity	-	-	-	-	100%	-	-	-
Claims secured by residential properties	9,828,993	-	-	9,828,993	60%	5,897,396	8,504,404	5,102,643
Claims not fully secured by residential properties	-	-	-	-	150%	-	-	-
Claims secured by residential properties (overdue)	8,382	7,756	-	626	100%	626	11,642	11,642
Claims secured by Commercial real estate	2,412,388	-	-	2,412,388	100%	2,412,388	2,464,198	2,464,198
Past due claims (except for claim secured by residential properties)	190,523	188,357	-	2,166	150%	3,249	3,354	5,031
High Risk claims (Venture capital private equity investments personal loans and credit card receivables)	6,771,076	-	-	6,771,076	150%	10,156,613	5,553,621	8,330,431
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	54,936	82,403
Staff Loan Secured by Residential Property	592,436	-	-	592,436	60%	355,462	592,436	355,462
Interest Receivable/Claim on Government Securities	48,580	-	-	48,580	0%	-	41,367	-
Cash in transit and other cash items in process of collection	12,425	-	-	12,425	20%	2,485	-	-
Other Assets	3,481,177	-	523,971	2,957,206	100%	2,957,206	1,914,524	1,914,524
TOTAL	117,507,360	196,113	1,591,078	115,720,169		73,782,203	113,583,676	66,296,103

Risk Weighted Exposure For Credit Risk

As on 31 Ashadh 2074 (15 July 2017)

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

Off Balance Sheet Exposures (B)

	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
Revocable Commitments	-	-	-	-	0%	-	-	-
Bills under Collection	969,747	-	-	969,747	0%	-	900,122	-
Forward Exchange Contract Liabilities	-	-	-	-	10%	-	-	-
LC Commitments with Original Maturity Up to 6 months (domestic)	5,055,948	-	363,691	4,692,256	20%	938,451	3,654,725	730,945
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)	2,516,450	-	76,405	2,440,045	50%	1,220,023	1,464,755	732,377
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)	4,061,757	-	455,698	3,606,060	50%	1,803,030	3,310,474	1,655,237
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	334,002	-	29,841	304,161	100%	304,161	533,360	533,360
Financial Guarantee	-	-	-	-	100%	-	-	-
Acceptances and Endorsements	605,923	-	-	605,923	100%	605,923	363,421	363,421
Unpaid portion of Partly Paid Shares and Securities	-	-	-	-	100%	-	-	-
Irrevocable Credit Commitments (Short Term)	6,217,490	-	-	6,217,490	20%	1,243,498	6,617,822	1,323,564
Irrevocable Credit Commitments (Long Term)	-	-	-	-	50%	-	-	-
Other Contingent Liabilities	236,617	-	-	236,617	100%	236,617	192,792	192,792
Unpaid Guarantee Claims	-	-	-	-	200%	-	-	-
TOTAL	19,997,934	-	925,635	19,072,300		6,351,704	17,037,471	5,531,697
Total RWE for Credit Risk Before Adjustment (A)+ (B)	137,505,294	196,113	2,516,713	134,792,468		80,133,906	130,621,147	71,827,799
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)						80,133,906	130,621,147	71,827,799

Eligible Credit Risk Mitigants
As on 31 Ashadh 2074 (15 July 2017)

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

[illegible]

Eligible Credit Risk Mitigants
As on 31 Ashadh 2074 (15 July 2017)

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 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
Off Balance Sheet Exposure	-	-	-	-	-	-	-	-	-	-
Forward Exchange Contract Liabilities	-	-	-	-	-	-	-	-	-	-
LC Commitments With Original Maturity Up to 6 months (domestic)	363,691	-	-	-	-	-	-	-	-	363,691
ECA Rating 0-1	-	-	-	-	-	-	-	-	-	-
ECA Rating 2	-	-	-	-	-	-	-	-	-	-
ECA Rating 3-6	-	-	-	-	-	-	-	-	-	-
ECA Rating 7	-	-	-	-	-	-	-	-	-	-
LC Commitments With Original Maturity Over 6 months (domestic)	76,405	-	-	-	-	-	-	-	-	76,405
ECA Rating 0-1	-	-	-	-	-	-	-	-	-	-
ECA Rating 2	-	-	-	-	-	-	-	-	-	-
ECA Rating 3-6	-	-	-	-	-	-	-	-	-	-
ECA Rating 7	-	-	-	-	-	-	-	-	-	-
Bid Bond, Performance Bond Counter Guarantee (domestic)	455,698	-	-	-	-	-	-	-	-	455,698
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	29,841	-	-	-	-	-	-	-	-	29,841
Financial Guarantee	-	-	-	-	-	-	-	-	-	-
Acceptances and Endorsements	-	-	-	-	-	-	-	-	-	-
Unpaid Portion of Partly Paid Shares and Securities	-	-	-	-	-	-	-	-	-	-
Irrevocable Credit Commitments	-	-	-	-	-	-	-	-	-	-
Other Contingent Liabilities	-	-	-	-	-	-	-	-	-	-
Total	925,635	-	-	-	-	-	-	-	-	925,635
Grand Total	2,516,713	-	-	-	-	-	-	-	-	2,516,713

Risk Weighted Exposure For Operational Risk

As on 31 Ashadh 2074 (15 July 2017)

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

Particulars	2074 Ashadh end			2073 Ashadh end
	F.Y. (2070/071)	F.Y. (2071/072)	F.Y. (2072/073)	
Net Interest Income	2,918,815	2,879,435	3,228,585	
Commission and Discount Income	254,882	303,619	285,940	
Other Operating Income	309,475	389,007	509,795	
Exchange Fluctuation Income	67,028	87,273	112,976	
Additional Interest Suspense During the Period	(1,056)	(12,266)	30,706	
Gross Income (A)	3,549,144	3,647,069	4,168,002	
Alfa (B)	15%	15%	15%	
Fixed Percentage of Gross Income [C=(A x B)]	532,372	547,060	625,200	
Capital Requirement for Operational Risk (D) (Average of C)	568,211			478,754
Risk Weight (Reciprocal of Capital Requirement of 10%) in Times (E)	10			10
Equivalent Risk Weight Exposure [F=(D x E)]	5,682,107			4,787,542

Risk Weighted Exposure For Market Risk

As on 31 Ashadh 2074 (15 July 2017)

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

Particulars	2074 Ashadh End			Relevant open position of 2073 Ashadh end (NPR)
	Open Position (FCY)	Open Position (NPR)	Relevant Open Position (NPR)	
1. U.S. Dollar	241	24,851	24,851	10,303
2. Euro	59	6,959	6,959	7,806
3. Pound Sterling	37	4,860	4,860	10,993
4. Swish Frank	24.6	2,618	2,618	607
5. Australian Dollar	55	1,604	1,604	6
6. Canadian Dollar	7.88	637	637	626
7. Singapore Dollar	13.79	1,033	1,033	68
8. Japanese Yen	623	568	568	2,743
9. Hongkong Dollar	47	621	621	201
10. Chinese Yuan	3	45	45	224
11. Thailand Baht	49.84	153	153	680
12. Qatari Riyal	6.23	174	174	362
13. Saudi Riyal	3.11	85	85	356
14. Korean Won	150.00	14	14	38
15. Malaysian Ringgit	41.41	1,026	1,026	-
16. Indian Rupees	662,460	1,059,935	1,059,935	542,375
Total Open Position (a)		1,105,183	1,105,183	577,389
Fixed % (b)			5%	5%
Capital Charge for Market Risk c= a x b			55,259	28,869
Risk Weight (reciprocal of capital requirement of 10%) in times (d)			10	10
Equivalent Risk Weight Exposure (c x d) = (e)			552,592	288,694

Main Indicators

Schedule 4.31

Particulars	Indicator	Financial Years				
		2012/13	2013/14	2014/15	2015/16	2016/17
1 Net Profit/Total Income	%	26.45	26.63	27.20	28.88	25.82
2 Per Share Earning (after tax income)	Rs.	91.88	86.04	78.04	65.97	44.32
3 Market Price Per Share	Rs.	1591	2631	2120	3385	1353
4 Price/Earning Ratio	Times	17.32	30.58	27.17	51.31	30.53
5 Dividend on Share- Bonus Share	%	10	12	30	70	33
6 Cash Dividend	%	50	50	5	–	–
7 Interest Income/Loans & Advances	%	10.49	10.11	8.76	6.94	8.19
8 Employee Expenses/Total Operating Expenses	%	14.66	15.44	20.46	22.35	19.29
9 Interest Expenses/Total Deposits & Borrowing	%	3.72	3.61	2.52	1.93	3.13
10 Exchange Income/Total Income	%	0.08	0.06	–	–	–
11 Staff Bonus/Total Employee Expenses	%	45.49	43.29	32.69	36.21	32.45
12 Net Profit/Loans & Advances	%	3.33	3.20	2.84	2.51	2.56
13 Net Profit/Total Assets	%	2.39	2.25	1.85	1.61	1.72
14 Total Loans & Advances/Total Deposits	%	76.57	78.01	66.63	73.52	82.32
15 Total Operating Expenses/Total Assets	%	4.79	4.71	3.39	2.75	3.93
16 Capital Adequacy Ratio:						
a) Core Capital	%	9.31	9.35	10.44	10.34	12.72
b) Supplementary Capital	%	2.28	1.96	2.89	2.33	1.97
c) Total Capital Funds	%	11.59	11.31	13.33	12.66	14.69
17 Cash Reserve Ratio (CRR)	%	15.19	16.91	24.27	16.61	16.52
18 NPAs/Total Loans & Advances	%	0.62	0.97	0.66	0.38	0.25
19 Base Rate	%	7.16	6.40	6.14	4.86	7.68
20 Weighted Average Interest Rate Spread	%	5.68	5.69	4.76	4.89	4.48
21 Book Net Worth (Rs. in Lacs)	Rs.	46678	53371	67704	83941	114646
Total Shares	Number	16011264	18012391	20173877	26226041	45264269
Total Employee	Number	643	696	696	739	748
22 Others						
- Per Employee Business (Rs. in Lakh)	Rs.	1585	1588	1989	2201	2318
- Employee Expenses/Total Income	%	8.31	8.80	11.88	11.68	11.36

Note: i) CRR have been calculated on the basis of year end figures.

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 issue by the Board of Directors in its meeting held on 16th November, 2017.

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, 2073 and directives issued by the NRB.

A separate set of Financial Statements for the year ended on July 15, 2017 in accordance with Nepal Financial Reporting Standards (NFRS) has been prepared by the Bank.

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.

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. 1,991,627,748 and cash dividend of Rs. 104,822,513 (applicable tax on bonus share) for ordinary share and dividend of Rs. 5,600,000 for convertible preference shares.

1.1 Share Capital

As per the NRB Directives, A class financial institution should have minimum paid up capital of Rs. 800 crore by Ashad end 2074. The Position of share capital of the company as at 31.3.2074 is as under.

Paid Up Capital as on Asadh 2074 Rs. 4,526,426,899

Calls in Advance as on Asadh 2074 Rs. 1,134,668,500

Total Share Capital as on Asadh 2074 Rs. 5,661,095,399

Remaining Right Share Capitalization after Asadh 2074 Rs. 374,140,200

Total Share Capital Rs. 6,035,235,599

Proposed Bonus Share @ 33% (On book close balance) Rs. 1,991,627,748

Total Paid-up Capital Rs. 8,026,863,347

The bank has achieved Rs. 800.00 crores of Paid-up Capital as per NRB directive.

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	-	0.57	5.72	10.10
More than 1 year to 3 years	-	-	-	-
More than 3 years	-	3.12	-	5.14
US Dollar				
Upto 1 Year	171.66	1181.96	9316.24	1533.60
More than 1 year to 3 years	-	3.99	0.07	8.15
More than 3 years	-	67.69	-	54.18
EURO				
Upto 1 Year	-	204.68	1.16	35.92
More than 1 year to 3 years	-	-	-	5.42
More than 3 years	-	6.99	-	8.86
Japanese Yen				
Upto 1 Year	-	983.31	108.64	-
More than 1 year to 3 years	-	-	30.50	-
More than 3 years	-	140.13	-	-
Australian Dollar				
Upto 1 Year	-	70.92	1.36	11.44
More than 1 year to 3 years	-	-	-	-
More than 3 years	-	-	-	6.22
Indian Rupee				
Upto 1 Year	592.33	199,983.25	127,357.17	70,918.36
More than 1 year to 3 years	-	279.40	200.00	460.30
More than 3 years	-	92,841.33	400.00	12,380.32

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, 2073 (July 15, 2016)	689,115	553,635
Loans Disbursed during the year	4,377,448	3,427,723
Recovered during the year	4,283,716	3,292,244
Balance as on Ashad 31, 2074 (July 15, 2017)	782,847	689,115
Write off during the year		
Principal	–	3.95
Interest	45.44	109.13

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	88,677	86,300	2.76
Margin	10,667	8,731	22.17
Saving	355,559	386,496	(8.00)
Fixed	363,115	259,990	39.66
Call	131,438	194,248	(32.34)
Others	1,489	1,590	(6.35)
Total	950,945	937,355	1.45

5. Average Interest Spread Rate

The average yield rate on interest bearing assets is 9.30% (Previous year 7.13%). The average cost of deposit for the year is 4.82% (Previous Year 2.24 %). Accordingly, the average spread for the financial year stands at 4.48 % (Previous Year 4.89 %).

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	10,491,042	18,785,460
Addition made during this year	24,966,902	619,256
Total	35,457,944	19,404,716
Amortized during the year	160,971,448	8,694,684
Disposed off during the year	–	218,990
Closing Balance	196,429,392	10,491,042

b) Software
i) *Finacle*

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Opening Balance	14,051,650	14,307,320
Addition made during this year	–	5,317,647
Total	14,051,650	19,624,967
Amortized during the year	5,573,317	5,573,317
Closing Balance	8,478,333	14,051,650

ii) *Others*

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Opening Balance	2,368,267	3,494,236
Addition made during this year	427,140	28,250
Total	2,795,407	3,522,487
Amortized during the year	924,948	1,154,219
Balance at the end of the year	1,870,459	2,368,267

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 25.86% of total loan (Previous year 27.84%) and concentration of deposit to a single institution is of total deposit 6.23% (Previous year 10.11%).

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)	–	–
Addition during the year	7,343,441	–
Disposed off during the year	–	–
Closing Balance (at Cost)	7,343,441	Nil
Total Provision	7,343,441	–
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. 12 Crore have been converted into ordinary shares so far. The balance of Convertible Preference Share as on 31 Ashadh 2074 (July 15, 2017) is Rs. 8.00 Crore (Previous Year Rs. 12.00 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, 2074 is Rs. 47.44 crores (Previous Year Rs. 30.75 crores).

11. **Statutory General Reserve**

As required by the Bank and Financial Institution Act, 2073 a sum of Rs 401,250,000(Previous year Rs. 346,042,000) 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, 2074 (July 15, 2017) is Rs. 2,687,893,514 (Previous Year Rs. 2,286,643,514).

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. 399,000 (Previous year Rs. 1,994,000) has been transferred to this account.

14. Liquidity Risk

The liquidity risk as on Ashad 31, 2074 (July 15, 2017) 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	30,608	—	—	—	—	—	—	30,608
2.	Balance With Banks & FIs	183,204	—	—	—	—	—	—	183,204
3.	Investment in Foreign Banks	—	—	4,787	9,574	—	19,147	—	33,508
4.	Call Money	—	—	—	—	—	—	—	—
5.	Government Securities	7,211	1,996	14,345	11,795	—	1,951	—	37,298
6.	Nepal Rastra Bank Bonds	—	—	—	—	—	—	48,082	48,082
7.	Inter Bank & FI Lending	—	—	—	—	—	—	—	—
8.	Loans & Advances	30,541	52,363	61,133	47,057	51,882	40,622	499,249	782,847
9.	Interest Receivable	201	2,740	837	171	—	198	167	4,313
10.	Reverse Repo	—	—	—	—	—	—	—	—
11.	Acceptance Receivable	—	—	—	—	—	—	—	—
12.	Payments under S.No. 20,21 & 22	35,280	7,604	36,918	21,594	4,948	9,940	75,635	191,919
13.	Others	589	—	2	39	3,552	4	15,428	19,614
	Total (A)	287,633	64,703	118,022	90,229	60,382	71,862	638,561	1,331,393
Liabilities									
14.	Current Deposits	10,083	5,042	5,042	—	—	—	80,666	100,832
15.	Saving Deposits (including call)	17,778	17,778	17,778	—	—	—	302,225	355,559
16.	Fixed Deposits	71,527	27,025	48,399	56,635	51,785	61,607	177,575	494,553
17.	Debentures/Bonds	—	—	—	—	—	—	10,688	10,688
18.	Borrowings	—	—	—	—	—	—	125	125
	Call/Short Notice	—	—	—	—	—	—	—	—
	Inter-bank/Financial Institutions	—	—	—	—	—	—	—	—
	Refinance	—	—	—	—	—	—	125	125
	Others	—	—	—	—	—	—	—	—
19.	Other Liabilities and Provisions	5,600	4,370	—	—	—	—	12,639	22,609
	Sundry Creditors	859	3,776	—	—	—	—	—	4,636
	Bills Payable	4,717	—	—	—	—	—	—	4,717
	Interest Payable	24	594	—	—	—	—	—	617
	Provisions	—	—	—	—	—	—	12,639	12,639
	Others	—	—	—	—	—	—	—	—
20.	Acceptance Liabilities	1,500	1,558	1,766	1,079	154	1	—	6,059
21.	Irrevocable Loan Commitment	6,618	—	—	—	—	—	59,560	66,178
22.	Letter of Credit/Guarantee	27,162	6,046	35,152	20,515	4,794	9,938	16,075	119,682
23.	Repo	—	—	—	—	—	—	—	—
24.	Payable under S.No.11	—	—	—	—	—	—	—	—
25.	Others	—	—	—	—	—	—	—	—
	Total (B)	140,269	61,818	108,137	78,230	56,733	71,547	659,553	1,176,286
	Net Financial Assets (A-B)	147,365	2,885	9,885	12,000	3,649	316	(20,992)	155,107
	Cumulative Net Financial Assets	147,365	150,250	160,135	172,135	175,784	176,100	155,107	(0)

15. Deferred Tax

The component of deferred tax assets as on Ashad 31, 2074 (July 15, 2017) is as follows:

Deferred Tax Asset	Current Year (Rs.)	Previous Year (Rs.)
On Employees' Gratuity	74,297,419	78,389,531
On Provision for Non Banking Assets	—	—
On Fixed Assets	(3,448,307)	(3,251,446)
Total	70,849,112	75,138,085

In accordance with Nepal Accounting Standard (NAS) – 09 Income Taxes, decrease in deferred tax assets amounting to Rs. 4,288,975 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	2,863,419,348	2,534,091,557
Income tax at the applicable tax rate of 30%	859,025,804	760,227,467
Tax effect of expenses/income that are not deductible/included in determining Taxable Profit		
Donation	324,101	309,337
Others (Loan Write Off)	–	118,501
Dividend Income	(2,178,338)	(1,547,697)
Total Tax Expenses	857,171,567	759,107,609

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, 2074 (July 15, 2017):

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)	196.52	192.13
Bonus Shares Issued	3,734.04	1,213.45
Balance as on Ashad 31, 2074 (July 15, 2017)		
Deposit with PNB (NPR)	13,507.99	16,825.77
Technical Service Agreement Fees Payable	101.60	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 Baidya | Director |
| e. Mr. Nabin Bhakta Shrestha | Director |
| f. Mr. Sunil Gopal Shrestha | Director |
| g. Dr. Ram S. Sangapure | Director |
| h. Mr. A.K. Ahluwalia | 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. 13,106,884 (Previous Year Rs. 8,727,467).

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. 840,000 (Previous Year Rs. 850,000) and fees for other board level committee meetings paid Rs. 13,50,000 (Previous Year Rs. 10,90,000).

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. 1,89,813,113 (Previous Year Rs. 82,514,109) for gratuity as per the Bank's policy. The balance of provision for gratuity as on Ashad 31, 2074 (July 15, 2017) is Rs. 247,658,064 (Previous Year Rs. 261,298,436). During the year Rs. 13,640,372 (Previous Year Rs. 17,137,933) has been paid during the year to retiring/outgoing staff and Rs. 184,872,907 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 below and such amount has been transferred to retained earning for issuance of Bonus Share:

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
Transferred to Retained Earnings	18,555,127
Available Balance	—

- c) Provision for Income Tax
During the year, Rs. 852,882,594 (Previous year Rs. 752,147,755) 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 arising 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, 2068-69 and 2069-70 demanding total additional tax of Rs. 23.66 crores (including VAT, fine, interest and TDS). The bank has disputed remaining said assessment and is under appeal with the Revenue Tribunal/ Supreme Court.
- e) Capital Adjustment Reserve
During the year a sum of Rs. 80.71 crores is transferred to the retained earnings for issuance of Bonus Share. The balance of reserve on this account as on Ashadh 31, 2074 (July 15, 2017) is Rs. 47,562,907 (Previous year Rs. 854,709,907).
- f) Other Reserve
The balance of the reserve on this account as on Ashad 31, 2074 (July 15, 2017) is Rs. 88,177,211 (Previous year Rs. 1,25,122,982).
- g) Other Free Reserve
During the year a sum of Rs. 3.00 crores are transferred to the retained earnings. The balance of the reserve on this account as on Ashadh 31, 2074 (July 15, 2017) is Rs. Nil (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 transferred reserve amounting to Rs. 4.90 crores appropriated in previous year for unlisted share of Forward Micro Finance as the same is listed during the year. The balance of the reserve on this account as on Ashad 31, 2074 (July 15, 2017) is Rs. 1,418,266 (Previous year Rs. 50,418,266).
- i) Refinancing from NRB
The bank has received Refinancing Loan amounting to Rs. 1.47 Crore from NRB against loan provided to earthquake victim.
- j) Capital Grant
The fixed assets acquired from capital grant received from Seba project are booked on gross amount and amount equivalent to same is disclosed under other liabilities. Further depreciation on the same is charged to Profit & Loss Account and the equivalent amount of same is booked as other income.
- k) Corporate Social Responsibility Fund (CSR Fund)
In Compliance with NRB Directives amount equivalent to 1% of net profit amounting to Rs. 20,063,000 is appropriated to CSR Fund.
- l) Staff Training & Development Fund
In Compliance with NRB Directives Rs. 15,100,000 being short fall for Staff Training & Development expenses is appropriated to Staff Training & Development Fund.

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 2074 (15 July 2017)

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 2073/074

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)	117,507,740	117,507,360	(380)	(0.00)	
1.1	Paid Up Capital	5,741,095	7,732,723	1,991,628	34.69	Issue of Bonus Share
1.2	Reserve and Surplus	5,883,759	3,811,859	(2,071,900)	(35.21)	Issue of Bonus Share
1.3	Debenture and Bond	1,068,845	1,068,845	-	-	
1.4	Borrowings	12,500	14762	2262	-	Audit Adjustment
1.5	Deposits (a+b)	95,094,461	95,094,461	-	-	
	a. Domestic Currency	89,015,404	89,015,404	-	-	
	b. Foreign Currency	6,079,058	6,079,058	-	-	
1.6	Income Tax Liability	-	-	-	-	
1.7	Other Liabilities	9,707,079	9,784,710	77,631	0.80	Issue of Bonus Share
2	Total Assets (2.1 to 2.7)	117,507,740	117,507,360	(380)	(0.00)	
2.1	Cash & Bank Balance	21,381,228	21,383,490	2,262	-	Audit Adjustment
2.2	Money at Call & Short Notice	-	-	-	-	
2.3	Investments	11,964,561	11,964,561	-	-	
2.4	Loans and Advances (Gross) (a+b+c+d+e+f)	78,284,679	78,284,679	-	-	
	a. Real Estate Loan	4,966,143	4,966,143	-	-	
	1. Residential Housing Loan (Except Personal Housing Loan upto Rs. 100 lacs)	2,420,551	2,420,551	-	-	
	2. Business Complex & Residential Apartment Construction Loan	814,968	814,968	-	-	
	3. Income Generating Commercial Complex Loan	873,332	873,332	-	-	
	4. Other Real Estate Loan (Including Land purchase & Plotting)	857,292	887,211	29,919	-	Due to Regrouping
	b. Personal Housing Loan upto Rs. 100 lacs	10,392,405	10,392,405	-	-	
	c. Margin Type Loan	1,284,344	1,284,344	-	-	
	d. Term Loan	18,399,385	18,399,385	-	-	
	e. Overdraft Loan /TR Loan /Working Capital Loan	33,647,188	33,617,269	(29,919)	-	Due to Regrouping
	f. Others	9,595,214	9,595,214	-	-	
2.5	Fixed Assets	728,399	728,388	(11)	(0.00)	Due to Regrouping
2.6	Non Banking Assets (Net of provision)	-	-	-	-	
2.7	Other Assets	5,148,873	5,146,242	(2,631)	(0.05)	Due to Regrouping
3	Profit and Loss Account			-		
3.1	Interest Income	6,748,565	6,747,148	(1,417)	-	
3.2	Interest Expense	3,009,549	3,009,792	243	-	
	A. Net Interest Income (3.1-3.2)	3,739,016	3,737,356	(1,660)	-	
3.3	Fees, Commission and Discounts	346,180	346,170	(10)	(0.00)	Audit Adjstment
3.4	Other Operating Income	565,130	565,450	319	0.06	Audit Adjstment
3.5	Foreign Exchange Gain/Loss (Net)	94,026	94,026	-	-	
	B. Total Operating Income (A+3.3+3.4+3.5)	4,744,352	4,743,001	(1,351)	-	
3.6	Staff Expenses	881,422	882,329	906	-	Audit Adjstment
3.7	Other Operating Expenses	680,913	681,018	105	-	Audit Adjstment
	C. Operating Profit before provision(B-3.6-3.7)	3,182,017	3,179,654	(2,362)	(0.07)	
3.8	Provision for possible losses	122,449	89,728	(32,720)	(26.72)	Audit Adjstment
	D. Operating Profit (C-3.8)	3,059,568	3,089,926	30,358	0.99	
3.9	Non Operating Income/Expenses (Net)	10,936	16,512	5,576	-	
3.10	Write back of provision for possible loss	43,324	43,324	-	-	
	E. Profit from Regular Activities (D+3.9+3.10)	3,113,828	3,149,761	35,933	-	
3.11	Extra Ordinary Income/Expenses (Net)	-	-	-	-	
	F. Profit before Bonus and Taxes(E+3.11)	3,113,828	3,149,761	35,933	-	
3.12	Provision for Staff Bonus	283,075	286,342	3,267	-	
3.13	Provision for Income Tax	849,055	857,172	8,117	-	Audit Adjstment
	G. Net Profit/Loss (F-3.12-3.13)	1,981,698	2,006,248	24,550	1.24	Audit Adjstment

Unaudited Financial Results (Provisional)

As at Fourth Quarter 31/03/2074 (15/07/2017) of the Fiscal Year 2073/74

Schedule 4 (Ka)
Rs. in '000

S.No.	Particulars	This Quarter 15.07.2017	Previous Quarter 13.04.2017	Corresponding Previous Year 15.07.2016 (Audited)
1	Total Capital and Liabilities (1.1 to 1.7)	117,507,740	114,031,664	114,841,483
1.1	Paid Up Capital	5,741,095	4,606,427	4,606,427
1.2	Reserve and Surplus	5,883,759	5,433,543	3,907,661
1.3	Debenture and Bond	1,068,845	1,068,845	1,068,845
1.4	Borrowings	12,500	12,500	2,500
1.5	Deposits (a + b)	95,094,461	92,811,441	93,735,481
a.	Domestic Currency	89,015,404	86,195,606	81,023,342
b.	Foreign Currency	6,079,058	6,615,835	12,712,139
1.6	Income Tax Liability	-	13,803	-
1.7	Other Liabilities	9,707,079	10,085,105	11,520,569
2	Total Assets (2.1 to 2.7)	117,507,740	114,031,664	114,841,482
2.1	Cash & Bank Balance	21,381,228	23,375,661	23,117,394
2.2	Money at Call & Short Notice	-	-	-
2.3	Investments	11,964,561	12,366,167	18,198,740
2.4	Loans and Advances (Gross) (a+b+c+d+e+f)	78,284,679	73,550,546	68,911,543
a.	Real Estate Loan	4,966,143	5,079,148	3,468,561
1.	Residential Housing Loan (Except Personal Housing Loan upto Rs. 100 lacs)	2,420,551	2,329,168	1,722,785
2.	Business Complex & Residential Apartment Construction Loan	814,968	977,729	1,035,377
3.	Income Generating Commercial Complex Loan	873,332	893,680	563,131
4.	Other Real Estate Loan (Including Land purchase & Plotting)	857,292	878,571	147,268
b.	Personal Housing Loan upto Rs. 100 lacs	10,392,405	10,165,050	9,263,902
c.	Margin Type Loan	1,284,344	1,236,404	1,091,934
d.	Term Loan	18,399,385	17,458,032	14,300,991
e.	Overdraft Loan /TR Loan /Working Capital Loan	33,647,188	29,793,137	32,487,623
f.	Others	9,595,214	9,818,776	8,298,532
2.5	Fixed Assets	728,399	783,774	678,988
2.6	Non Banking Assets (Net of provision)	-	-	-
2.7	Other Assets	5,148,873	3,955,515	3,934,817
3	Profit and Loss Account			
3.1	Interest Income	6,748,565	4,577,252	5,057,077
3.2	Interest Expense	3,009,549	1,902,289	1,828,493
	A. Net Interest Income (3.1-3.2)	3,739,016	2,674,962	3,228,585
3.3	Fees, Commission and Discounts	346,180	249,442	285,940
3.4	Other Operating Income	565,130	384,330	509,795
3.5	Foreign Exchange Gain/Loss (Net)	94,026	65,862	112,976
	B. Total Operating Income (A+3.3+3.4+3.5)	4,744,352	3,374,597	4,137,295
3.6	Staff Expenses	881,422	484,546	699,881
3.7	Other Operating Expenses	680,913	443,462	603,178
	C. Operating Profit before provision(B-3.6-3.7)	3,182,017	2,446,589	2,834,236
3.8	Provision for possible losses	122,449	91,533	168,134
	D. Operating Profit (C-3.8)	3,059,568	2,355,056	2,666,103
3.9	Non Operating Income/Expenses (Net)	10,936	7,452	24,719
3.10	Write back of provision for possible loss	43,324	35,306	92,751
	E. Profit from Regular Activities (D+3.9+3.10)	3,113,828	2,397,815	2,783,573
3.11	Extra Ordinary Income/Expenses (Net)	-	-	4,279
	F. Profit before Bonus and Taxes(E+3.11)	3,113,828	2,397,815	2,787,851
3.12	Provision for Staff Bonus	283,075	217,983	253,441
3.13	Provision for Income Tax	849,055	653,949	804,203
	G. Net Profit/Loss (F-3.12-3.13)	1,981,698	1,525,882	1,730,207
4	Ratios			
4.1	Capital Fund to RWA	14.85%	13.88%	12.66%
4.2	Non performing Loan (NPL) to Total Loan	0.51%	0.67%	0.38%
4.3	Total Loan Loss Provision to NPL	100%	100%	100%
4.4	Average Yield	9.30%	8.92%	7.13%
4.5	Cost of Deposit	4.82%	4.18%	2.24%
4.6	Average Interest Spread	4.48%	4.74%	4.89%
4.7	Base Rate	7.68%	7.03%	4.86%
4.8	Credit to Deposit Ratio (Calculated as per NRB Directives)	76.94%	70.89%	76.24%

DISCLOSURE RELATING TO BASEL –III FRAMEWORK

1. Capital Structure and Capital Adequacy

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

Core Capital (Tier 1)	11309301
a. Paid up Equity Share Capital	4526427
b. Proposed Bonus Equity Shares	1991628
c. Irredeemable Non- cumulative Preference Shares	
d. Share Premium	
e. Statutory General Reserves	2687894
f. Retained Earnings	448983
g. Reserve for Deferred Tax	-
h. Un-audited Current Year Cumulative Profit	-
I. Debenture Redemption Reserve	474425
j. Capital Adjustment Reserve	47563
k. Dividend Equalization Reserves	
l. Capital Redemption Reserve	-
m. Other Free Reserve	108240
n. Calls in Advance	1134669
Less: Goodwill	(8478)
o. Less: Deferred Tax Assets	(70849)
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 Crossholdings	
w. Less: Other Deductions (Fixed Assets Not Used) (31200)	

• Tier 2 capital and a breakdown of its components

Supplementary Capital (Tier 2)	1754401
a. Cumulative and/or Redeemable Preference Share	80000
b. Subordinated Term Debt	828845
c. Hybrid Capital Instruments	-
d. General/Additional Loan Loss Provision	784338
e. Investment Adjustment Reserve	1418
f. Assets Revaluation Reserve	-
g. Exchange Equalization Reserve	28236
h. Additional Loan Loss Provision	16464
i. Other Reserves	15100

Total Capital Fund (Tier I and II) 13063702

- 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 : 110527 thousand
- Total qualifying capital : 13063702 thousand
- Capital adequacy ratio : 14.69%

• 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 33% Bonus Share amounting Rs. 199 Crore 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 2017, Bank has the following capital structure:

Paid up ordinary capital	Rs. 452.64 crore
Convertible preference share	Rs. 8.00 crore (Rs. 12 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 of every three years. Rs. 12 Crore has already been 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% p.a. These debentures are redeemable 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 2017 is given below:

Particulars	Amount (000)
1. Credit Risk	80133906
2. Market Risk	552592
3. Operational Risk	5682107
4. Adjustment under Pillar II	2560972
TOTAL	88929577

- 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 2017 is given as under:

Particulars	Amount (000)
1. Claims on other official entities	
2. Claims on banks	1981985
3. Claims on Domestic corporate & securities firms	35628212
4. Claims on regulatory retail portfolio	14283264
5. Claims secured by residential properties	5898022
6. Claims secured by commercial real estate	2412388
7. Past due claims	3249
8. High risk claims	10156613
9. Investment in Equity of Institutions	103317
10. Other assets	3315153
11. Off balance sheet items	6351704
Total	80133906

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

- Amount of NPAs (both Gross and Net) Rs. in '000

Gross NPA	: Rs. 198905
Net NPA	: Rs. 2792
❖ Restructure/Reschedule Loan	: -
❖ Substandard Loan	: 2490
❖ Doubtful Loan	: 1849
❖ Loss Loan	: 194566

- NPA Ratios

❖ Gross NPA to Gross Advances	: 0.25%
❖ Provision to NPA	: >100%

- Movement of Non Performing Assets:

Amount Rs. (000)

Particulars	Amount	Provision
Opening balance	264422	249427
Additional during the year	12910	5857
Sold during the year	(78427)	(59172)
Balance as at 15 July 2017	198905	196112

- Write off of Loans and Interest Suspense:
Following Loans and Interest Suspenses have been written off during the year 2016/17:

Date	Account No.	Scheme	Name	Int. Written off Amount	Quarter
08.09.2016	02105501200188	Overdraft	Manakamana Store	1,753,145.17	Ashwin 73
08.09.2016	02105812200113	Flexi Term Loan	Til Rupa Khatiwada	725,445.93	Ashwin 73
10.11.2016	02105812200105	Flexi Term Loan	Krishna Pd. Thapa	711,000.00	Poush 73
20.02.2017	02300101200099	Vehicle Loan	Mrigendra Sen Woli	20,377.51	Chaitra 73
19.03.2017	01305501000071	Overdraft	Navin Sellar Udhog	1,334,000.00	Chaitra 73
				4,543,968.61	

- Movements in Loan Loss Provisions and Interest Suspense:

Amount Rs. (000)

Particulars	Loan Loss Provision	Interest Suspense
Opening balance	956436	149262
Write back /off in the year	(43324)	(70315)
Addition in the year	83802	95089
Balance as at 15 July 2017	996914	174036

- Details of additional Loan Loss Provisions

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

- Segregation of Investment Portfolio

Investment Category	Amount (000)
1. Held from Trading	-
2. Held to Maturity	11,888,712
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/mitigates.

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 voucher 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. 2516713 thousand have been deducted from risk as CRM.

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Glimpses of Corporate Social Responsibility



Chair Distribution at Biratnagar School



Gift Distribution at old age home (Khalanga, Rukum)



Blanket Distribution at School of Attariya, Kailali



Cash Distribution for Earthquake victim in association with British Redcross

Glimpses of Bank Services Expansion



Glimpses of 22nd Annual General Meeting



Glimpses of Special General Meeting





Everest Bank Branches Network



Region No. 1

- ☒ Birtamod ☒ Duhabi ☒ Khandbari ☒ Bhojpur ☒ Biratnagar
- ☒ Itahari ☒ Damak

Region No. 2

- ☒ Janakpur ☒ Simara ☒ Chandranigahpur ☒ I.C.D. ☒ Birgunj ☒ Rajbiraj

Region No. 3

- ☒ New Baneshwor ☒ New Road ☒ Lazimpat ☒ Bagbazar ☒ Teku ☒ Satungal
- ☒ Golfutar ☒ Chabahil ☒ Balaju ☒ Thamel ☒ Kalimati ☒ Maitidevi
- ☒ Kirtipur ☒ Gongabu ☒ Jorpati ☒ Bagdole ☒ Gwarko ☒ Lagankhel
- ☒ Pulchowk ☒ Satdobato ☒ Suryabinayak ☒ Hetauda ☒ Narayanganj ☒ Dhading

Region No. 4

- ☒ Pokhara ☒ Baglung ☒ Beshisahar ☒ Syangja ☒ Lekhnath ☒ Kushma ☒ Gorkha

Region No. 5

- ☒ Nepalgunj ☒ Gulariya ☒ Kohalpur ☒ Butwal ☒ Tulsipur ☒ Lamahi ☒ Chandrauta
- ☒ Krishnanagar ☒ Bhairahawa ☒ Lumbini ☒ Taulihawa ☒ Sandhikarka

Region No. 6

- ☒ Surkhet ☒ Rukum

Region No. 7

- ☒ Dhangadhi ☒ Bajhang ☒ Sukkhad ☒ Attariya ☒ Tikapur ☒ Mahendranagar

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