



24th

Annual Report

2074-75 BS (2017/18 AD)





Everest Bank Limited congratulates
Mr. B.K. Shrestha, Chairman for being recognized by
Nepal Bankers' Association for his contribution
to the Banking sector of Nepal.

 एभरेष्ट बैंक लिमिटेड 
EVEREST BANK LIMITED
(A Joint-Venture with **punjab national bank**, India)

Consistent, Strong & Dependable



BOARD OF DIRECTORS



B. K. Shrestha
Chairman



Dr. Bal Gopal Baidya
Director



Arun Man Sherchan
Director



Lingam Venkata Prabhakar
Director
(Punjab National Bank, India)



Navin Bhakta Shrestha
Director
(Public Shareholders)



Sunil Gopal Shrestha
Director
(Public Shareholders)



Dr. Nirmal Kumar Bista
Independent Director

Suresh Chapagain
Company Secretary

Sr. Advocate Shambhu Thapa
Legal Advisor

Auditor
Bharat Rijal, CA
RPB & Associates
Chartered Accountants

MANAGEMENT TEAM



Someshwar Seth
 Chief Executive Officer



Girish Kohli
 Dy. General Manager



Rajeev Jain
 Dy. General Manager



Keshab Raj Paudel
 Asst. General Manager



Ashutosh Sharma
 Asst. General Manager

प्रवेश-पत्र

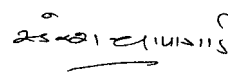
शेयरधनीको नाम:..... शेयरधनी नं.

शेयर संख्या शेयरधनीको दस्तखत:

(मिति २०७५ साल पौष १० गते मंगलवारका दिन हुने एभरेष्ट बैंक लिमिटेडको २४ औं वार्षिक साधारण सभामा उपस्थित हुन जारी गरिएको प्रवेश-पत्र)

द्रष्टव्य:

- १) शेयरधनी आफैले खाली कोष्ठहरू भर्नु होला ।
- २) सभा कक्षमा प्रवेश गर्न यो प्रवेश-पत्र प्रस्तुत गर्नु अनिवार्य छ ।


(सुरेश चापागाईं)
 कम्पनी सचिव

प्रोक्सी फाराम

श्री संचालक समिति,
 एभरेष्ट बैंक लिमिटेड
 पोष्ट बक्स नं. १३३८४
 ईविएल हाउस,
 लाजिम्पाट, काठमाडौं ।

..... जिल्ला न.पा./गा.वि.स. वडा नं. बस्ने म/हामी ले
 एभरेष्ट बैंक लिमिटेडको शेयरवालाको हैसियतले मिति २०७५ साल पौष १० गते मंगलवारका दिन हुने २४ औं वार्षिक
 साधारण सभामा स्वयं उपस्थित भई छलफल तथा निर्णयमा सहभागी हुन नसक्ने भएकोले उक्त सभामा भाग लिन तथा मतदान
 गर्नको लागि जिल्ला न.पा./गा.पा. वडा नं. बस्ने त्यस कम्पनीको
 शेयरवाला श्री लाई
 मेरो/हाम्रो प्रतिनिधि मनोनित गरी पठाएको छु/छौं ।

दस्तखत:-

नाम:-

ठेगाना:-

शेयरधनी नं.:-

मिति:-

नोट:

- १) यो निवेदन साधारण सभा हुनुभन्दा कम्तीमा ४८ घण्टा अगावै कम्पनीको रजिष्टर्ड कार्यालयमा पेश गरी सक्नु पर्नेछ ।

एभरेष्ट बैंक लिमिटेडको २४ औं वार्षिक साधारण सभा सम्बन्धी सूचना

यस बैंकको मिति २०७५ साल मार्ग १४ गते बसेको संचालक समितिको २९९ औं बैठकको निर्णय अनुसार २४ औं वार्षिक साधारण सभा देहायको मिति, स्थान र समयमा निम्न प्रस्ताव उपर छलफल गर्न बस्ने भएको हुँदा सबै शेयरधनी महानुभावहरूको जानकारीको लागि यो सूचना प्रकाशित गरिएको छ ।

सभा हुने मिति : २०७५ साल पौष १० गते मंगलवार (२५ डिसेम्बर २०१८) ।

स्थान : लैनचौर ब्याङ्केट, लैनचौर, काठमाडौं ।

समय : बिहान ११:०० बजे ।

बैंकको २४ औं वार्षिक साधारण सभाको छलफलको विषयसूची:

१. संचालक समितिको तर्फबाट अध्यक्षज्यूको प्रतिवेदन ।
२. लेखापरीक्षकको प्रतिवेदन सहितको लेखा परीक्षण गरिएको २०७५ साल आषाढ ३२ गतेको बासलात, सोही मितिमा समाप्त आ.व. २०७४/७५ को नाफा नोक्सान हिसाब तथा सोही अवधिको नगद प्रवाह विवरण छलफल गरी पारित गर्ने ।
३. मिति २०७५/०७/१५ मा बसेको संचालक समितिको २९८ औं बैठकले, शेयरधनीहरूलाई २०% नगद लाभांश प्रदान गर्ने सिफारिश गरेकोले सो प्रस्ताव छलफल गरी पारित गर्ने ।
४. नियमावली संशोधन सम्बन्धी विशेष प्रस्ताव पारित गर्ने ।
संचालक समितिको बैठकमा उपस्थित भए बापत संचालकले पाउने बैठक भत्ता रु. १५,०००/- हुनेछ भन्ने व्यवस्था नियमावलीको नियम २८ (१) (ख) मा राख्ने ।
५. आ.व. २०७५/७६ को लागि लेखापरीक्षकको नियुक्ति र निजको पारिश्रमिक तोक्ने । (वर्तमान लेखापरीक्षक श्री आरपिबी एण्ड एसोसिएट्स, चार्टर्ड एकाउण्टेण्टस् पुनः नियुक्तिको लागि योग्य हुनुहुन्छ र पारिश्रमिक बैंक तथा वित्तीय संस्था ऐन, २०७३ अनुसार बैंकको लेखापरीक्षण समितिले सिफारिश गरे बमोजिम हुनेछ ।
६. विविध ।

संचालक समितिको आज्ञाले,
कम्पनी सचिव

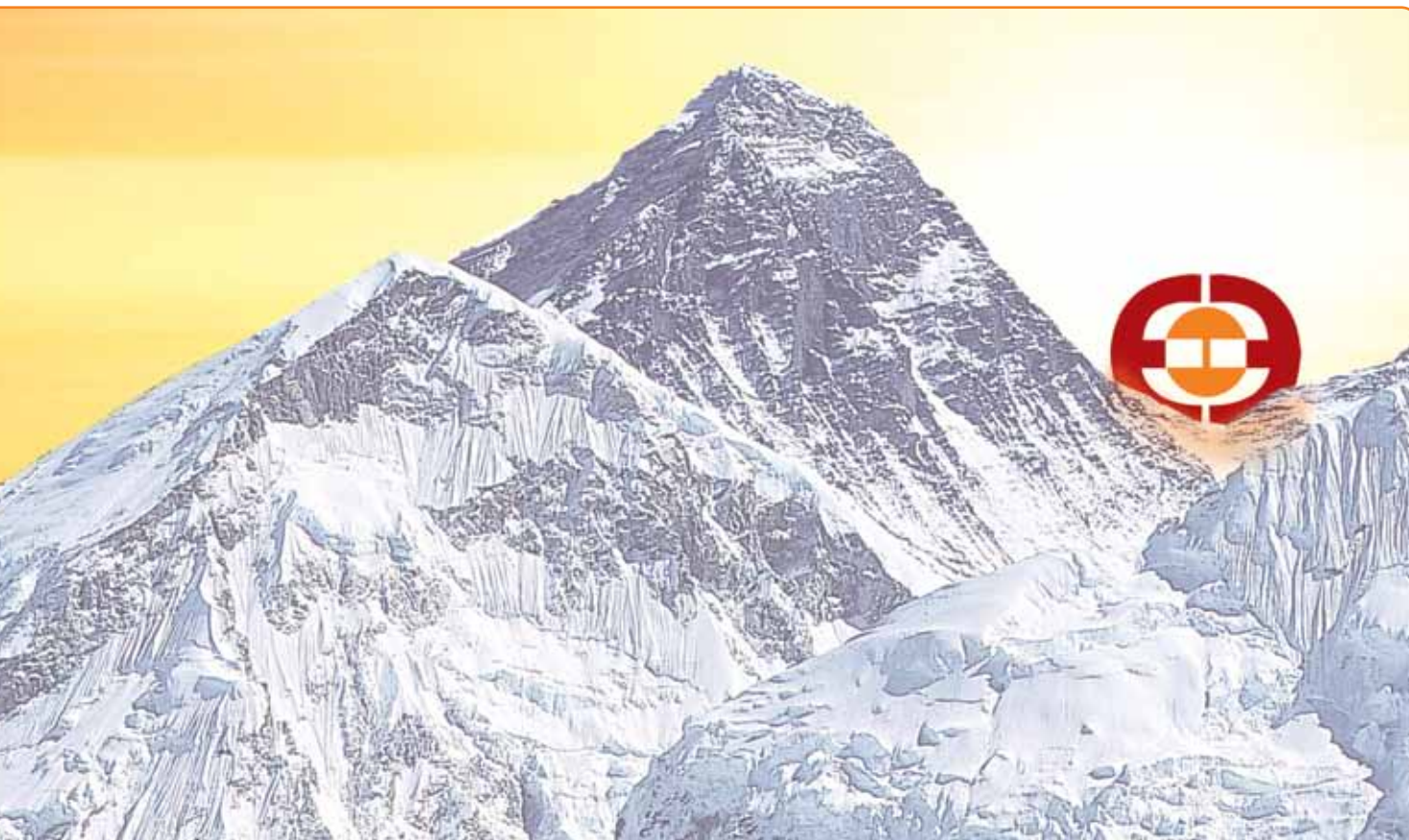
वार्षिक साधारण सभा सम्बन्धी सामान्य जानकारी

शेयर दाखिल खारेज किताब बन्द रहने

बैंकको शेयर दाखिल खारेजको काम २०७५ साल मार्ग २६ गतेदेखि २०७५ साल पौष ४ गतेसम्म बन्द रहनेछ ।

नोट:

- १) शेयरधनी महानुभावहरूलाई सुसूचित गराउन सकियोस् भन्ने दृष्टिले कोही शेयरधनी महानुभावहरूलाई बैंकको बासलात सम्बन्धी जिज्ञासा भए विविध विषय अन्तर्गत त्यसको लिखित रूपमा सभा हुनु भन्दा ७ (सात) दिन पहिले नै बैंकको प्रधान कार्यालय ईबिएल हाउस लाजिम्पाट काठमाडौंमा रहेको कम्पनी सचिवको कार्यालयमा पठाउनु हुन अनुरोध छ । सभा हुनु भन्दा ७ (सात) दिन पहिले नै जिज्ञासा पठाएमा शेयरधनी महानुभावहरूको जिज्ञासाको जवाफ दिन सजिलो हुनेछ ।
- २) सभामा उपस्थित हुने शेयरधनी महानुभावहरूले शेयर प्रमाणपत्र वा शेयर अभौतिकरण गरिसकेका शेयरधनीहरूको हकमा हितग्राही (DMAT Account) नम्बर, BOID Statement र आफ्नो परिचय खुल्ने (जस्तै: नागरिकताको प्रमाणपत्र वा कुनै परिचयपत्र) अनिवार्य रूपमा साथमा लिई आउनु हुन अनुरोध छ ।
- ३) नगद लाभांश सम्बन्धित शेयरधनी महानुभावहरूको बैंक खातामा जम्मा गर्ने प्रयोजनका लागि बैंक खाता नभएका शेयरधनी महानुभावहरूले बैंक खाता खोली अनिवार्य रूपमा जानकारी गराई दिनु हुन अनुरोध छ । बैंक खाता प्राप्त भए पश्चात् यथाशिघ्र शेयरधनी महानुभावहरूको बैंक खातामा नगद लाभांश जम्मा हुनेछ ।
- ४) सभामा भाग लिनका लागि प्रतिनिधि (प्रोक्सी) नियुक्त गर्न चाहने शेयरधनीले सो सम्बन्धी निवेदन मिति २०७५/०९/०४ गते अपरान्ह १२:०० बजेभित्र बैंकको प्रधान कार्यालय ईबिएल हाउस लाजिम्पाट काठमाडौंमा रहेको शेयर शाखामा दर्ता गराई सक्नु पर्नेछ । यसरी प्रतिनिधि (प्रोक्सी) नियुक्त गरिएको व्यक्ति समेत बैंकको शेयरधनी हुन आवश्यक छ ।
- ५) साधारण सभाको हाजिरी पुस्तिका १०:०० बजेदेखि खुल्ला रहनेछ र अपरान्ह १२:०० बजे बन्द गरिनेछ ।



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UNLOCK MEMORIES

WITH EVEREST HOME LOANS


एभरेष्ट बैंक लिमिटेड
EVEREST BANK LIMITED
CONSISTENT, STRONG AND DEPENDABLE


EBL HOME LOAN

ABOUT US

Established in 1994, Everest Bank Limited is a name one can depend upon for professional and customer friendly banking services in Nepal. Everest Bank Limited is 'A' Class Commercial Bank, having Joint Venture with Punjab National Bank (PNB), India. Bank is serving the entire nation and different sections of society through its wide network of branches, counters, Branchless Banking agents and many correspondents across the globe providing all types of banking services. Deriving strength from its Joint Venture Partner, Everest Bank Limited is steadily growing in size and operations in last 24 years. Bank has established itself as a strong leading private sector bank in the country. Bank has been consistent in rewarding its stakeholders through growth in net profit and net worth. Having one of the lowest NPA in industry today, Bank is a symbol of consistency, strength and dependability in the Nepalese Banking industry.



JOINT VENTURE PARTNER

Punjab National Bank (PNB), joint venture partner (holding 20% equity) is the largest nationalized bank in India. With its presence virtually in all important centers in India, PNB offers a wide range of banking services which include corporate & personal banking, industrial finance, agricultural finance, financing of trade & international banking. Currently bank has been rendering its services with nearly 7,000 branches and more than 9,000 ATMs spread all across India out of which about 62% branches are in rural and semi-urban areas. As a joint-venture partner, PNB has been providing top management support to EBL under Technical Service Agreement.

CUSTOMER BASE

Everest Bank is one of the banks with largest customer base of more than nine & half lacs satisfied customers. Customers across various segments of society include government-semi government/state government, industries, farmers etc.

NETWORK

Everest Bank provides customer-friendly services through its widest network, all connected through core banking solution, which enables customers for operational transactions from any branches. The bank has 86 Branches, 7 Province Offices, 113 ATMs, 3 extension counters, 28 Revenue Collection counters & more than 9000 payout agents across the country making it a very efficient & accessible bank for its customers, anytime, anywhere.

HANDLING REVENUE ACCOUNTS OF GOVERNMENT

Owing to its strong credibility, Everest bank has been authorized to collect revenue of Nepal Government through its 28 revenue collection counter spread across the country. It is the only private sector commercial bank handling all kinds of accounts of Nepal Government. Everest Bank is responsible for collecting more than 50% of the total government revenue of our country.

Shareholding Pattern of Everest Bank Ltd.

S.N. Share Holder Name	Total number of shares	% of Total Shares
Group A (Promoter)		
1 Sh. B. K. Shrestha, Sanepa, Lalitpur	7,372,401	9.18%
2 M/s. Hotel Snow Lion Pvt. Ltd., Bagbazar, Kathmandu	7,472,191	9.31%
3 Sh. Radha Shrestha, Tapahiti, Lalitpur	5,277,750	6.58%
4 Sh. Nepal Krishna Shrestha, Tahachal, Kathmandu	6,345,764	7.91%
5 Sh. Arun Man Sherchan, Gairidhara, Kathmandu	2,573,673	3.21%
6 Sh. Shanta Dev Pathak, Kamalpokhari, Kathmandu	5,096,608	6.35%
7 Sh. Ananda Ratna Tuladhar, Tripureshwor, Kathmandu	604,735	0.75%
8 Sh. Pratima Shrestha, Saibu, Bhaisepati, Lalitpur	4,732,742	5.90%
	39,475,864.00	49.19%
Group B (Punjab National Bank)		
	16,081,269.00	20.03%
Group C (Public)		
	24,711,503.69	30.78%
	80,268,636.69	100.00%

VISION, MISSION, MOTTO AND STRATEGIC FOCUS



VISION

To be a Leading Commercial Bank with Pan Nepal presence and become a household name, providing wide range of financial products & services under one roof.



MISSION

Growth through Banking for ALL



MOTTO

Consistent in term of Performance & Growth
Strong in terms of its System & Procedures
Dependable in terms of Return to all Stakeholders

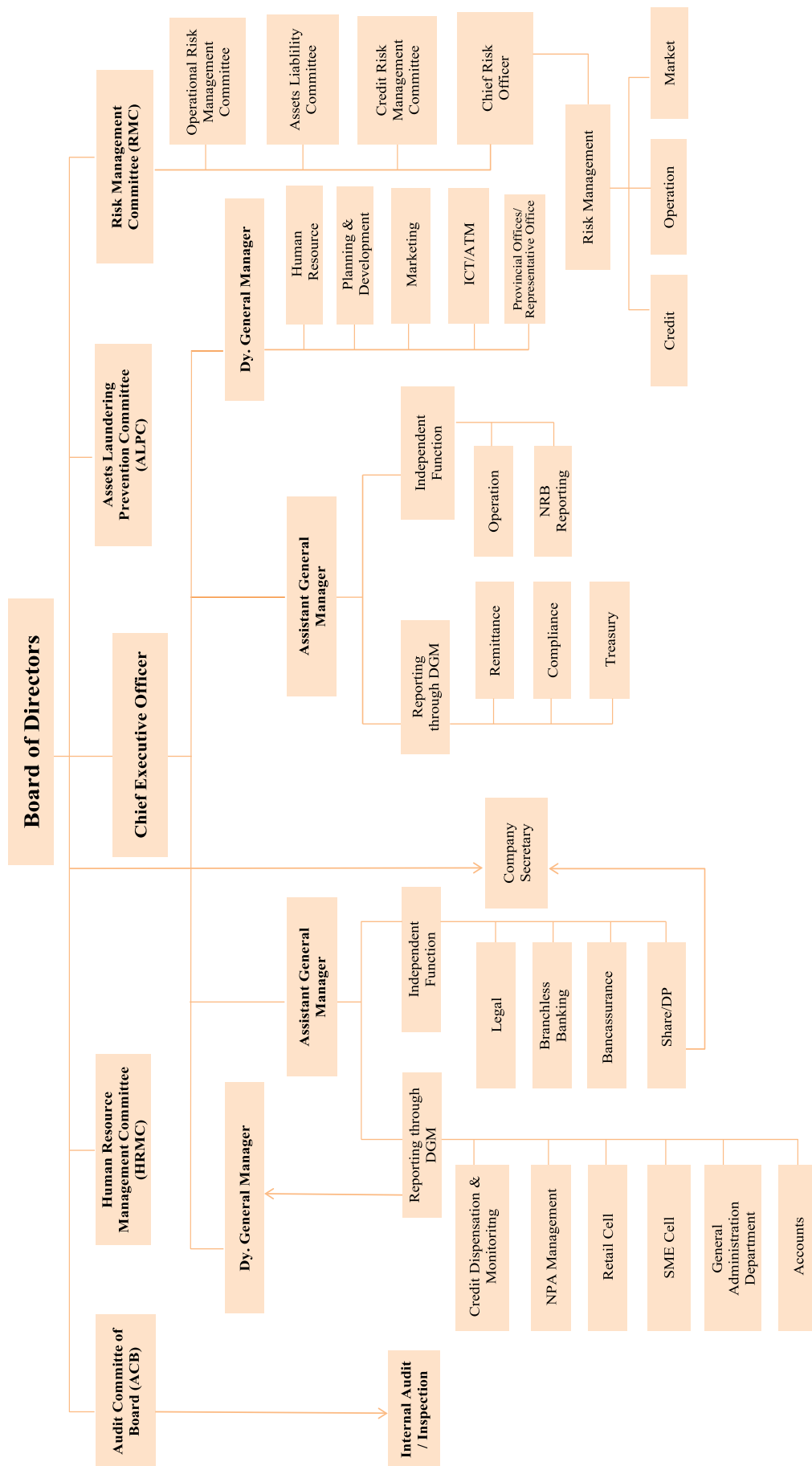


STRATEGIC FOCUS

The Bank has set itself the following broad goals:

- » Mobilize Deposits through Current, Savings, Term & Call Deposit accounts and other instruments.
- » Grant loans & advances with special thrust on Productive, SME as well as the Retail Segment.
- » Provide Treasury Services following best international practices.
- » Facilitate cross border payment services so as to strengthen remittance inflow.
- » Provide custody services.
- » Provide cash management services, insurance products and other financial services.
- » Provide any other service businesses that regulator prescribes from time to time.

ORGANIZATION STRUCTURE



AWARDS and ACHIEVEMENTS

- The Bank was declared 2nd Best Managed Commercial Bank by Abhiyan National daily in 2018.
- KAROBAR national daily adjudged Everest Bank as Number 2 Bank under CAMELS rating in 2018.
- The Bank was conferred with the “Best Managed Commercial Bank” by ASIAN PAINT NEWBIZ Award 2013.
- The Bank was acknowledged as the “Highest Tax Payer among Commercial Banks” by Nepal Government for FY 2068/69.
- The bank was adjudged as “Number 1 Bank” under CAMELS rating conducted by KAROBAR national daily in 2012.
- The bank was conferred with “Bank of the Year 2006, Nepal” by the Banker, a publication of Financial Times, London.
- The bank was bestowed with the “NICCI Excellence Award” by Nepal India Chamber of Commerce for its spectacular performance under finance sector.



PIONEERING ACHIEVEMENTS



- Recognizing the value of offering a complete range of services, the bank pioneered in extending various customer friendly products such as Home Loan, Education Loan, Vehicle Loan, Professional loan etc.
- Everest Bank was one of the first banks to introduce Any Branch Banking System (ABBS) in Nepal.
- Everest Bank introduced Mobile Vehicle Banking service (Bank on Wheel) to serve the segment deprived of proper banking facilities through its Birtamod Branch, which was the first of its kind.
- Everest Bank introduced branchless banking system first time in Nepal to cover unbanked sector of Nepalese society through biometric machine.
- Everest Bank is first bank that launched e-ticketing system in Nepal using which customers can buy tickets (Airline, Movie etc.) through internet.
- Everest Bank introduced payment of NTC Mobile/PSTN/ADSL bill through online system or from the counter as well.
- Everest Bank is the first bank to introduce agro-specialized branch "KRISHI UDHYAM BIKASH SAKHA" at Rajbiraj.
- Everest Bank introduced Cash Deposit Kiosk for the first time in Nepal through which the Customers can deposit Cash conveniently.
- Everest Bank introduced "FREEDOM Savings Account" which allows a minor to operate their account independently which is the first of its kind in Nepal.
- Reckoning the importance of digitization in banking system, the bank has established E-lobby at its Head Office premises.

PRODUCT AND SERVICES

MAJOR SAVING ACCOUNTS

1. NAARI BACHAT KHATA

With the objective to encourage the small savings of women from household and professions, we have introduced Naari Bachat Khata, where the customer can make small savings and get the higher rate of interest.

The features of this account are:

- Attractive interest Rate.
- Issuance and renewal of Debit Card at NPR 50/-.
- Issuance of Free Cheque Book.
- 25% discount on Annual locker rent (Small Locker Only).
- i Banking (Internet Banking) service facility.



2. FREEDOM SAVINGS ACCOUNT

This unique deposit product has been introduced with an objective to inculcate saving habits in the minors (who are in the age between 10 to 16 yrs) and help them in becoming responsible by allowing them to operate the account independently.

A special savings scheme for minors, who have attained 10 years of age but not crossed 16 yrs can open this Savings account in their own name singly. No cheque book will be issued to this Account holder; however the minor is allowed to withdraw money from his/her account using ATM card or through withdrawal slip.



3. EVEREST SPECIAL SAVING

This scheme is designed to satisfy the need of different customer groups having expectations of wide range of facilities along with highly attractive interest rate.

Features of the account are as follows:

- Attractive Interest Rate.
- Medical Insurance (only for the case of hospitalization) upto Rs. 1 lacs.
- Accidental Death Insurance of Rs. 5 lacs.
- Free Internet Banking and SMS Banking.
- Free issuance of Debit Card.
- Free Demat account opening and C-ASBA Facility.
- 50% discount in the Locker Charge.
- 50% discount in issuance of Credit Card.

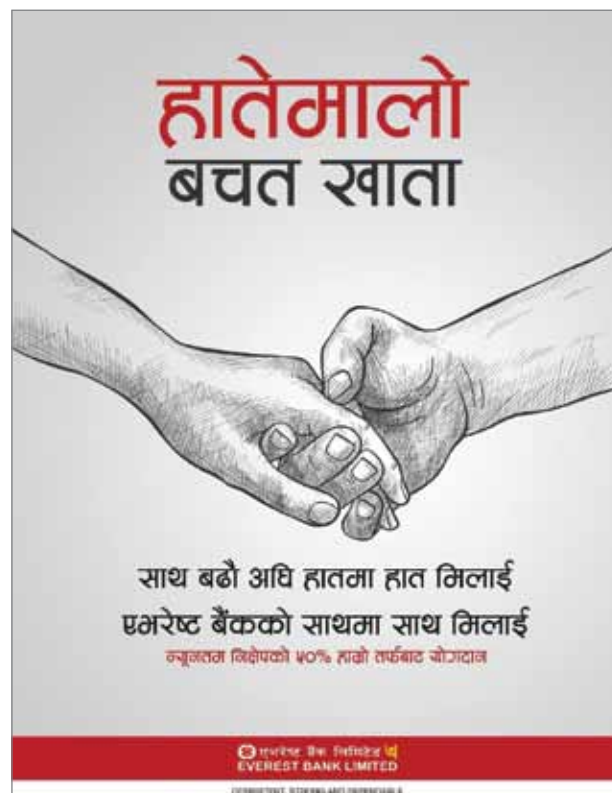


4. HATEMALO SAVINGS ACCOUNTS

The main objective of this deposit account is to bring the people in rural areas into the banking arena. So as to join hands to the people residing in places other than metropolitan and sub-metropolitan cities, 50% of minimum deposit is contributed by the bank itself. This deposit account is mainly focused on Traders, Farmers, Shopkeepers, Housewives and other individuals residing in the area other than metropolitan and sub-metropolitan cities.

Features:

- Attractive Interest Rate.
- Free issuance of Debit Card.
- Free Internet and SMS Banking.
- Free C-ASBA facility.



MAJOR FIXED DEPOSIT ACCOUNTS

1. UNFIXED FIXED DEPOSIT

This scheme allows benefits of the higher rate of interest with quarterly compounding while allowing the facility of simultaneous overdraft against your deposit. The customer can use their own money while earning interest on it and also get cheque book at the time of opening along with the Fixed Deposit Receipt.

FACILITIES:

- Overdraft facility through separate OD account on the same day.
- The limit of the Overdraft is 90% of the amount deposited.
- The interest on withdrawals is 2% pa above the deposit rate.

2. EBL FLEXI RECURRING DEPOSIT

This scheme is targeted at those individuals who want to have small saving but in regular intervals. It also caters to the need of persons with fluctuating income e.g. self-employed, professionals or person engaged in seasonal occupation especially in rural and semi-urban areas. Persons having fixed income but variable surplus can also take advantage of it. The depositors will have the flexibility in terms of

choice of day to deposit within the month. If the installment (i.e. base amount) is not deposited every month the depositor will receive interest at the rate of saving account at the time of payment of the maturity value. Depositors are allowed to borrow up to 90% of their accumulated deposit at interest rate of 1.5% higher than the rate for deposit.

RETIREMENT PLAN ACCOUNT

EBL Retirement Plan was specially targeted to those institutional customers which maintain monthly contribution of their employees towards Provident Fund as well as occasional deposit by an individual staffs on retirement fund for tax exemption. Such deposits are being considered for deduction at the time of statutory tax assessment as guided by the prevailing law. The corporate/institutions may approach the bank to open a single account where contribution of each staffs is being managed separately. Otherwise, separate accounts may be opened in the name of each individual staff. Account operation will be done by the authorized signatories designated by the employer. Beneficiary may borrow up to 90% of their total deposit only after having proper recommendation from the employer. Such borrowing will attract an interest rate of 1.5% higher than the rate for deposit.

MAJOR LOAN SCHEMES

MAJOR RETAIL LOAN

1. HOME LOAN

Everest bank aims to fulfill the dream of its customers to own a house by providing home loan in an attractive interest rate. Our bank provides a complete financial assistance for the construction & purchase of house/apartments, Repairs/renovation/additions/alteration to the house/flat and purchase of land for our customers to help turn their dream into reality.



2. VEHICLE LOAN

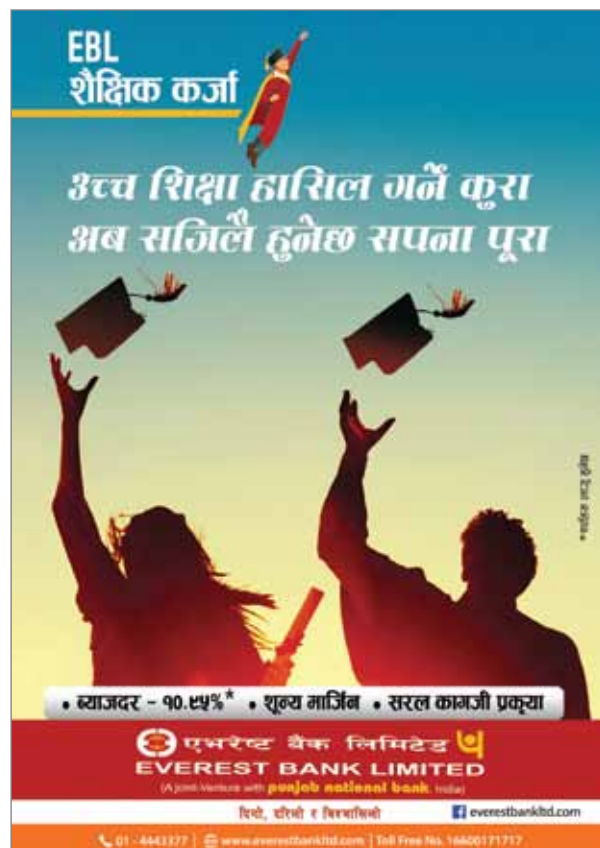
Owning a vehicle has been made easier and convenient with Everest Vehicle Loan. Everest bank aids to purchase car/van/jeep/Multi Utility Vehicles/Sports Utility Vehicle (non-commercial purpose only) for individual and business concerns at an attractive interest rate with repayment upto 7 years.



3. EDUCATION LOAN

Everest bank provides loan facilities to help students to achieve their ambition to pursue higher education in Nepal as well as abroad. Everest education loan covers: Admission Fee, Books and stationery, Instruments required for the course undertaken by the borrowing scholar, Monthly fees/Tuition fees, Examination Fees, Caution deposit/building fund/refundable deposit supported by Institution bills/receipts, Any other expenses required completing the course like study tours, project work, thesis etc., Boarding and lodging expenses. Repayment shall start one year after the completion of study by the borrower or one-month after getting employment whichever is earlier.

The interest shall be regularly paid on quarterly basis. After the completion of the course, the principal shall be payable in maximum 48 equal monthly installments.



4. LOAN AGAINST LIFE INSURANCE POLICY

EBL has policy of Advancing against the security of Life Insurance Policies (LIP). It considered in individual cases on merits after ensuring the following:

- There are no encumbrances on the relative policy.
- The age of the assured stands admitted in the book of the respective companies.
- Premium is paid up to date.

Companies approved for allowing advance against LIP

- Rastriya Beema Sansthan.
- National Life Insurance Company.
- Life Insurance Corporation (Nepal) Ltd. &
- American Life Insurance Company.

5. TRACTOR AND WATER PUMP FINANCE

With a view to contribute towards the development of agricultural sector of Nepal, EBL provides loans and advances for the purchase of tractor and water pump at an attractive interest rate. Further, Everest bank offers loan amount upto 80% of the invoice value helping the customers to fulfill their agricultural needs in a low investment. EBL has also offered customers with a repayment facility that allows the customer to repay the loan for tractors in 1 installment in every 4 months. Bank has tie up arrangement with different companies for financing tractors and pumps which aids in providing superior service to our customers.

MAJOR CORPORATE LOAN

1. WORKING CAPITAL FINANCE

The bank provides working capital finance to trading firms, industries and other business entities by assessing current assets and liabilities. The business can draw up to the limit determined by the drawing power which is appraised on a regular basis.

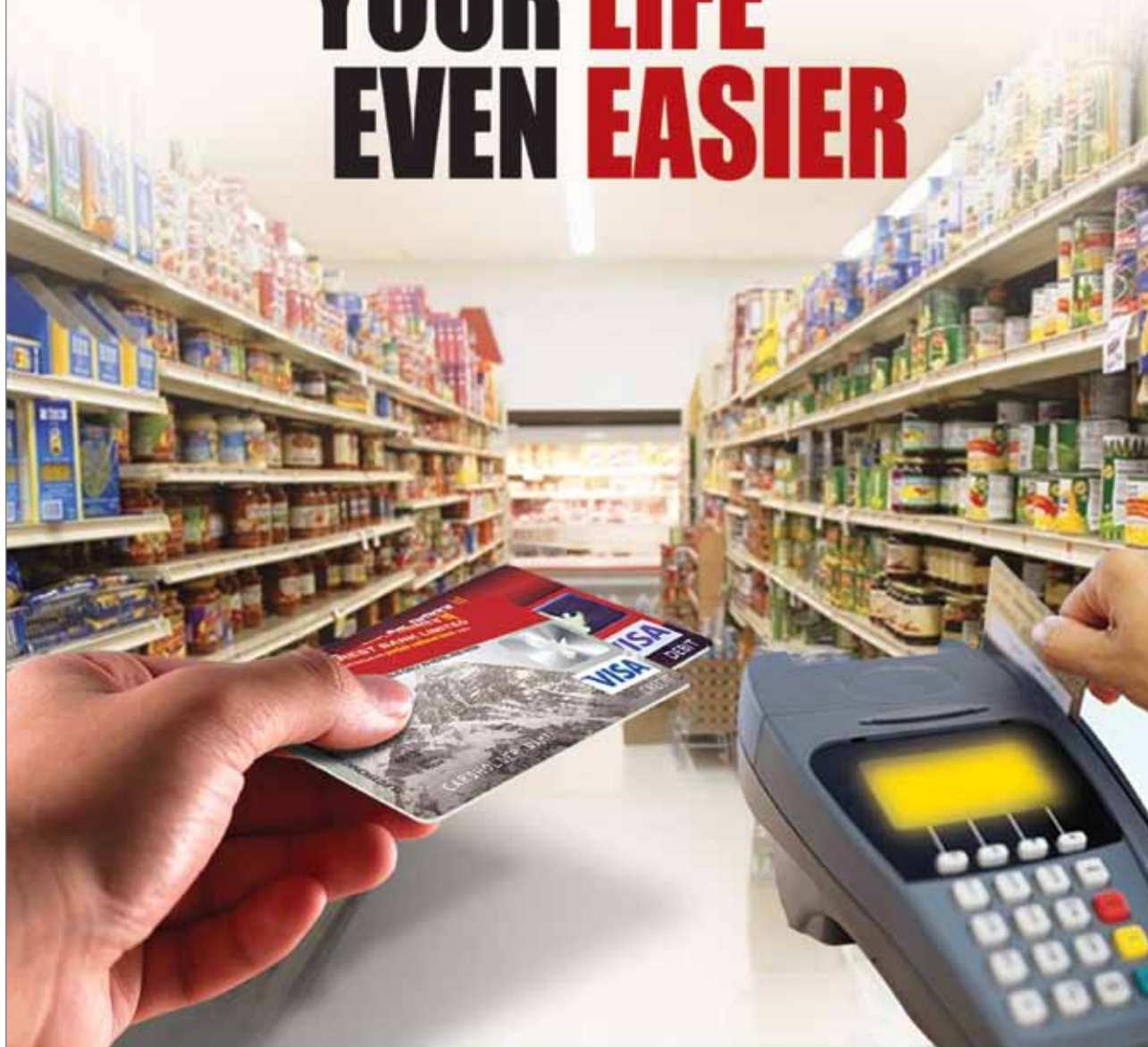
2. TRADE FINANCE

Through an extensive global network that aid domestic and international transaction, the bank facilitates export and import in local and foreign market through offering facilities like LCs, SWIFT transfers and Guarantees etc. The bank also offers Trust Receipt, Pre-shipment & Post Shipment loans as a part of import/export finance.

3. CONSORTIUM FINANCE

We have been arranging financial closure for Capital Intensive Projects like Hydropower, Manufacturing industries, Hospital, Airlines, Hotels etc. under our lead. We are open to exploring of such possibilities of finance as a lead as well as member bank in the future as well.

**VISA MAKES
YOUR LIFE
EVEN EASIER**



एभरेष्ट बैंक लिमिटेड
EVEREST BANK LIMITED
(A joint-Venture with punjab national bank, India)

DEBIT CARD

A strong commitment towards delivering service excellence, convenience and flexibility, Everest Bank is offering Alternate Payment Mode in the form of “EBL Debit Card” to its valued customers. “EBL Debit Card” acts as an electronic Cheque, which enables you to have direct access to your bank account, for fulfilling your daily payment and cash requirements. It is an alternative payment method to cash and cheques, which enable you to pay directly during purchases of goods and services from merchants (POS Outlets) or draw cash from ATM centers.

Everest Bank is serving two brands of card product, namely “SCT - UPI” Debit Card and “Visa” Debit Card to its customers, which can be used at ATM & POS Networks, affiliated with SmartChoice Technologies (SCT) & Visa Worldwide respectively, scattered throughout Nepal and India.

- A. SCT - UPI Debit Card
- B. Visa Debit Card

Features of SCT - UPI Debit Card:

- ◆ Can be used to withdraw cash from more than 1200 no. SCT Network ATMs in Nepal and more than 6,500 Punjab National Bank's ATMs in India.
- ◆ Accepted as mode of payment at more than 2,500 merchant locations (POS Outlets) within territory of Nepal.
- ◆ Instant Issuance and economical charges.
- ◆ Round the clock service.
- ◆ No charges are levied for using EBL Debit card at EBL ATM terminals.
- ◆ No charges are levied for purchase of goods and services from merchant (POS) outlets.
- ◆ SCT- UPI Debit cards are issued free of cost to all Saving Premium account holders.

Features of Visa Debit Card:

- ◆ Can be used to withdraw cash from almost all Visa affiliated ATMs in Nepal and India.
- ◆ Accepted as mode of payment at almost all Visa affiliated merchant locations (POS Outlets) within territory of Nepal & India.
- ◆ Instant Issuance and economical charges.
- ◆ Round the clock service.
- ◆ No charges are levied for using EBL Debit card at EBL ATM terminals.

- ◆ No charges are levied for purchase of goods and services from merchant (POS) outlets. Offering of Discount of variable percentages, on shopping from selected stores, restaurants, hotels, hospitals etc.

CREDIT CARD

Everest Bank Credit Card is an electronic Cheque, which enable you to pay on purchase of goods and services from merchant outlets or draw cash from ATM outlets. The bank creates a revolving account and grants a line of credit to cardholder, from which the cardholder can borrow money for payment to a merchant or as a cash advance.

“EBL VISA Domestic Credit Card”

Everest Bank is serving “EBL VISA Domestic Credit Card” to its customers, which can be used at ATM & POS Networks, affiliated with Visa Worldwide, scattered throughout Nepal and India.

Features

- ◆ Valid in Nepal & India.
- ◆ Chip based card with CHIP+SIGNATURE verification method for POS transactions.
- ◆ Accepted as mode of payment at Visa merchant locations (POS).
- ◆ Can withdraw cash from Visa accepting ATMs.
- ◆ Flexible payment option of NPR 1,000 or 10% of debit balance, whichever is higher to 100% of debit balance.
- ◆ Interest free credit period of minimum 15 days to maximum 45 days for Purchase transactions.
- ◆ Competitive interest rate @ 2% per month.
- ◆ Credit limit between NPR 15,000 to 2 Lac.
- ◆ Cash limit of 50% of Credit Limit.

CHAIRMAN'S STATEMENT



But, the responsibility of reversing the trend is clearly that of the country's leaders. One does not see positive action being taken to reverse this trend, if not altogether stop it. The Nepalese rupees are pegged to Indian rupees with a fixed ratio of exchange. Banks are no longer able to supply Indian currencies against Nepalese rupees.

It has become very difficult, if not impossible, to predict and project the likely business for the coming financial year for the following reasons:-

The World economy is going through turmoil. This kind of turmoil has never been seen since the end of the second World War in 1945.

The trade war has not only started between USA and China, but even between US and its close neighbours, namely, Canada and Mexico.

The world has never conceived what is generally called as "Western Powers:", which always consisted of Europe as well as US. Presently, there is again a trade war between US and Europe.

Nearer home in India, one of the largest imports is oil. Not only the prices of oil is shooting up, which has a major impact in economy, but one of the largest source of import, namely Iran is

facing severe economic blockade. USA is even publicly threatening countries which trades with Iran will not be able to conduct any business with the U.S.

In the case of Nepal, on one hand, the remittances are going down while at the same time the current account deficit of India is progressively increasing. It has been realized and the Prime Minister, during his last visit to India, has spoken that this current account deficit "cannot be sustained". But, the responsibility of reversing the trend is clearly that of the country's leaders. One does not see positive action being taken to reverse this trend, if not altogether stop it. The Nepalese rupees are pegged to Indian rupees with a fixed ratio of exchange. Banks are no longer able to supply Indian currencies against Nepalese rupees.

In the border towns, there is news that people are paying premium between 10% to 25% for obtaining Indian rupees.

An economy with such high inflation brings all kinds of uncertainties. The wages shoot-up, as it is already the case and it becomes more difficult for investors to take investment decisions in such an inflationary economy.

Millions of Nepalese are going to Indian border towns to make their purchase, as it is cheaper to buy things in India than in Nepal. All Indian imports attract custom duties, and hence, are costlier.

The revenue of the Government – Custom Duty, as a percentage is very high. Unless the Government comes out with a plan to reduce the custom duty, if not at some point of time eliminate it, the inflation in Nepal will always be higher than in India.

An economy with such high inflation brings all kinds of uncertainties. The wages shoot-up, as it is already the case and it becomes more difficult for investors to take investment decisions in such an inflationary economy.

Hence, the only guidance for projection could be the historical figures with the fond hope and prayer that things will not get worse.

The deficit of the Government is shooting up that will further put inflationary pressure on the economy.

I would like to hope that the leaders of our country take as a serious national mission to gradually narrow and then eliminate the current account deficit that Nepal is facing in relation to imports from India.

There is a great danger that if the present trend continues, it would no longer be possible for Nepalese rupees to be paid to Indian rupees at fixed exchange ratio.

If it collapses, there is a danger of free fall that can be disastrous.

B.K. Shrestha
Chairman

CORPORATE GOVERNANCE



CORPORATE GOVERNANCE

Corporate governance is an underpinning factor for the proper operation of the banking sector and the economy as a whole. Effectiveness of the corporate governance in an institution ensures financial stability and builds social credibility which ultimately leads to the long term sustainability of the bank.

Everest bank aims to strive for an effective corporate governance, subsequently safeguarding the interest of shareholders, strengthening accountability to its stakeholders, credibility of the bank, transparency and trust. We are always conscious of the good corporate governance in Everest bank and always complied with the related provisions of Acts, Rules and Directives issued by Nepal Rastra Bank and government of Nepal.

The Board of directors

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.

Composition of Board of Directors:

1. Mr. B.K. Shrestha	Chairman
2. Dr. Bal Gopal Baidya	Promoter Director
3. Mr. Lingam Venkata Prabhakar	Punjab National Bank Nominee director
4. Mr. Arun Man Sherchan	Promoter Director
5. Mr. Nabin Bhakta Shrestha	Public Director
6. Mr. Sunil Gopal Shrestha	Public Director
7. Dr. Nirmal Kumar Bista	Independent Director

Director's Profile

1. Mr. Bishnu Krishna Shrestha

Mr. Shrestha has completed MBA from USA. He has more than 40 years of experience in Trading, Manufacturing and Financial Management.

2. Dr. Bal Gopal Baidya

Dr. Baidya holds Ph.D. in Economics from Philippines and is the Chairperson of New Era, a research institute based in Kathmandu. He was a former member of National Planning Commission and was also involved as a member of Board of Trustee, Poverty Alleviation Fund of Nepal.

3. Mr. Lingam Venkata Prabhakar

Mr. Prabhakar has completed Masters Degree in Agriculture and Certified Associate of Indian Institute of Bankers (CAIIB). Mr. Prabhakar is currently the Executive Director of Punjab National Bank and has more than 30 years of banking experience in Allahabad Bank.

4. Mr. Arun Man Sherchan

Mr. Sherchan is the Promoter of Malpi College, Baluwatar and is engaged in Pashupati Paper Mart Private Limited.

5. Mr. Nabin Bhakta Shrestha

Mr. Shrestha has completed Bachelor in Commerce and has more than 18 years of experience in Business and Trade sector.

6. Mr. Sunil Gopal Shrestha

Mr. Shrestha has completed Bachelor in Science and has more than 17 years of experience in Import Business.

7. Dr. Nirmal Kumar Bista

Dr. Bista holds Ph.D. in Management, International Trade. Dr. Bista was the former Director General of Family Planning Association of Nepal (FPAN) and former General Manager of Nepal Food Corporation. Dr. Bista is also the Past President of Management Association of Nepal.

Change in the board of directors

During the fiscal year 2074/75, there was a change in the Board of directors of the bank.

Dr. Ram S. Sangapure has been replaced by Mr. Lingam Venkata Prabhakar as the Nominee director from Punjab National Bank. Dr. Nirmal Kumar Bista has been appointed as an independent director.

Details of Board meeting:-

Director	No of Meetings
Mr. Nabin Bhakta Shrestha	12
Mr. Arun Man Sherchan	12
Mr. Sunil Gopal Shrestha	12
Dr. Bal Gopal Baidya	10
Mr. B.K. Shrestha	8
Dr. Nirmal Kumar Bista	6
Mr. A.K. Ahluwalia	4
Mr. V. K. Shrestha	4
Mr. Ram S. Sangapure	2

The Board conducted 12 meetings during the financial year and the total expenditure on account of meeting fee was incurred Rs. 7,10,000/-.

Roles and Responsibilities of the Board

1. No director shall do anything to derive personal benefit through the bank or financial institution or in the course of performing the functions of the bank or financial institution.
2. If any person who is appointed as a director has any personal or financial interest in the business of the bank or financial institution or in an agreement or involvement with the bank or financial institution, such person shall, prior to assuming the duties of his or her office, disclose such matter to the Board.
3. If any director is found to have derived a personal benefit in the course of business of the bank or financial institution, the bank or financial institution shall recover that amount from such director.
4. The bank or financial institution shall not be responsible for any action taken or function performed by any person working as its director by acting beyond his or her jurisdiction.
5. If any person carries on any transaction with any director or representative even while knowing or having reasons to believe that the director or representative is carrying on the transaction to serve his or her personal interests or to cause any loss or damage to the bank or financial institution, such person shall not be entitled to make any claim against the bank or financial institution in relation to such transaction.
6. No director shall interfere with the routine business relating to the management of the bank or financial institution.
7. Every director of the bank or financial institution shall comply with such directives issued by Nepal Rastra Bank from time to time as required to be complied with by the directors of the bank or financial institution.

**As per BAFIA 2073*

Board Level Committees

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) Audit Committee of Board

- (ii) Assets Laundering Prevention Committee
- (iii) Human Resource Management committee
- (iv) Risk 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 full Board on a regular basis and as and when the need or urgency arises.

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 level committee conducted 33 meetings during the financial year which can be segregated as below:-

Committee	No of meetings
Audit Committee	16
Human Resource Management Committee	6
Risk Management Committee	7
Assets Laundering Prevention Committee	4
Total	33

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.

1. Audit Committee

Nepal Rastra Bank, Directive No. 6, Point No. 7, Sub Point No. (1), states that as per provisions of Banks and Financial Institution act, 2073, Clause 22, 26, 27, 60 and 61, the Board shall, under its accountability, constitute Committee/Sub Committee with specific Roles, Rights and Responsibility. As such, the board has constituted Audit Committee of the Board

(ACB), a board level sub-committee to ensure that the Audit Function of the bank is effectively and adequately undertaken to maintain financial as well as organizational soundness of the bank.

Presently, the ACB comprises of the following members:

1. Mr. Nabin Bhakta Shrestha (Member Director)	Chairman/ Co-ordinator
2. Assistant General Manager	Member
3. Head-Internal Audit Department	Member Secretary

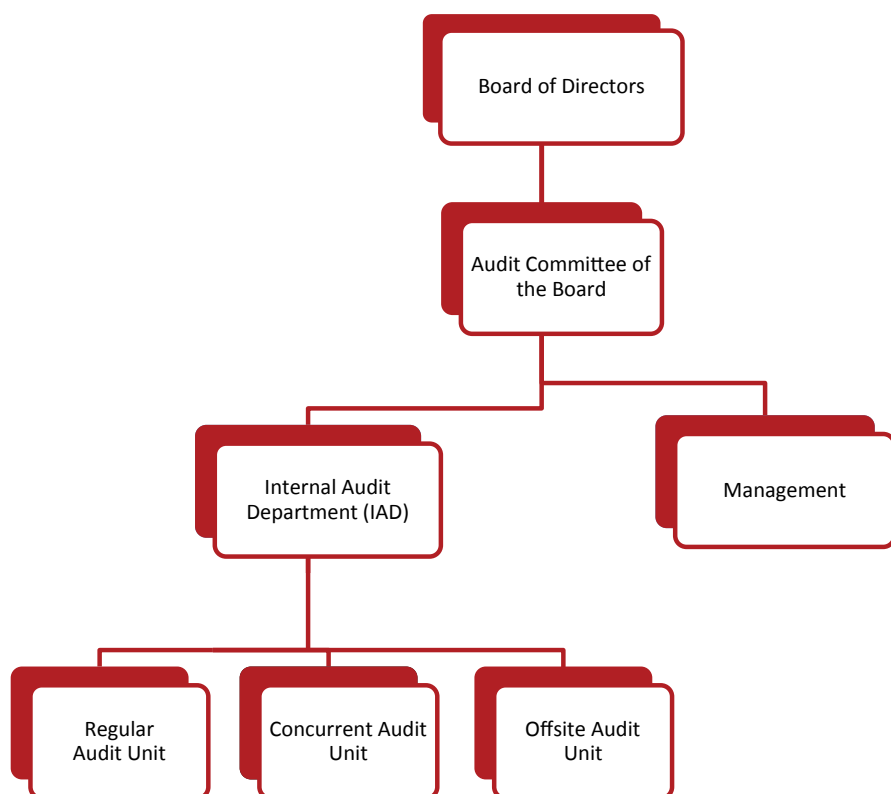
Responsibilities

- The ACB reviews periodical issues related to bank's overall financial condition, internal controls and audit program in accordance to prevailing laws and provide necessary suggestions to the management on actions to be taken on the same. ACB reviews Quarterly Financial reports of the Bank and guide the management in preparing Yearly Financial Report in a correct and realistic manner.
- ACB supervise and advise to the management whether actions undertaken on managerial and operational activities are as per the rules/

regulations/guidelines/policies and directives which are issued as per prevailing Bank guidelines, directives of NRB and Bank and Financial Institution Act (BAFIA).

- ACB discuss/review the observations/remarks contained in NRB inspection & Supervision report, audit report of the external/statutory auditors and internal audit reports and advise the management to take necessary corrective measures. ACB reviews/prepares policy, guideline and audit plan for carrying out effective and adequate internal audit work. ACB ensures Internal Audit Department of the bank is performing in line with the Internal Audit Policy of the Bank.
- The ACB reports to the Board on progress of activities undertaken, including but not limited to, minutes of its meetings on quarterly basis and any matter relating to the Banks affair as deemed necessary.
- Apart from above, ACB also recommend names of three auditors for appointment of external auditor.

The ACB along with Internal Audit Department forms the overall Audit Function vertical of the Bank under the following structure:



The major highlights of the activities and decisions taken during the Fiscal Year 2074/075 are as below:

1. Completed Onsite Internal Audit of 72 Branches (59 branches under Risk Based Internal Audit System), 19 Head Office Departments, LC Audits of LC under taking branches, Final conclusion audit of 3 concurrent branches/corporate credit cell and EBL Representative Office, New Delhi.
2. Recommended the Risk Based Internal Audit (RBIA) Policy, 2018, of the Bank (revised version of Inspection & Control (Audit) Policy, 2016) for approval of the Board and subsequently approved Risk Based Internal Audit (RBIA) Guideline of the Bank.
3. Deliberated on various aspects of banks financial report for FY 2074/075 as per Nepal Financial Reporting Standards (NFRS) and submitted the same to the Board for approval/ approved Quarterly/Yearly Financial reports for publication.
4. Deliberated on the reply to the Audit Reports as following:
 - a) Onsite Risk Based Supervision (RBS) by Nepal Rastra Bank.
 - b) Information System (IS) Audit by M/s Eminence Ways P. Ltd.
 - c) Statutory Audit for FY 2073/074.

and recommended/approved the same for submission to Nepal Rastra Bank.
5. Statutory Auditor's Appointment: Engaged in selection of Statutory Auditor of the Bank for FY 2074/075 and recommended the names of prospective Auditors for appointment. The Annual General Meeting dated 12th January, 2018, appointed M/s RPB & Associates as a statutory auditor for FY 2074/075.

2. Assets Laundering Prevention Committee (ALPC)

In accordance with Nepal Rastra Bank Directives, the bank has formulated Assets Laundering Prevention Committee under chairmanship of one of the board directors. The Committee is a board level sub-committee to ensure prevention of money laundering and combat financing of terrorism. The committee has also been provided with Terms of Reference (TOR).

As per the policy paper, the Committee meets at least once in quarter and as per the requirement of the bank.

The composition of ALPC is as follows:-

1. Dr. Bal Gopal Baidya (Board Director)	Chairman
2. Mr. Sunil Gopal Shrestha (Board Director)	Member
3. Deputy General Manager	Member
4. Assistant General Manager	Member
5. Functional Head-Compliance	Member Secretary

After the incorporation of the Committee, the Committee met four times during the Fiscal Year 074/075. The major responsibilities of ALPC are:

1. Reviewing the KYC/CDD of the bank.
2. Monitoring the Threshold Transaction Report (TTR) submitted to Financial Information Unit (FIU).
3. Risk Identification, measurement, control and monitoring process followed by the bank on KYC, AML and CFT obtaining report from management and placing to the board.
4. Recommending on suitable system for risk identification and management related with KYC, AML and CFT.
5. Recommending to the Board for reviewing KYC/AML/CFT Policy of the bank.
6. Appraising the Capacity Building program place by the bank.

3. Human Resource Management Committee

Human Resource Management Committee has been constituted under the NRB Directive which governs policies level plans, manuals, directions and amendments pertaining to human resource aspects of the Bank. Keeping proper Human Resources Strategies, Policies and Planning to maintain congenial working environment at the Bank is its main objective where it recommends and provide suggestions to the Management and the Board as and when required. The HRMC comprises one of the Board Directors. Everest Bank Limited signifies the importance in maintaining better Industrial Relations of the Bank and has remained one of the major actors in maintaining good HR systems through continuous interventions.

Composition:

1. Dr. Nirmal Kumar Bista (Independent Director)	Chairperson
2. CEO	Member
3. Head - Human Resource Department	Member Secretary
4. Head - Finance Department	Member

Responsibilities

- a. **HR Planning:** Review the existing human resource position of the bank. Suggest management to forecast future HR requirement as per corporate strategies and business/ expansion plan of the bank. Also, suggest management for optimization of staff on the basis of branch categorization, horizontal and vertical expansion requirement of the bank.
- b. **Recruitment and Selection:** Suggest management to prepare the parameters relating to recruitment, selection, appointment, placement, transfer, promotion, skill development and submit to the board for approval.
- c. **Performance Appraisal:** Review the existing promotion policy and performance appraisal system of the bank by setting up the performance standard guidelines to meet the productivity target of the bank. Any changes in HR policies/ promotion policy shall be approved by the BOD upon recommendation of the HRMC.
- d. **Career Development:** Suggest Management to prepare career development plans and placement of staff as per need of the bank.
- e. **Remuneration and benefits:** Review employee remuneration and benefits, which may be required due to various reasons, such as, changes in the structure of remuneration in the overall market, inflation etc. if requested by the management.
- f. **Training and Development:** Review the training policies and programs of the bank prepared by the management to ensure increase in knowledge level, skills and changes in attitude of employees to improve their performance level.
- g. **Organization structure:** HRMC shall provide guidelines for preparing organization structure of the bank and recommend changes to the board as and when necessary. Also submit to the board the policies and procedures relating to succession planning of all employees/overall management level prepared by the management in due course.

Major activities and decision performed by the HRMC during the Fiscal Year 2074-75.

1. Release the promotion in various levels.
2. Recruitment of Managerial level staffs at Remittance Department and HR Department for capacity building.
3. Revised Human Resource Development Policy which includes:
 - a. Employee Development Policy
 - b. Succession Planning
 - c. Staff transfer policy/guidelines
 - d. Retention Policy
 - e. Know Your Employee policy
 - f. Occupational Health and Safety Policy
4. Initiated revision of Staff Service Byelaws as per new Labour Act 2074 of Nepal.
5. Developed Annual Training Calendar for 2075-76 divided into quarterly basis for effective review and implementation.

4. Risk Management Committee

For the effective risk management, Board has formed a board level committee called Risk Management Committee (RMC) which assists the board in setting risk strategy policies, including risk tolerance and appetite levels, as stipulated by Nepal Rastra Bank. It devises the risk management policy of the bank including credit, market and operational risk, risk integration, implementation of best risk management practices and setting up various risk limits of the bank. The Committee receives reports from management and after discussion and deliberations reaches in a conclusion that existing action taken by the management are appropriate or elevate the situations to the Board where further action is required with its recommendation. RMC meeting is conducted 7 times in FY 2074/75. The composition of the Committee is as follows:

1. Mr. Arun Man Sherchan, Director	Chairman
2. Mr. Nabin B. Shrestha, Director	Ex-Officio Member
3. Dr. Bal Gopal Baidya, Director	Member
4. DGM	Member
5. AGM- Risk	Member Secretary

Major Responsibilities

- Report to the board regarding adequacy and suitability of the system for identification, analysis and management of inherent risk of the bank and at the same time recommend for development of a suitable policies and strategies.

- Periodic review of level of inherent risk, risk appetite, tolerance and risk management strategies of the bank and reporting to the board regarding adequacy of the same.
- Review management's report on identification, measurement, monitoring and control of risk and give necessary recommendation to the board.
- To ensure that an appropriate policy and plan for a system of risk management is developed by management, approved by the board and implemented effectively.
- To review the adequacy and suitability of the bank's capital corresponding to its risk assets, ICAAP, Strategic policies, risk tolerance and risk appetite and recommend the board accordingly.
- Recommend the board regarding development of adequate structure or framework for risk management commensurate with the NRB directives and guidelines, Bank's internal policies and general practices.
- To regularly conduct stress testing and analyze the results thereof and accordingly recommend the board for necessary actions.
- To review and analyse the relevance and limits of authority delegated by the board and report to the board on the same with necessary recommendations.
- Review and report to the board, on quarterly basis, regarding the bank's asset structure, state of their mobilization, expected earnings from these assets, change in assets quality and actions/proceedings of ALCO.
- Analyse the possible effect of any changes or problems arising in various economic sectors on the financial health of the bank and recommend the board regarding necessary actions or policies required to mitigate the same.
- To review the risk bearing capacity of the bank in light of its reserve funds (capital).
- To assist the board in its responsibility for disclosure in relation to risk management in the annual report, and acknowledgement that it is accountable for the risk management function.

Management Level Committees

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:

- Operational Risk Management Committee
- Credit Risk Management Committee
- ALCO

a. Operational Risk Management Committee:

Operational Risk of EBL is supervised by Risk Management Committee (RMC), a subcommittee of the Board as other risk and supported by functional committee, Operational Risk Management Committee (ORMC).

In order to formulate procedure for mitigating operational risk, developing strategy and monitoring on the compliance of developed procedure, structure of ORMC is developed. During FY 2074/75 the meeting of Credit Risk Management Committee is held 7 times. The composition of the Committee is as under:

1. DGM	Chairperson
2. AGM	Member
3. Head of System Department	Member
4. Head of Operation Risk Department	Member Secretary
5. Head of Internal Audit Department	Member
6. Head of Compliance Department	Member
7. Head of MIS/NRB Reporting	Member
8. Head of Planning Department	Member
9. Nominated Branch Managers	Members
10. Head of HR Department	Member
11. Head of Law Department	Member

The ORMC meets at least once in quarter and review the operational risks associated with banking, system, employees, revenue leakages, external events, etc. The major roles of ORMC are:

- Implement significant policy and procedure for the management of operational risk arising from people, process, system and external events.
- Develop effective Internal Control System and Information System for the management of Operational Risk.
- Assure that adequate resources are being assigned to mitigate risks as needed.
- Communicate with business units and staffs about the importance of operational risk and assure adequate participation and cooperation.
- Analyze frauds, potential losses, non-compliance, breaches etc. and recommend corrective measures to prevent recurrences.

- Review and approve the development and implementation of operational risk methodologies and tools including assessments, reporting, capital and loss event databases.
- Regular review of operational risks observed from risk management function along with the system for maintaining all the information related to loss events and concur on areas of highest priority and related mitigation strategy.
- Receive and review reports from various business groups, support departments (IT, HR, IAD, Operation, etc.) and business units about their risk profiles and mitigation programs.
- Discuss and recommend suitable controls/mitigations for managing operational risk.
- Discuss any issues arising in any one business unit/product which may impact the risks of other business/products.
- Continually promote risk awareness across all business units so that complacency does not set in.

b. Credit Risk Management Committee

It is a subcommittee chaired by DGM which is entrusted with the work of taking all policy decision related to credit risk. The committee is responsible for implementation of credit risk policy/strategy approved by Board/RMC. The proceedings of the committee are regularly reported to RMC and Board. Credit Risk Management Committee meeting during F/Y 2074/75 is held 7 times. The composition of the Committee is as follows:

1. DGM	Chairperson
2. AGM	Member
3. AGM	Member
4. Chief Risk Officer (CRO)	Member
5. Head of Credit Department	Member
6. Head of Inspection Department	Member
7. Head of Treasury Department	Member
8. Head of Legal Department	Member
9. Head of Planning and Development	Member Development
10. Incumbent from "C" category Branch Kathmandu Valley	Member
11. Incumbent from "A" category Branch	Member
12. Incumbent from "B" category Branch	Member
13. In-Charge of Retail Assets Cell	Member
14. In-Charge of Corporate Credit Cell	Member
15. Official from RMD-Credit	

Major Responsibilities

- The implementation of the credit risk policy/strategy approved by the board/RMC.
- Monitor credit risk and ensure compliance with limits approved by the board/RMC.
- Recommend to board, for its approval, through the RMC, the product papers & policies on standards for presentation of credit proposals, financial covenants, rating standards and benchmarks.
- Recommend delegation of credit approving powers, prudential limits on large credit exposures, standards for loan collateral, portfolio management, loan review mechanism, risk concentrations, risk monitoring and evaluation, pricing of loans, provisioning and regulatory/legal compliance.

c. ALCO (Assets Liability Management Committee)

ALCO is a senior management level committee responsible for ensuring adherence to the limits set by the board as well as for deciding the business strategy of the bank (on the assets and liabilities sides) in line with the bank's budget and risk management objectives. The committee proceedings are quarterly reported to the RMC and Board.

Bank has established middle office under the regulatory guidelines for monitoring exposures based on limit set up by the board and NRB including regulatory norms, prudential ceiling and delegation of authorities on Liquidity and Market Risk. Middle office is also conducting ALCO meetings and market risk reporting to ALCO.

In FY 2074/75, total 9 ALCO meeting has been conducted.

Composition:

1. Chief Executive Officer	Chairperson
2. Senior Executives of the bank i.e.	
a. DGMs	Member
b. AGMs	Member
3. Chief Risk Officer	Member
4. IT Official- MIS	Member
5. Head- Planning and Development	Member
6. Head- Marketing	Member
7. Head- Treasury Department	Member
8. Official representing HO Credit	Member
9. Official representing Treasury Middle Office	Member Convenor

Major Responsibilities:

- a. Monitor and discuss the status and results of implemented asset/liability management strategies and tactics.
- b. Review the current and prospective liquidity positions and monitor alternative funding sources.
- c. Review reports on various market/ liquidity risks that can be measured with a reasonable degree

of effort. Compare simulated exposure of these risks to policy limits. Discuss and report on the impact of major funding shifts and changes in overall investment and lending strategies.

- d. Review outlook for interest rates and economy at local and international levels.
- e. Review maturity/repricing schedules with particular attention to the maturity distribution of large amount of assets and liability maturing over a period.
- f. Develop alternate strategies deemed appropriate, which take into account changes in:
 - Interest rate levels and trends
 - Deposit and loan products and related markets
 - Banking regulations and
 - Monetary and fiscal policy
- g. Develop parameters for pricing and maturity distributions of deposits, loan and investments.
- h. Report the minutes of each monthly meeting to the Risk Management Department of the bank to report to the board of directors via Risk management committee (RMC).
- i. Co-ordinate an ongoing appropriate education program on the subject of ALM for the ALCO members, senior management, and the board of directors if required.

RISK MANAGEMENT



Risk are usually defined as adverse impact on present or future profitability as an outcome of actions or events within or outside the organization. The bank during the course of business continuation process cannot avoid or eliminate risks, so the bank has to assume some risks in order to maintain existing healthy growth and good returns to the shareholders. Risk management is the process by which a bank identifies, measures, monitors and controls its risk exposures to ensure that:

- a. Risks are understood
- b. Risks are within tolerances set by the board of directors
- c. Decisions having inherent risks are consistent with strategic business objectives
- d. Risk taking decisions are explicit and clear
- e. The expected returns compensate for the risk taken

- f. Capital allocation is consistent with risk exposure
- g. The bank's performance incentives are aligned with risk tolerances.

Risk Management is the application of proactive strategy to plan, organize, and control different types of risks which are faced by a business organization. In times of volatility and fluctuations in the market, financial institutions need to prove their mettle by withstanding the market variations and achieve sustainability in terms of growth maintaining a stable share value. Hence, an essential component of risk management framework would be to mitigate all the risks and rewards of the products and services offered by the bank. Thus, the need for an efficient risk management framework is paramount in order to factor in internal and external risks.

Basel Committee, on Risk Management Process mentions that “banks and banking groups must have comprehensive risk management processes (including board and senior management oversight) to identify, evaluate, monitor and control or mitigate all material risks and to assess their overall capital adequacy in relation to their risk profile. These processes should be commensurated with size and complexity of the bank”.

The bank shall not only view the risk management function as a process of eliminating all kinds of identified risks to the greatest extent possible but a more holistic approach shall be taken whereby risk retention is considered appropriate after giving due consideration to factors such as specific risk characteristics of the obligor, inter relationship between risk variable and corresponding return and achievement of various business objectives within the controlled operational risk environment.

The objective of risk management is not to prohibit or prevent risk taking activity, but to ensure that the risks are consciously taken with full knowledge, clear purpose and understanding so that it can be measured and mitigated.

The risk management shall continue to be viewed as a journey, not a destination. The Bank recognizes the need to understand and manage the risk inherent in various underlying activities. All analytical decision

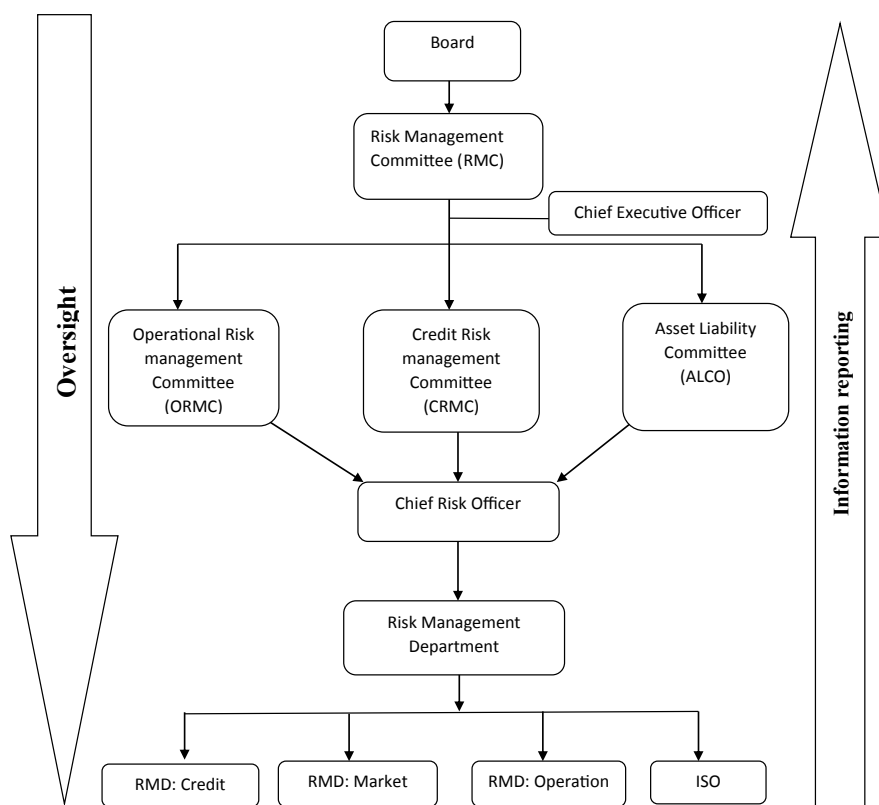
making and implementation processes should be oriented towards prudently managing the risk before focusing on the potential reward.

Risk Governance

The risk management framework which consists of board set risk appetite, clear organization setup, well defined roles, well developed tools and processes and well defined policy on each risk areas.

Risk Management framework is supervised by Risk Management Committee (RMC), a committee of Board and supported by functional committees namely Credit Risk Management Committee (CRMC), Asset and Liability Management Committee (ALCO), Operational Risk Management Committee (ORMC). Bank has separate Risk Management Department for identifying, managing, mitigating and controlling potential risk which acts as second line of defense whereas all business functions lies on first line of defense and Internal Audit and Audit Committee on third line of defense. Further, the bank has different policies which directs/supplements the framework. The bank has Board approved operational instructions, book of instructions and clear role definition of each unit makes the process simple and robust. Bank has also set tolerance limits on different parameters above the regulatory requirement maintaining extra caution level in managing these risks.

Functional Structure of Risk Management



Credit Risk

Credit risk is defined as the potential that a bank borrower or counterparty will fail to meet its obligations in accordance with agreed terms. For measurement of Credit Risk bank has adopted Simplified Standardized Approach (SSA) and for Management of Credit Risk Bank has formulated various policies, procedure and internal guideline that is approved by Board in recommendation of Risk Management Committee (RMC). Bank has a clear guiding document related to loaning power approved by the Board.

The Credit Risk Management Department is individually monitoring the business loan having limit Rs. 5 crore and above. The risk based pricing has been introduced by the bank. The assessment ground for sanctioning of new loan, renewal of loan or enhancement of existing loan is defined in book of instructions/Credit & Credit Risk Management Policy of the bank. A separate vertical Credit Administration Department in HO and Branches are administrating loan related documents, examining loan repayment, record keeping of loan files and related security documents.

All revolving loans are reviewed/renewed annually. Quarterly Review for all loans of Rs. 1 Crore and above is conducted. Separate Recovery Cell has been created and bank has recovery/write off Policy approved by the Board.

Bank is doing comprehensive risk assessment by assessing the loan from internally developed rating models and assessment of the proposal by board level committee.

Operational Risk

Operational Risk is loss resulting from inadequate or failed internal processes, people and systems or from external events, including legal risks. For measurement of Operation risk Bank has adopted Basic Indicator Approach (BIA) and for management of Operation risk Bank has policies in place, 3 line of defense in practice, risk identification, assessment and monitoring tools are defined, Risk Control and Mitigation tools are in place. Formal channel is defined where by various policies, procedure and internal guidelines are approved by Board in recommendation of Risk Management Committee (RMC).

Bank has effective Internal Control System and Information System for managing Operational Risk. Risk Based Internal Audit (RBIA) has been started in the bank. IT/ System Audit is being done annually by expert external agency and report is submitted to concerned Supervision Department of NRB.

Risk events of the Bank are compiled and instructed the related function to take corrective measures wherever necessary. Such risk events are presented in ORMC, RMC & Board. Bank has Disaster Recovery Policy and Business Continuity Plan incorporated in IT Policy. Further, drill operation has been performed twice in a year and updated if necessary. Human Resource Department of the bank is placing and transferring the employees periodically.

Market Risk

Market risk refers to the risk to a bank resulting from movements in market prices, in particular, changes in liquidity, interest rates, foreign exchange rates, and equity prices. For measurement of Market Risk Bank has adopted Net Open Position Approach and for management of the Market Risk guiding policies such as Assets/Liabilities Management policy, Investment Policy and Treasury management policy and procedure are in place.

Bank has established middle office under the regulatory guidelines for monitoring exposures based on limit set up by the board and NRB including regulatory norms, prudential ceiling and delegation of authorities on Liquidity and Market Risk. Middle office is also conducting ALCO meetings and market risk reporting to ALCO.

Bank is assessing interest rate risk, foreign exchange risk and equity price risk at a regular interval as per the NRB guidelines and the internal policy in managing market risk and reporting to RMC and the Board on quarterly basis.

Liquidity Risk

Liquidity risk is the potential that the bank may be unable to meet its obligations due or to fund increasing requirement of assets as they fall due without incurring unacceptable cost or losses.

The Bank has been maintaining CRR, SLR, net liquidity ratio and credit to core capital and deposit ratios within the limit approved by the Board and are being monitored on continuous basis. Further, maturity wise structural liquidity table are being prepared as

per the regulatory guidelines on monthly basis and reported to the Board on quarterly basis. Bank has also addressed contingency liquidity plan in its policy that is being reviewed annually or on requirement basis.

Compliance Risk

Compliance Risk is the current and prospective risk to earnings or capital arising from violations of or non-conformance with laws, rules, regulations and prescribed practices and it exposes the bank to fines, penalties and payment of damages etc. The bank has separate compliance department which oversee the possible compliance risk of the bank and assist for mitigation of same by developing the policies, guidelines upon approval of the Board.

Internal Control

Internal Control System i.e. Audit, Compliance has been reinforcing on the effective implementation of laid down Policies and Procedure. Regular banking activities are being closely monitored through internal control mechanism. Bank is having an appropriate control structure with well-defined control activities at every business level. Duties of officials and staff members of the bank are well defined at all level to avoid conflicting responsibilities. Bank has already placed Code of Ethics and Conflict of Interest Policy for Board Directors and staff. These laid down system are being monitored & reviewed periodically to identify the areas of potential conflicts of interest to minimize Operational Risk at all level. Information system of the bank is upgrading continuously and place to cover activities of the Bank. Internal Audit Department independently evaluate the adequacy and compliance of the bank's established guidelines for internal control system. Risk Based Internal Audit (RBIA) has been started in the bank, where internal auditor incorporates the measures initiated by branch/ department/ office to manage operational risk. System audit is being done through outsiders till the Capability build up of internal personnel and report is submitted to concern Supervision Department of NRB.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Corporate social responsibility (CSR), in recent times, has become an integral part of business. The contribution of banks in this regard is of paramount importance considering their unique position in the economy. It is believed that through CSR, the Bank's business will grow consistently and responsibly, benefitting those who directly serve while also promoting the conservation of natural environment and the community at large. The objective of the banks is to pro-actively support meaningful socio-economic development in the country and enable a larger number of people to participate in and benefited through the bank's CSR activities.

CSR has been evolved as an important tool to increase competitive advantage through enhanced reputation, raise brand awareness and build trust with customers and other stakeholders. Besides, NRB via its directive No. 6, Section 16 recent circular has advised for the allocation of 1% of Net Profit towards the CSR activities. Further, the areas of CSR activities prescribed by NRB include:

- Direct and indirect expenditure in social projects namely Education, Health, Natural calamities management, Environment Preservation, Cultural Promotion, Basic Infrastructure improvement in rural areas, Income earning capability enhancement of socially backward community, Financial literacy, Customer Protection programs.

- Focus on Toilet Facility and Drinking Water Facility: Bank shall focus on providing Toilet facility and Drinking water facility where there are no availability of same. Bank shall prepare the list of such community based schools and colleges located in rural and remote areas.
- Sustainable Development Goals: The areas identified by Nepal's Sustainable Development Goals, 2016-2030, direct and indirect expenses assisting for its achievement.
- Direct Donation Expenses for Education and health expenses for people living under extreme poverty. Child Day Care Center: Expenses incurred for Child Day Care Center for the sake of employees working in the organization.

The Bank has been conducting different activities for CSR related activities. Those CSR activities helped the community for betterment of living standard of the people. The CSR activities enhanced the brand visibility of the bank as well as help to create a strong bonding with the community.

Everest bank has incurred Rs. 8,442,599.02 for conducting various CSR activities in the fiscal year 2074/75.





1. Sh. L.V. Prabhakar, Executive Director of Punjab National Bank handed over stationery items to the students of Bishnu Devi Sikshya Sadan.

2. Distribution of blankets and other essential items to the disabled people in the occasion of International day of persons with Disabilities.

3. Sh. L.V. Prabhakar, Executive Director of Punjab National Bank handed over dustbins to the management committee of the Budhanilkantha Temple.





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4. Director Mr. Arun Man Sherchan donating computers to local government school Shree Bachala Secondary School, Nuwakot.

5. Water Plant Handover at Lumbini World Heritage Site.

6. Tree Plantation on World Environment Day.

7. Director Mr. Sunil Gopal Shrestha donating computers to local government school Shree Yasodhara Secondary School, Taulihawa.

8. Director Dr. Bal Gopal Baidya donating computers to local government school Shree Shikharbesi Secondary School, Nuwakot.



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9. Cheque handover to Teach for Nepal for sponsoring the fellowship.

10. Baneshwor Branch and Corporate Credit Cell Distributes stationery items to Koseli Foundation.

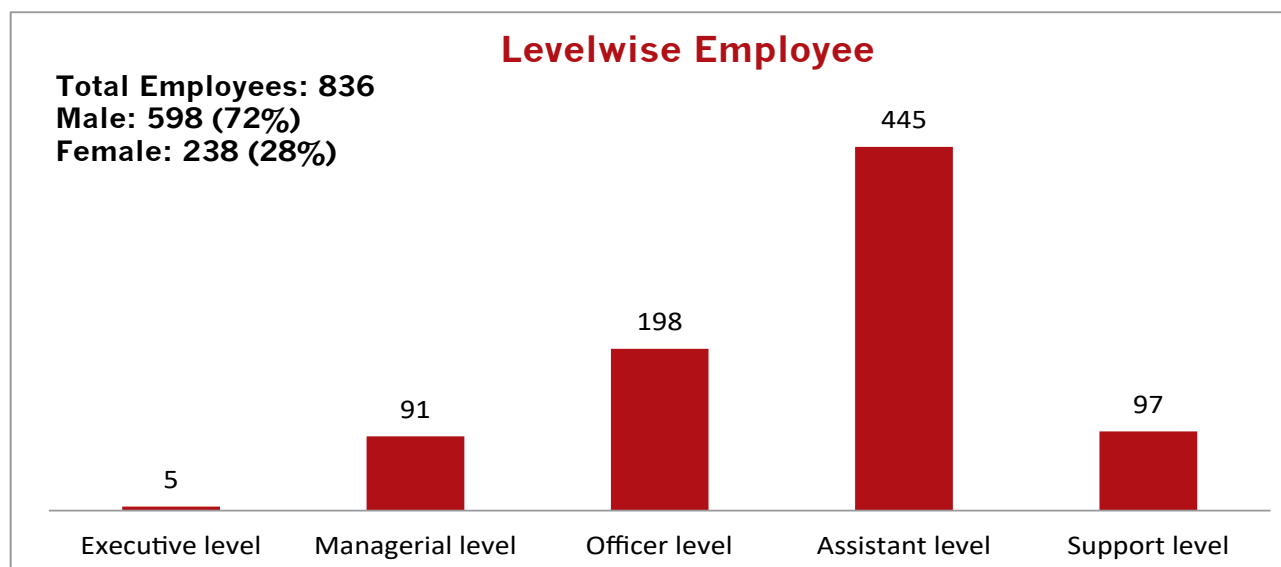
11. Blood Donation Program held at Everest bank limited on the occasion of 23rd anniversary of the bank.



Human Resource

Every organization should understand and acknowledge the role of employees in the success and growth of that organization. Employees of an organization are the pillars and the backbone of any organization. Their need and importance is accentuated when it comes to the Banking industry. At Everest Bank, Quality workforce has been considered as the foundation of its success. We believe motivated workforce bring positive results, hence, this year the Bank has emphasized on learning and development of its human capital. Large investment has been made in terms of knowledge and skills up-skilling of the employees. To bring knowledge growth, the Bank tries to put technology in the front line and created new mobile learning applications, discussion forums and also plans to bring online courses to educate and train its employees.

The staff strength of the Bank at the end of Fiscal Year 2074-75 has been presented below:



Employee Turnover

Everest Bank has been successful in minimizing employee turnover by incorporating various factors such as environmental (workplace safety and culture), relationship between employee and employer by way of direct manager or co-worker relations, trainings which facilitates growth through advancement and gaining new skills and proper compensation through pay and benefits. The HR department have worked in conjunction with the executive management team to ensure that turnover ratios and retention strategies are closely examined to optimize them. Everest bank have been successful in maintaining a low employee turnover over the years and aims to minimize the same in the upcoming years.

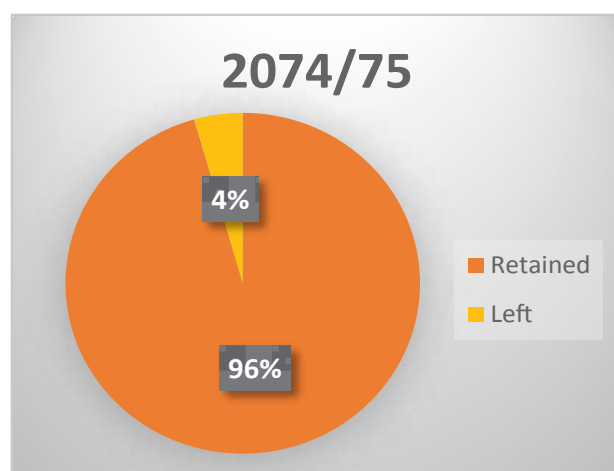
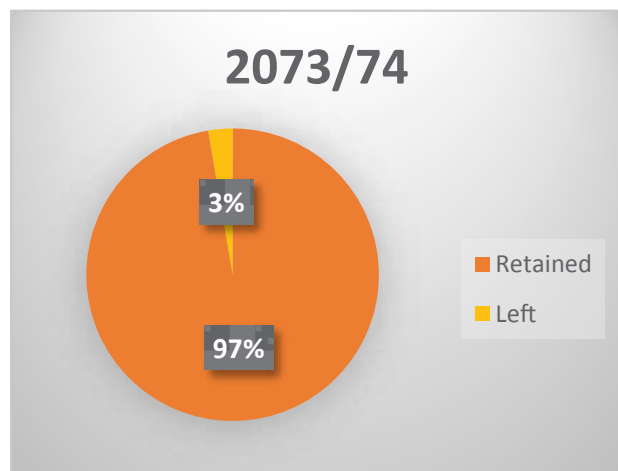


Training and development

Training presents a prime opportunity to expand the knowledge base of all employees and improve employee performance leading to improved job satisfaction. At Everest bank, the need for training is highly emphasized which helps our employees to address their weaknesses, perform consistently and effectively, increase productivity and ultimately enhancing the reputation of the organization. Training is one of the primary methods of maintaining and improving intellectual capital and thus we aim to support our employee to deal with activities undertaken and expose them to perform additional duties and assume positions of importance in the organizational hierarchy. During the fiscal year 2074/75, the bank has invested Rs. 25,817,014.00 for the training and development of our employees.

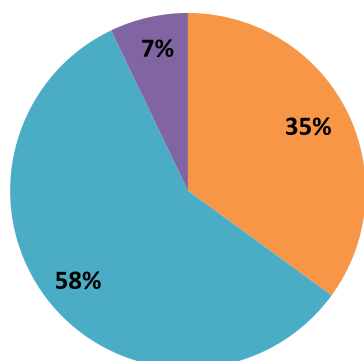
Special attention has been focused for developing our mid and higher level management team by providing Management Development program. Similarly for the lower level exclusive role based internal and external trainings have been conducted to increase the competency of employees. International trainings are also considered to keep track of new developments in the international market and adapt change management within our Bank.

197 trainings (internal and external) were conducted on various area of banking functions and also soft skill development where total number of 1,884 participated and 797 employees was benefitted.



No. of Training

- In house program
- External Program
- Abroad Incl. India



Total Program	No. of program	Participants
In house program	69	1634
External Program	114	230
Abroad Incl. India	14	30
Total	197	1884

Training Budget Utilization	(Amount in Crore)
Provision from FY 2073/74	1.51
Last year Budget FY 2074/75	2.64
Total	4.15
Expenses FY 2073/74 (without provisioning)	0.59
Expenses FY 2074/75 (Incl. provision of FY 2073/74)	2.58
Remaining	1.57



Promotions

Promotion is the ultimate motivating factor for any employee because it moves employee forward in hierarchy of an organization added with additional responsibility, higher respect, honor, with increase in grade pay and allowances. At Everest Bank, we aim to develop our people, help them build satisfying careers and reward them accordingly. The opportunity of a job promotion can motivate an employee by appealing to career anchors, which are the major career and

personal priorities that employees may hold. In our bank, we believe in motivating our employees by providing them abundant opportunity to work their way up the corporate ladder. We believe that the capabilities of our employees are well recognized and are rendered to effective use.

Major highlights of achievement of Human Resource Department during fiscal year 2074/75.

1. Develop HR Policies and Manuals
 - Human Resource Planning
 - Employee Development Policy
 - Succession Planning
 - Staff Transfer Policy / Guidelines
 - Retention Policy
 - Know Your Employee Policy
 - Occupational Health and Safety Policy
2. Initiated amendment of Staff Service Byelaws.
3. Conducted recruitment and selection process and selected Trainee Assistants, Management Trainees, Manager HR and official at IT Dept.
4. Conducted promotion process and promoted employees at various levels.
5. Processes transfer of staff members at various level.
6. EBL Training Academy was established at Head Office with video conference facility.
7. Cluster wise/Region wise Training organized to save time and cost of the Bank.

Courtesy visit to Honorable Personalities of Nepal



1. Right Honorable President Mrs. Bidya Devi Bhandari.
2. Honorable Finance Minister Dr. Yuba Raj Khatriwada.
3. Honorable Chief Minister of Province 3 Mr. Dormani Poudel.



4. Honorable Governor of Nepal Rastra Bank Dr. Chiranjibi Nepal.
5. Honorable Secretary of Ministry of finance Dr. Rajan Khanal.
6. Honorable Deputy Governor of Nepal Rastra Bank Mr. Chinta Mani Siwakoti.
7. Honorable Deputy Governor of Nepal Rastra Bank Mr. Shiba Raj Shrestha.

Glimpses of 23rd Annual General Meeting



BANCASSURANCE

With the slogan of “Insured Yourself Against Potential Risks”, the bank has launched EBL Bancassurance Product. Through the product one can choose the best insurance products (Life as well as General) easily as per their requirement from the bank and make payments on time. The bank has tied up with the leading insurance companies of our country for life as well as general insurance products. The product is the best option to our customers for insure against all type of risks.

Our insurance products are:

1. Life Insurance Products:
 - a. Future Care Deposit Protection Plan(Gold)
 - b. Education Protection Plan.
 - c. Surakchhit Jiwan Bima Yojana (Endowment Plan)
 - d. Jiwan Sahara (Whole life cum Endowment)
 - e. Jiwan Sarathi Bima Yojana (Joint Life Endowment Plan)
 - f. Naulo Jiwan Samridhi (Money Back Plan)
 - g. Ketaketi Jiwan Bima
 - h. Jiwan Ananda Plan (Whole life cum Endowment)
 - i. Jiwan Tarang Plan (Pension Plan)
 - j. Child Endowment Plan
2. General Insurance Product:
 - a. Fire Insurance
 - b. Motor Insurance
 - c. Marine Insurance

- d. House Hold Insurance
- e. Burglary Insurance
- f. Engineering Insurance
- g. Aviation Insurance
- h. Micro Insurance
- i. Group Personal and Medical Insurance

As we have offered wide range of insurance products, EBL is the best place to meet your insurance requirement.

We have tied up with the following Insurance Companies.

Life Insurance:

1. American Life Insurance Company (Metlife)
2. Nepal Life Insurance Company Limited
3. Life Insurance Corporation (Nepal) Limited
4. National Life Insurance Co. Ltd.

General Insurance:

1. Shikhar Insurance Company Limited
2. Sagarmatha Insurance Company Limited
3. Lumbini General Insurance Company Limited
4. IME General Insurance Limited
5. Siddhartha Insurance Limited
6. NLG Insurance Company Limited
7. Prudential Insurance Company Limited
8. Premier Insurance Company (Nepal) Limited
9. National Insurance Company Limited

Strategic Tieup - Bancassurance Agreements



1. Nepal Life Insurance
 2. LIC (Nepal)

3. Shikhar Insurance Company
 4. IME General Insurance



BRANCHLESS BANKING

Bank is providing Branchless Banking (BLB) facility based on Internet and Mobile Banking service through agents. Main objective of the bank under this product is to provide banking services through business correspondents as per NRB guidelines to the most remote, low bank segment and unbanked areas where potentiality of financial activity is high. EBL has always envisioned to serve its customers with new and advanced technologies. Therefore, we always strive to incorporate and reflect the interests of our customers in the products and make it more efficient and convenient. EBL currently provides BLB services in 69 districts via 488 Business Correspondents (BCs).

Further, with a view to reach the rural/semi-rural areas as well as to increase our customer base and core deposit, we have started a mobile/tab based service under the name "Branchless Banking" or "MOBILE ATM" for our customers. Currently, we have more than 12 thousands customers who have been benefiting from this service.

The Account holder after registering his/her mobile in the system can transfer funds within the Bank without visiting the Branch. Besides, the customer can also withdraw cash from our Business Correspondents by generating coded transfer message in places where the branch network is not available.

In order to upgrade the Bank's product and provide efficient service to the customers through Branchless

Banking, we have introduced the Tab based Banking under Branchless Banking during this year. Tab banking device is integrated with following features:

1. Biometric authentication
2. Card Reader
3. Printer
4. Camera & Scanner

By using the Integrated Tab Device, customer can initiate the account opening process, withdraw cash and deposit cash in the concerned Everest bank account.

Everest Bank is in partnership with "Sakcham Access to Finance" project for expansion of branchless banking in the western part of our country. We are working with "Sakcham Access to finance" in 27 districts of Province 5, 6 & 7 to increase the banking practice among the local people in unbanked areas especially in rural region. Total project cost of "Sakcham Access to finance" is Rs. 512.04 lacs and as on 31st Ashad, 2075 total expenses under this project had been Rs. 233.92 lacs since the initiation of the project. As on 31st Ashad, 2075, we have appointed 45 Business Correspondents under the Sakcham Project.

Similarly, we are working with "UNNATI access to finance" which is jointly promoted by United Nations Capital Development Fund (UNCDF) & Nepal Rastra Bank, in 7 district of Province No. 1 for the development of branchless banking in those areas.

EBL **MOBILE** BANKING

Anywhere Anytimes

GENERAL INQUIRY

- ATM LOCATION
- BRANCH INQUIRY
- FOREIGN EXCHANGE RATE INQUIRY

ACCOUNT INQUIRY

- BALANCE INQUIRY
- TRANSACTION INQUIRY
- CHEQUE INQUIRY
- MINI STATEMENT



Available in :



FOR MORE INFORMATION CONTACT OUR NEAREST BRANCH


एभरेष्ट बैंक लिमिटेड
EVEREST BANK LIMITED
(A joint-Venture with **punjab national bank**, India)

दिगो, दरिलो र विश्वासिलो

DIGITAL EVEREST

Digital Everest is an initiative of Everest Bank to integrate the technological advancement enforcing and enhancing financial inclusion through digitization of banking services. It aims at ensuring that the services are made available to customers electronically by reducing paperwork.

Everest Bank is now catering to more than 9.5 lacs customers. Founded in 1994, the Bank has been one of the leading banks of the country and has been pioneer in introducing various digital services in the history of banking in Nepal.

- Any Branch Banking System (ABBS) in Nepal.
- Branchless banking system to cover unbanked sector of Nepalese society through biometric machine.
- E-ticketing system where customers can buy yeti airlines ticket through internet.
- Online payment of Mobile/PSTN/ADSL/NCELL bill or from the counter as well.
- Cash Deposit Kiosk for the first time in Nepal through which the Customers can deposit Cash conveniently.
- Missed Call alert system to facilitate customer for knowing their current balance.

A digital bank represents a virtual process that includes online banking and beyond. As an end-to-end platform, digital banking encompasses the front end that consumers see, the back end that bankers see through their servers and admin control panels and the middleware that connects these nodes for functioning of the product/services. Ultimately, a digital bank facilitates all functional levels of banking on all service delivery platforms. In other words, it has all the same functions as a head office, branch office, online service, bank cards, ATM and point of sale machines.

There is a lot of scope to expand electronic services to have a more sophisticated customer base. Information and communication technology infrastructure facilities are also to be well developed so the customers can conveniently conduct their banking transactions at a time that suits them and can access their bank account for 24 hours a day and 7 days a week. Latest and better ways of customer services are essential for the growth of the bank and for the banking system as a whole. The effect of digital bank on worldwide banking system is to facilitate existing banking and payment mechanisms, primarily by making the transactions cheaper, faster, more secure, and more convenient.

EBL Digital Product

<ul style="list-style-type: none"> • Online Account Opening • Internet Banking (Retail and Corporate Module) • Mobile Banking • SMS Banking • Managed Online Transaction Processing • Inter Bank Fund Transfer 	<ul style="list-style-type: none"> • Cash Deposit Machines • Cheque Deposit Machines • ATM Services • Cards Services (a) Credit Cards (b) Debit Cards 	<ul style="list-style-type: none"> • Online Remittance • DP Online • C-ASBA • TAB Banking • Bill Payments • Missed Call Balance inquiry service 	<ul style="list-style-type: none"> • QR Payments • Green Pin-eBanking • E-statement • Visitors entry system • E-Learning system • On-line Customer care
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तराई, पहाड अनि हिमाल सम्म
एभरेष्ट रेमिट संग सबै नेपाली दंग


एभरेष्ट बैंक लिमिटेड
EVEREST BANK LIMITED
 (A Joint-Venture with Punjab National Bank, India)
Consistent, Strong & Dependable

- ▶ अनलाइन प्रविधिबाट तुरन्तै रकम प्राप्त गर्न सकिने
- ▶ उच्चतम विनिमय दर (एक्सचेंज रेट)
- ▶ नेपालको हरेक क्षेत्रमा भुक्तानीको सुविधा
- ▶ अब घर-दैवी बैंकिङ सेवाका चाहकहरूले गाउँ घरमै भुक्तानी पाउने


 www.everestbankltd.com
 टोल फ्री नं: १६६० ०९९ १७५९

REMITTANCE

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

Likewise, services from instant money transfer products have already been started through Xoom Corporation, EZ Remit, Xpress Money Transfer, MoneyGram and Western Union Money Transfer. Customer can get easy access to these agencies and

will contribute to increase in inward remittance from worldwide. Further, we are trying to penetrate existing markets deeper to provide services to our customers in a more convenient way.

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 our 9000+ payout locations.

Arrangement with Exchange Houses for Remittance/Draft

UAE	<p>Al Rostamani International Exchange Co Dubai, UAE Tel: 00971 4 2951996</p> <p>Al Ahalia Money Exchange Bureau Abu Dhabi, UAE Tel: 00971 2 6229666</p> <p>Al Ansari Exchange Dubai, UAE Tel: 00971 4 3772677</p> <p>Lulu International Exchange Abu Dhabi, UAE Tel: 00971 2 6547009</p>	<p>Index Exchange Company Abu Dhabi, Hamdan Street, UAE Tel: 00971 02 6272656</p> <p>Lari Exchange Establishment, Abu Dhabi, UAE Tel: 00971 2 6223225</p> <p>Al Razouki International Exchange Co. Dubai, UAE Tel: 00971 4 3932331</p>
Bahrain	<p>Bahrain Finance Company Manama, Bahrain Tel: 00973-17223501/17228888, 17506103</p>	
Qatar	<p>Al Zaman Exchange Doha, Qatar Tel: 00974 44441448</p>	<p>Eastern Exchange Doha, Qatar Tel: 00974 44412655</p>
Kuwait	<p>Bahrain Exchange Company Safat, Kuwait Tel: 00965 2452057, 1824000</p>	
Japan	<p>Japan Remit Finance Co. Ltd. Tokyo, Japan Tel: 0081 357334337</p>	
UK	<p>Punjab National Bank (International) Ltd. London, UK Tel: 0044 2077969600</p>	
Oman	<p>Oman & UAE Exchange Co Sultanate of Oman Tel: 00968 24794127</p>	
United States	<p>Xoom Corporation- A PayPal Service</p>	
India	<p>Punjab National Bank, New Delhi, India Tel: 23328894/237199094</p>	
Malaysia	<p>Tranglo Sdn. Bhd. Kuala Lumpur, Malaysia. Tel: +603 2241 4188, +603 2241 4189</p>	
South Korea	<p>Finshot Inc. Seoul, South Korea Tel: +82 70 7728 5618</p>	
Nepal	<p>GME Remit Pvt. Ltd. City Express Money Transfer Pvt. Ltd.</p>	<p>Payment Agents/Partners in Nepal</p>
Online Remittance		
	<p>Everest Remit (Online Product of EBL)</p>	<p>EZ Remit Bahrain Finance Company</p>
	<p>X Press Money Transfer U.A.E. Exchange</p>	<p>Cash Express Al Ansari Exchange, UAE</p>
	<p>Western Union</p>	<p>Moneygram</p>

Remittance Payout locations

Province	District	No of agents	Province	District	No of agents
1	JHAPA	426	4	KASKI	371
	MORANG	374		NAWALPARASI	253
	SUNSARI	297		TANAHU	159
	ILAM	80		SYANJA	133
	UDAYAPUR	78		BAGLUNG	128
	DHANKUTA	64		LUMJUNG	104
	PANCHTHAR	45		MYAGDI	72
	BHOJPUR	44		GORKHA	67
	SANKHUWASABHA	43		PARBAT	63
	KHOTANG	43		MUSTANG	10
	OKHALDHUNGA	40		MANANG	8
	TERHATHUM	28	5	RUPANDEHI	334
	SOLUKHUMBU	20		BANKE	156
	TAPLEJUNG	18		DANG	148
2	DHANUSHA	213		KAPILVASTU	115
	SIRAHA	173		BARDIYA	86
	BARA	159		Palpa	83
	SAPTARI	129		GULMI	65
	PARSA	128		PYUTHAN	48
	SARLAHI	126		RUKUM	40
	MAHOTTARI	111		ARGHAKHACHI	35
	RAUTAHAT	110		ROLPA	27
3	KATHMANDU	1806	6	SURKHET	98
	CHITWAN	379		SALYAN	46
	LALITPUR	241		DAILEKH	29
	KAVREPANCHOWK	124		JAJARKOT	25
	BHAKTAPUR	119		KALIKOT	15
	MAKWANPUR	116		DOLPA	11
	NUWAKOT	87		JUMLA	11
	DHADING	72		MUGU	7
	DOLAKHA	71		HUMLA	3
	SINDHULI	59	7	KAILALI	162
	SINDHUPALCHOWK	59		KANCHANPUR	76
	RAMECHHAP	41		DOTI	26
	RASUWA	22		ACHHAM	23
				DADEL DHURA	21
				BAJHANG	15
				BAJURA	15
				DARCHULA	12
				BAITADI	10

Total Payout Location: 9055

Correspondent Banks

USD Nostro Account

- 1) **Standard Chartered Bank**
NY 10048, New York, USA
SWIFT: SCBLUS33
Our USD A/C # 3582-059378-001
- 2) **Habib American Bank**
99 Madison Avenue, New York, NY 10016
Swift: HANYUS33
- 3) **Bank of China**
Head Office, No. 1 of Fu Xing Men Nei Da Jie.
Xicheng District, Beijing, China
Postal Code: 100818
Swift: BKCHCNBJXXX
- 4) **Mashreq Bank New York**
Account No: 70009908
Swift Code: MSHQUS33
- 5) **KOREA EXCHANGE BANK(KEB), SEOUL**
Account No: 0963-THR-051110011
Swift Code: KOEXKRSE

GBP Account

- 1) **Standard Chartered Bank**
1 Basinghall Ave London EC2V 5DD,
United Kingdom
SWIFT: SCBLGB2L
IBAN No: GB71 SCBL 6091 0412 6794 85
A/C: 01267948501

EURO Account

- 1) **Standard Chartered Bank**
Frankfurt, Germany
SWIFT: SCBLDEFX
Our Euro A/C #017043206

INR Account

- 1) **Punjab National Bank**
New Delhi, India
Tel: 23328894/237199094
SWIFT: PUNBINBDOB
Our INR A/C # 2254002100011251
- 2) **Standard Chartered Bank**
Kolkotta 700 001, India
Tel: 22205271/22200829
SWIFT: SCBLINBBCAL
Our INR A/C# 32205019343
- 3) **HDFC Bank Ltd.**
Manekji Wadia Bldg. Nanik Motwani Marg
Fort, Mumbai, India
Swift: - HDFCINBB
Tel: 28474900/4902884
Fax: 28S69271
Our INR A/C# 00600390000146

JPY Account

- 1) **Standard Chartered Bank**
Tokyo, Japan
SWIFT: SCBLJPJT
Account No.: 23079361110

GRIEVANCE HANDLING/ CUSTOMER QUERIES

The bank has set up Customer Care Center as a desk to act as “Grievance Handling Desk” where customers can approach through telephone, SMS, email, online portal and bank’s social media where all queries, suggestions, complaints are being attended. The service hours of Customer Care Center has been extended from existing 8 hours to 10 hours a day from 10 am to 8 pm. Call recording system has been placed to monitor Customer Care Center services. As mandated by Nepal Rastra Bank, the bank has appointed “Information Officer” and “Grievance Handling Officer”. “Customer Service Policy” has been formulated by the bank in order to enhance the Customer Services with motto “Service with a Smile”. The various tools for enhancing the bank’s Customer Service, monitoring system, role and responsibilities for implementation of policy, review mechanism have been defined in the policies.

All the lodged queries/grievances/disputes at Customer Care Center were responded properly and being resolved in time. The grievances/disputes were escalated to the competent authority along with steps taken for prompt resolution.

Introduced reporting/review mechanism on queries/grievances to the management/Operation Risk Management Committee/Risk Management Committee/Board/NRB on the periodicity as set in the policy.

Trainings have been conducted on various topics relating to customer services/soft skills development from in-house faculty as well as from the external

resource personnel. Total 332 staffs were provided training on customer service/soft skills during FY 2074-75.

Customer Service Excellency Award has been introduced to motivate the branches for improving their customer services.

To facilitate customer digitally for their convenience various facilities have been introduced/upgraded such as Online Account Opening, Missed Call balance inquiry service, upgradation of mobile banking application “Touch 24”, internet banking services, etc.

To address customer queries online, frequently asked questions has been prepared (FAQ).

During fiscal year 2074-75, altogether there were 5,724 numbers of queries and 435 numbers of grievances/complaints were lodged in Customer Care Center and Reception Desk.

All queries and grievances lodged during Fiscal Year 2074-75 have been resolved and there are no outstanding grievances. As per NRB Unified Directives No. 22, Sub-point 11, reporting of the same has been made to the regulator.



ICRA Nepal Limited

Ref: ICRAN/074/075/SUR/019

Date: July 15, 2018

Mr. Someshwar Seth
 Chief Executive Officer
 Everest Bank Limited
 Kathmandu, Nepal

Dear Sir,

Re: ICRA Nepal Surveillance for the Rs. 600 million Subordinated Bond Programme (8% EBL Bond-2078) of Everest Bank Limited

As you would be aware, ICRA Nepal is required to review all its ratings, on an annual basis or as and when the circumstances so warrant.

The Rating Committee of ICRA Nepal, after due consideration of the latest development in your bank, has upgraded the rating at "[ICRANP] LA+" (pronounced ICRA NP L A plus) from "[ICRANP] LA-" (pronounced ICRA NP L A minus) to the captioned Bond Programme. Instruments with this Rating are considered to have adequate degree of safety regarding timely servicing of financial obligations. Such instruments carry low credit risk.

ICRA Nepal reserves the right to suspend, withdraw or revise the above rating at any time on the basis of new information or unavailability of information or such other circumstances, which ICRA Nepal believes, may have an impact on the rating assigned to you.

The rating as aforesaid, however, should not be treated as a recommendation to buy, sell or hold the instruments issued by you.

You are required to forthwith inform us about any default or delay in repayment of interest or principal amount of any debt instruments/ borrowing. You are also required to keep us forthwith informed of any other developments which may have a direct or indirect impact on the debt servicing capability of the company including any proposal for re-schedulement or postponement of the repayment programmes of the dues/ debts of the company with any lender(s) / investor(s).

You are required to inform us immediately as and when the borrowing limit for the instrument rated, as above, or as prescribed by the regulatory authority (ies) is exceeded.

We thank you for your kind cooperation extended during the course of the rating exercise. Should you require any clarification, please do not hesitate to get in touch with us.

With kind regards,

Yours sincerely,
 For ICRA Nepal Limited



Kishor Prasad Bimali
 Assistant Vice President
 Head-Rating Division

Suresh Subedi
 Senior Analyst

Regd. Office :
 Sunrise Bizz Park - 6th Floor,
 Dillibazar, Kathmandu - 33, Nepal

Tel. : +977 1 4419910
 +977 1 4419920

Website : www.icranepal.com
 Email : info@icranepal.com

R A T I N G • R E S E A R C H • I N F O R M A T I O N



नेपाल राष्ट्र बैंक बैंक सुपरिवेक्षण विभाग

प.सं.वै.सु.वि / अफसाइट / एजिएम / १ / २०७५-७६

एभरेष्ट बैंक लिमिटेड
लाजिम्पाट, काठमाडौं।



मिति : २०७५/०८/०३

संस्थापक कार्यालय
बालुवाटार, काठमाडौं।

फोन नं. : ४४९९८०५, ७

फ्याक्स नं. : ४४९०९५९

Site: www.rrb.org.np

Email: bsd@rb.org.np

पोष्ट बक्स-७९

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

महाराज,

त्यस बैंकबाट पेश गरिएका वित्तीय विवरण तथा अन्य कागजातका आधारमा बैंक तथा वित्तीय संस्था सम्बन्धी ऐन, २०७३ को दफा ४७ को उपदफा (२) का प्रावधानहरु पालना गरेको देखिएको हुँदा, ऐ. ऐनको उपदफा (१) बमोजिम प्रस्तावित रु.१,६०,५३,७२,६६९/- (अक्षरुपी एक अर्ब साठी करोड विपन्न लाख बहत्तर हजार छ सय उनान्सत्तरी मात्र) नगद लाभांश अन्य प्रचलित कानूनी व्यवस्थाको समेत पालना गर्ने गरी वार्षिक साधारण सभाबाट स्वीकृत भएको अवस्थामा मात्रै वितरण गर्ने स्वीकृतिका साथै आ.व. २०७४/७५ को वार्षिक हिसाब वार्षिक साधारण सभामा स्वीकृतिको लागि पेश गर्ने प्रयोजनार्थ देहायका निर्देशन सहित सार्वजनिक गर्ने सहमति प्रदान गरिएको व्यहोरा निर्णयानुसार जानकारी गराउँदछु।

१. बैंकको वार्षिक लेखापरिक्षण प्रतिवेदनमा उल्लेख गरिएका कैफियतहरु पूर्ण रुपले सुधार गर्न तथा त्यस्ता कैफियतहरु पुनः दोहोरिन नदिने व्यवस्था मिलाउनु हुन।
२. यस बैंकबाट जारी गरिएको एकीकृत निर्देशन नं. १० को बुँदा नं. ७ बमोजिम इजाजतपत्र प्राप्त कुनै एक बैंक तथा वित्तीय संस्थाको संस्थापक शेयरमा लगानी गर्दा चूक्ता पूँजीको बढीमा १५ प्रतिशत र अन्य बैंक तथा वित्तीय संस्थाहरुमा चूक्ता पूँजीको बढीमा ९ प्रतिशतसम्म मात्र लगानी गर्न सकिने व्यवस्था रहेकोले उल्लिखित सीमाभन्दा बढी शेयर धारण गर्ने संस्थापक शेयरधनीहरु रहेमा ती संस्थापक शेयरधनीहरुलाई सो सीमाभित्र नल्याएसम्म प्रस्तावित नगद लाभांश तथा बोनस शेयर वितरण रोक्का राख्ने व्यवस्था मिलाउनु हुन।

उपरोक्त निर्देशनलाई त्यस बैंकको वार्षिक प्रतिवेदनको छुट्टै पानामा प्रकाशित गर्नुहुन।

भवदीय,

(सत्येन्द्र राज सुवेदी)
उप-निर्देशक

बोधार्थ :

१. नेपाल राष्ट्र बैंक, बैंक तथा वित्तीय संस्था नियमन विभाग।
२. बैंक सुपरिवेक्षण विभाग, प्रतिवेदन कार्यान्वयन इकाई, एभरेष्ट बैंक लिमिटेड।

Board of Director's Report

to the 24th Annual General Meeting of Shareholders of the Bank

Ladies and Gentlemen:

It gives me great pleasure to welcome you to the 24th Annual General Meeting (AGM) of your Bank. I have the privilege of presenting the Balance Sheet as at 32nd Ashadh 2075 (16th July, 2018), 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. General Economic Environment of the Country (Please Also Refer Annexure 1):

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. 482.78 crore to Rs. 1613.45 crore consisting of the following:-

(Rs. in crore)

Particulars	2069/70 (2012/13)	2074/75 (2017/18)
Paid Up Capital Ordinary Shares	176.12	802.68
Preference Share	16.00	8.00
Statutory General Reserve	161.59	320.42
Share Premium	1.85	23.85
Capital Adjustment Reserve	36.71	4.77
Other Reserves	3.12	2.15
Exchange Equalization Reserve	2.46	3.02
Investment Adjustment Reserve	0.35	0.14
Debenture Redemption Reserve	4.68	64.13
Capital Redemption Reserve	14.00	0
Deferred Tax Reserve	9.95	0
Retained Profit	55.95	173.90
Other Reserve (Training)	-	1.58
Other Reserve (CSR)	-	3.74
Regulatory Reserve (NFRS)	-	53.44
Assets revaluation Reserve (NFRS)	-	96.90
Fair value Reserve (NFRS)	-	54.73
Total Shareholders' Fund	482.78	1613.45

Other Major Performance:

a) Business:

Rs. In Crore

Particulars	Increase over				
	2069/70 (2012/13)	2073/74 (2016/17)	2074/75 (2017/18)	Previous Year %	Over 5 year's period %
Deposit	5,772.05	9,409.18	11,551.18	22.77	100.12
Loans & Advances	4,339.32	7,898.67	9,418.22	19.24	117.04

b) Profitability

Rs. In Crore

Particulars	Increase over				
	2069/70 (2012/13)	2073/74 (2016/17)	2074/75 (2017/18)	Previous Year %	Over 5 year's period %
Total Income	556.05	791.77	1133.74	43.19	103.89
Operating Profit	230.28	302.13	368.57	21.99	60.05
Net Profit after Tax	147.11	211.80	258.17	21.89	75.49

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. 368.57 crore which is 22% more than last year and has been able to post a after tax net profit of Rs. 258.17 crore, which is 21.89% higher than the last year.

The total deposits have reached Rs. 11,551.18 crore recording growth of 100.12% in last 5 years. The loans and advances stood at Rs. 9,418.22 crore showing growth of 117.04% in last 5 years.

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

During the year 2074/75, banking industries has faced high liquidity crunch due to rise in the demand of loans from Private Sector. It has impacted on liquidity of the bank resulting 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 4.48% for the FY 2074/75 which was around 1.45% in the year 2073/74

NRB has issued government bonds worth Rs. 72.00 billion which fetched the interest rate upto 6.48% in the FY 2074/75.

The market was very volatile in the FY 2074/75 as the interbank rate rose to 4.87% in the mid of March this year which was 0.29% at the beginning of the year. At the yearend 2074/75 it was 2.96%. 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 new Constitution has been enacted and local body election and General election for Central & State assemblies has been successfully completed in the country. Keeping this in mind, Banks have to sketch strategies and draw plans for future growth.

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’. All the branches of Bank have been housed in centralized data base backed by a Disaster Recovery Cell operating from outside valley. With a view to automate the process, as well as to comply with the regulatory guidelines its own ATM Switching system, AML/KYC with Transaction monitoring system. 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 updated. In this endeavor, we are increasing our own network of ATMs and Cards. The bank has more than 5 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 113 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 10,000 PNB ATMs in India. EBL Debit Card can also be used at more than 5000 Point of Sales (PoS) terminals for purchase of merchandise. In addition to above, Bank is providing VISA Debit and Credit Cards. 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. 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. 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.

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

b. Branch expansion/outreach:

Currently, the bank has network of total 86 branches in and outside Kathmandu Valley. In addition to these, Bank is running additional 28 Government Revenue collection counters and 3 extension counter as on Kartik 30, 2075.

Bank is also 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. In order to provide efficient service to the customers, we have introduced the Tab based banking under branchless banking during the year.

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.

c. Compliance Department:

Your bank has established a full-fledged Compliance Department headed by Compliance Officer. The Department is coordinating with other functional department for ensuring compliance of regulatory and statutory guidelines to avoid the risk of non-compliance. It has two wings i.e (i) Account block/release for Politically Exposed Persons or People in influencing Positions (PEP/PIP) cell (ii) sanction screening cell. PEP/PIP and sanction screening cell is working on screening of all opened account centrally. The bank is also considering for acquiring AML/KYC screening solution for effective monitoring the transactions and strengthening the reporting mechanism.

d. Corporate Social Responsibility:

Nepal Rastra Bank, the regulatory body has recently issued a guideline that BFIs shall allocate at least 1% of their Net Profit to activities relating to corporate social responsibility creating “Corporate Social Responsibility Fund” account.

4. Dividend/Bonus Share:

The 298 Board in its’ meeting held on 1st November 2018 has decided to recommend to the forthcoming Annual General Meeting to declare cash dividend @ 20% on Paid-up Capital.

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 16th July, 2018 after proposed dividends, stands at 14.20% (Previous Year 14.69%). To maintain the capital adequacy ratio intact, proper capital back up is required. Your bank has managed to put the Capital Adequacy Ratio at comfortable level and use it efficiently.

6. Board of Directors:

There was a change in Board of Directors of the Bank during the financial year. Dr. Nirmal Kumar Bista as a professional director and Mr. Lingam Venkata Prabhakar representative from Punjab National Bank has joined the bank. On the behalf on the bank, we welcome both the directors and wish for successful tenor.

7. 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.

8. Employee Relations:

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

9. Corporate Good Governance:

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

10. Appointment of the Statutory Auditors:

The Shareholders are requested to reappoint the Previous Auditor, R P B & Associates, Chartered Accountants as Statutory Auditor of the bank for the financial year 2075/76 (2018/19) and also fix their remuneration.

11. 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

General Economic Environment

Some important information is reproduced which are taken from the Economic Survey for the year 2074/75 (2017/18) published by Nepal Government for information:

i) Economic growth rate:

As per the Economic Survey 2017/18, the real GDP at basic price of 2016/17 is 7.40% and expected to be 5.90% at 2017/18. The agriculture sector is estimated to grow by 2.80% and the non-agriculture sector by 7.10%. Among the non-agriculture sector, industrial sector and services sector are estimated to grow by 10.97% and 6.90% respectively.

The Annual economic growth has remained 4.30% on an average in the last decade. In this period, the average annual growth rate of agriculture and non-agriculture sector remained 2.9% and 4.9%, respectively.

ii) Macroeconomic Indicators:

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

Particulars	Unit	2070/71	2071/72	2072/73	2073/74	2074/75
		2013/14	2014/15	2015/16	2016/17	2017/18
1 Total GDP (at Basic Price Constant)	Rs. Biln	674	694	695	747	791*
2 Annual GDP Growth Rate (Yearly Change)	%	5.72	2.97	0.20	7.39	5.89*
3 Per Capita GDP (at Constant Price)	%	4.58	1.95	(0.75)	6.47	4.87
4 Per Capita GDP	USD	725	766	748	866	1004
5 Total GDP (at Producer's Price)	Rs. Biln	740	764	768	829	882*
6 Domestic Saving/GDP	%	11.92	9.21	4.07	11.95	15.01
7 National Saving/GDP	%	45.73	44.14	40.11	45.35	43.94
8 Total Fixed Capital Formation	%	23.52	27.97	28.73	31.81	34.11
9 Remittance	%	27.66	28.98	29.52	26.32	24.25
10 Exchange Rate (USD:NPR)	Rs.	98.21	99.49	106.35	106.21	102.96
11 Total Population	In crore	2.76	2.80	2.83	2.87	2.91

*Estimation of Fiscal Year 2074/75
Source: Economic Survey 2017/18

iii) 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:

(Rs in ten Million)

Description	2070/71	2071/72	2072/73	2073/74	2073/74	2074/75
	2013/14	2014/15	2015/16	2016/17	2016/17 (First eight months)	2017/18* (First eight months)
Export F.O.B.	9199.1	8531.9	7011.7	7304.9	4821.8	5342.3
India	5961.4	5586.5	3949.4	4144.9	2780.4	3053.6
China	284.1	223.0	168.2	170.1	115.1	186.5
Other countries	2953.7	2722.5	2894.2	2989.8	1926.3	2102.2
Import C.I.F.	71436.6	77468.4	77359.9	99011.3	62856.1	76735.8
India	47794.7	49165.6	47721.3	63367.0	41060.5	50223.1
China	7331.9	10016.6	11569.4	12724.5	8258.1	10089.7
Other countries	16310.0	18286.2	18069.2	22919.9	13537.4	16423.0
Trade Balance	(62237.5)	(68936.5)	(70348.2)	(91706.4)	(58034.3)	(71393.5)
India	(41833.3)	(43579.1)	(43771.9)	(59222.0)	(38280.1)	(47169.5)
China	(7047.8)	(9793.7)	(11401.3)	(12554.4)	(8143.1)	(9903.2)
Other countries	(13356.3)	(15563.7)	(15175.0)	(19930.0)	(11611.2)	(14320.8)
Total volume of Trade	80635.7	86000.3	84371.6	106316.2	67677.8	82078.1
India	53756.1	54752.1	51670.6	67511.9	43840.9	53276.7
China	7615.9	10239.6	11737.6	12894.7	8373.2	10276.2
Other countries	19263.7	21008.7	20963.4	25909.7	15463.7	18525.2
Share in Total Trade (%)	100.0	100.0	100.0	100.0	100.0	100.0
India	66.7	63.7	61.2	63.5	64.8	64.9
China	9.4	11.9	13.9	12.1	12.4	12.5
Other countries	23.9	24.4	24.8	24.4	22.8	22.6

* Provisional
Changes in %

Description	2070/71	2071/72	2072/73	2073/74	2074/75
	2013/14	2014/15	2015/16	2016/17	2017/18* (First eight months)
Export F.O.B.	19.6	(7.3)	(17.8)	4.2	10.8
India	16.9	(6.3)	(29.3)	5.0	9.8
China	36.2	(21.5)	(24.6)	1.1	62.0
Other countries	23.9	(7.8)	6.3	3.3	9.1
Import C.I.F.	28.3	8.4	(0.1)	28.0	22.1
India	30.2	2.9	(2.9)	32.8	22.3
China	17.4	36.6	15.5	10.0	22.2
Other countries	28.2	12.1	(1.2)	26.8	21.3
Trade Balance	29.7	10.8	2.0	30.4	23.0
India	32.4	4.2	0.4	35.3	23.2
China	16.8	39.0	16.4	10.1	21.6
Other countries	29.1	16.5	(2.5)	31.3	23.3
Total volume of Trade	27.3	6.7	(1.9)	26.0	21.3
India	28.6	1.9	(5.6)	30.7	21.5
China	18.0	34.5	14.6	9.9	22.7
Other countries	27.5	9.1	(0.2)	23.6	19.8
Share in Total Trade (%)	0.0	0.0	0.0	0.0	0.0
India	1.1	(4.5)	(3.9)	3.8	0.2
China	(7.8)	26.6	16.8	(12.9)	0.8
Other countries	0.4	2.1	1.6	(1.6)	(0.9)

Source: Economic Survey 2017/18

iv) Banking

Following information are reproduced for information of the respected shareholders:

Particulars	2070/71	2071/72	2072/73	2073/74	2074/75
	2013/14	2014/15	2015/16	2016/17	2017/18*
Commercial Bank	30	30	28	28	28
Development Bank	84	76	67	55	36
Finance Companies	53	48	42	36	25
Microfinance Institutions	33	38	42	50	64
NRB Licensed Co-operatives	15	15	15	15	14
NRB Licensed NGOs	29	27	25	25	24
Commercial Bank Branches	1524	1672	1869	2013	2553
Population Per Branch	10617	10300	9818	9599	475
No of Deposit Accounts	13129574	14934618	16836017	18206724	21498903
No of Loan Accounts	940005	1033383	1096570	1156841	1269220
BranchLess Banking Centers	-	-	812	940	1273
No of ATMs	1652	1721	1908	1985	2638

*upto Mid March 2018

Source: Economic Survey 2017/18

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 ("the Bank")**, which comprise the Statement of Financial Position as at 32 Ashadh 2075 (corresponding to 16 July 2018), and the Statement of Profit or Loss, Statement of Other Comprehensive Income, 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 (NFRSs), 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 the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or

error. In making those risk assessments, the auditor considers 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 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 presents fairly, in all material respect the financial position of Everest Bank Ltd. as at 32 Ashadh 2075 (16 July 2018), and its financial performances and its cash flows for the year then ended in accordance with Nepal Financial Reporting Standards (NFRSs).

Report of Other Legal and Regulatory Requirements

We further report that:

1. We have obtained all the information and explanations which were considered necessary for the purpose of our audit.
2. In our opinion, proper books of accounts as required by the law have been kept by the Bank.
3. The enclosed financial statements have been prepared in conformity with the formats prescribed by Nepal Rastra Bank and are in agreement with the books of accounts maintained by the Bank.

R P B & Associates, Chartered Accountants

6th Floor, Sunrise Bizz Park, Dillibazar, Kathmandu, Nepal
 Tel: +977-1-4433221, Email: rpb@rpbnepal.com Web: www.rpbnepal.com

4. Details received from the branch offices of the Bank are adequate for the purpose of our audit.
5. To the best of our information and according to the explanations given to us, in the course of our audit, we observe that the loans have been provisioned and written off as specified; the business operation of the Bank has been conducted satisfactorily and the transactions were found to be within the scope of its authority.
6. During our examination of the books of accounts of the Bank and based on the information and explanations provided to us, we did not come across the cases where the

Bank, its board of directors or any member thereof or any representative or any office bearer or any employee of the Bank have acted contrary to the provisions of law or caused loss or damage to the Bank or committed any misappropriation of the funds of the Bank.

7. The Bank has not acted in a manner to jeopardize the interest and security of its depositors and shareholders.

CA. Bharat Rijal
Partner

Date: 15 Kartik 2075 (1 November 2018)
Place: Kathmandu, Nepal

STATEMENT OF FINANCIAL POSITION

(FIG IN NPR.)

As on 32nd Ashad 2075

ASSETS	NOTE	32 ND ASHAD 2075	RESTATED 31 ST ASHAD 2074	RESTATED 1 ST SHRAWAN 2073
Cash and cash equivalent	4.1	10,065,422,666	8,667,840,097	11,666,003,361
Due from Nepal Rastra Bank	4.2	18,938,747,835	14,577,083,955	13,356,018,269
Placement with Bank and Financial Institutions	4.3	3,291,000,000	3,350,750,000	7,761,125,000
Derivative financial instruments	4.4	-	-	-
Other trading assets	4.5	-	-	-
Loans and advances to B/FIs	4.6	4,254,678,027	3,291,101,916	2,754,232,481
Loans and advances to customers	4.7	89,927,569,569	75,695,621,515	66,768,580,503
Investment securities	4.8	15,292,314,230	7,652,704,965	9,085,179,017
Current tax assets	4.9	10,915,449	17,594,825	29,563,942
Investment in subsidiaries	4.10	-	-	-
Investment in associates	4.11	259,668,425	199,945,750	122,708,341
Investment property	4.12	2,202,745	7,343,441	-
Property Plant and Equipment	4.13	1,862,232,350	1,663,292,059	1,615,534,177
Goodwill and Intangible assets	4.14	12,931,944	7,172,273	9,549,780
Deferred tax assets	4.15	-	-	-
Other assets	4.16	893,468,203	1,815,829,593	850,426,921
TOTAL ASSETS		144,811,151,443	116,946,280,388	114,018,921,791
LIABILITIES	NOTE	32 ND ASHAD 2075	RESTATED 31 ST ASHAD 2074	RESTATED 1 ST SHRAWAN 2073
Due to Bank and Financial Institutions	4.17	916,078,304	1,074,610,787	2,163,974,979
Due to Nepal Rastra Bank	4.18	26,712,725	14,761,650	2,500,000
Derivative financial instruments	4.19	20,192	-	-
Deposits from customers	4.20	115,511,705,922	94,091,892,005	91,638,884,356
Borrowing	4.21	-	-	-
Current Tax Liabilities	4.9	-	-	-
Provisions	4.22	-	-	-
Deferred tax liabilities	4.15	77,263,839	181,650,729	38,193,344
Other liabilities	4.23	11,076,018,046	7,307,006,105	9,260,956,641
Debt securities issued	4.24	1,068,845,000	1,068,845,000	1,068,845,000
Subordinated Liabilities	4.25	-	-	-
TOTAL LIABILITIES		128,676,644,028	103,738,766,277	104,173,354,319
EQUITY				
Share capital	4.26	8,106,863,347	5,741,095,399	2,742,604,058
Share premium		238,469,884	-	18,555,127
Retained earnings		1,739,036,261	2,497,053,940	2,013,117,920
Reserves	4.27	6,050,137,923	4,969,364,772	5,071,290,367
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS		16,134,507,415	13,207,514,111	9,845,567,472
NON-CONTROLLING INTEREST		-	-	-
TOTAL EQUITY		16,134,507,415	13,207,514,111	9,845,567,472
TOTAL LIABILITIES AND EQUITY		144,811,151,443	116,946,280,388	114,018,921,791
Contingent liabilities and commitment	4.28	30,610,092,491	26,237,137,682	24,643,035,209
Net assets value per share		201.01	291.79	375.41

Ashutosh Sharma
Asst. General Manager

Girish Kohli
Dy. General Manager

Someshwar Seth
Chief Executive Officer

B. K. Shrestha
Chairman

As per our separate
report attached

Rajan Kayastha
Head - Accounts

Arun Man Sherchan
Director

Dr. Bal Gopal Baidya
Director

Nabin Bhakta Shrestha
Director

Sunil Gopal Shrestha
Director

Dr. Nirmal Kumar Bista
Director

CA. Bharat Rijal
Partner, RPB & Associates
Chartered Accountants

PLACE: **Kathmandu, Nepal**
DATE: **1st November 2018**

STATEMENT OF PROFIT OR LOSS

(FIG IN NPR.)

For the year ended 32nd Ashad 2075

	NOTE	32 ND ASHAD 2075	RESTATED 31 ST ASHAD 2074	RESTATED 1 ST SHRAWAN 2073
Interest income	4.29	10,103,451,389	6,816,040,160	5,103,562,422
Interest expense	4.30	5,233,687,535	3,009,792,494	1,828,492,869
Net interest income		4,869,763,854	3,806,247,666	3,275,069,553
Fee and commission income	4.31	945,375,352	848,335,721	734,778,114
Fee and commission expense	4.32	123,289,086	107,411,596	77,190,374
Net fee and commission income		822,086,266	740,924,125	657,587,740
Net interest, fee and commission income		5,691,850,120	4,547,171,791	3,932,657,293
Net trading income	4.33	195,902,137	155,715,942	165,960,115
Other operating income	4.34	92,640,636	97,630,012	78,243,474
Total operating income		5,980,392,893	4,800,517,744	4,176,860,882
Impairment charge/(reversal) for loans and other losses	4.35	132,115,562	40,478,123	75,382,694
Net operating income		5,848,277,331	4,760,039,621	4,101,478,188
Operating expense				
Personnel expenses	4.36	1,492,670,480	1,163,483,620	1,012,430,778
Other operating expenses	4.37	584,533,725	492,211,307	447,653,214
Depreciation & Amortisation	4.38	85,372,981	83,082,046	85,497,188
Operating Profit		3,685,700,146	3,021,262,648	2,555,897,008
Non operating income	4.39	-	-	4,673,691
Non operating expense	4.40	3,614,156	102,653	856,759
Profit before income tax		3,682,085,990	3,021,159,995	2,559,713,940
Income tax expense	4.41			
Current Tax Expenses		1,137,558,511	852,882,594	797,147,755
Deferred Tax (Expenses)/Income		37,154,299	(50,255,881)	46,697,352
Profit for the period		2,581,681,778	2,118,021,520	1,809,263,536
Profit attributable to:				
Equity holders of the Bank		2,581,681,778	2,118,021,520	1,809,263,536
Non-controlling interest		-	-	-
Profit for the period		2,581,681,778	2,118,021,520	1,809,263,536
Earnings per share				
Basic earnings per share		32.78	32.48	40.33
Diluted earnings per share		32.45	32.09	39.28

Ashutosh Sharma
Asst. General Manager

Girish Kohli
Dy. General Manager

Someshwar Seth
Chief Executive Officer

B. K. Shrestha
Chairman

As per our separate
report attached

Rajan Kayastha
Head - Accounts

Arun Man Sherchan
Director

Dr. Bal Gopal Baidya
Director

Nabin Bhakta Shrestha
Director

Sunil Gopal Shrestha
Director

Dr. Nirmal Kumar Bista
Director

CA. Bharat Rijal
Partner, RPB & Associates
Chartered Accountants

PLACE: Kathmandu, Nepal
DATE: 1st November 2018

STATEMENT OF COMPREHENSIVE INCOME

(FIG IN NRS.)

For the year ended 32nd Ashad 2075

	NOTES	32 ND ASHAD 2075	RESTATED 31 ST ASHAD 2074	RESTATED 1 ST SHRAWAN 2073
Profit for the year		2,581,681,778	2,118,021,520	1,809,263,536
Other comprehensive income, net of income tax				
a) Items that will not be reclassified to profit or loss				
Gains/(losses) from investments in equity instruments measured at fair value		(162,245,046)	350,133,142	550,783,286
Gains/(losses) on revaluation		-	-	-
Actuarial gain/(loss) on defined benefit plans		(61,863,590)	(39,461,461)	6,164,180
Income tax relating to above items		67,232,591	(93,201,504)	(167,084,240)
Net other comprehensive income that will not be reclassified to profit or loss		(156,876,045)	217,470,176	389,863,226
b) Items that are or may be reclassified to profit or loss				
Gains/(losses) on cash flow hedge		-	-	-
Exchange gains/(losses) (arising from translating financial assets of foreign operation)		-	-	-
Income tax relating to above items		-	-	-
Reclassify to profit or loss		-	-	-
Net other comprehensive income that are or may be reclassified to profit or loss		-	-	-
c) Share of other comprehensive income of associate accounted as per equited method		-	-	-
Other comprehensive income for the year, net of income tax		-	-	-
Total comprehensive income for the period		2,424,805,733	2,335,491,696	2,199,126,762
Total comprehensive income attributable to:				
Equity holders of the Bank		2,424,805,733	2,335,491,696	2,199,126,762
Non-controlling interest		-	-	-
Total comprehensive income for the period		2,424,805,733	2,335,491,696	2,199,126,762

Ashutosh Sharma
Asst. General Manager

Girish Kohli
Dy. General Manager

Someshwar Seth
Chief Executive Officer

B. K. Shrestha
Chairman

As per our separate report attached

Rajan Kayastha
Head - Accounts

Arun Man Sherchan
Director

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Director

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Director

Sunil Gopal Shrestha
Director

Dr. Nirmal Kumar Bista
Director

CA. Bharat Rijal
Partner, RPB & Associates
Chartered Accountants

PLACE: **Kathmandu, Nepal**
DATE: **1st November 2018**

STATEMENT OF CASH FLOWS

(FIG IN NRS.)

For the year ended 32nd Ashad 2075

	32 ND ASHAD 2075	RESTATED 31 ST ASHAD 2074	RESTATED 1 ST SHRAWAN 2073
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received	9,347,671,310	6,408,368,901	4,779,324,897
Fees and other income received	945,375,352	848,335,721	734,778,114
Dividend received	-	-	-
Receipts from other operating activities	203,820,503	163,622,506	178,255,672
Interest paid	(4,965,003,511)	(2,907,364,809)	(1,745,989,243)
Commission and fees paid	-	-	-
Cash payment to employees	(1,068,563,003)	(895,969,108)	(717,018,863)
Other expense paid	(994,262,997)	(857,581,545)	(749,593,109)
Operating cash flows before changes in operating assets and liabilities	3,469,037,654	2,759,411,666	2,479,757,468
(Increase)/Decrease in operating assets			
Due from Nepal Rastra Bank	(4,361,663,880)	(1,221,065,686)	3,770,137,554
Placement with bank and financial institutions	59,750,000	4,410,375,000	(1,309,525,000)
Other trading assets	-	-	-
Loan and advances to bank and financial institutions	(973,309,203)	(542,292,359)	-
Loans and advances to customers	(14,324,914,468)	(9,154,836,902)	(13,548,419,498)
Other assets	1,056,127,895	(924,252,090)	(51,383,291)
Increase/(Decrease) in operating liabilities			
Due to bank and financial institutions	(158,532,483)	(1,089,364,192)	195,061,014
Due to Nepal Rastra Bank	-	-	-
Deposit from customers	21,419,813,916	2,453,007,649	10,446,629,737
Borrowings	11,951,075	12,261,650	2,500,000
Other liabilities	3,406,104,660	(1,792,137,739)	2,445,862,529
Net cash flow from operating activities before tax paid	9,604,365,166	(5,088,893,003)	4,430,620,513
Income taxes paid	(1,130,879,135)	(840,913,477)	(785,822,312)
Net cash flow from operating activities	8,473,486,031	(5,929,806,480)	3,644,798,201
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investment securities	(7,804,556,448)	1,780,610,488	(5,763,347,344)
Receipts from sale of investment securities	-	-	-
Purchase of property and equipment	(283,971,942)	(131,576,548)	(129,884,942)
Receipt from the sale of property and equipment	3,131,730	7,070,049	20,243,876
Purchase of intangible assets	(9,994,211)	(427,140)	(5,345,897)
Receipt from the sale of intangible assets	-	-	-
Purchase of investment properties	-	-	-
Receipt from the sale of investment properties	5,140,696	-	-
Interest received	545,227,873	353,415,962	211,212,756
Dividend received	14,892,552	7,261,127	5,158,989
Net cash used in investing activities	(7,530,129,749)	2,016,353,938	(5,661,962,563)

CASH FLOWS FROM FINANCING ACTIVITIES

Receipt from issue of debt securities	-	-	-
Repayment of debt securities	-	-	-
Receipt from issue of subordinated liabilities	-	-	-
Repayment of subordinated liabilities	-	-	-
Receipt from issue of shares	612,610,084	1,134,668,500	-
Dividends paid	(111,893,031)	(135,379,350)	(133,600,620)
Interest paid	(54,192,968)	(85,593,349)	(62,964,139)
Other receipt/payment	-	-	-
Net cash from financing activities	446,524,085	913,695,801	(196,564,759)
Net increase (decrease) in cash and cash equivalents	1,389,880,369	(2,999,756,741)	(2,213,729,121)
Cash and cash equivalents at Shrawan 1, 2074	8,667,840,097	11,666,003,361	13,871,759,965
Effect of exchange rate fluctuations on cash and cash equivalents held	7,702,199	1,593,477	7,972,516
Cash and cash equivalents at Ashad end 2075	10,065,422,666	8,667,840,097	11,666,003,361

Ashutosh Sharma
Asst. General Manager

Girish Kohli
Dy. General Manager

Someshwar Seth
Chief Executive Officer

B. K. Shrestha
Chairman

As per our separate
report attached

Rajan Kayastha
Head - Accounts

Arun Man Sherchan
Director

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Director

Nabin Bhakta Shrestha
Director

Sunil Gopal Shrestha
Director

Dr. Nirmal Kumar Bista
Director

CA. Bharat Rijal
Partner, RPB & Associates
Chartered Accountants

PLACE: **Kathmandu, Nepal**
DATE: **1st November 2018**

STATEMENT OF CHANGES IN EQUITY

For the year ended 32nd Ashad 2075

Fig in NPR.

	Attributable to equity holders of the Bank														
	Share Capital	Share premium	General reserve	Exchange equalisation reserve	Regulatory reserve	Fair value reserve	Investment Adjustment Reserve	Capital Adjustment Reserve	Debtenture Redemption Reserve	Revaluation Reserve	Retained earning	Other reserve	Total	Non-controlling interest	Total equity
Balance at Sawan 1, 2073	4,606,426,899	18,555,127	2,286,643,514	27,836,539			50,418,266	854,709,907	307,540,000	-	206,834,878	155,122,982	8,514,088,111	-	8,514,088,111
NFRS Adjustment/Restatement															
Adjustment						415,760,812				968,943,421	(57,539,798)	4,314,926			-
Reclassification (1,863,822,841)											1,863,822,841				
Adjusted/Restated balance at Sawan 1, 2073	2,742,604,058	18,555,127	2,286,643,514	27,836,539	-	415,760,812	50,418,266	854,709,907	307,540,000	968,943,421	2,013,117,920	159,437,908	9,845,567,472	-	9,845,567,472
Comprehensive income for the year															
Profit for the year											2,118,021,520		2,118,021,520		2,118,021,520
Other comprehensive income, net of tax															
Gains/(Losses) from investments in equity instruments measured at fair value						245,093,199							245,093,199		245,093,199
Gain (loss) on revaluation															
Actuary gains/(losses) on defined benefit plans												(27,623,023)	(27,623,023)		(27,623,023)
Gains/(Losses) on cash flow hedge															
Exchange gains/(losses) (arising from translating financial assets of foreign operation)															
Total comprehensive income for the year	-	-	-	-	-	245,093,199	-	-	-	-	2,118,021,520	(27,623,023)	2,335,491,696		2,335,491,696
Transfer to reserve during the year			401,250,000	399,000					166,885,000		(603,697,000)	35,163,000	-		-
Transfer from reserve during the year		(18,555,127)					(49,000,000)	(807,147,000)			941,647,898	(66,945,771)	-		-
Transactions with owners, directly recognised in equity															
Right share issued															
(Calls in Advance)	1,134,668,500										(4,517,618)		1,134,668,500		1,134,668,500
Share issue Expenses													(4,517,618)		(4,517,618)
Share based payments													-		-
Dividends to equity holders															
Bonus shares issued	1,863,822,841										(1,863,822,841)		-		-
Cash dividend paid													-		-
Dividends to shareholders (ordinary)											(98,095,939)		(98,095,939)		(98,095,939)
Dividends to shareholders (preference)											(5,600,000)		(5,600,000)		(5,600,000)
Total contributions by and distributions	2,998,491,341	-	-	-	-	-	-	-	-	-	(1,972,036,398)		1,026,454,943	-	1,026,454,943
Balance at Asar end 2074	5,741,095,399	-	2,687,893,514	28,235,539	-	660,854,011	1,418,266	47,562,907	474,425,000	968,943,421	2,497,053,940	100,032,114	13,207,514,111	-	13,207,514,111

STATEMENT OF CHANGES IN EQUITY

Fig in NPR.

	Attributable to equity holders of the Bank														
	Share Capital	Share premium	General reserve	Exchange equalisation reserve	Regulatory reserve	Fair value reserve	Investment Adjustment Reserve	Capital Adjustment Reserve	Debenture Redemption Reserve	Revaluation Reserve	Retained earning	Other reserve	Total	Non-controlling interest	Total equity
Balance at 1 Sawan 2074	5,741,095,399	-	2,687,893,514	28,235,539	-	660,854,011	1,418,266	47,562,907	474,425,000	968,943,421	2,497,053,940	100,032,114	13,207,514,111	-	13,207,514,111
Adjustment/Restatement													-		-
Adjusted/Restated balance at 1 sawan 2074	5,741,095,399	-	2,687,893,514	28,235,539	-	660,854,011	1,418,266	47,562,907	474,425,000	968,943,421	2,497,053,940	100,032,114	13,207,514,111	13,207,514,111	
Comprehensive income for the year													-		-
Profit for the year											2,581,681,778	2,581,681,778		2,581,681,778	
Other comprehensive income, net of tax						(113,571,532)						(113,571,532)		(113,571,532)	
Gains/(Losses) from investments in equity instruments measured at fair value															-
Gain (loss) on revaluation															-
Actuary gains/(losses) on defined benefit plans												(43,304,513)	(43,304,513)	(43,304,513)	
Gains/(Losses) on cash flow hedge															-
Exchange gains/(losses) (arising from translating financial assets of foreign operation)															-
Total comprehensive income for the year	-	-	-	-	-	(113,571,532)	-	-	-	-	2,581,681,778	(43,304,513)	2,424,805,733	2,424,805,733	
Transfer to reserve during the year			516,336,356	1,926,000	534,427,622		-	-	166,885,000	(1,246,091,796)	26,516,818	(0,00)	(0,00)	(0,00)	
Transfer from reserve during the year										8,442,599	(8,442,599)		-		
Transactions with owners, directly recognised in equity															-
Right share issued															-
(Calls in Advance)	(1,134,668,500)	238,469,884										(896,198,616)	(896,198,616)	1,508,808,700	
Right share issued	1,508,808,700											1,508,808,700	1,508,808,700		
Share based payments													-		-
Dividends to equity holders															-
Bonus shares issued	1,991,627,748									(1,991,627,748)		-	-	-	
Cash dividend paid													-		-
Dividends to shareholders (ordinary)										(104,822,513)		(104,822,513)	(104,822,513)		
Dividends to shareholders (preference)										(5,600,000)		(5,600,000)	(5,600,000)		
Total contributions by and distributions	2,365,767,948	238,469,884	-	-	-	-	-	-	-	-	(2,102,050,261)	-	502,187,571	-	502,187,571
Balance at Asr end 2075	8,106,863,347	238,469,884	3,204,229,870	30,161,539	534,427,622	547,282,479	1,418,266	47,562,907	641,310,000	968,943,421	1,739,036,261	74,801,820	16,134,507,415	-	16,134,507,416

Notes to the Financial Statements of Everest Bank Limited **(Amount in Nepalese Rupees except otherwise stated)** **For the year ended 32 Ashad 2075 (16 July 2018)**

1. Reporting entity

Everest Bank Limited (Bank) is a public limited company registered under the Companies act of Nepal. The Bank is licensed by the Nepal Rastra Bank (NRB) to perform all banking operations provided for in the Bank and Financial Institution Act (BAFIA) and the Articles and Memorandum of the Bank.

The Head Office of the Bank is located at Lazimpat, Kathmandu, Nepal. At the end of the reporting period i.e. at 16 July 2018, the Bank had 82 Branches, 7 Extension Counters & 28 Revenue Counters, compared to 60 Branches, 6 Extension Counters & 28 Revenue Counters last year.

The Bank accepts deposits, issues loans, makes money transfers and documentary settlements, exchanges currencies for its clients, issues and processes debit and credit cards, is engaged in trade finance and is investing and trading securities, as well as performs other activities set forth in the BAFIA and the Articles and Memorandum of the Bank. The Bank offers full range of banking products and services to wide range of clients encompassing individuals, midmarket, local corporate, multinationals, large public sector companies, Nepal Government & government corporations, airlines & hotels, aid agencies, INGOs and NGOs.

The Bank's shares are listed with Nepal Stock Exchange Ltd.

The Bank has entered into Technical Services Agreement (TSA) for the equity & management participation with Punjab National Bank, New Delhi, India. The bank has a representative office in New Delhi.

2. Basis of Preparation

The financial statements of the Bank have been prepared in accordance with the Nepal Financial Reporting Standards (NFRS) adopted by the Accounting Standard Board of Nepal.

For all periods up to 31 Ashad, 2074 (15 July 2017), Bank prepared its financial statements in accordance with Nepal Accounting Standards (Local GAAP). These financial statements for the year ended 32 Ashad, 2075 (16 July 2018) are the first financial statements the Bank has prepared in accordance with NFRS. Since these are the first financial statements as per NFRS, the principles laid down in NFRS-1 "First Time Adoption of Nepal Financial Reporting Standards" have been followed.

Reconciliations and descriptions of the effect of the transition from Nepal Accounting Standards (Local GAAP) to NFRS on the Bank's equity and its net income are given in notes to the accounts.

The financial statements have been prepared under the historical cost convention as modified for the revaluation of financial assets and financial liabilities (including derivatives) at fair value through profit or loss.

The significant accounting policies applied in the preparation of financial statements are set out below in Note 3. These policies are consistently applied to all the years presented, except for the changes in accounting policies disclosed specifically.

2.1 Statement of Compliance

The financial statements of the Bank have been prepared in accordance with Nepal Financial Reporting Standards (NFRS) to the extent applicable and as issued by Accounting Standard Board, Nepal.

2.2 Reporting period and approval of financial statements

2.2.1 Reporting Dates

The Bank follows the Nepalese financial year based on the Nepalese calendar starting from first day of Shrawan (Mid July) of each year to the last day of Ashad (Mid July) of the next year. This is the first year of adoption of NFRS by the bank and accordingly NFRS complied financial statements has been prepared that includes Statement of Financial Position, Statement of Profit or Loss, Other Comprehensive Income and Statement of Cash Flow for three financial years in compliance requirement of NFRS 1 “First time adoption of Nepal Financial Reporting Standards”. The corresponding dates for the English calendar are as follows:

Relevant Financial Statement Date / Period	Nepalese Calendar Date / Period	English Calendar
Reporting Date	32 Ashad 2075	16 July 2018
Comparative Reporting Date	31 Ashad 2074	15 July 2017
Reporting period	01 Shrawan 2074 - 32 Ashad 2075	16 July 2017 - 16 July 2018
Comparative Reporting Period	01 Shrawan 2073 - 31 Ashad 2074	16 July 2016 - 15 July 2017
Date of Transition to NFRS	01 Shrawan 2073	16 July 2016

2.2.2 Approval of financial statements

The accompanied financial statements have been approved and authorized for issue by the Board of Directors in its meeting held 15 Kartik 2075 (1st November 2018) and have been recommended for approval by shareholders in the Annual General Meeting.

2.3 Functional and presentation currency

Financial statements are denominated in Nepalese Rupees, which is the functional and presentation currency of the Bank.

2.4 Use of Estimates, assumptions and judgments

The preparation of the financial statements in accordance with NFRS requires management to make judgements, estimates and assumptions in applying the accounting policies that affect the reported amounts of assets, liabilities, income and expenses. Due to the inherent uncertainty in making estimates, actual results reported in future periods may be based upon amounts which differ from those estimates. Estimates, judgements and assumptions are periodically evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized prospectively.

Further information about key assumptions concerning the future, and other key sources of estimation uncertainty and judgement, are set out in the relevant disclosure notes for the following areas:

- Impairment of loans and advances
- Provision for income tax
- Provision for staff bonus
- Employee training and development expenses.
- Valuation of financial instruments held at fair value
- Provisions, commitments and contingencies
- Retirement benefit obligations
- Investments in associates
- Determination of useful life of the property, plant and equipment

Disclosures of the accounting estimates have been included in the relevant sections of the notes wherever the estimates have been applied along with the nature and effect of changes of accounting estimates, if any.

2.5 Changes in Accounting policies

The bank has adopted NFRS 09 for classification of financial instruments, earlier classified as per NAS 39, as issued by Accounting Standard Board (ASB Nepal), which resulted in changes in accounting policies and adjustments to the amounts previously recognized in the financial statements.

The principal accounting policies adopted in the preparation of financial statements are set out in relevant notes for each items of the financial statements. Accounting policies have been consistently applied to all the years presented, unless otherwise stated.

2.6 New standards in use but not yet effective

Standards as pronounced by the Accounting Standard Board Nepal (ASB Nepal) has been used in the preparation of financial statements. Any departure from the requirements of NFRS, if any, has been separately disclosed in the Notes to Accounts/ Explanatory Notes.

A number of new standards and amendments to the existing standards and interpretations have been issued by International Accounting Standard Board (IASB) after the pronouncements of NFRS with varying effective dates. Those become applicable when ASB Nepal incorporates within NFRS.

2.7 New standards and interpretation not adapted

There have been amendments to the standards issued by IASB and applicability of the new standards have been notified for International Financial Reporting Standards (IFRS). These amendments and new standards become applicable only when ASB-Nepal pronounces them.

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement.

IFRS 9 also replaces the existing 'incurred loss' impairment approach with an expected credit loss approach, resulting in earlier recognition of credit losses. The IFRS 9 impairment model has three stages. Entities are required to recognize a 12 month expected loss allowance on initial recognition (stage 1) and a lifetime expected loss allowance when there has been a significant increase in credit risk (stage 2). The assessment of whether a significant increase in credit risk has occurred is a key aspect of the IFRS 9 methodology and involves quantitative measures, such as forward looking probabilities of default, and qualitative factors and therefore requires considerable management judgment. Stage 3 requires objective evidence of impairment, which is similar to the guidance on incurred losses in IAS 39. IFRS 9 requires the use of more forward-looking information including reasonable and supportable forecasts of future economic conditions. The need to consider multiple economic scenarios and how they could impact the loss allowance is a very subjective feature of the IFRS 9 impairment model. Loan commitments and financial guarantees not measured at fair value through profit or loss are also in scope.

These changes may result in a material increase in the Bank's balance sheet provisions for credit losses although the extent of any increase will depend upon, amongst other things, the composition of the Bank's lending portfolios and forecast economic conditions at the date of implementation. The requirement to transfer assets between stages and to incorporate forward looking data into the expected credit loss calculation, including multiple economic scenarios, is likely to result in impairment charges being more volatile when compared to the current IAS 39 impairment model.

The IFRS 9 expected credit loss model principally differs from the regulatory model of incurred loss model.

In 2015, the Basel Committee on Banking Supervision published finalized guidance on credit risk and accounting for expected credit losses. The paper sets out supervisory guidance on how expected credit loss accounting models should interact with a bank's credit risk practices. The existing impairment processes, controls and governance will be reviewed and changed where necessary to reflect the increased demands of an expected credit loss impairment model. These are yet to be included in the regulatory requirements of Nepal Rastra Bank.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 replaces IAS 18 Revenue and IAS 11 Construction Contracts. The new standard introduces the core principle that revenue must be recognized when the goods or services are transferred to the customer, at the transaction price. Any bundled goods or services that are distinct must be separately recognized, and any discounts or rebates on the contract price must generally be allocated to the separate elements. When the consideration varies for any reason, minimum amounts must be recognized if they are not at significant risk of reversal. Costs incurred to secure contracts with customers have to be capitalized and amortized over the period when the benefits of the contract are consumed.

Financial instruments, leases and insurance contracts are out of scope of IFRS 15, and so this standard is not expected to have a significant impact on the Bank. IFRS 15 is effective for annual periods beginning on or after 1 January 2018.

IFRS 16 Leases

On 13 January 2016 the IASB issued IFRS 16 to replace IAS 17 Leases. The new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. All leases result in the lessee obtaining the right to use an asset at the start of the lease and, lease payments are made over time, also obtaining financing. Accordingly, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and instead, introduces a single lessee accounting model. Lessees will be required to recognize: (a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and (b) depreciation of lease assets separately from interest on lease liabilities in the income statement. IFRS 16 substantially carries forward lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. IFRS 16 is effective for annual periods beginning on or after 1 January 2019.

Amendments to IAS 7 Statement of Cash Flows

The amendment will require disclosure of a reconciliation of movements in liabilities arising from financing activities. These revised requirements are effective for annual periods beginning on or after 1 January 2017.

Amendments to IAS 12 Income Taxes

The amendment has clarified the requirements on recognition of deferred tax assets for unrealized losses on debt instrument. The entity will have to recognize deferred tax assets for unrealized losses that arise as a result of discounting cash flows of debt instruments at market interest rates, even if it expects to hold the instrument to maturity and no tax will be payable upon collecting the principal amount. The economic benefit embodied in the deferred tax asset arises from the ability of the holder of the debt instrument to achieve future gains (unwinding of the effects of discounting) without paying taxes on those gains. These revised requirements are effective for annual periods beginning on or after 1 January 2017.

2.8 Provisions of carve-out adapted by the Bank

The Institute of Chartered Accountants of Nepal (ICAN) issued "Notice regarding Decision on Carve-outs in NFRS with Alternative Treatments" on 20 September 2018 and alternative treatments as per carve-outs has been adapted while preparing the financial statements. The details of carve-out provisions adapted by the Bank is given hereunder.

2.8.1 Operating lease in the financial statements of Lessees (NAS 17 Leases, Para 33).

As per carve out prescribed by ICAN for fiscal year 2017-18, "Lease payments under an operating lease shall be recognized as an expense on a straight-line basis over the lease term unless either: (a) Another systematic basis is more representative of the time pattern of the user's benefit even if the payments to the lessors are not on that basis; or (b) The payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. If payments to the lessor vary because of factors other general inflation, then this condition is not met."

2.8.2 Accounting for Investment in Associates as per equity method using uniform accounting policies (NAS 28, Para 35: Investment in Associates and Joint Ventures)

As per carve out prescribed for fiscal year 2017-18, 2018-19 and 2019-20, “The entity’s financial statements shall be prepared using uniform accounting policies for like transactions and events in similar circumstances unless, in case of an associate, it is impracticable to do so.”

2.8.3 Incurred Loss Model to measure the Impairment Loss on Loan and Advances (NAS 39: Financial Instruments, Para 58: Recognition and Measurement)

As per carve out prescribed for fiscal year 2017-18, 2018-19 and 2019-20, “An entity shall assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets measured at amortized cost is impaired. If any such evidence exists, the entity shall apply paragraph 63 of to determine the amount of any impairment loss unless the entity is bank or financial institutions registered as per Bank and Financial Institutions Act, 2073. Such entities shall measure impairment loss on loan and advances as the higher of amount derived as per norms prescribed by Nepal Rastra Bank for loan loss provision and amount determined as per paragraph 63; and shall apply paragraph 63 to measure the impairment loss on financial assets other than loan and advances. The entity shall disclose the impairment loss as per this carve -out and the amount of impairment loss determined as per paragraph 63.

Further, Bank and Financial Institutions shall measure impairment loss on loan and advances as the higher of amount derived as per norms prescribed by Nepal Rastra Bank for loan loss provision and amount determined as per paragraph 63 to measure the impairment loss on financial assets and other assets other than loan and advances. The Bank and Financial Institutions shall disclose the impairment loss as per this carve-out and the amount of impairment loss determined as per paragraph 63.”

2.8.4 Impracticability to determine transactions cost of all previous years which is the part of effective interest rate (NAS 39, Para 9: Financial Instruments: Recognition and Measurement)

As per carve out prescribed for fiscal year 2017-18 and 2018-19, “The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instruments (for example, prepayment call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received, unless it is immaterial or impracticable to determine reliably, between parties to the contract that are an integral part of the effective interest rate (see NAS 18 Revenue), transaction costs and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to estimate reliably the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).”

2.8.5 Impracticability to determine interest income on amortized cost (NAS 39, Para AG93: Financial Instruments: Recognition and Measurement)

As per carve-out prescribed for fiscal year 2017-18, 2018-19 and 2019-20, “Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is thereafter recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Interest income shall be calculated by applying the effective interest rate to the gross carrying amount of a financial asset unless the financial asset is written off either partially or fully.”

2.9 Discounting

When the realization of assets and settlement of obligation is for more than one year, the Bank considers the discounting of such assets and liabilities where the impact is material. Various internal and external factors have been considered for determining the discount rate to be applied to the cash flows of company.

3. Significant Accounting Policies

3.1 Basis of Measurement

The financial statements have been prepared on historical cost basis except for following material items in the statement of financial position:

- Financial assets other than measured at amortized cost are measured at fair value
- Non-derivative financial instruments at fair value through profit or loss are measured at fair value
- Derivative financial instruments are measured at fair value, if any
- Inventories are measured at cost or net realizable value whichever is lower
- Net defined benefit liabilities are measured at Present Value of Defined Benefits Obligation less the Total Plan Assets.

3.2 Basis of Consolidation

The bank does not have control over any other entity for consolidation of financial statements. Investments in associates are accounted for in financial statements as per equity method although associate's financial statements are not prepared using uniform accounting policies for like transactions and events in similar circumstances as it is impracticable to do so.

3.3 Cash and Cash Equivalent

Cash and cash equivalent comprise the total amount of cash-in-hand, balances with other bank and financial institutions, money at call and short notice, and highly liquid financial assets with original maturities period of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value and are used by the bank in the management of its short-term commitments.

Cash and Cash equivalents are measured at amortized cost in the statement of financial position.

3.4 Financial assets and Financial liabilities

The bank classifies its financial assets and financial liabilities into the following measurement categories:

Financial Assets

- a) Financial assets held at fair value through profit or loss;
- b) Financial assets held at fair value through Other Comprehensive Income, and
- c) Financial assets held at amortized cost.

Financial Liabilities

- a) Held at fair value through profit or loss, or
- b) Held at amortized cost.

3.4.1 Recognition

The Bank initially recognizes a financial asset or a financial liability in its statement of financial position when, and only when, it becomes party to the contractual provisions of an instrument. The Bank initially recognize loans and advances, deposits; and debt securities/subordinated liabilities issued on the date that they are originated which is the date that the Bank becomes party to the contractual provisions of the instruments. Investments in equity instruments, bonds, debenture, Government securities, NRB bond or deposit auction, reverse repos, outright purchase are recognized on trade date at which the Bank commits to purchase/acquire the financial assets. Regular purchase and sale of financial assets are recognized on trade date.

3.4.2 Classification

Earlier the financial assets & liabilities were classified as per NAS 39 whereas the same has been classified as per NFRS 9 during this fiscal year. The measurement category and the carrying amount of financial assets and liabilities in accordance with NAS 39 and NFRS 09 for FY 2073/74 (2016/17) are compared as follows:

Financial Assets/ Liabilities	NAS 39		NFRS 09	
	Measurement Category	Carrying Amount (RS.)	Measurement Category	Carrying Amount (RS.)
Treasury bills	Held to Maturity	3,729,773,372	Assets at Amortized cost	3,729,773,372
Investment securities	Available for Sale	969,925,958	FVTOCI	969,925,958
Government bonds	Held to Maturity	4,814,439,657	Assets at Amortized cost	4,814,439,657

3.4.2.1 Financial Assets

The Bank classifies the financial assets as subsequently measured at amortized cost or fair value on the basis of the Bank's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Interest income from these financial assets is included in 'Interest Income' using the effective interest rate method. The two classes of financial assets are as follows:

A. Financial assets recognized at amortized cost

The Bank classifies a financial asset measured at amortized cost if both of the following conditions are met:

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

B. Financial asset recognized at fair value

Financial assets other than those measured at amortized cost are measured at fair value. Financial assets measured at fair value are further classified into two categories as below:

a. Financial assets at fair value through profit or loss

Financial assets are classified as fair value through profit or loss (FVTPL) if they are held for trading or are designated at fair value through profit or loss. Upon initial recognition, transaction costs that are directly attributable to the acquisition are recognized in profit or loss as incurred. Such assets are subsequently measured at fair value and changes in fair value are recognized in Statement of Profit or Loss.

b. Financial assets at fair value through other comprehensive income

Investment in an equity instrument that is not held for trading and at the initial recognition, the Bank makes an irrevocable election that the subsequent changes in fair value of the instrument is to be recognized in other comprehensive income are classified as financial assets at fair value through other comprehensive income. Such assets are subsequently measured at fair value and changes in fair value are recognized in other comprehensive income.

3.4.2.2 Financial Liabilities

The Bank classifies the financial liabilities as follows:

a) Financial liabilities recognized at fair value through profit or loss

Financial liabilities are classified as fair value through profit or loss (FVTPL) if they are held for trading or are designated at fair value through profit or loss. Upon initial recognition, transaction costs are directly attributable to the acquisition are recognized in Statement of Profit or Loss as incurred. Subsequent changes in fair value is recognized at Statement of Profit or Loss.

b) Financial liabilities recognized at amortized cost

All financial liabilities other than measured at fair value through Statement of Profit or Loss are classified as subsequently measured at amortized cost using effective interest method.

3.4.3 Measurement

Initial Measurement

At initial recognition, the bank measures a financial assets or financial liability at its fair value plus or minus, in the case of financial asset or financial liability not at fair value through profit or loss, transaction cost that are incremental and directly attributable to the acquisition or issue of the financial assets or financial liability, such as commission and fees. The transaction cost of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an Expected Credit Loss allowance (ECL) is recognized for financial assets measured at amortized cost and investments in debt instruments measured at FVOCI.

Subsequent Measurement

A financial asset or financial liability is subsequently measured either at fair value or at amortized cost based on the classification of the financial asset or liability.

Financial asset or liability classified as measured at amortized cost is subsequently measured at amortized cost using effective interest rate method. The amortized cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest rate method of any difference between that initial amount and the maturity amount, and minus any reduction for impairment or uncollectability.

In case of Loans and Advances measured at amortised cost, the processing charge and documentation charges received from customers which are directly attributable to the acquisition or issue of such financial assets are booked as income in the Statement of Profit or Loss in the reporting period in which they are received. The effective interest rate method is not applied as it is impracticable to determine reliably.

Further, once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is thereafter calculated by applying effective interest rate to the gross carrying amount of a financial asset unless the financial asset is written off either partially or fully.

Financial assets classified at fair value are subsequently measured at fair value. The subsequent changes in fair value of financial assets at fair value through profit or loss are recognized in Statement of Profit or Loss whereas of financial assets at fair value through other comprehensive income are recognized in other comprehensive income.

3.4.4 Derecognition

3.4.4.1 Derecognition of Financial Assets

The Bank derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Bank neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset.

Any interest in such transferred financial assets that qualify for derecognition that is created or retained by the Bank is recognized as a separate asset or liability. On derecognition of a financial asset, the difference between the carrying amount of the asset, and the sum of

- a. the consideration received and
- b. any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in Statement of Profit or Loss.

The Bank enters into transactions whereby it transfers assets recognized on its Statement of Financial Position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them.

If all or substantially all risks and rewards are retained, then the transferred assets are not derecognized. Transfer of assets with retention of all or substantially all risks and rewards include, for example repurchase transactions.

3.4.4.2 Derecognition of Financial Liabilities

A financial liability is derecognized when, and only when it is extinguished (i.e. when the obligation specified in contract is discharged, cancelled or expired). If the liability is renegotiated with the original lender on substantially different contractual terms, the original liability is derecognized and new liability is recognized.

The difference between the carrying amount of a liability (or portion) extinguished or transferred to another party (including related unamortized cost) and the amount paid for it (including any noncash assets transferred or liability assumed), should be included in Statement of Profit or Loss for the period.

3.4.5 Determination of Fair Value

‘Fair value’ is the price that would be received to sell an asset or paid to transfer a liability (exit price) in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date.

The fair value of a liability reflects its non-performance risk. When available, the bank measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the bank uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The fair value measurement hierarchy is as follows:

Level 1

These are quoted prices in active markets for identical assets or liabilities that the bank can access at the measurement date.

Level 2

These are the inputs other than quoted prices that are observable for the assets or liabilities, either directly or indirectly.

These would include prices for the similar, but not identical, assets or liabilities that were then adjusted to reflect the factors specific to the measured asset or liability.

Level 3

These are unobservable inputs for the assets or liability.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price i.e. the fair value of the consideration given or received.

If the Bank determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability (Level 01 valuation) nor based on a valuation technique that uses only data from observable markets (Level 02 valuation), then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price.

Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but not later than when the valuation is wholly supported by observable market data or the transaction is closed out. In case the fair value is evidenced by a quoted price in an active market for an identical asset or liability (Level 01 valuation), the difference between the transaction price and fair value is recognized in the Statement of Profit or Loss immediately.

3.4.6 Impairment

At each reporting date, the Bank assesses whether there is objective evidence that a financial asset or group of financial assets not carried at fair value through the Statement of Profit or Loss are impaired.

A financial asset or a group of financial assets is impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset(s), and that the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably.

Objective evidence that financial assets are impaired can include significant financial difficulty of the borrower or issuer, default or delinquency by a borrower, restructuring of a loan or advance by the Bank on terms that the Bank would not otherwise consider, indications that a borrower or issuer will enter Bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the group.

In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment. In case of financial difficulty of the borrower, the Bank considers to restructure loans rather than take possession of collateral. This may involve extending the payment arrangements and agreement of new loan conditions. Once the terms have been renegotiated, any impairment is measured using the original EIR as calculated before the modification of terms and the loan is no longer considered past due.

Management continually reviews renegotiated loans to ensure that all criteria are met and that future payments are likely to occur. The loans continue to be subject to an individual or collective impairment assessment, calculated using the loan's original EIR.

However, in case of loans and advances, impairment loss is measured as the higher of amount derived as per norms prescribed by Nepal Rastra Bank for loan loss provision and amount determined as per NAS 39 para 63.

3.4.6.1 Impairment of financial assets measured at amortized cost

Impairment of loans and advances portfolios is based on the judgements of past experience of portfolio behavior. In assessing collective impairment, the Bank uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends. Further, management has taken additional external risk (inflation, market risk and risk of data incompleteness) for the impairment of loans and advances.

Default rates, loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate. Impairment losses on assets measured at amortized cost are calculated as the difference between the carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Bank.

If in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment

loss is increased or reduced by adjusting the allowance account. If a write off is later recovered, the recovery is recognized in the 'Impairment charges /(reversal) for loan and other losses' under Note no. 4.35.

However, in case of loans and advances, impairment loss is measured as the higher of amount derived as per norms prescribed by Nepal Rastra Bank for loan loss provision and amount determined as per NAS 39 para 63.

3.4.6.2 Impairment of investment in equity instrument classified as fair value through other comprehensive income

Objective evidence of impairment of investment in an equity instrument is a significant or prolonged decline in its fair value below its cost. Impairment losses are recognized by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and the current fair value, less any impairment loss recognized previously in profit or loss.

3.5 Trading Assets

The Bank classifies financial assets or financial liabilities as held for trading when they have been purchased or issued primarily for short term profit making through trading activities or form part of a portfolio of financial instruments that are managed together for which there is evidence of a recent pattern of short-term profit taking. Held for trading assets and liabilities are recorded and measured in the statement of financial position at fair value. Changes in fair value are recognized in net trading income. Interest and dividend income or expense is recorded in net trading income according to the terms of the contract, or when the right to payment has been established. Included in this classification are debt securities, equities, short positions and customer loans that have been acquired principally for the purpose of selling or repurchasing in the near term.

3.6 Derivatives assets and derivative liabilities

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

Derivatives are initially recognized and subsequently measured at fair value, with revaluation gains recognized in profit and loss (except where cash flow or net investment hedging has been achieved, in which case the effective portion of changes in fair value is recognized within other comprehensive income).

Fair values may be obtained from quoted market prices in active markets, recent market transactions, and valuation techniques, including discounted cash flow models and option pricing models, as appropriate. Where the initially recognized fair value of a derivative contract is based on a valuation model that uses inputs which are not observable in the market, it follows the same initial recognition accounting policy as for other financial assets and liabilities.

3.7 Property, Plant and Equipment

All Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the bank and the cost of the item can be measured reliably.

At each balance sheet date, the assets' residual values and useful lives are reviewed, and adjusted if appropriate, including assessing for indicators of impairment. In the event that an asset's carrying amount is determined to be greater than its recoverable amount, the asset is written down to the recoverable amount. Gains and losses on disposals are included in the Statement of Profit or Loss.

The value of land is not depreciated although it is subject to impairment testing.

Repairs and maintenance are charged to the Statement of Profit or Loss during the financial period in which they are incurred.

Depreciation on other assets is calculated using the straight-line method to allocate the difference between the cost and the residual value over their estimated useful lives, as follows:

Asset Code	Asset Detail Category	Useful Life (yrs.)
AP	Furniture & Fixtures - Others	5
CA	Computer & Accessories	5
EE	Office Equipment	5
FF	Furniture & Fixtures - Others	5
KE	Office Equipment	5
LB	Building	20
LD	Land	Unlimited
LE	Leasehold Property	10
MS	Office Equipment - Others	5
MY	Machinery	5
OE	Office Equipment	5
SF	Furniture & Fixtures - Metal	7
SR	Vault	10
VH	Vehicles	7
WF	Furniture & Fixtures - Wooden	5

Low value assets costing upto Rs. 5,000/- each are charged as operational expenses in the year of purchase.

Land properties, under the ownership and control of the bank, have been revalued to reflect the value of those properties. The excess of the market value over carrying value is taken to the equity as revaluation reserve.

Capital work in progress

Capital work in progress is stated at cost. These are expenses of a capital nature directly incurred in the construction of buildings, awaiting capitalization.

3.8 Goodwill and Intangible assets

3.8.1 Intangible Assets

Intangible assets include externally generated capitalized software enhancements. Intangible assets, which have been determined to have a finite useful life are amortized on a straight-line basis over their estimated useful life. Intangible assets with finite useful lives are reviewed at each reporting date to assess whether there is any indication that they are impaired. If any such indication exists the recoverable amount of the asset is determined and, in the event, that the asset's carrying amount is greater than its recoverable amount, it is written down immediately.

3.8.1.1 Computer Software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software.

Amortization on computer software is calculated using the straight-line method to allocate the difference between the cost and the residual value over their estimated useful lives, as follows:

Asset Code	Asset Detail Category	Useful Life (yrs.)
SW	Software	5

3.8.2 Goodwill

Goodwill is initially recognized as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

Goodwill is not subject to amortization but is tested for impairment.

3.9 Investment Property and Noncurrent Assets held for sale

3.9.1. Investment Property

Investment property is the land or building or both held either for rental income or for capital appreciation or for both, but not sold in ordinary course of business and owner-occupied property.

Investment property is initially measured at cost and subsequently at Cost Model. Accordingly, such properties are subsequently measured at cost less accumulated depreciation and impairment loss if any.

Any gain or loss on disposal of an investment property is recognized in Statement of Profit or Loss. When the use of a property changes such that it is reclassified as property and equipment, its fair value at the date of reclassification becomes its cost for subsequent reporting.

3.9.2. Non-Current Assets held for sale

Non-current assets (or disposal groups) are classified as assets held for sale and carried at lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. The assets are not depreciated or amortized while they are classified as held for sale. Any impairment loss on initial classification and subsequent measurement is recognized as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognized) is recognized in the statement of Profit or Loss.

3.10 Income Tax

3.10.1 Current income tax

Current income tax which is payable on taxable profits is recognized as an expense in the period in which the profits arise.

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

Current income tax relating to items recognized directly in equity is recognized in equity and not in the Statement of Profit or Loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation, and it establishes provisions where appropriate.

Current tax related to gains and losses on the fair value re-measurement of assets and liabilities classified through other comprehensive income also recognized in other comprehensive income. Such tax is subsequently transferred to the Statement of Profit or Loss together with the gain or loss.

Current tax assets and liabilities are offset only when there is both a legal right of offset and the intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.10.2 Deferred Tax

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

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

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

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

- a. When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- b. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax related to gains and losses on the fair value re-measurement of assets and liabilities classified through other comprehensive income, is also recognized in other comprehensive income. Such tax is subsequently transferred to the Statement of Profit or Loss together with the gain or loss.

3.11 Deposit, Debt Securities issued and subordinated liabilities

The estimated fair value of deposits with no stated maturity period is the amount repayable on demand. The estimated fair value of fixed interest bearing deposits and other borrowings without quoted market prices is based on discounting cash flows using the prevailing market rates for debts with a similar credit risk and remaining maturity period.

Debentures are recognized at amortized cost using effective interest rates. The coupon rates of these instruments represent the effective interest rates. Effective Interest Rate is expected to cover for the credit risk and time value of money on these instruments as these are solely for the purpose of principal and interest

3.12 Provisions

Provisions are recognized when the Bank has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, the Bank determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in Statement of Profit or Loss net of any reimbursement in other operating expenses

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.

A provision for onerous contract is recognized when the expected benefits to be derived by the Bank from a contract are lower than the unavoidable cost of meeting its obligation under the contract.

3.13 Revenue Recognition

Revenue is recognized only when it is probable that the economic benefits associated with the transaction will flow to the entity. In some cases, this may not be probable until the consideration is received or until an uncertainty is removed.

Revenue comprises of interest income, fees and commission, foreign exchange income, cards income, disposal income, etc. Revenue is recognized to the extent it is probable that the economic benefits will flow to the Bank and the revenue can be reliably measured. Revenue is not recognized during the period in which its recoverability of income is not probable. The bases of income recognition are as below:

a. Interest income

Interest income is recognized in profit or loss using effective interest method. Effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of financial asset or liability to the carrying amount of the asset or liability. The calculation of effective interest rate includes all transactions cost and fee and points paid or received that are integral part of the effective interest. The transaction costs include incremental costs that are directly attributable to the acquisition or issue of financial assets.

Interest income presented in Statement of Profit or Loss includes:

- a. Interest income on financial assets measured at amortized cost is calculated on an effective interest rate to the gross carrying amount of financial assets unless the financial asset is written off either partially or fully. These financial assets include loans and advances including staff loans, investment in government securities, investment in corporate bonds, investment in NRB Bond and deposit instruments, reverse repos, inter Bank lending, etc.
- b. Income on discounted instruments like bills purchased, documents negotiation is recognized over the period of discounting on accrual basis using effective interest rate.

b. Fees and Commission

Fees and commission income that are integral to the effective interest rate on a financial asset are included in measurement of effective interest rate. Other fees and commission income including management fee, service charges, syndication fee and forex transaction commission are recognized as the related services are performed.

c. Dividend Income

Dividend on investment in resident company is recognized when the right to receive payment is established. Dividend income are presented in net trading income, net income from other financial instruments at fair value through profit or loss or other revenue based on the underlying classification of the equity instruments.

d. Net trading income

Gain and losses arising in changes in fair value of financial instrument held at fair value through profit or loss are included in Statement of Profit or Loss in the period in which they arise.

These includes the net gain/(loss) on translation of period end balances carried in foreign exchange to the Nepalese Rupees.

e. Net income from other financial instrument at fair value through profit or loss

Gains and losses arising from changes in the fair value of other financial instruments held at fair value through profit or loss are included in the Statement of Profit or Loss in the period in which they arise.

f. Grant Income

Government grants, including non-monetary grants at fair value, shall not be recognised until there is reasonable assurance that: (a) the entity will comply with the conditions attaching to them; and (b) the grants will be received. A government grant is not recognised until there is reasonable assurance that the entity will

comply with the conditions attaching to it, and that the grant will be received. Receipt of a grant does not itself provide conclusive evidence that the conditions attaching to the grant have been or will be fulfilled.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs shall be recognised in profit or loss of the period in which it becomes receivable.

Grants related to income are presented as part of profit or loss, either separately or under a general heading such as "Other income"; alternatively, they are deducted in reporting the related expense.

3.14 Interest Expenses

Interest expense on all financial liabilities including deposits are recognized in profit or loss using effective interest rate method. Interest expense on all trading liabilities are considered to be incidental to the Bank's trading operations and are presented together with all other changes in fair value of trading assets and liabilities in net trading income.

3.15 Employees Benefits

Short-term employee benefits, such as salaries, paid absences, performance-based cash awards and social security costs are recognized over the period in which the employees provide the related services.

The Bank operates a number of post-retirement benefit schemes for its employees including both defined benefit and defined contribution plans. A defined benefit scheme is a plan that defines an amount of pension benefit that an employee will receive on retirement, dependent on one or more factors such as age, years of service and salary. A defined contribution plan is a pension plan into which the Bank pays fixed contributions; there is no legal or constructive obligation to pay further contributions.

Full actuarial valuations of the Bank's defined benefit schemes are carried out periodically with interim reviews in the intervening years; these valuations are updated by qualified independent actuaries.

For the purposes of these annual updates scheme assets are included at their fair value and scheme liabilities are measured on an actuarial basis using actuarial assumptions. The defined benefit scheme liabilities are discounted using rates equivalent to the market yields at the reporting date.

The Bank's Statement of Profit or Loss includes the current service cost, past service costs, net interest expense (income), and plan administration costs that are not deducted from the return on plan assets.

Re-measurements, comprising actuarial gains and losses, the return on plan assets (excluding amounts included in net interest expense (income) and net of the cost of managing the plan assets), and the effect of changes to the asset ceiling (if applicable) are reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur.

Re-measurements recognized in other comprehensive income are reflected immediately in retained profits and will not subsequently be reclassified to Statement of other Comprehensive income.

The Bank's Statement of Financial Position includes the net surplus or deficit, being the difference between the fair value of scheme assets and the discounted value of scheme liabilities at the reporting date.

Surpluses are only recognized to the extent that they are recoverable through reduced contributions in the future or through refunds from the schemes. In assessing whether a surplus is recoverable, the Bank considers its current right to obtain a refund or a reduction in future contributions and does not anticipate any future acts by other parties that could change the amount of the surplus that may ultimately be recovered.

Employees Provident Fund

In accordance with law, all employees of the Bank are entitled to receive benefits under the provident fund, a defined contribution plan in which both the employee and the Bank contribute monthly at a pre-determined

rate (currently, 10% of the basic salary plus grades). Bank does not assume any future liability for provident fund benefits other than its annual contribution.

Leave Salary

The employees of the Bank are entitled to carry forward a part of their unavailed/unutilized leave subject to a maximum limit. The employees can encash unavailed/unutilized leave partially in terms of Employee Service Byelaws of the Bank. The Bank accounts for the liability for entire accumulated outstanding leave balance on accrual basis as per actuarial valuation report.

Termination Benefits

Termination benefits are recognized as expense when the Bank is demonstrably committed, without realistic possibility of withdrawal, to a formal plan to provide termination benefits to employees as a result of an offer made to encourage voluntary redundancy. Termination benefits are recognized if the Bank has made an offer for voluntary redundancy, it is probable that the offer will be accepted and the number of acceptances can be measured reliably. If the benefits are payable in more than 12 months after the reporting date, they are discounted to their present value.

3.16 Leases

Minimum lease payments made under finance lease are apportioned between the finance expense and reduction of outstanding liabilities. The finance expense is allocated to each period during the lease term so as to produce the constant periodic rate of interest on the remaining balance of liabilities.

The leases entered into by the Bank are primarily operating leases. When an operating lease is terminated before the end of the lease period, any payment made to the lessor by way of penalty is recognized as an expense in the period of termination.

Actual Lease payments as per the contract with lessor for the reporting period under operating lease are recognized as an expenses in Statement of Profit or Loss since the payment to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

3.17 Foreign Currency Translation

The financial statements are presented in Nepalese Rupees, which is the Company's functional and presentation currency.

Foreign currency transactions are translated into the appropriate functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the Statement of Profit or Loss, except when recognized in other comprehensive income.

Non-monetary assets that are measured at fair value are translated using the exchange rate at the date that the fair value was determined. Translation differences on equities and similar non-monetary items held at fair value through profit or loss are recognized in Statement of Profit or Loss as part of the fair value gain or loss.

3.18 Financial Guarantee and Loan Commitment

Contingent liabilities are possible obligations whose existence depends on the outcome of uncertain future events or those present obligations where the outflow of resources are uncertain or cannot be measured reliably. Contingent liabilities are not recognized in financial statements but are disclosed unless they are remote.

Contingent assets are not recognized in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognized in the period in which the change occurs. Details of financial guarantee and commitments provided by the bank on the reporting date is given as note 4.28.

3.19 Share Capital and Reserve

The Bank applies NAS 32, Financial Instruments: Presentation, to determine whether funding is either a financial liability (debt) or equity. Issued financial instruments or their components are classified as liabilities if the contractual arrangement results in the bank having a present obligation to either deliver cash or another financial asset, or a variable number of equity shares, to the holder of the instrument.

Dividends and other returns to equity holders are recognized when paid or declared by the members at the AGM and treated as a deduction from equity.

3.20 Earning per share including diluted

Basic earnings per share are calculated by dividing the net profit attributable to equity shareholders by the weighted average number of ordinary shares in issue during the year.

For the calculation of diluted earnings per share the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares that arise in respect of convertible preference shares.

3.21 Segment Reporting

An operating segment is a component of the bank that engages in business activities from which it earns revenues and incurs expenses, including revenues and expenses that relating to transactions with any of the bank's other components, whose operating results are reviewed by the management to make decision about resource allocation to each segment and assess its performance.

The bank manages its branch networks under regional demarcation for supervision, monitoring and control. Inter unit charges and revenues are applied to assess the performance of the business units. These charges are nullified at the overall bank's level. The bank has identified segments on the basis of each geographical presence in seven provinces of the country.

Segment results that are reported by the Bank include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Bank's corporate building), head office expenses, and tax assets and liabilities that are categorized as banking assets/liabilities.

4. Notes to Accounts

Note 4.1- Cash and cash equivalent

Cash and cash equivalent comprise the total amount of cash-in-hand, balances with other bank and financial institutions, money at call and short notice, treasury bills having original maturity of less than three months and cash in transit is presented as follows:

	32 ND ASHAD 2075	RESTATED 31 ST ASHAD 2074	RESTATED 1 ST SHRAWAN 2073
Cash in hand	3,370,332,507	3,060,845,724	2,514,947,575
Balances with B/FIs	5,727,517,934	3,745,560,351	7,246,428,654
Money at call and short notice	-	-	-
Other			
3 months Treasury Bills	947,572,225	1,861,434,022	1,904,627,132
Cash In Transit	20,000,000	-	-
TOTAL	10,065,422,666	8,667,840,097	11,666,003,361

Note 4.2- Due from Nepal Rastra Bank

Balances held with Nepal Rastra Bank including balance for compulsory cash reserve is presented as follows:

	32 ND ASHAD 2075	RESTATED 31 ST ASHAD 2074	RESTATED 1 ST SHRAWAN 2073
Statutory balances with NRB	6,106,779,703	5,367,709,586	4,451,750,863
Securities purchased under resale agreement	-	-	-
Other deposit and receivable from NRB	12,831,968,132	9,209,374,369	8,904,267,406
TOTAL	18,938,747,835	14,577,083,955	13,356,018,269

Note 4.3- Placement with bank and financial institutions

Placements with domestic as well as foreign bank and financial institutions with original maturities of more than three months from the acquisition date are presented as follows:

	32 ND ASHAD 2075	RESTATED 31 ST ASHAD 2074	RESTATED 1 ST SHRAWAN 2073
Placement with domestic B/FIs	-	-	-
Placement with foreign B/FIs	3,291,000,000	3,350,750,000	7,761,125,000
Less: Allowances for impairment	-	-	-
TOTAL	3,291,000,000	3,350,750,000	7,761,125,000

Note 4.4- Derivative financial instruments

Derivatives are financial instruments that derive their value in response to changes in interest rates, financial instrument prices, commodity prices, foreign exchange rates, credit risk, indices etc. Derivatives are categorised as trading unless they are designated as hedging instruments. All derivatives are initially recognised and subsequently measured at fair value, with all revaluation gains or losses recognised in the Statement of Profit or Loss under Net trading Income. Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative. Fair value is determined using the forward market rates ruling on the reporting date.

	32 ND ASHAD 2075	RESTATED 31 ST ASHAD 2074	RESTATED 1 ST SHRAWAN 2073
Held for trading	-	-	-
Interest rate swap	-	-	-
Currency swap	-	-	-
Forward exchange contract	-	-	-
Others	-	-	-
Held for risk management	-	-	-
Interest rate swap	-	-	-
Currency swap	-	-	-
Forward exchange contract	-	-	-
Other	-	-	-
TOTAL	-	-	-

Note 4.5- Other trading assets

The bank does not have any trading assets.

Note 4.6- Loan and advances to bank and financial institutions

Loan and advances given to microfinance financial institutions as deprived sector lending is presented under this head after providing required impairment allowances.

	32 ND ASHAD 2075	RESTATED 31 ST ASHAD 2074	RESTATED 1 ST SHRAWAN 2073
Loans to microfinance institutions	4,297,654,573	3,324,345,370	2,782,053,011
Other	-	-	-
Less: Allowances for impairment	(42,976,546)	(33,243,454)	(27,820,530)
TOTAL	4,254,678,027	3,291,101,916	2,754,232,481

4.6.1: Allowances for impairment

	32 ND ASHAD 2075	RESTATED 31 ST ASHAD 2074	RESTATED 1 ST SHRAWAN 2073
Balance at Shrawan 1	33,243,454	27,820,530	26,226,831
Impairment loss for the year:	-	-	-
Charge for the year	9,733,092	5,422,924	1,593,699
Recoveries/reversal	-	-	-
Amount written off	-	-	-
BALANCE AT ASHAD END	42,976,546	33,243,454	27,820,530

Note 4.7- Loan and advances to customers.

Sum of the outstanding amount of all loans and advances extended to the customers other than BFIs, bills purchased and discounted and amortized cost of staff loans; less the amount of impairment allowances is presented under this head.

The difference between the average yield of the bank and concessional rate of interest being provided to the bank is recognized as the amortized cost of staff loan.

	32 ND ASHAD 2075	RESTATED 31 ST ASHAD 2074	RESTATED 1 ST SHRAWAN 2073
Loan and advances measured at amortized cost	91,013,623,011	76,659,292,487	67,697,196,276
Less: Impairment allowances	-	-	-
Collective impairment	(918,895,390)	(767,558,277)	(679,188,325)
Individual impairment	(167,158,053)	(196,112,695)	(249,427,448)
Net amount	89,927,569,569	75,695,621,515	66,768,580,503
Loan and advances measured at FVTPL	-	-	-
TOTAL	89,927,569,569	75,695,621,515	66,768,580,503

4.7.1: Analysis of loan and advances - By Product

	32 ND ASHAD 2075	RESTATED 31 ST ASHAD 2074	RESTATED 1 ST SHRAWAN 2073
Product			
Term loans	15,339,785,773	11,518,810,126	9,300,641,234
Overdraft	19,278,618,325	18,625,427,558	16,820,347,245
Trust receipt/Import loans	4,303,541,305	3,251,646,872	4,279,975,808
Demand and other working capital loans	13,411,602,997	11,770,118,482	11,387,303,420
Personal residential loans	13,862,981,608	10,392,400,000	9,263,902,384
Real estate loans	4,636,299,462	4,966,140,000	3,468,561,161
Margin lending loans	1,107,339,753	1,284,343,612	1,091,934,396
Hire purchase loans	6,473,814,424	5,929,146,790	4,321,460,254
Deprived sector loans	1,185,465,963	1,327,917,522	219,238,369
Bills purchased	101,295,907	119,350,000	83,131,000
Staff loans	1,115,856,337	1,524,923,300	1,418,443,773
Other	9,993,186,666	5,775,032,235	5,892,995,040
SUB TOTAL	90,809,788,520	76,485,256,497	67,547,934,086
Interest receivable	203,834,491	174,035,990	149,262,190
GRAND TOTAL	91,013,623,011	76,659,292,487	67,697,196,276

4.7.2: Analysis of loan and advances - By Currency

	32 ND ASHAD 2075	RESTATED 31 ST ASHAD 2074	RESTATED 1 ST SHRAWAN 2073
Nepalese rupee	89,255,077,074	75,637,047,075	66,919,875,654
Indian rupee	191,033	-	1,528,000
United State dollar	1,758,354,904	1,022,245,412	775,792,622
Great Britain pound	-	-	-
Euro	-	-	-
Japanese yen	-	-	-
Chinese yuan	-	-	-
Other	-	-	-
TOTAL	91,013,623,011	76,659,292,487	67,697,196,276

4.7.3: Analysis of loan and advances - By Collateral

	32 ND ASHAD 2075	RESTATED 31 ST ASHAD 2074	RESTATED 1 ST SHRAWAN 2073
Secured			
Movable/immovable assets	88,191,341,727	73,028,965,499	64,795,927,995
Gold and silver	-	-	-
Guarantee of domestic B/FIs	-	-	-
Government guarantee	198,736,758	198,736,758	198,736,758
Guarantee of international rated bank	-	-	-
Collateral of export document	68,912,992	59,622,730	83,131,000
Collateral of fixed deposit receipt	703,208,879	1,052,914,636	717,892,415
Collateral of Government securities	175,489,737	14,192,896	9,058,759
Counter guarantee	-	-	-
Personal guarantee	124,315,899	49,326,142	29,462,363
Other collateral	1,551,617,019	2,255,533,826	1,862,986,986
Subtotal	91,013,623,011	76,659,292,487	67,697,196,276
Unsecured	-	-	-
GRANT TOTAL	91,013,623,011	76,659,292,487	67,697,196,276

4.7.4: Allowances for impairment

	32 ND ASHAD 2075	RESTATED 31 ST ASHAD 2074	RESTATED 1 ST SHRAWAN 2073
Specific allowances for impairment			
Balance at Shrawan 1	196,112,695	249,427,448	301,059,414
Impairment loss for the year:		-	-
Charge for the year	-	-	-
Recoveries/reversal during the year	(28,954,642)	(53,314,753)	(51,631,966)
Write-offs	-	-	-
Exchange rate variance on foreign currency impairment	-	-	-
Other movement	-	-	-
Balance at Ashad end	167,158,053	196,112,695	249,427,448
Collective allowances for impairment			
Balance at Shrawan 1	767,558,277	679,188,325	579,994,195
Impairment loss for the year:	-	-	-
Charge/(reversal) for the year	151,337,112	88,369,952	99,194,130
Exchange rate variance on foreign currency impairment	-	-	-
Other movement	-	-	-
Balance at Ashad end	-	-	-
TOTAL ALLOWANCES FOR IMPAIRMENT	918,895,390	767,558,277	679,188,325

Impairment loss on Loans and Advances to BFIs and Customers are measured as the higher of amount derived as per norms prescribed by Nepal Rastra Bank for loan loss provision and amount determined as per NAS 39 of Para 63. The details of loan loss provision as per Nepal Rastra Bank and impairment loss as per NAS 39 of Para 63 are as follows:

PARTICULARS	IMPAIRMENT LOSS		
	32 ND ASHAD 2075	RESTATED 31 ST ASHAD 2074	RESTATED 1 ST SHRAWAN 2073
Loans and advances to BFIs	3,714,713	182,646	136,771
Loans and advances to customers	302,420,710	259,975,727	326,109,407
Total Impairment as per para 63 of NAS 39	306,135,423	260,158,373	326,246,178
Total impairment as per NRB norms	1,129,029,989	996,914,426	956,436,303
Higher of impairment as per para 63 of NAS 39 or NRB Norms	1,129,029,989	996,914,426	956,436,303

DETAILS OF LOAN WRITTEN OFF DURING THE F/Y 2074/75

S.No.	Type of Loan	Amount Written off	Nature of security & Amount	Basis of Valuation of Security	Sanctioning Authority/ Level	Action taken to Recover the Loan	Remarks
1	Working Capital	-					
2	Project Finance	-					
3	Fixed Term Loan	-					
4	Personal Loan	382,445			Write Off Committee		
5	Others	-					
TOTAL		382,445					

Note 4.8- Investments securities

Investments made by Bank in financial instruments has been presented under this account head in three categories i.e. investment securities designated at fair value through profit or loss, investment securities measured at amortized cost and investment in equity measured at fair value through other comprehensive income which is as follows:

	32 ND ASHAD 2075	RESTATED 31 ST ASHAD 2074	RESTATED 1 ST SHRAWAN 2073
Investment securities measured at amortized cost	14,482,883,318	6,682,779,007	8,465,386,200
Investment in equity measured at FVTOCI	809,430,912	969,925,958	619,792,816
TOTAL	15,292,314,230	7,652,704,965	9,085,179,017

The bank has investment in government bonds and NRB treasury bills which are measured at amortized cost. Disclosure in respect of investment in government bond are as follows:

4.8.1: Investment securities measured at amortized cost

	32 ND ASHAD 2075	RESTATED 31 ST ASHAD 2074	RESTATED 1 ST SHRAWAN 2073
Debt securities	-	-	-
Government bonds	10,902,562,072	4,814,439,657	5,799,411,811
Government treasury bills	3,580,321,246	1,868,339,350	2,665,974,390
Nepal Rastra Bank bonds	-	-	-
Nepal Rastra Bank deposits instruments	-	-	-
Other	-	-	-
Less: specific allowances for impairment	-	-	-
TOTAL	14,482,883,318	6,682,779,007	8,465,386,200

There is no impairment allowance to be provided on the investment instruments measured at amortized cost.

Investments made by the bank in shares and debentures/bonds of other companies/institutions is presented under this head.

Disclosure in respect of investment in shares of other companies are presented as follows:

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

	32 ND ASHAD 2075	RESTATED 31 ST ASHAD 2074	RESTATED 1 ST SHRAWAN 2073
Equity instruments			
Quoted equity securities	801,831,012	962,566,058	612,432,916
Unquoted equity securities	7,599,900	7,359,900	7,359,900
TOTAL	809,430,912	969,925,958	619,792,816

4.8.3: Information relating to investment in equities

	32 ND ASHAD 2075		RESTATED 31 ST ASHAD 2074		RESTATED 1 ST SHRAWAN 2073	
	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
Investment in quoted equity						
Rural Microfinance Development Ltd. 43,853 shares of Rs. 100 each including 12,653 bonus shares and 5,000 shares of Rs. 350 each)	4,870,000	16,452,887	3,120,000	18,728,769	3,120,000	33,542,622
Nirdhan Utthan Bank Ltd. (1,122,325 shares of Rs. 100 each including 994,392 bonus shares)	12,793,300	771,678,126	12,793,300	930,787,289	12,793,300	566,090,295
Taragaon Regency Hotel (50,000 shares of Rs. 100)	5,000,000	13,700,000	5,000,000	13,050,000	5,000,000	12,800,000
Investment in unquoted equity						
Nepal Clearing House Ltd. (25,000 shares of Rs. 100 each)	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Credit Information Center Ltd. (36,599 shares of Rs. 100 each, including 24,244 bonus share)	1,235,500	3,659,900	1,235,500	3,659,900	1,235,500	3,659,900
National banking Training Institute (14,400 shares of Rs. 100 each including 2400 bonus shares)	1,200,000	1,440,000	1,200,000	1,200,000	1,200,000	1,200,000
TOTAL	27,598,800	809,430,912	25,848,800	969,925,958	25,848,800	619,792,816

Note 4.9- Current tax assets/ liabilities

Advance tax deposited by the bank less tax liabilities are presented under this head.

Liabilities recognized for the purpose of current income tax, including fees, penalties are presented under this head.

	32 ND ASHAD 2075	RESTATED 31 ST ASHAD 2074	RESTATED 1 ST SHRAWAN 2073
Current tax assets			
Current year income tax assets	1,130,879,135	840,913,477	785,822,312
Tax assets of prior periods	5,853,821,605	5,012,908,128	4,227,085,816
Current tax liabilities			
Current year income tax liabilities	1,137,558,511	852,882,594	797,147,755
Tax liabilities of prior periods	5,836,226,780	4,983,344,186	4,186,196,431
TOTAL	10,915,449	17,594,825	29,563,942

Note 4.10- Investment in Subsidiaries

The bank does not have any subsidiary company.

Note 4.11- Investment in Associates

The bank holds 25% equity of investment in Forward Community Micro Finance Limited as investment in shares, which has been accounted for using equity accounting as under. The post-acquisition results of the associate are based on the unaudited financial highlights as published by the associate company.

Forward Community Micro Finance Limited has not prepared its financial statements as per NFRS therefore the investment in associates is based on its financial statement prepared as per previous GAAP i.e. Nepal Accounting Standards.

	32 ND ASHAD 2075	RESTATED 31 ST ASHAD 2074	RESTATED 1 ST SHRAWAN 2073
Investment in quoted associates	259,668,425	199,945,750	122,708,341
Investment in unquoted associates	-	-	-
Total investment			
Less: Impairment allowances	-	-	-
NET CARRYING AMOUNT	259,668,425	199,945,750	122,708,341

4.11.1: Investment in quoted associates

	32 ND ASHAD 2075		RESTATED 31 ST ASHAD 2074		RESTATED 1 ST SHRAWAN 2073	
	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
Forward Community Micro Finance Ltd. (500,000 shares of Rs. 100 each)	50,000,000	259,668,425	50,000,000	199,945,750	50,000,000	122,708,341
TOTAL	50,000,000	259,668,425	50,000,000	199,945,750	50,000,000	122,708,341

4.11.2: Investment in unquoted associates

There is no investment in unquoted associates by the bank.

4.11.3: Information relating to associates of the Bank

PERCENTAGE OF OWNERSHIP HELD BY THE BANK			
	32 ND ASHAD 2075	RESTATED 31 ST ASHAD 2074	RESTATED 1 ST SHRAWAN 2073
Forward Community Micro Finance Ltd.	25%	25%	25%

4.11.4: Equity value of associates

	32 ND ASHAD 2075	RESTATED 31 ST ASHAD 2074	RESTATED 1 ST SHRAWAN 2073
Forward Community Micro Finance Ltd.	259,668,425	199,945,750	122,708,341
TOTAL	259,668,425	199,945,750	122,708,341

Note 4.12- Investment properties

Land or land and building other than those classified as property and equipment; and non- current assets held for sale under relevant accounting standard has been presented under this account head. This shall include land, land and building acquired as non-banking assets by the bank but not sold.

The bank has no investment properties other than non-banking assets as on 32 Ashad 2075. The position of the Non-banking Assets of the bank is as under:

	32 ND ASHAD 2075	RESTATED 31 ST ASHAD 2074	RESTATED 1 ST SHRAWAN 2073
Investment properties measured at cost			
Balance as on Shrawan 1, 2074	7,343,441	-	-
Addition/disposal during the year	(5,140,696)	7,343,441	-
Adjustment/transfer	-	-	-
Accumulated depreciation	-	-	-
Accumulated impairment loss	-	-	-
Net amount	2,202,745	7,343,441	-
TOTAL	2,202,745	7,343,441	-

Note 4.13- Property, Plant and Equipment

Details of property, plant & equipment are presented as follows:

Particulars	Land	Building	Leasehold Properties	Computer & Accessories	Vehicles	Furniture & Fixture	Machinery	Equipment & Others	Total 32- Ashad 2075	Total Ashad End 2074
Cost										
As on Shrawan 1, 2072	292,806,579	35,158,203	160,947,695	122,521,504	157,883,354	100,308,201	194,981,412	149,352,687	2,182,903,057	-
Addition during the Year		3,323,429	619,256	8,901,506	34,392,000	10,394,518	15,659,447	14,629,432	87,919,587	-
Acquisition	-	-	-	-	-	-	-	-	-	-
Capitalization	-	-	-	-	-	-	-	-	-	-
Disposal during the year	-	-	(218,990)	(4,096,838)	(39,244,008)	(999,899)	(3,446,917)	(6,353,203)	(54,359,855)	-
Adjustment/Revaluation	968,943,421	-	-	-	-	-	-	-	-	-
Balance as on Ashad end 2073	1,261,750,000	38,481,632	161,347,961	127,326,171	153,031,346	109,702,820	207,193,942	157,628,916	2,216,462,789	2,182,903,057
Addition during the Year										
Acquisition	-	499,779	24,966,902	9,472,235	225,000	9,942,095	10,166,742	8,333,529	63,606,281	87,947,837
Capitalization	-	-	-	-	-	-	-	-	-	-
Disposal during the year	-	-	-	(3,654,749)	(19,166,275)	(424,203)	(1,851,276)	(4,429,743)	(29,526,246)	(54,359,855)
Adjustment/Revaluation	-	-	-	-	-	-	-	-	-	-
Balance as on Ashad end 2074	1,261,750,000	38,981,411	186,314,863	133,143,657	134,090,072	119,220,713	215,509,408	161,532,702	2,250,542,824	2,216,462,789
Addition during the Year										
Acquisition	-	156,536,886	42,304,350	35,129,339	56,486,500	32,620,328	44,229,050	36,749,547	404,056,000	63,606,281
Capitalization	-	-	-	-	-	-	-	-	-	-
Disposal during the year	-	(6,202,171)	(3,032,856)	(9,008,817)	(4,500,000)	(4,214,920)	(10,961,869)	(6,931,418)	(44,852,052)	(29,526,246)
Adjustment/Revaluation	-	-	-	-	-	-	-	-	-	-
Balance as on Ashad end 2075	1,261,750,000	189,316,126	225,586,356	159,264,179	186,076,572	147,626,121	248,776,588	191,350,830	2,609,746,773	2,250,542,824
Depreciation and Impairment										
As on Shrawan 1, 2072	-	18,011,265	89,393,230	97,143,310	97,980,705	70,109,739	151,872,964	119,121,309	643,632,522	-
Depreciation charge for the Year	-	1,821,487	14,893,307	9,467,625	19,092,749	8,728,569	15,986,339	13,183,549	83,173,625	-
Impairment for the year	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	(88,350)	(4,023,149)	(36,664,328)	(920,567)	(3,441,864)	(5,954,152)	(51,092,410)	-
Adjustment	-	-	-	-	-	-	-	-	-	-

As on Ashad end 2073	-	19,832,751	104,198,187	102,587,786	80,409,126	77,917,740	164,417,439	126,350,706	675,713,736	633,036,085
Depreciation charge for the Year	-	1,946,948	16,141,260	9,403,849	16,508,007	9,054,006	15,370,433	11,852,895	80,277,399	87,891,415
Impairment for the year	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	(3,631,888)	(15,893,868)	(413,398)	(1,846,822)	(4,199,003)	(25,984,978)	(45,213,764)
Adjustment	-	-	-	-	-	-	-	-	-	-
As on Ashad end 2074	-	21,779,699	120,339,447	108,359,746	81,023,265	86,558,349	177,941,051	134,004,599	730,006,156	675,713,736
Impairment for the year	-	-	-	-	-	-	-	-	-	-
Depreciation charge for the Year	-	2,732,924	15,758,226	11,366,324	14,456,810	9,521,212	14,908,434	12,394,511	81,138,441	80,277,399
Disposals	-	(4,446,663)	(1,627,687)	(8,909,231)	(4,153,620)	(4,114,990)	(10,961,869)	(6,744,781)	(40,958,842)	(25,984,978)
Adjustment	-	-	-	-	-	-	-	-	-	-
As on Ashad end 2075	-	20,065,960	134,469,986	110,816,839	91,326,455	91,964,571	181,887,616	139,654,328	770,185,755	730,006,156
Capital Work in Progress	-	-	-	-	-	-	-	-	22,671,333	142,755,391
Net Book Value										
As on Ashad end 2073	1,261,750,000	18,648,881	57,149,774	24,738,385	72,622,221	31,785,080	42,776,503	31,278,210	1,615,534,177	1,582,686,741
As on Ashad end 2074	1,261,750,000	17,201,711	65,975,415	24,783,911	53,066,806	32,662,364	37,568,357	27,528,103	1,663,292,059	1,615,534,177
As on Ashad end 2075	1,261,750,000	169,250,166	91,116,370	48,447,340	94,750,117	55,661,550	66,888,972	51,696,502	1,862,232,350	1,663,292,059

Bank has changed the depreciation calculation method from written down value method to straight-line method to allocate the difference between the cost and the residual value over their estimated useful lives as per the requirement of NAS 16, Property, Plant & Equipment. This change in depreciation method has reduced the opening retained earnings of F/Y 2074/75 of the bank by Rs. 23,690,503.

Note 4.14- Goodwill and intangible assets

The bank doesn't have any goodwill.

Software that are integral and necessary in operating office equipment are recognized with such office equipment. Details presented as follows:

Particulars	Goodwill	Software		Other	Total as on Ashad 2074	Total as on Ashad 2073
		Purchased	Developed			
Cost						
As on Shrawan 1, 2072	-	71,350,591	-	-	71,350,591	-
Addition during the Year						
Acquisition	-	5,345,897	-	-	5,345,897	-
Capitalization	-	-	-	-	-	-
Disposal during the year	-	-	-	-	-	-
Adjustment/Revaluation	-	-	-	-	-	-
Balance as on Ashad end 2073	-	76,696,488	-	-	76,696,488	71,350,591
Addition during the Year						
Acquisition	-	427,140	-	-	427,140	5,345,897
Capitalization	-	-	-	-	-	-
Disposal during the year	-	-	-	-	-	-
Adjustment/Revaluation	-	-	-	-	-	-
Balance as on Ashad end 2074	-	77,123,628	-	-	77,123,628	76,696,488
Addition during the Year						
Acquisition	-	9,994,211	-	-	9,994,211	427,140
Capitalization	-	-	-	-	-	-
Disposal during the year	-	-	-	-	-	-
Adjustment/Revaluation	-	-	-	-	-	-
Balance as on Ashad end 2075	-	87,117,839	-	-	87,117,839	77,123,628
Amortization and Impairment						
As on Shrawan 1, 2072	-	64,823,145	-	-	64,823,145	-
Amortization charge for the Year	-	2,323,563	-	-	2,323,563	-
Impairment for the year	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-

As on Ashad end 2073	-	67,146,708	-	-	67,146,708	64,823,145
Amortization charge for the Year	-	2,804,648	-	-	2,804,648	2,323,563
Impairment for the year	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-
As on Ashad end 2074	-	69,951,356	-	-	69,951,356	67,146,708
Amortization charge for the Year	-	4,234,539	-	-	4,234,539	2,804,648
Impairment for the year	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-
As on Ashad end 2075	-	74,185,895	-	-	74,185,895	69,951,356
Capital Work in Progress	-	-	-	-	-	-
Net Book Value	-	-	-	-	-	-
As on Ashad end 2073	-	9,549,780	-	-	9,549,780	6,527,446
As on Ashad end 2074	-	7,172,273	-	-	7,172,273	9,549,780
As on Ashad end 2075	-	12,931,944	-	-	12,931,944	7,172,273

Note 4.15- Deferred tax assets/liabilities

Deferred tax is calculated on temporary differences between the book values of financial assets/liabilities and tax bases of assets/liabilities using the statutory tax of 30%. Details as follows:

	DEFERRED TAX ASSETS	DEFERRED TAX LIABILITIES	32 ND ASHAD 2075 NET DEFERRED TAX ASSETS/ (LIABILITIES)
Deferred tax on temporary differences on following items			
Investment properties (NBA)	-	(660,824)	(660,824)
Investment securities (Government Bond)	-	(1,064,504)	(1,064,504)
Investment securities	-	(234,549,634)	(234,549,634)
Investment in associates	-	(62,900,528)	(62,900,528)
Properties, Plants & equipment & intangible Assets	6,080,980	-	6,080,980
Employees' defined benefit plan	215,830,669	-	215,830,669
Deferred tax on temporary differences			(77,263,839)
Deferred tax on carry forward of unused tax losses	-		
Deferred tax due to changes in tax rate			-
Net Deferred tax asset/(liabilities) as on year end of 2075			(77,263,839)
Deferred tax (asset)/liabilities as on Shrawan 1, 2074			181,650,729
Origination/(Reversal) during the year			104,386,890
Deferred tax expense/(income) recognised in profit or loss			(37,154,299)
Deferred tax expense/(income) recognised in other comprehensive income			(67,232,591)
Deferred tax expense/(income) recognised in directly in equity			

	DEFERRED TAX ASSETS	DEFERRED TAX LIABILITIES	RESTATED 31 ST ASHAD 2074 NET DEFERRED TAX ASSETS/ (LIABILITIES)
Deferred tax on temporary differences on following items			
Interest Receivable	-	(52,210,797)	(52,210,797)
Investment properties (NBA)	-	(2,203,032)	(2,203,032)
Investment securities (Government Bond)	-	(1,875,145)	(1,875,145)
Investment securities	-	(283,223,147)	(283,223,147)
Investment in associates	-	(44,983,725)	(44,983,725)
Properties, Plants & equipment & intangible Assets	4,611,800	-	4,611,800
Employees' defined benefit plan	198,233,317	-	198,233,317
Other temporary differences	-	-	-
Deferred tax on temporary differences			(181,650,729)
Deferred tax on carry forward of unused tax losses			-
Deferred tax due to changes in tax rate			-
Net Deferred tax asset/(liabilities) as on year end of 2074			(181,650,729)
Deferred tax (asset)/liabilities as on Shrawan 1, 2073			38,193,344
Origination/(Reversal) during the year			(143,457,385)
Deferred tax expense/(income) recognised in profit or loss			50,255,881
Deferred tax expense/(income) recognised in other comprehensive income			93,201,504
Deferred tax expense/(income) recognised in directly in equity			-

	DEFERRED TAX ASSETS	DEFERRED TAX LIABILITIES	RESTATED 1 ST SHRAWAN 2073 NET DEFERRED TAX ASSETS/ (LIABILITIES)
Deferred tax on temporary differences on following items			
Interest Receivable	-	(44,778,657)	(44,778,657)
Investment securities (Government Bond)	-	(2,474,156)	(2,474,156)
Investment securities (FVTOCI)	-	(178,183,205)	(178,183,205)
Investment in associates	-	(21,812,502)	(21,812,502)
Properties, Plants & equipment & intangible Assets	3,602,763	-	3,602,763
Employees' defined benefit plan	205,452,413	-	205,452,413
Other temporary differences	-	-	-
Deferred tax on temporary differences			(38,193,344)
Deferred tax on carry forward of unused tax losses			-
Deferred tax due to changes in tax rate			-
Net Deferred tax asset/(liabilities) as on year end of 2073			(38,193,344)
Deferred tax (asset)/liabilities as on Shrawan 1, 2072			(82,193,544)
Origination/(Reversal) during the year			(120,386,888)
Deferred tax expense/(income) recognised in profit or loss			(46,697,352)
Deferred tax expense/(income) recognised in other comprehensive income			167,084,240
Deferred tax expense/(income) recognised in directly in equity			120,386,888

Note 4.16- Other Assets

Other Asset include accounts receivable, interest receivable, accrued income, prepayments, deposit, deferred employee benefits and stationery stock details presented as follows:

	32 ND ASHAD 2075	RESTATED 31 ST ASHAD 2074	RESTATED 1 ST SHRAWAN 2073
Assets held for sale	-	-	-
Other non-banking assets	-	-	-
Bills receivable	-	-	-
Accounts receivable	104,135,446	53,228,396	441,630,442
Accrued income	205,313,559	71,321,447	85,958,025
Prepayments and deposit	40,386,795	24,519,812	22,584,595
Income tax deposit (For Legal Cases)	63,530,000	63,530,000	52,900,000
Deferred employee expenditure	443,447,532	436,523,331	224,935,196
Other	36,654,871	1,166,706,607	22,418,663
TOTAL	893,468,203	1,815,829,593	850,426,921

Note 4.17- Due to bank and financial institutions

Deposits from other BFIs is shown under this head. Details as follows:

	32 ND ASHAD 2075	RESTATED 31 ST ASHAD 2074	RESTATED 1 ST SHRAWAN 2073
Money market deposits	-	-	-
Interbank borrowing	-	-	-
Other deposits from BFIs	916,078,304	1,074,610,787	2,163,974,979
Settlement and clearing accounts	-	-	-
Other deposits from BFIs	-	-	-
TOTAL	916,078,304	1,074,610,787	2,163,974,979

Note 4.18- Due to Nepal Rastra Bank

The bank has only refinance facilities due to Nepal Rastra Bank, presented as follows:

	32 ND ASHAD 2075	RESTATED 31 ST ASHAD 2074	RESTATED 1 ST SHRAWAN 2073
Refinance from NRB	26,712,725	14,761,650	2,500,000
Standing Liquidity Facility	-	-	-
Lender of last resort facility from NRB	-	-	-
Securities sold under repurchase agreements	-	-	-
Other payable to NRB	-	-	-
TOTAL	26,712,725	14,761,650	2,500,000

Note 4.19- Derivative financial instruments

Derivatives are financial instruments that derive their value in response to changes in interest rates, financial instrument prices, commodity prices, foreign exchange rates, credit risk, indices etc. Derivatives are categorised as trading unless they are designated as hedging instruments. All derivatives are initially recognised and subsequently measured at fair value, with all revaluation gains or losses recognised in the Statement of Profit or Loss under Net trading Income. Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative. Fair value is determined using the forward market rates ruling on the reporting date.

	32 ND ASHAD 2075	RESTATED 31 ST ASHAD 2074	RESTATED 1 ST SHRAWAN 2073
<i>Held for trading</i>	-	-	-
Interest rate swap	-	-	-
Currency swap	-	-	-
Forward exchange contract	20,192	-	-
Others	-	-	-
<i>Held for risk management</i>	-	-	-
Interest rate swap	-	-	-
Currency swap	-	-	-
Forward exchange contract	-	-	-
Other	-	-	-
TOTAL	20,192	-	-

Note 4.20- Deposits from customers

All deposits account other than deposit from bank and financial institutions (local and foreign bank and NRB) is presented under this head. Details are presented as follows:

	32 ND ASHAD 2075	RESTATED 31 ST ASHAD 2074	RESTATED 1 ST SHRAWAN 2073
Institutions customers:			
Term deposits	38,604,727,974	24,716,566,785	19,169,350,901
Call deposits	11,461,206,706	11,278,677,995	16,520,660,438
Current deposits	8,491,169,764	7,823,234,830	7,346,744,086
Other	1,394,146,314	1,185,029,043	984,897,348
Individual customers:			
Term deposits	15,458,950,708	11,594,935,814	6,829,687,414
Saving deposits	38,539,468,014	35,555,930,898	38,649,605,885
Current deposits	902,956,335	856,357,280	949,416,748
Other	659,080,107	1,081,159,360	1,188,521,536
TOTAL	115,511,705,922	94,091,892,005	91,638,884,356

4.20.1: Currency wise analysis of deposit from customers

	32 ND ASHAD 2075	RESTATED 31 ST ASHAD 2074	RESTATED 1 ST SHRAWAN 2073
Nepalese rupee	106,886,726,985	88,023,139,971	78,932,333,145
Indian rupee	-	-	-
United State dollar	8,557,390,137	6,007,812,059	12,615,685,238
Great Britain pound	1,233,168	649,103	1,237,902
Euro	66,352,954	60,288,378	89,625,313
Japanese Yen	2,677	2,494	2,757
Chinese Yuan	-	-	-
Other	-	-	-
TOTAL	115,511,705,922	94,091,892,005	91,638,884,356

During the year deposit from EBL Retirement Fund and PF loan provided to the depositors of EBL retirement fund has been netted off in the financial statements amounting to Rs. 636,013,914.28. However, similar adjustment in the previous year has not been made for Rs. 523,970,949.87.

Note 4.21- Borrowing

The bank does not have any borrowings as on reporting date.

Note 4.22- Provisions

Entire provisions for expenses made by the bank as on 32 Ashad 2075 are classified under other liabilities.

Note 4.23- Other liabilities

The details of other liabilities are as follows:

	32 ND ASHAD 2075	RESTATED 31 ST ASHAD 2074	RESTATED 1 ST SHRAWAN 2073
Liability for employees defined benefit obligations	412,527,044	398,438,173	456,592,461
Liability for long-service leave	306,908,520	262,339,550	223,214,990
Short-term employee benefits	-	-	-
Bills payable	364,674,083	471,729,717	1,365,317,237
Creditors and accruals	532,341,881	292,914,865	728,631,930
Interest payable on deposit	244,905,427	61,729,003	44,808,918
Interest payable on borrowing	32,720,391	32,676,932	32,762,681
Liabilities on deferred grant income	-	-	-
Unpaid Dividend	52,828,593	54,299,111	85,982,522
Liabilities under operating Lease	-	-	-
Employee bonus payable	409,120,666	286,341,935	253,441,024
Other			
a) Government Revenue Payable	8,212,306,549	4,924,413,261	5,362,257,921
b) Agency Account	22,368,920	26,311,222	13,631,973
c) Branch Adjustment Account	7,713,406	6,513,404	6,513,405
d) Remittance Payable	83,072,364	122,171,085	88,658,083
e) Audit Fee	395,500	395,500	395,500
f) Others	394,134,702	366,732,347	598,747,996
TOTAL	11,076,018,046	7,307,006,105	9,260,956,641

4.23.1: Defined benefit obligations

The amounts recognized in the statement of financial position are as follows:

	32 ND ASHAD 2075	RESTATED 31 ST ASHAD 2074	RESTATED 1 ST SHRAWAN 2073
Present value of unfunded obligations	-	-	-
Present value of funded obligations	990,282,787	844,130,154	716,287,376
Total present value of obligations	990,282,787	844,130,154	716,287,376
Fair value of plan assets	577,755,743	445,691,981	259,694,915
Present value of net obligations	412,527,044	398,438,173	456,592,461
Recognised liability for defined benefit obligations	412,527,044	398,438,173	456,592,461

4.23.2: Plan assets

Plan assets comprise

	32 ND ASHAD 2075	RESTATED 31 ST ASHAD 2074	RESTATED 1 ST SHRAWAN 2073
Equity securities	-	-	-
Government bonds	-	-	-
Bank deposit	577,755,743	445,691,981	259,694,915
Other	-	-	-
TOTAL	577,755,743	445,691,981	259,694,915

4.23.3: Movement in the present value of defined benefit obligations

	32 ND ASHAD 2075	RESTATED 31 ST ASHAD 2074	RESTATED 1 ST SHRAWAN 2073
Defined benefit obligations at Shrawan 1	844,130,154	716,287,376	640,896,730
Actuarial losses	31,760,710	18,511,550	(20,804,630)
Benefits paid by the plan	(30,946,217)	(13,640,372)	(17,231,654)
Current service costs and interest	145,338,140	122,971,600	113,426,930
DEFINED BENEFIT OBLIGATIONS AT ASHAD END	990,282,787	844,130,154	716,287,376

4.23.4: Movement in the fair value of plan assets

	32 ND ASHAD 2075	RESTATED 31 ST ASHAD 2074	RESTATED 1 ST SHRAWAN 2073
Fair value of plan assets at Shrawan 1	445,691,981	259,694,915	172,240,600
Contributions paid into the plan	153,000,593	198,513,279	104,685,969
Benefits paid during the year	(30,946,217)	(13,640,372)	(17,231,654)
Actuarial (losses) gains	(30,102,880)	(20,949,911)	(14,640,450)
Expected return on plan assets	40,112,266	22,074,070	14,640,450
FAIR VALUE OF PLAN ASSETS AT ASHAD END	577,755,743	445,691,981	259,694,915

4.23.5: Amount recognised in profit or loss

	32 ND ASHAD 2075	RESTATED 31 ST ASHAD 2074	RESTATED 1 ST SHRAWAN 2073
Current service costs	69,957,410	62,534,280	59,325,400
Interest on obligation	75,380,730	60,437,300	54,101,530
Expected return on plan assets	(40,112,266)	(22,074,070)	(14,640,450)
TOTAL	105,225,874	100,897,510	98,786,480

4.23.6: Amount recognised in other comprehensive income

	32 ND ASHAD 2075	RESTATED 31 ST ASHAD 2074	RESTATED 1 ST SHRAWAN 2073
Actuarial (gain)/loss	61,863,590	39,461,461	(6,164,180)
TOTAL	61,863,590	39,461,461	(6,164,180)

4.23.7: Actuarial assumptions

	32 ND ASHAD 2075	RESTATED 31 ST ASHAD 2074	RESTATED 1 ST SHRAWAN 2073
Discount rate	8.50%	9.00%	8.50%
Expected return on plan asset	9.00%	8.50%	8.50%
Future salary increase	8.00%	8.00%	8.00%
	Till age 35 years-3%	Till age 35 years-3%	Till age 35 years-3%
Withdrawal rate	Thereafter-1%	Thereafter-1%	Thereafter-1%

Note 4.24- Debt securities issued

8% redeemable debenture issued by the bank has been presented under this head. Details as follows:

- 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 Ashad 2078 has been issued on Ashad 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 Ashad 32, 2075 is Rs. 64.13 crores (Previous Year Rs. 47.44 crores).

	32 ND ASHAD 2075	RESTATED 31 ST ASHAD 2074	RESTATED 1 ST SHRAWAN 2073
Debt securities issued designated as at fair value through profit or loss	-	-	-
Debt securities issued at amortised cost	1,068,845,000	1,068,845,000	1,068,845,000
TOTAL	1,068,845,000	1,068,845,000	1,068,845,000

Note 4.25- Subordinated Liabilities

The bank does not have any subordinate liabilities as on reporting date.

	32 ND ASHAD 2075	RESTATED 31 ST ASHAD 2074	RESTATED 1 ST SHRAWAN 2073
Redeemable preference shares	-	-	-
Irredeemable cumulative preference shares (liabilities component)	-	-	-
Other	-	-	-
TOTAL	-	-	-

Note 4.26- Share capital

The amount of share capital includes paid up equity share capital and convertible preference share capital. 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 32 Ashad 2075 (July 16, 2018) is Rs. 8.00 Crore (Previous Year Rs. 8.00 Crore)

The bank is required to maintain the capital adequacy ratio imposed by the regulator. The ratio is fixed at 11% for the current year and the bank has maintained the required ratio.

Details of shares (equity and preference) presented as follows:

	32 ND ASHAD 2075	RESTATED 31 ST ASHAD 2074	RESTATED 1 ST SHRAWAN 2073
Ordinary shares	8,026,863,347	5,661,095,399	2,622,604,058
Convertible preference shares (equity component only)	80,000,000	80,000,000	120,000,000
Irredeemable preference shares (equity component only)	-	-	-
Perpetual debt (equity component only)	-	-	-
TOTAL	8,106,863,347	5,741,095,399	2,742,604,058

4.26.1: Ordinary shares

	32 ND ASHAD 2075	RESTATED 31 ST ASHAD 2074	RESTATED 1 ST SHRAWAN 2073
Authorized Capital			
9,92,00,000 nos. of Ordinary Shares of Rs. 100 each (Previous 9,92,00,000 nos. of Ordinary Shares of Rs. 100 each)	9,920,000,000	9,920,000,000	9,880,000,000
Issued capital			
8,02,68,637 nos. of Ordinary Shares of Rs. 100 each (Previous 6,03,52,269 nos. of Ordinary Shares of Rs. 100 each)	8,026,863,347	6,035,226,970	2,622,604,058
Subscribed and paid up capital			
8,02,68,637 nos. of Ordinary Shares of Rs. 100 each (Previous 4,52,64,268 nos. of Ordinary Shares of Rs. 100 each)	8,026,863,347	4,526,426,899	2,622,604,058
Calls in Advance	-	1,134,668,500	-
TOTAL	8,026,863,347	5,661,095,399	2,622,604,058

4.26.2: Ordinary share ownership

	32 ND ASHAD 2075		RESTATED 31 ST ASHAD 2074		RESTATED 1 ST SHRAWAN 2073	
	Percent	Amount	Percent	Amount	Percent	Amount
Domestic ownership	79.97	6,418,736,769	79.97	3,619,588,399	79.95	2,096,772,858
Nepal Government	-	-	-	-	-	-
"A" class licensed institutions	-	-	-	-	-	-
Other licensed institutions	-	-	-	-	-	-
Other Institutions	13.26	1,064,304,734	13.69	495,387,400	11.19	293,589,800
Public	66.71	5,354,432,035	86.31	3,124,200,999	68.76	1,803,183,058
Other	-	-	-	-	-	-
Foreign ownership	20.03	1,608,126,900	20.03	906,838,500	20.05	525,831,200
TOTAL	100.00	8,026,863,669	100.00	4,526,426,899	100.00	2,622,604,058

Note 4.26.1- Share premium

Any premium collected on issue of share to public is credited to this reserve. This reserve is utilized only for issue of bonus share. During the year, the Bank has issued 15,088,087 right shares at the rate of Rs.100. The unsubscribed shares of right issue were auctioned and the excess amount collected over the par value on auctioned shares are booked under Share Premium Account which is equivalent to Rs. 238,469,884.

Note 4.27- Reserves

Following reserves are maintained by the bank.

	32 ND ASHAD 2075	RESTATED 31 ST ASHAD 2074	RESTATED 1 ST SHRAWAN 2073
Statutory general reserve	3,204,229,870	2,687,893,514	2,286,643,514
Exchange equalisation reserve	30,161,539	28,235,539	27,836,539
Corporate social responsibility reserve	37,437,219	20,063,000	-
Capital redemption reserve	-	-	-
Reserve for Staff Training	15,800,000	15,100,000	-
Regulatory reserve	534,427,622	-	-
Investment adjustment reserve	1,418,266	1,418,266	50,418,266
Capital Adjustment reserve	47,562,907	47,562,907	854,709,907
Assets revaluation reserve	968,943,421	968,943,421	968,943,421
Fair value reserve	547,282,479	660,854,011	415,760,812
Dividend equalisation reserve	-	-	-
Actuarial gain	(66,612,610)	(23,308,097)	4,314,926
Debenture Redemption reserve	641,310,000	474,425,000	307,540,000
Other reserve	88,177,211	88,177,211	155,122,982
TOTAL	6,050,137,923	4,969,364,772	5,071,290,367

(a) General Reserve:

There is regulatory requirement by the central bank to set aside 20% of the net profit after tax as general reserve to build up the capital until the reserve fund balance is twice the paid-up share capital. This is the restricted reserve and cannot be freely used.

During the year, bank has appropriated Rs. 516,336,356 (Previous year Rs. 401,250,000) to this reserve being 20% of net profit.

(b) Exchange Equalization reserve

Central banks regulatory directive requires the bank to transfer 25% of exchange revaluation gain on foreign currency other than the Indian currency to this reserve.

During the year, bank has appropriated Rs. 1,926,000 (Previous year Rs. 399,000) (being 25% of exchange gain) to this reserve.

(c) Assets Revaluation Reserve

Reserve created from revaluation of assets (such as Property & Equipment, Intangible Assets and Investment Property) is presented under this account head.

Rs. 968,943,421 on account of revaluation of land, under the ownership and control of bank is carried forward from previous financial year however no revaluation has been done during this reporting period.

(d) Fair Value Reserves

The fair value reserve comprises the cumulative net change in the fair value of financial assets that are measured at fair value and the changes in fair value is recognized in other comprehensive income, until the assets are derecognized. The cumulative amount of changes in fair value of those financial assets is presented under this account head. During the reporting period year, this reserve has been reduced by Rs. 113,571,532 (Previous year Rs. 415,760,812)

(e) Capital Reserve

The capital reserve represents the amount of those reserves which are in nature of capital and which shall not be available for distribution of cash dividend. No such reserve has been created by the bank.

(f) Corporate Social Responsibility Fund

As per NRB Circular Bai.Bi.Ni.Bi./Niti/Paripatra/KaKhaGa/11/073/74, CSR fund shall be created for CSR activities of the Bank in the next fiscal year as per Corporate Social Responsibility Manual of the Bank.

During the year, CSR Fund of Rs. 25,816,818 (has been appropriated being 1% of net profit. The CSR expenses incurred during the year amounting to Rs. 8,442,599 has been charged to statement of profit and loss with corresponding addition in retained earnings. The detail of expenses incurred during the period are as follows:

Particulars	Amount
Various Goods Donated In Pashupati Temple	1,253,562
Installation Of Water Supply System In Public School	1,046,662
Maintenance Of Water House	995,586
Plantation Of 100 Plants On Sideways	900,000
Sponsor Fellowship	500,000
Blood Donation Program	304,905
Others (Distribution Of Goods & Financial Assistance To School & NGOs, Free Health Camps Etc)	3,441,884
Total	8,442,599

(g) Capital Redemption Reserve

There is no any balance in capital redemption reserve as opening balance of this reserve was nil and no amount has been allocated to this reserve during the reporting period.

(h) Capital Adjustment/Equalization Fund

Any amount that is allocated from retained profit to a reserve that is created for the raising capital of the Bank as well as calls is advance amount to make up minimum paid up capital amount is presented under this account head.

Rs. 47,562,907 has been carried forward from previous financial year, however no amount has been appropriated to capital adjustment reserve during the reporting period.

(i) Dividend Equalization Fund

For the purpose of maintaining uniformity in dividend payment, certain amount of profit during the year of profit making is transferred and presented under this account head. No such fund has been created by the bank.

(j) Special Reserve

Any special reserve that is created as per the specific requirement of NRB directive or special instruction of NRB is presented as special reserve. There is neither any opening balance in special reserve nor has any amount been allocated to this reserve during the reporting period.

(k) Employee training cost and employee capacity development Fund

As per clause 6 of NRB Directive no.6/074, 3% of previous year employee cost i.e. 26,469,862 is required to be expended towards employee training and development in the current financial year. The bank has expended only Rs. 25,817,014 during the year therefore the bank has transferred the unexpended amount of Rs. 700,000 fund to this reserve.

(l) Investment Adjustment Reserve

It is a regulatory reserve created as a cushion for adverse price movements in bank's investments as directed by the Directives of Nepal Rastra Bank. As per NFRS 9 investment securities available for sale category is classified as financial assets through other comprehensive income.

Rs. 1,418,266 has been carried forward from previous financial year however no amount has been appropriated to this reserve during the reporting period.

(m) Regulatory Reserve

The amount that is allocated from profit or retained earnings of the Bank as per the Directive of NRB for the purpose of implementation of NFRS is presented under this account head. The amount in this reserve is not free for distribution of dividend (cash as well as bonus shares). The amount allocated to this reserve include interest income recognized but not received in cash, difference of loan loss provision as per NRB directive and impairment on loan and advance as per NFRS (in case lower impairment is recognized under NFRS), amount equals to deferred tax assets, actual loss recognized in other comprehensive income, amount of goodwill recognized under NFRS, etc. Amount of Rs. 534,427,622 has been transferred from Regulatory reserve during the reporting period.

The details of regulatory reserve are presented below:

Particulars	32 nd Ashad 2075
Regulatory adjustment :	
a. Interest receivable (-)/previous accrued interest received (+)	203,834,491
b. Short loan loss provision in accounts (-)/reversal (+)	-
c. Short provision for possible losses on investment (-)/reversal (+)	-
d. Short loan loss provision on Non Banking Assets (-)/reversal (+)	2,202,745
e. Deferred tax assets recognised (-)/ reversal (+)	52,109,351
f. Goodwill recognised (-)/ impairment of Goodwill (+)	-
g. Bargain purchase gain recognised (-)/reversal (+)	-
h. Actuarial loss recognised (-)/reversal (+)	66,612,610
i. Other (+/-)	-
Investment in associates	209,668,425
Distributable profit or (loss)	534,427,622

(n) Actuarial Gain/Loss Reserve

Actuarial gain or loss that represents change in actuarial assumptions used to value employee obligations is presented under this account head. During the year, the company has transferred Negative balance of Rs. 43,304,513 to this reserve. The balance of this reserve as on Ashad 32, 2075 is Rs. (66,612,610) (Previous year Rs. (23,308,097)).

(o) Retained earnings

The accumulated profits which has not been distributed to shareholders and has been ploughed back in the licensed institution's operations and is free for distribution of dividend to the shareholders is presented under this heading. The balance as on reporting date is Rs. 1,739,036,261 (Previous Year Rs. 2,497,053,940).

Statement of distributable Profit or Loss For the year ended 32nd Ashad 2075 (As per NRB Regulation)

PARTICULARS	32 ND ASHAD 2075	RESTATED 31 ST ASHAD 2074
Net profit or (loss) as per statement of profit or loss	2,581,681,778	2,118,021,520
<u>Appropriations:</u>		
a. General reserve	516,336,356	401,250,000
b. Foreign exchange fluctuation fund	1,926,000	399,000
c. Debenture redemption reserve	166,885,000	166,885,000
d. Corporate social responsibility fund	17,374,219	20,063,000
e. Employees' training fund	700,000	15,100,000
f. Capital Adjustment Reserve	-	(807,147,000)
g. Investment Adjustment Reserve	-	(49,000,000)
h. Other	-	(66,945,771)
Profit or (loss) before regulatory adjustment	1,878,460,204	2,437,417,291
<u>Regulatory adjustment:</u>		
a. Interest receivable (-)/previous accrued interest received (+)	(203,834,491)	-
b. Short loan loss provision in accounts (-)/reversal (+)	-	-
c. Short provision for possible losses on investment (-)/reversal (+)	-	-
d. Short loan loss provision on Non Banking Assets (-)/reversal (+)	(2,202,745)	-
e. Deferred tax assets recognised (-)/ reversal (+)	(52,109,351)	-
f. Goodwill recognised (-)/ impairment of Goodwill (+)	-	-
g. Bargain purchase gain recognised (-)/reversal (+)	-	-
h. Actuarial loss recognised (-)/reversal (+)	(66,612,610)	-
i. Other (+/-)	-	-
Investment in associates	(209,668,425)	-
Total Regulatory Reserve	(534,427,622)	-
Distributable profit or (loss)	1,344,032,582	2,437,417,291

Note 4.28- Contingent liabilities and commitments

The table below shows the contract or underlying principal amounts of unmatured off-balance sheet transactions as on reporting date.

	32 ND ASHAD 2075	RESTATED 31 ST ASHAD 2074	RESTATED 1 ST SHRAWAN 2073
Contingent liabilities	15,848,857,024	13,543,827,301	11,001,611,981
Undrawn and undisbursed facilities	14,515,956,402	12,456,692,980	13,448,631,165
Capital commitment	-	-	-
Lease Commitment	-	-	-
Litigation	245,279,066	236,617,401	192,792,062
TOTAL	30,610,092,491	26,237,137,682	24,643,035,209

4.28.1: Contingent liabilities

	32 ND ASHAD 2075	RESTATED 31 ST ASHAD 2074	RESTATED 1 ST SHRAWAN 2073
Acceptance and documentary credit	9,054,697,817	8,178,321,177	5,928,927,739
Bills for collection	1,756,082,215	969,746,811	900,122,278
Forward exchange contracts	-	-	-
Guarantees	5,038,076,992	4,395,759,313	4,172,561,965
Underwriting commitment	-	-	-
Other commitments	-	-	-
TOTAL	15,848,857,024	13,543,827,301	11,001,611,981

4.28.2: Undrawn and undisbursed facilities

	32 ND ASHAD 2075	RESTATED 31 ST ASHAD 2074	RESTATED 1 ST SHRAWAN 2073
Undisbursed amount of loans	5,366,682,970	2,876,721,992	2,777,317,478
Undrawn limits of overdrafts	6,317,314,897	6,217,489,714	6,617,822,345
Undrawn limits of credit cards	96,188,730	38,817,330	-
Undrawn limits of letter of credit	1,586,344,703	1,932,124,746	3,336,899,831
Undrawn limits of guarantee	1,149,425,103	1,391,539,197	716,591,511
TOTAL	14,515,956,402	12,456,692,980	13,448,631,165

4.28.3: Capital commitments

There is no Capital expenditure approved by relevant authority of the bank.

	32 ND ASHAD 2075	RESTATED 31 ST ASHAD 2074	RESTATED 1 ST SHRAWAN 2073
Capital commitments in relation to Property and Equipment			
Approved and contracted for	-	-	-
Approved but not contracted for	-	-	-
Sub total	-	-	-
Capital commitments in relation to Intangible assets			
Approved and contracted for	-	-	-
Approved but not contracted for	-	-	-
Sub total	-	-	-
TOTAL	-	-	-

4.28.4: Lease commitments

	32 ND ASHAD 2075	RESTATED 31 ST ASHAD 2074	RESTATED 1 ST SHRAWAN 2073
Operating lease commitments			
Future minimum lease payments under non cancellable operating lease, where the bank is lessee	-	-	-
Not later than 1 year	-	-	-
Later than 1 year but not later than 5 years	-	-	-
Later than 5 years	-	-	-
Sub total	-	-	-
Finance lease commitments	-	-	-
Future minimum lease payments under non cancellable operating lease, where the bank is lessee	-	-	-
Not later than 1 year	-	-	-
Later than 1 year but not later than 5 years	-	-	-
Later than 5 years	-	-	-
Sub total	-	-	-
Grand total	-	-	-

4.28.5: Litigation

Large Tax Payer office has reassessed the income tax for the year 2063-64, 2064-65, 2067-68, 2068-69, 2069-70 and 2070-71 demanding total additional tax of Rs. 24.53 Crores (including VAT, Fine, Interest & TDS) (Previous year is Rs. 23.66 Crores). The bank has disputed remaining said assessment and is under with the Revenue Tribunal/Supreme Court.

Note 4.29- Interest income

Interest income include interest income on loan and advance, investment securities except on those investment securities measure at fair value through profit or loss, cash and cash equivalent, due from BFIs, loan and advances to staff, etc. Details presented as follows:

	32 ND ASHAD 2075	RESTATED 31 ST ASHAD 2074	RESTATED 1 ST SHRAWAN 2073
Cash and cash equivalent	29,983,767	25,880,760	136,549,751
Due from Nepal Rastra Bank	-	-	-
Placement with bank and financial institutions	103,402,366	80,294,473	86,636,125
Loan and advances to bank and financial institutions	47,426,719	19,840,325	5,049,686
Loans and advances to customers	9,293,837,100	6,365,205,422	4,754,288,755
Investment securities	495,704,996	210,767,122	47,817,526
Loan and advances to staff	133,096,441	114,052,057	73,220,578
Other	-	-	-
TOTAL INTEREST INCOME	10,103,451,389	6,816,040,160	5,103,562,422

Note 4.30- Interest expense

Interest expenses include interest accrued on deposits collected and debt securities issued. Details presented as follows:

	32 ND ASHAD 2075	RESTATED 31 ST ASHAD 2074	RESTATED 1 ST SHRAWAN 2073
Due to bank and financial institutions	4,204,394	53,456,336	13,115,245
Due to Nepal Rastra Bank	-	-	-
Deposits from customers	5,143,975,541	2,870,828,558	1,729,870,024
Borrowing	-	-	-
Debt securities issued	85,507,600	85,507,600	85,507,600
Subordinated liabilities	-	-	-
Other	-	-	-
TOTAL INTEREST EXPENSE	5,233,687,535	3,009,792,494	1,828,492,869

Note 4.31- Fees and commission income

Fees and commission income include management fee, service charges, syndication fee, forex transaction commission, etc.

Details presented as follows:

	32 ND ASHAD 2075	RESTATED 31 ST ASHAD 2074	RESTATED 1 ST SHRAWAN 2073
Loan administration fees	33,222,456	23,002,463	20,601,448
Service fees	300,854,819	228,606,919	198,248,606
Consortium fees	-	-	-
Commitment fees	16,562,297	16,431,729	9,945,910
DD/TT/Swift fees	33,579,596	24,783,654	21,424,272
Credit card/ATM issuance and renewal fees	123,848,512	157,611,175	161,159,067
Prepayment and swap fees	32,320,631	21,147,183	21,728,891
Investment banking fees	-	-	-
Asset management fees	-	-	-
Brokerage fees	-	-	-
Remittance fees	64,536,262	67,966,213	64,905,400
Commission on letter of credit	79,285,532	72,030,888	53,206,028
Commission on guarantee contracts issued	75,182,956	73,176,446	49,888,097
Commission on share underwriting/issue	-	-	-
Locker rental	12,216,349	11,836,525	10,976,395
Other fees and commission income	173,765,942	151,742,526	122,694,000
TOTAL FEES AND COMMISSION INCOME	945,375,352	848,335,721	734,778,114

Note 4.32- Fees and commission expense

Fees and commission expense include ATM management fees, card related fees, remittance fees & commissions/TT/swift charges etc.

Details presented as follows:

	32 ND ASHAD 2075	RESTATED 31 ST ASHAD 2074	RESTATED 1 ST SHRAWAN 2073
ATM management fees	22,781,476	20,679,056	15,715,445
VISA/Master card fees	16,337,077	16,087,245	3,507,882
Guarantee commission	-	-	-
Brokerage	-	-	-
DD/TT/Swift fees	7,046,652	4,734,676	4,371,049
Remittance fees and commission	37,581,746	38,466,574	35,041,861
Other fees and commission expense	39,542,135	27,444,045	18,554,137
TOTAL FEES AND COMMISSION EXPENSE	123,289,086	107,411,596	77,190,374

Note 4.33- Net trading income

Net trading income includes gain/loss on foreign exchange transactions.

Details presented as follows:

	32 ND ASHAD 2075	RESTATED 31 ST ASHAD 2074	RESTATED 1 ST SHRAWAN 2073
Changes in fair value of trading assets	-	-	-
Gain/loss on disposal of trading assets	-	-	-
Interest income on trading assets	-	-	-
Dividend income on trading assets	-	-	-
Gain/loss on foreign exchange transaction	195,902,137	155,715,942	165,960,115
Other	-	-	-
NET TRADING INCOME	195,902,137	155,715,942	165,960,115

Note 4.34- Other operating income

Other operating income includes foreign exchange revaluation gain, fair value gain/loss on investment properties, dividend on equity instruments, gain/loss on sale of property and equipment etc.

Details presented as follows:

	32 ND ASHAD 2075	RESTATED 31 ST ASHAD 2074	RESTATED 1 ST SHRAWAN 2073
Foreign exchange revaluation gain	7,702,199	1,593,477	7,972,516
Gain/loss on sale of investment securities	-	-	-
Fair value gain/loss on investment properties	59,722,675	77,237,409	40,051,921
Dividend on equity instruments	14,892,552	7,261,127	5,158,989
Gain/loss on sale of property and equipment	2,371,981	3,631,435	17,438,182
Gain/loss on sale of investment property	-	-	-
Operating lease income	7,951,229	7,906,564	7,621,866
Gain/loss on sale of gold and silver	-	-	-
Locker rent	-	-	-
Other	-	-	-
TOTAL	92,640,636	97,630,012	78,243,474

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

Detail presented as follows:

	32 ND ASHAD 2075	RESTATED 31 ST ASHAD 2074	RESTATED 1 ST SHRAWAN 2073
Impairment charge/(reversal) on loan and advances to B/FIs	-	-	-
Impairment charge/(reversal) on loan and advances to customer	132,115,562	40,478,123	75,382,694
Impairment charge/(reversal) on financial Investment	-	-	-
Impairment charge/(reversal) on placement with banks and financial institutions	-	-	-
Impairment charge/(reversal) on property and equipment	-	-	-
Impairment charge/(reversal) on goodwill and intangible assets	-	-	-
Impairment charge/(reversal) on investment properties	-	-	-
TOTAL	132,115,562	40,478,123	75,382,694

Note 4.36- Personnel expenses

All expenses related to employees of a bank are included under this head.

Details presented as follows:

	32 ND ASHAD 2075	RESTATED 31 ST ASHAD 2074	RESTATED 1 ST SHRAWAN 2073
Salary	565,425,314	475,925,907	421,084,759
Allowances	89,010,876	67,190,345	55,383,244
Gratuity expense	105,225,874	100,897,510	98,786,480
Provident fund	54,746,759	45,976,436	40,953,231
Uniform	9,709,189	6,499,576	6,739,820
Training & development expense	25,817,014	5,903,090	2,169,371
Leave encashment	93,156,265	62,250,637	51,257,230
Medical	5,206,000	5,100,200	4,795,000
Insurance	15,987,617	8,781,725	8,549,580
Employees Incentive	-	-	-
Cash-settled share-based payments	-	-	-
Pension Expenses	-	-	-
Finance expense under NFRS	49,463,730	44,697,693	17,478,235
Other expenses related to staff	69,801,176	53,918,566	51,792,804
SUBTOTAL	1,083,549,814	877,141,685	758,989,754
Employees bonus	409,120,666	286,341,935	253,441,024
GRAND TOTAL	1,492,670,480	1,163,483,620	1,012,430,778

Employee bonus is provided at 10% of net profit before bonus & tax.

Grant Rs. 39.81 lakh received from Seba and Rs. 2.39 lakh received from Unnati projects as reimbursement of salary has been netted off from with respective expenditure.

Note 4.37- Other Operating expenses

Operating expense other than those relating to personnel expense are recognized and presented in this head. Details presented as follows:

	32 ND ASHAD 2075	RESTATED 31 ST ASHAD 2074	RESTATED 1 ST SHRAWAN 2073
Directors' fee	710,000	840,000	850,000
Directors' expense	1,963,157	1,838,312	1,285,341
Auditors' remuneration	395,500	395,500	395,500
Other audit related expense	932,250	1,310,610	1,067,135
Professional and legal expense	13,231,258	4,277,244	2,309,069
Office administration expense	430,396,098	374,939,952	342,464,506
Operating lease expense	119,603,502	100,938,077	93,192,946
Operating expense of investment properties	-	-	-
Corporate social responsibility expense	8,442,599	-	-
Onerous lease provisions	-	-	-
Other	8,859,361	7,671,612	6,088,717
TOTAL	584,533,725	492,211,307	447,653,214

Note 4.38- Depreciation and amortization

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life. Amortization is the systematic allocation of the depreciable amount of an intangible asset over its useful life. Depreciation and amortization include depreciation on plant and equipment & amortization of intangible assets.

Details presented as follows:

	32 ND ASHAD 2075	RESTATED 31 ST ASHAD 2074	RESTATED 1 ST SHRAWAN 2073
Depreciation on property and equipment	81,138,441	80,277,399	83,173,625
Depreciation on investment property	-	-	-
Amortisation of intangible assets	4,234,539	2,804,648	2,323,563
TOTAL	85,372,981	83,082,046	85,497,188

Note 4.39- Non-operating income

The incomes that have no direct relationship with the operation of transactions are presented under this head.

	32 ND ASHAD 2075	RESTATED 31 ST ASHAD 2074	RESTATED 1 ST SHRAWAN 2073
Recovery of loan written off	-	-	4,673,691
Other income	-	-	-
TOTAL	-	-	4,673,691

Note 4.40- Non-operating Expenses

The expenses that have no direct relationship with the operation of transactions are presented under this head.

	32 ND ASHAD 2075	RESTATED 31 ST ASHAD 2074	RESTATED 1 ST SHRAWAN 2073
Loan written off	382,445	-	395,008
Redundancy provision	-	-	-
Expense of restructuring	-	-	-
Other expenses	3,231,711	102,653	461,751
TOTAL	3,614,156	102,653	856,759

Note 4.41- Income tax expense

The bank has calculated current tax on the basis of taxable income.

The bank has calculated deferred tax expenses based on the financial statements prepared as per NFRS.

	32 ND ASHAD 2075	RESTATED 31 ST ASHAD 2074	RESTATED 1 ST SHRAWAN 2073
Current tax expense	1,137,558,511	852,882,594	797,147,755
Current year	1,137,558,511	852,882,594	752,147,755
Adjustments for prior years	-	-	45,000,000
Deferred tax expense	37,154,299	(50,255,881)	46,697,352
Origination and reversal of temporary differences	37,154,299	(50,255,881)	46,697,352
Changes in tax rate	-	-	-
Recognition of previously unrecognised tax losses	-	-	-
TOTAL INCOME TAX EXPENSE	1,100,404,211	903,138,475	750,450,403

4.41.1: Reconciliation of tax expense and accounting profit

	32 ND ASHAD 2075	RESTATED 31 ST ASHAD 2074	RESTATED 1 ST SHRAWAN 2073
Profit before tax	3,682,085,990	3,021,159,995	2,559,713,940
Tax amount at tax rate of 30%	1,104,625,797	906,347,999	767,914,182
Add: Tax effect of expenses that are not deductible for tax purpose	246,180	(1,031,187)	427,839
Less: Tax effect on exempt income	(4,467,766)	(2,178,337)	(1,547,697)
Add/less: Tax effect on other items	-	-	(16,343,921)
TOTAL INCOME TAX EXPENSE	1,100,404,211	903,138,475	750,450,403
EFFECTIVE TAX RATE	30%	30%	29%

5. Disclosure and Additional Information

Note 5.1- Risk Management

Risk Management

Board Level Risk Committee

The Board is the one who set policy, strategy and objectives, and oversee the executive function. It sets risk appetite and ensures that it is reflected in business strategy and cascaded throughout the organization.

For the effective risk management, Board has formed a board level committee called Risk Management Committee (RMC) which assists the board in setting risk strategy policies, including risk tolerance and appetite levels, as stipulated by Nepal Rastra Bank. It devises the risk management policy of the bank including credit, market and operational risk, risk integration, implementation of best risk management practices and setting up various risk limits of the bank. The Committee receives reports from management and after discussion and deliberations reaches in a conclusion that existing action taken by the management are appropriate or elevate the situations to the Board where further action is required with its recommendation.

Risk Governance

The risk management framework which consists of board set risk appetite, clear organization setup, well defined roles, well developed tools and processes and well defined policy on each risk areas.

Risk Management framework is supervised by Risk Management Committee (RMC), a committee of Board and supported by functional committees namely Credit Risk Management Committee (CRMC), Asset and Liability Management Committee (ALCO), Operational Risk Management Committee (ORMC). Bank has separate Risk Management Department for managing, mitigating and controlling different risk which acts as second line of defense whereas all business functions lies on first line of defense and Internal Audit and Audit Committee on third line of defense. Further, the bank has different policies which directs/supplements the framework. The bank has Board approved operational instructions, book of instructions and clear role definition of each unit makes the process simple and robust. Bank has also set tolerance limits on different parameters above the regulatory requirement maintaining extra caution level in managing these risks.

Credit Risk

Credit risk is defined as the potential that a bank borrower or counterparty will fail to meet its obligations in accordance with agreed terms. For measurement of Credit Risk, bank has adopted Simplified Standardized Approach (SSA) and for Management of Credit Risk, Bank has formulated various policies, procedure and internal guideline that is approved by Board in recommendation of Risk Management Committee (RMC). Bank has a clear guiding document related to loaning power approved by the Board.

The Risk Management department is individually reviewing the business loan having limit Rs.5 crore and above. Assessment ground for sanctioning of new loan, renewal of loan or enhancement of existing loan is defined in book of instruction/ Credit & Credit Risk Management Policy of the bank. A separate vertical Credit Administration department in HO and Branches are administrating loan related documents, examining loan repayment, record keeping of loan files and related security documents.

All revolving loans are reviewed/ renewed annually. Quarterly Review for all loans of Rs. 1 Crore and above is conducted. Separate Recovery Cell has been created and bank has recovery/ write off Policy approved by the Board. Bank is doing comprehensive risk assessment by assessing the loan from internally developed rating model.

Operational Risk

Operational Risk is loss resulting from inadequate or failed internal processes, people and systems or from external events, including legal risks. For measurement of Operational risk, Bank has adopted Basic Indicator Approach (BIA) and for management of Operational risk, Bank has policies in place, 3 line of defense in practice, risk identification, assessment and monitoring tools are defined, Risk Control and Mitigation tools

are in place. Formal channel is defined whereby various policies, procedure and internal guidelines are approved by Board in recommendation of Risk Management Committee (RMC).

Bank has effective Internal Control System and Information System for managing Operational Risk. Risk Based Internal Audit (RBIA) has been started in the bank. IT/ System Audit is being done annually by expert external agency and report is submitted to concerned Supervision Department of NRB.

Risk events of the Bank are compiled and instructed the related function to take corrective measures wherever necessary. Such risk events are presented in ORMC, RMC. Bank has Disaster Recovery Policy and Business Continuity Plan incorporated in IT Policy. Further, drill operation has been performed twice in a year and updated if necessary. Human Resource Department of the bank is placing and transferring the employees periodically.

Market Risk

Market risk refers to the risk to a bank resulting from movements in market prices, in particular, changes in liquidity, interest rates, foreign exchange rates, and equity prices. For measurement of Market Risk, Bank has adopted Net Open Position Approach and for management of the Market Risk guiding, policies such as Assets/Liabilities Management policy, Investment Policy and Treasury management policy and procedure are in place.

Bank has established middle office under the regulatory guidelines for monitoring exposures based on limit set up by the board and NRB including regulatory norms, prudential ceiling and delegation of authorities on Liquidity and Market Risk. Middle office is also conducting ALCO meetings and market risk reporting to ALCO.

Bank is assessing interest rate risk, foreign exchange risk and equity price risk at a regular interval as per the NRB guidelines and the internal policy in managing market risk and reporting to RMC and the Board on quarterly basis.

Liquidity Risk

Liquidity risk is the potential that the bank may be unable to meet its obligations due or to fund increases in assets as they fall due without incurring unacceptable cost or losses.

The Bank has been maintaining CRR, SLR, net liquidity ratio and credit to core capital and deposit ratios within the limit approved by the Board and are being monitored on continuous basis. Further, maturity wise structural liquidity table are being prepared as per the regulatory guidelines on monthly basis and reported to the Board on quarterly basis. Bank has also addressed contingency liquidity plan in its policy that is being reviewed annually or on requirement basis.

Reputational Risk

Reputational risk is the current or prospective indirect to earnings and capital arising from adverse perception of the image of the financial institution on the part of customers, counterparties, shareholders, investors or regulators. We call it indirect risk, as reputational risk has an indirect impact on capital and profitability. Its effect is mainly manifested in the deterioration of goodwill and lost makings. For management of the reputational risk, bank has developed the model for collection and assessment of data.

Compliance Risk

Compliance Risk is the current and prospective risk to earnings or capital arising from violations of or non-conformance with laws, rules, regulations and prescribed practices and it exposes the bank to fines, penalties and payment of damages, etc. It culminates into reputational risk. Bank has separate department that is handling the compliance of the Bank.

Internal Control

Internal Control System i.e Audit, Compliance has been reinforcing on the effective implementation of laid down Policies and Procedure. Regular banking activities are being closely monitored through internal control

mechanism. Bank is having an appropriate control structure with well-defined control activities at every business level. Duties of officials and staff members of the bank are well defined at all level to avoid conflicting responsibilities. Bank has already placed Code of Ethics and Conflict of Interest Policy for Board Directors and staff. These laid down system are being monitored & reviewed periodically to identify the areas of potential conflicts of interest to minimize Operational Risk at all level. Information system of the bank is upgrading continuously and place to cover activities of the Bank. Internal Audit Department independently evaluates the adequacy and compliance of the bank's established guidelines for internal control system. Risk Based Internal Audit (RBIA) has been started in the bank, where internal auditor incorporates the measures initiated by branch/ department/ office to manage operational risk. System audit is being done through outsiders till the Capability buildup of internal personnel and report is submitted to concern Supervision Department of NRB.

5.2 Capital Management

1. Capital Structure and Capital Adequacy

Tier 1 capital and a breakdown of its components :	In Rs. '000
Core Capital (Tier 1)	13,912,342
a Paid up Equity Share Capital	8,026,863
b Proposed Bonus Equity Shares	-
c Share Premium	238,470
d Irredeemable Non- cumulative preference shares	-
e Statutory General Reserves	3,204,230
f Retained Earnings	1,739,036
g Reserve for Deferred Tax	-
h Un-audited current year cumulative profit	-
i Debenture Redemption Reserve	641,310
j Capital Adjustment Reserve	47,563
k Capital Redemption Reserve	-
l Other Free Reserve	125,614
m Calls in Advance	

Less :

a Goodwill and Intangible Assets	(12,932)
b Deferred Tax Assets	-
c Less: Miscellaneous Expenditure not written off	-
d Less: Investment in Equity in licensed Financial Institutions	-
e Less: Investment in Equity of Institutions with vested interests	-
f Less: Investment in Equity of institutions with excess of limits	-
g Less: Investments arising out of underwriting commitments	-
h Less: Negative balance of reserve accounts	(66,613)
i Less: Other Deductions (Fixed Assets not used)	(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)	1,704,328
a Cumulative and/or Redeemable Preference Share	80,000
b Subordinated Term Debt	615,076
c Hybrid Capital Instruments	-
d General Loan Loss provision	945,408
e Investment Adjustment Reserve	1,418
f Assets Revaluation Reserve	-
g Exchange Equalization Reserve	30,162
h Additional Loan Loss Provision	16,464
i Other Reserves	15,800

Total Capital Fund (Tier I and II)

15,616,670

- Tier 2 capital and a breakdown of its components**

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 : (110,745) thousand
- Total qualifying capital : 15,616,670 thousand
- Capital adequacy ratio : 14.20%
- 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 had issued 33% Bonus Share amounting Rs. 199 Crore for capital adequacy as prescribed by Regulator in previous year. 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 had issued debenture of Rs. 46.88 Crores in F.Y. 2069/70 for the period of 10 years and 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 16th July 2018, Bank has the following capital structure:

Paid up ordinary capital	Rs. 802.68 crores
Convertible preference share	Rs. 8.00 crores (Rs. 12 Crore already converted into Ordinary shares out of Rs. 20 Crores)

The salient features of each instrument are as under:

- 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.
- EBL Debenture Rs. 46.88 crore: (Issued on 14.06.2013 and maturing on 13.06.2023)
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.
- EBL Debenture Rs. 60.00 crore: (Issued on 15.07.2015 and maturing on 14.07.2021)
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 16th July 2018 is given below:

Particulars	Amount (000)
1. Credit Risk	99,987,038
2. Market Risk	635,213
3. Operational Risk	6,291,389
4. Adjustment under Pillar III	3,091,815
TOTAL	110,005,455

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

Risk weighted exposure under each of 11 categories of Credit Risk as of 16th July 2018 is given as under:

Particulars	Amount (000)
1. Claims on other official entities	-
2. Claims on banks	11,671,387
3. Claims on Domestic corporate & securities firms	47,424,953
4. Claims on regulatory retail portfolio	14,512,682
5. Claims secured by residential properties	6,780,534
6. Claims secured by commercial real estate	2,792,889
7. Past due claims	27,377
8. High risk claims	6,403,776
9. Investment in Equity of Institutions	1,072,899
10. Other assets	2,322,324
11. Off balance sheet items	6,978,217
TOTAL	99,987,038

- Total risk weighted exposure calculation table :

Enclosed as an Annexure:

- Amount of NPAs (both Gross and Net) Rs. in '000
 - Gross NPA : Rs. 187,716
 - Net NPA : Rs. 20,558
 - ❖ Restructure/Reschedule loan : -
 - ❖ Substandard Loan : 5881
 - ❖ Doubtful Loan : 2912
- Loss Loan : 158363
- NPA Ratios
 - ❖ Gross NPA to gross advances : 0.20%
 - ❖ Provision to NPA : >100%
- Movement of Non-Performing Assets :

Amount Rs. 000

Particulars	Amount	Provision
Opening balance	198,905	196,113
Addition during the year	28,679	9,809
Recovered during the year	(39,867)	(38,764)
BALANCE AS AT 16 JULY 2018	187,717	167,158

- Write off of Loans and Interest Suspense :

Following loans and Interest Suspense have been written off during the year 2017/18:

Particular	Amount
Loan	382
Interest Suspense	11,509

• Movements in Loan Loss Provisions and Interest Suspense:

Amount Rs.000

Particulars	Loan loss provision	Interest suspense
Opening balance	996,914	174,036
Write back /off in the year	(29,750)	(11,509)
Addition in the year	161,866	41,308
BALANCE AS AT 16 JULY 2018	1,129,030	203,834

• Details of additional Loan Loss Provisions

Loan Category	Amount (000)
1. Substandard	-
2. Doubtful	-
3. Loan against PG	-
4. Deprived Sector Loan	16,464
5. Retail Lending	-
TOTAL	16,464

Note 5.3 - Classification and fair value of financial asset and financial liabilities

Categories of financial assets and liabilities are presented as follows:

A. Financial assets and liabilities at fair value through profit and loss

The following table contains detail of the carrying amount of the financial assets and liabilities as on reporting date:

Current year

Particulars	Carrying amount (RS.)		
	Level 1	Level 2	Level 3
Derivative financial instruments (Liabilities)			20,192

B. Financial assets and liabilities measured at amortized cost

The following table contains detail of the carrying amount of the financial assets and liabilities as on reporting date:

Current year

Particulars	Carrying amount (RS.)		
	Level 1	Level 2	Level 3
Treasury bills		4,527,893,471	
Government bonds		10,902,562,072	
Loan and advances to B/FIs			4,254,678,027
Loans and advances to customers			89,927,569,569

Previous year

Particulars	Carrying amount (RS.)		
	Level 1	Level 2	Level 3
Treasury bills		3,729,773,372	
Government bonds		4,814,439,657	
Loan and advances to B/FIs			3,291,101,916
Loans and advances to customers			75,695,621,515

C. Financial asset measured at fair value through other comprehensive income

The following table contains detail of the carrying amount and based on the hierarchy of fair value measurement of financial assets as on reporting date:

Current year

Particulars	Carrying amount (RS.)		
	Level 1	Level 2	Level 3
Investment securities			
Quoted Equity			
Rural Microfinance Development Ltd.		16,452,887	
Nirdhan Utthan Bank Ltd.	369,537,024	402,141,102	
Taragaon Regency Hotel	13,700,000		
Unquoted Equity			
Nepal Clearing House Ltd.			2,500,000
Credit Information Center Ltd.			3,659,900
National Banking Training Institute			1,440,000
TOTAL	383,237,024	418,593,989	7,599,900

Previous year

Particulars	Carrying amount (RS.)		
	Level 1	Level 2	Level 3
Investment securities			
Quoted Equity			
Rural Microfinance Development Ltd.		18,728,769	
Nirdhan Utthan Bank Ltd.		930,787,289	
Taragaon Regency Hotel	13,050,000		
Unquoted Equity			
Nepal Clearing House Ltd.			2,500,000
Credit Information Center Ltd.			3,659,900
National Banking Training Institute			1,200,000
TOTAL	13,050,000	949,516,058	7,359,900

Note 5.4 - Segment Analysis

The bank has identified segments on the basis of each geographical presence in seven provinces of the country Segment profit or loss, revenue and expenses, assets and liabilities, and the basis of measurement are presented as follows:

Information about profit or loss, assets and liabilities

(in Rs. '000)

Particulars	Province 1	Province 2	Province 3	Gandaki Province	Province 5	Karnali Province	Province 7	Total
(a) Revenues from external Customers	832,619	783,890	7,329,425	661,268	1,052,018	118,431	398,170	11,175,821
(b) Intersegment Revenue	5,775	46,632	5,820,472	1,476	43,719	-	13,098	5,931,172
(c) Gross Revenue	838,394	830,522	13,149,897	662,744	1,095,737	118,431	411,268	17,106,993
(d) Interest Revenue	751,796	700,968	6,545,684	609,091	948,093	107,147	364,110	10,026,891
(e) Interest Expenses	129,430	158,827	4,485,082	117,228	265,060	18,120	59,939	5,233,688
(f) Net Interest Revenue	622,367	542,141	2,060,602	491,863	683,033	89,027	304,171	4,793,204
(g) Depreciation & Amortisation	5,438	6,845	49,571	4,855	9,244	1,509	7,911	85,373
(h) Segment Profit/(Loss)	293,894	326,396	2,682,721	222,133	439,105	41,958	127,628	4,133,836
(i) Entity's interest in the profit or loss of associates accounted for using equity method								59,723
(j) Other material non-cash items:								
(k) Impairment of assets	(19,889)	11,520	104,356	6,263	15,704	3,088	11,073	132,116
(l) Segment assets	7,800,577	7,272,835	106,717,049	6,091,908	9,757,180	1,230,403	3,907,919	142,777,870
(m) Segment Liabilities	5,022,989	6,576,992	100,049,722	4,346,410	9,144,102	784,472	2,450,499	128,375,187

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

a. Revenue	Rs. In '000
Total revenues for reportable segments	17,106,993
Other revenues	161,549
Elimination of intersegment revenues	(5,931,172)
Entity's revenues	11,337,370

b. Profit or Loss **Rs. In '000**

Total profit or loss for reportable segments	4,133,836
Other profit or loss	22,376
Elimination of intersegment profits	.
Unallocated amounts:	
Loan loss provision	(126,975)
Bonus expenses	(362,902)
Profit / (Loss) from Extra-Ordinary Nature	(481)
Income tax	(1,084,485)
Other adjustments	(36,833)
Profit After income tax	2,544,536

c. Assets **Rs. In '000**

Total assets for reportable segments	142,777,870
Other assets	.
Unallocated amounts	.
Entity's assets	142,777,870

d. Liabilities **Rs. In '000**

Total liabilities for reportable segments	128,375,187
Other liabilities	.
Unallocated liabilities	.
Entity's liabilities	128,375,187

5. Information about geographical areas

Revenue from following geographical areas Rs. In '000

(a) Domestic	21,900,196
Province 1	1,460,760
Province 2	1,372,663
Province 3	15,210,499
Province 4	1,154,607
Province 5	1,778,770
Province 6	207,457
Province 7	715,439
(b) Foreign	-
Total	21,900,196

6. Information about major customers

Information about the extent of its reliance on its major customers, if revenue from a single external customer amounts to 10 percent or more of the entity's revenue.

Rs. In '000

Particular	Revenue	Segment
Customer 1*	0	Segment 1
Customer 2*	0	Segment 3
.....	0	Segment 2
Total	xxxx	

Bank does not have any customers with revenue from single external customer amounts to 10 % or more of the revenue.

Note 5.5 - Share option and share based payment

The bank doesn't have arrangements of share-based payment and share option as on reporting date.

Note 5.6 - Contingent Liabilities and commitments

The details of contingent liabilities and commitments has been presented in notes 4.28 above.

Note 5.7- Related party disclosure

Entity with significant influence over the bank

Followings have been identified as related parties for Everest Bank Limited under NAS 24 Related parties:

- 1) Punjab National Bank Limited – this is the joint-venture partner of the investors who established the bank
- 2) Key Management Personnel of the Bank – Bank is managed by three expatriates seconded from PNB group to oversee the management of the bank's functioning under a technical service agreement
- 3) Units and companies under PNB Group
- 4) Directors of the Bank
- 5) Relatives of directors and key management personnel
- 6) Forward Community Microfinance Limited
- 7) EBL Employee Retirement Fund

Transactions during the period

Particulars	32 nd Ashad 2075	31 st Ashad 2074
Directors:		
Director's Sitting Fees	710,000	840,000
Other Expenses	1,963,157	1,838,312
Interest Paid to directors on deposits	113,069,703	67,722,430
Key Management Personnel (KMP):		
Remuneration and benefits Paid	28,247,626	32,115,332
Interest on account balances	255,029	19,905
PNB Group		
TSA Paid	9,878,400	7,056,000
Cash Dividend Paid	-	19,652,847
Bonus Shares (NoS)	3,990,089	3,734,041
Right Share (NoS)	3,022,795	-

Terms and conditions of transaction with related parties

The related party transactions are made at terms equivalent to those that prevail in an arm's length transactions

The following table provides the total amount of transaction that has been entered into with related parties for during the reporting period.

Transactions	Current Year		Previous Year	
	Transaction (RS.)	Nature of relationship	Transaction (RS.)	Nature of relationship
Deposit	1,022,431,480	Director	1,060,450,109	Director
Deposit	4,219,350	KMP	2,200,705	KMP

Details of Directors

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
Chairman	Mr. Bishnu Krishna Shrestha	Mr. Bishnu Krishna Shrestha
Directors	Mr. Ved Krishna Shrestha	Mr. Ved Krishna Shrestha
	Mr. Arun Man Sherchan	Mr. Arun Man Sherchan
	Dr. Bal Gopal Baidya	Dr. Bal Gopal Baidya
	Mr. Nabin Bhakta Shrestha	Mr. Nabin Bhakta Shrestha
	Mr. Sunil Gopal Shrestha	Mr. Sunil Gopal Shrestha
	Dr. Ram S. Sangapure	Dr. Ram S. Sangapure
	Mr. A.K. Ahluwalia	Mr. A.K. Ahluwalia
	Dr. Nirmal Kumar Bista	

Details of key managerial personnel

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
Chief Executive Officer	Mr. Someshwar Seth	Mr. Someshwar Seth
Dy. General Manager		Mr. A.K. Ahluwalia
	Mr. Girish Kohli	Mr. A.K. Bansal
	Mr. Rajesh Gautam	Mr. Rajesh Gautam
	Mr. Rajiv Jain	Mr. Rajiv Jain

Note 5.8 – Merger and acquisition

During the reporting period, there is no merger and acquisition.

Note 5.9 - Additional disclosures of non consolidated entities

The bank has no subsidiary for consolidation.

Note 5.10 -Events after Reporting date.

The events after the reporting date are all those events, whether favorable or unfavorable, which have occurred between the reporting date and the date of preparation or approval of the financial statements for its disclosure. During the review year there are no such events after reporting date.

Note 5.11 Disclosure effect of transition from previous GAAP to NFRS.
1. Reconciliation of Equity

	Explanatory Note	As at 01.04.2073 (Date of Transition)	As at 31.03.2074 (End of last period presented under previous GAAP)
Total equity under Previous GAAP		8,514,088,111	11,251,137,195
Adjustments under NFRSs:			
Impairment on loan and advances		-	-
Fair value & employees benefit accounting of staff loan		-	-
Lease accounting		-	-
Measurement of investment securities at fair value	Previously, the investments were measured at cost price. Now, they are measured at fair value and charged to OCI.	593,944,016	944,077,158
Revaluation of property & equipment	Previously, depreciation were charged on written down value. Now, they are charged based on straight line method and land has been revalued.	946,096,057	942,076,397
Recognition of investment property	Previously the provision for Non banking assets were made as per NRB directives no. 4, now as it is categorized as non current asset held for sale.	-	5,926,356
Amortization of debt securities issued		-	-
Deferred tax	Due to NFRS Adjustment	(113,331,429)	(252,499,840)
Defined benefit obligation of employees	Accounting as per Actuary Valuation	(423,542,942)	173,769,708
Goodwill/Bargain purchase gain		-	-
Interest income	Due to accounting on Accrual Basis	149,262,190	175,453,075
Other			
Government bond at amortized cost	Due to accounting on EIR Basis	8,247,188	6,250,482
Investment in associates	Due to accounting as per Equity method	72,708,341	149,945,750
Loans & Advances at amortized cost		-	-
Bonus share issued		-	-
Cash Dividend	Accounting as announcement of dividend	98,095,939	104,822,513
Total Adjustment to equity		1,331,479,360	2,249,821,599
Total Equity under NFRSs		9,845,567,472	13,207,514,111

2. Reconciliation of Profit or loss

		For the year ended 31.03.2074 (the latest period presented under previous GAAP)
	Explanatory Note	Profit/(Loss) for the year
Previous GAAP		2,006,247,780
Adjustments under NFRSs:		
Interest income	Due to accounting on Accrual Basis	70,888,578
Impairment of loan and advances		-
Employees benefit amortization under staff loan		(44,697,693)
Defined benefit obligation of employee	Accounting as per Actuary Valuation	49,884,744
Operating lease expense		-
Amortization expense of debt securities		-
Other operating income		-
Interest expense		
Depreciation & Amortization	Previously, depreciation were charged on written down value. Now, they are charged based on straight line method.	(4,019,662)
Other		
Deferred income tax	Due to NFRS Adjustments	(45,966,907)
Provision for NBA	Previously the provision for Non banking assets were made as per NRB directives no. 4, now as it is categorized as non current asset held for sale.	5,926,356
Share issue expenses	Adjustment through Equity.	4,517,618
Loans & Advances at amortized cost		-
Government bond at amortized cost	Due to accounting on EIR Basis	(1,996,704)
Investment in associates	Due to accounting as per Equity method	77,237,409
Total Adjustment to profit or loss		111,773,740
Profit or loss under NFRSs		2,118,021,520
Other Comprehensive Income		217,470,176
Total Comprehensive income under NFRSs		2,335,491,697

3. Effect of NFRSs adoption for the statement of financial position

Particulars	Explanatory Note	As at 01.04.2073 (Date of Transition) Previous GAAP	Effect of Transition to NFRSs	Opening NFRSs statement of Financial Position	As at 31.03.2074 (End of last period presented under previous GAAP) Previous GAAP	Cumulative Effect of Transition to NFRSs	Amount as per NFRSs
Assets							
Cash and cash equivalent		11,666,003,361	-	11,666,003,361	8,667,840,097	-	8,667,840,097
Due from Nepal Rastra Bank		13,356,018,269	-	13,356,018,269	14,577,083,955	-	14,577,083,955
Placement with Bank and							
Financial Institutions		7,761,125,000	-	7,761,125,000	3,350,750,000	-	3,350,750,000
Derivative financial instruments		-	-	-	-	-	-
Other trading assets		-	-	-	-	-	-
Loan and advances to B/FIs		2,754,232,481	-	2,754,232,481	3,291,101,916	-	3,291,101,916
Loans and advances to customers		66,768,580,503	-	66,768,580,503	75,695,621,515	-	75,695,621,515
Investment securities	Previously, the investments were measured at cost price. Now, they are measured at fair value and charged to OCI.	8,482,987,813	602,191,204	9,085,179,017	6,702,377,325	950,327,640	7,652,704,965
Current tax assets		29,563,942	-	29,563,942	17,594,825	-	17,594,825
Investment in subsidiaries		-	-	-	-	-	-
Investment in associates	Due to accounting as per Equity method	50,000,000	72,708,341	122,708,341	50,000,000	149,945,750	199,945,750
Investment property		-	-	-	-	7,343,441	7,343,441
Property and equipment	Previously, depreciation were charged on written down value. Now, they are charged based on straight line method and the value of land has been stated at fair value	662,567,983	952,966,195	1,615,534,177	718,039,141	945,252,918	1,663,292,059
Goodwill and Intangible assets	Previously, amortisation were charged on written down value. Now, they are charged based on straight line method.	16,419,918	(6,870,137)	9,549,780	10,348,793	(3,176,521)	7,172,273
Deferred tax assets		-	-	-	-	-	-

Particulars	Explanatory Note	As at 01.04.2073 (Date of Transition) Previous GAAP	Effect of Transition to NFRSs	Opening NFRSs statement of Financial Position	As at 31.03.2074 (End of last period presented under previous GAAP) Previous GAAP	Cumulative Effect of Transition to NFRSs	Amount as per NFRSs
Other assets	Change in accounting of interest suspense to interest income as per Accrual basis	706,104,937	144,321,984	850,426,921	1,641,567,995	174,261,598	1,815,829,593
Total Assets		112,253,604,205	1,765,317,586	114,018,921,791	114,722,325,562	2,223,954,826	116,946,280,388
Liabilities							
Due to Bank and Financial Institutions		2,163,974,979	-	2,163,974,979	1,074,610,787	-	1,074,610,787
Due to Nepal Rastra Bank		2,500,000	-	2,500,000	14,761,650	-	14,761,650
Derivative financial instruments		-	-	-	-	-	-
Deposits from customers		91,638,884,356	-	91,638,884,356	94,091,892,005	-	94,091,892,005
Borrowing		-	-	-	-	-	-
Current Tax Liabilities		-	-	-	-	-	-
Provisions		-	-	-	-	-	-
Deferred tax liabilities	Due to NFRS Adjustments	(75,138,085)	113,331,429	38,193,344	(70,849,110)	252,499,840	181,650,729
Other liabilities	Effect of Employment expenses as per Actuary valuation and appropriation of dividend as per announcement.	8,940,449,844	320,506,798	9,260,956,642	7,291,928,035	15,078,070	7,307,006,105
Debt securities issued		1,068,845,000	-	1,068,845,000	1,068,845,000	-	1,068,845,000
Subordinated Liabilities		-	-	-	-	-	-
Total liabilities		103,739,516,094	433,838,227	104,173,354,320	103,471,188,367	267,577,910	103,738,766,277
Equity							
Share capital	Accounting of Bonus Share as per announcement.	4,606,426,899	(1,863,822,841)	2,742,604,058	7,732,723,147	(1,991,627,748)	5,741,095,399
Share premium		18,555,127	-	18,555,127	-	-	-
Retained earnings	Due to NFRS Adjustments	206,834,878	1,757,439,044	1,964,273,921	155,538,611	2,185,415,208	2,340,953,820
Reserves	Due to NFRS Adjustments	3,682,271,208	1,437,863,157	5,120,134,365	3,362,875,437	1,762,589,456	5,125,464,893
Total equity attributable to equity holders		8,514,088,111	1,331,479,360	9,845,567,472	11,251,137,195	1,956,376,916	13,207,514,111
Non-controlling interest		-	-	-	-	-	-
Total equity		8,514,088,111	1,331,479,360	9,845,567,472	11,251,137,195	1,956,376,916	13,207,514,111
Total liabilities and equity		112,253,604,205	1,765,317,587	114,018,921,792	114,722,325,562	2,223,954,826	116,946,280,388

4. Effect of NFRSs adoption for statement of profit or loss and other comprehensive income

Particulars	Explanatory Note	For the year ended 31.03.2074 (the latest period presented under previous GAAP)		
		Previous GAAP	Effect of Transition to NFRSs	Amount as per NFRSs
Interest income	Due to accounting on Accrual Basis of interest income, Income on Govt bond as per EIR, notional cost of employee	6,747,148,285	68,891,875	6,816,040,160
Interest expense		3,009,792,494	-	3,009,792,494
Net interest income		3,737,355,791	68,891,875	3,806,247,666
Fee and commission income		848,335,721	-	848,335,721
Fee and commission expense		107,411,596	-	107,411,596
Net fee and commission income		740,924,125	-	740,924,125
Net interest, fee and Commission income		4,478,279,916	68,891,875	4,547,171,791
Net trading income		155,715,942	-	155,715,942
Other operating income	Due to accounting of income on investment in associates as per Equity method and change in gain on sale of PPE as per straight line method	18,105,200	79,524,812	97,630,012
Total operating income		4,652,101,058	148,416,686	4,800,517,744
Impairment charge/(reversal) loans and other losses	Previously the provision for Non banking assets were made as per NRB directives no. 4, now as it is categorised as non current asset held for sale hence the provision made was reversed	46,404,479	(5,926,356)	40,478,123
Net operating income		4,605,696,579	154,343,042	4,760,039,621
Operating expense		-	-	-
Personnel expenses	Due to actuarial valuation of employee benefit and notional cost of employee	1,168,670,671	(5,187,051)	1,163,483,620
Other operating expenses	Due to adjustment of share issue expenses through equity	497,293,101	(5,081,794)	492,211,307
Depreciation & Amortisation	Previously, depreciation were charged on written down value. Now, they are charged based on straight line method.	76,313,458	6,768,588	83,082,046
Operating Profit		2,863,419,349	157,843,299	3,021,262,648
Non operating income		-	-	-
Non operating expense	Change in value of PPE written off due to change in accounting via straight line method	-	102,653	102,653
Profit before income tax		2,863,419,349	157,740,646	3,021,159,995
Income tax expense			-	

Current Tax	852,882,594	-	852,882,594
Deferred Tax	Due to NFRS Adjustment.	4,288,975	(54,544,856)
Profit for the year	2,006,247,780	212,285,502	2,118,021,520
Other comprehensive income	-	217,470,176	217,470,176
Total Comprehensive income	2,006,247,780	429,755,679	2,335,491,696

5. Effect of NFRSs adoption for statement of cash flows

For the year ended 31.03.2074 (the latest period presented under previous GAAP)				
Particulars	Explanatory Note	Previous GAAP	Effect of Transition to NFRSs	Amount as per NFRSs
Net cash flows from operating activities	Due to reclassification of Items in Statements of financial position	(8,290,549,295)	2,360,742,815	(5,929,806,480)
Net cash flows from investing activities		5,629,093,898	(3,612,739,961)	2,016,353,938
Net cash flows from financing activities		925,957,451	(12,261,650)	913,695,801
Net increase/(decrease) in cash and cash equivalent		(1,733,904,468)	(1,264,258,796)	(2,998,163,264)
Cash and cash equivalent at the beginning of the period		23,117,394,498	(11,451,391,137)	11,666,003,361
Cash and cash equivalent at the end of the period		21,383,490,030	(12,715,649,932)	8,667,840,097

Note 5.12- Departure from NFRS:

The management of bank has concluded that the financial statements fairly present the bank's financial position, performance and cash flows. The Institute of Chartered Accountants of Nepal (ICAN) issued "Notice regarding Decision on Carve-outs in NFRS with Alternative Treatments" on 20 September 2018 and alternative treatments as per carve-outs has been adapted while preparing the financial statements.

Note 5.13- Limitations of NFRS:

During NFRS implementation, wherever the information is not adequately available and the cost to develop the same would exceed the benefit derived, if any, has been noted and disclosed in respective sections.

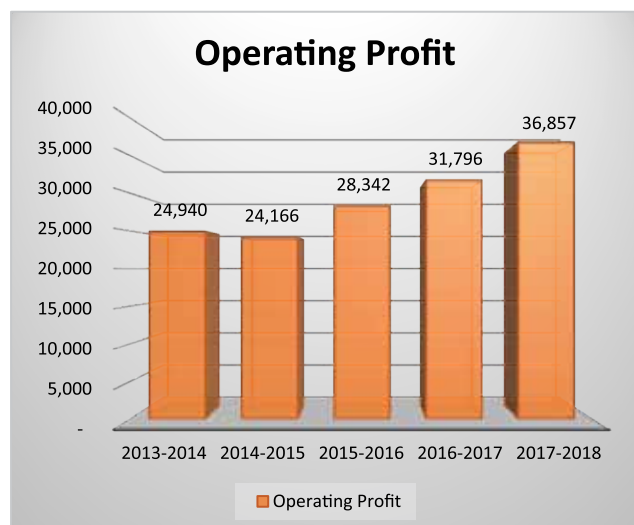
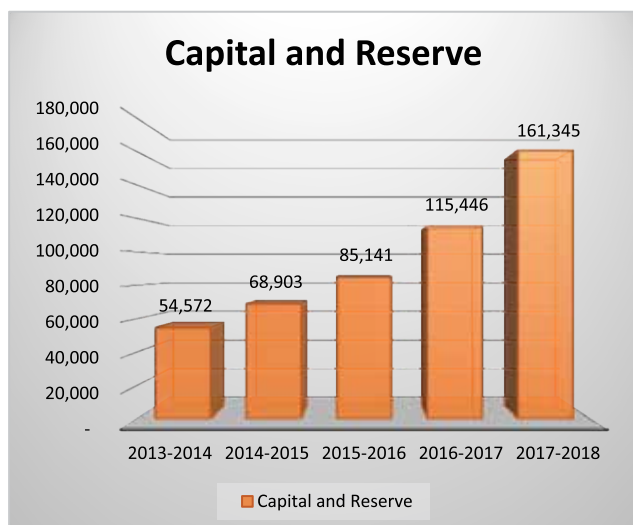
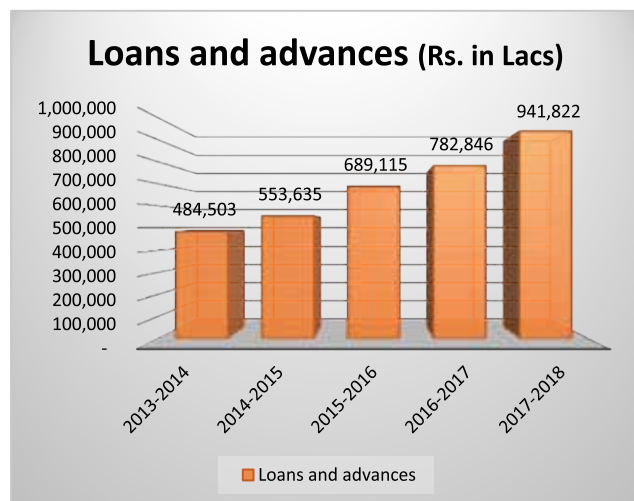
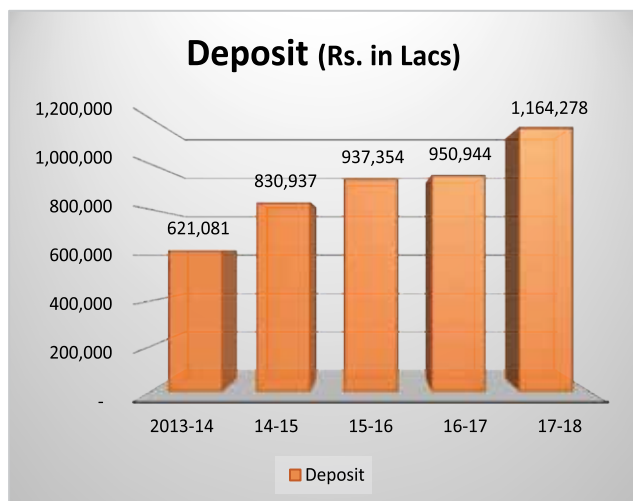
Note 5.14- Reclassification, Regrouping and rounding off:

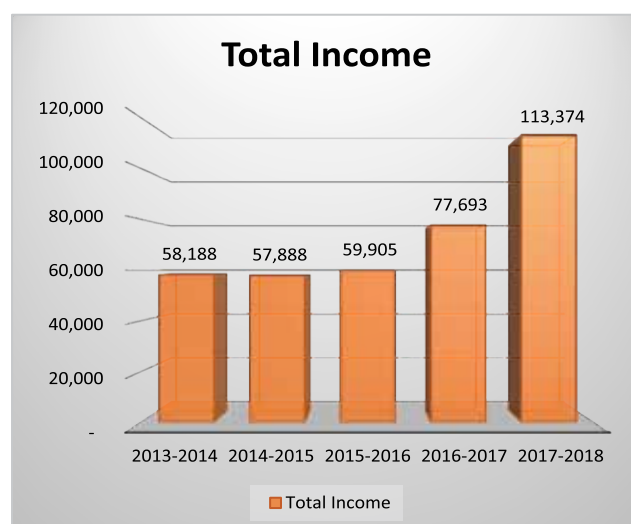
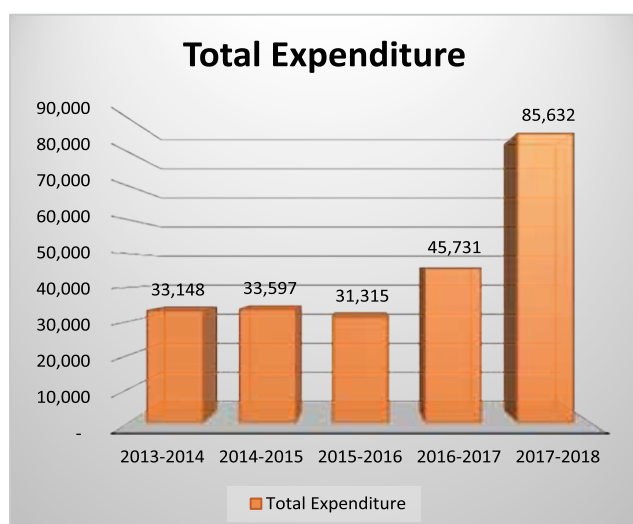
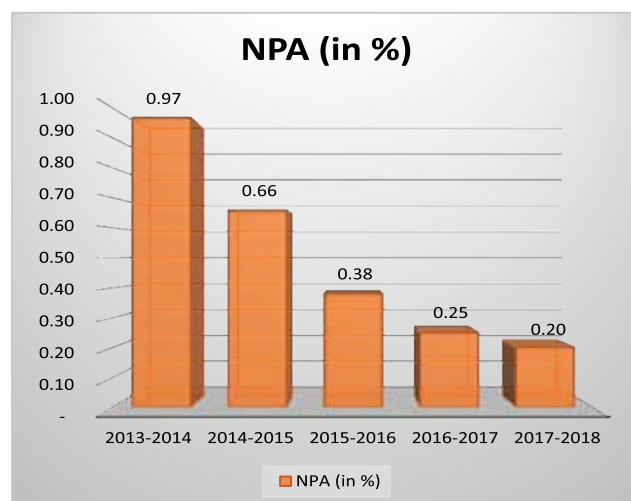
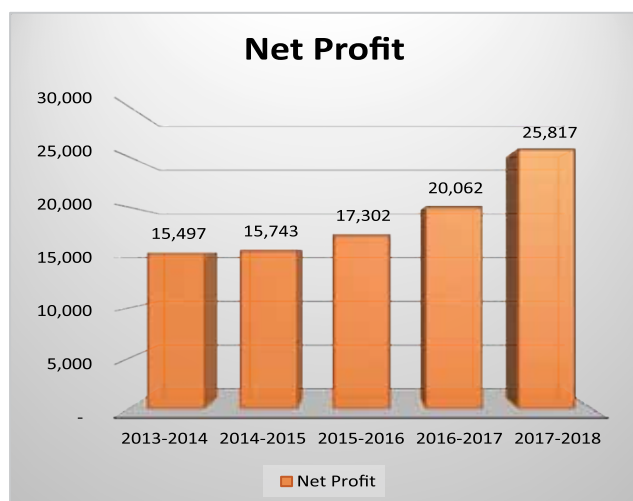
Previous year figure has been reclassified and regrouped wherever necessary to make the same comparable with the current year's figure. Figures in financial statements are rounded off to the nearest rupee.

Main Indicators

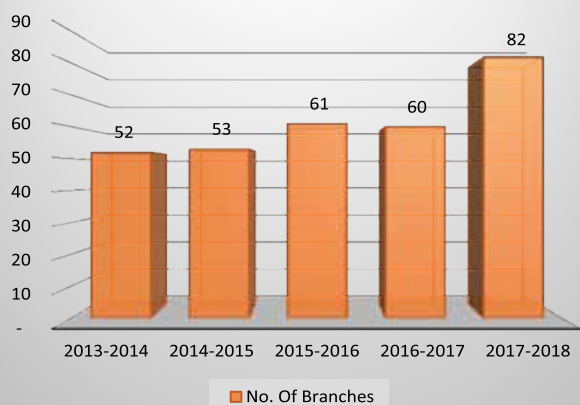
S.No.	Particulars	Indicator	Financial Years				
			As per Previous GAAP		As per NFRS		
			2070/71	2071/72	2072/73	2073/74	2074/75
1	Net Profit/Total Income	%	26.63	27.20	29.75	26.75	22.77
2	Per share Earning (after tax income)	Rs.	86.04	78.04	40.33	32.48	32.78
3	Market price per share	Rs.	2631.00	2120.00	3385.00	1353.00	663.00
4	Price/Earning Ratio		30.58	27.17	83.94	41.66	20.23
5	Dividend on share- Bonus share	%	12	30	70.00	33.00	-
6	Cash Dividend	%	50.63	6.58	3.68	1.74	20.00
7	Interest Income/Loans & advances	%	10.11	8.76	6.86	8.13	9.94
8	Employee expenses/Total operating expenses	%	15.44	20.46	29.34	23.96	19.85
9	Interest expenses on deposit&borrowing	%	3.61	2.52	1.93	3.13	4.45
10	Exchange Income/total Income	%	2.01	2.54	2.73	1.97	1.73
11	Staff bonus/total employee expenses	%	43.29	32.69	25.03	24.61	27.41
12	Net Profit/Loans & advances	%	3.20	2.84	2.57	2.65	2.71
13	Net Profit/Total Assets	%	2.25	1.85	1.59	1.83	1.97
14	Credit to Deposit (As per NRB)	%	75.06	69.47	76.24	76.94	75.98
15	Total operating expenses/total Assets	%	4.71	3.39	3.03	4.20	5.75
16	Capital Adequacy Ratio:						
	a) Core Capital	%	9.35	10.44	10.34	12.72	12.65
	b) Supplementary Capital	%	1.96	2.89	2.33	1.97	1.55
	c) Total Capital Funds	%	11.31	13.33	12.66	14.69	14.20
17	Cash Reserve Ratio (CRR)	%	16.91	24.27	16.61	16.52	17.75
18	NPAs/Total Loans & advances	%	0.97	0.66	0.38	0.25	0.20
19	Base Rate	%	6.40	6.14	4.86	7.68	8.45
20	Weighted Average Interest Rate Spread	%	5.69	4.76	4.89	4.48	4.72
21	Book Networth (Rs in Lacs)	Rs.	53371	67704	97256	131275	160545
	Total Shares	Number	18012391	20173877	26226041	45264269	80268633
	Total Employee	Number	696	696	739	748	836
	Per Employee Business (Rs. in Lakh)	Rs.	1588.48	1989.33	2223.03	2341.58	2532.76

Key Financial Indicators





No. Of Branches



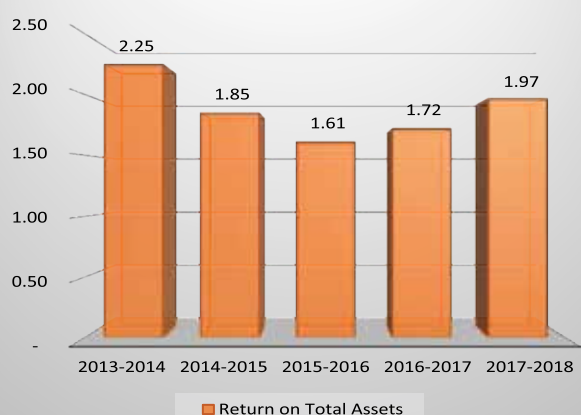
Earning Per Share



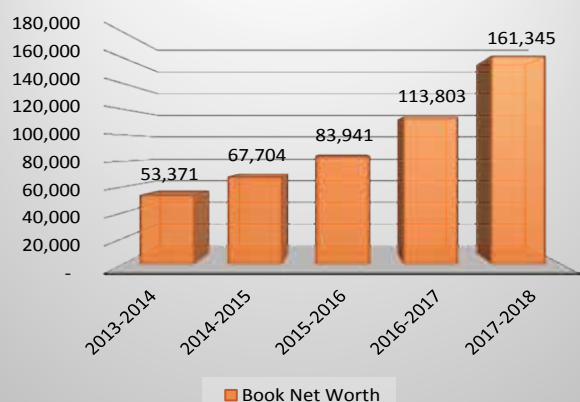
Price Earning Ratio



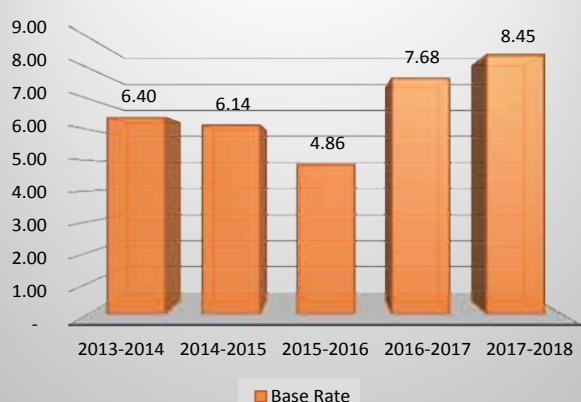
Return on Total Assets



Book Net Worth



Base Rate



DEPARTMENT HEADS



Santosh Kr. Bhattarai
Chief Manager



Bijay Kumar Gautam
Chief Manager



Raghunath Pradhan
Chief Risk Officer



Purna Bahadur Shrestha
Regional Manager



Bishnu Prasad Gnawali



Anil Kumar Karki



Dharma Prasad Gauli



Priti Lama



Niranjana Karki



Rajan Kayastha



Dev Ranjan Dangal



Yadav Bhandari



Puspa Raj Uprety



Madhusudan Shrestha



Mahesh Bajracharya



Nabin Regmi



Anju Poudel



Sweta Gurung (KC)

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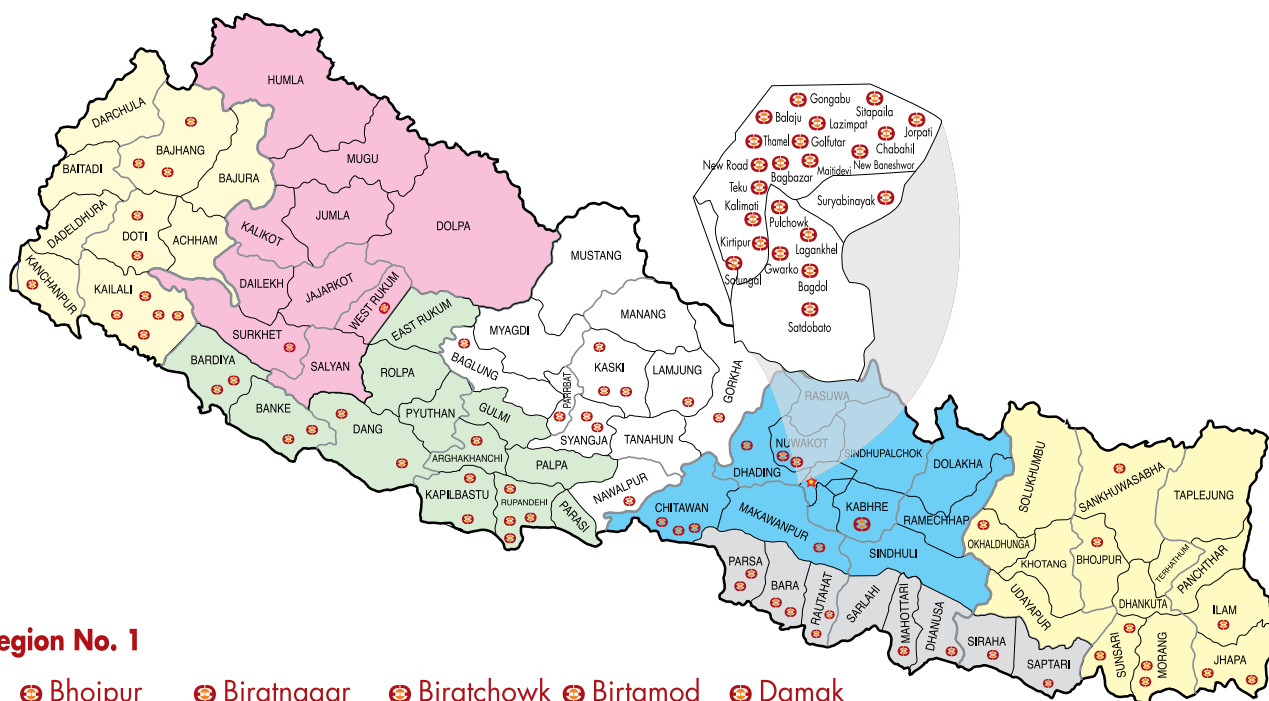
customercare@ebl.com.np

 एभरेष्ट बैंक लिमिटेड 
EVEREST BANK LIMITED

CONSISTENT, STRONG AND DEPENDABLE



Everest Bank Branches Network



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☎ Bhojpur ☎ Biratnagar ☎ Biratchowk ☎ Birtamod ☎ Damak
☎ Duhabi ☎ Fikkal ☎ Itahari ☎ Khandbari ☎ Okhaldhunga

Region No. 2

☎ Birgunj ☎ Chandranigahpur ☎ Garuda ☎ I.C.D. ☎ Janakpur ☎ Kalaiya
☎ Mirchaiya ☎ Pipra ☎ Rajbiraj ☎ Simara

Region No. 3

☎ Bagbazar ☎ Bagdole ☎ Balaju ☎ Banepa ☎ Battar ☎ Bhaktapur
☎ Chabahil ☎ New Baneshwor ☎ Dhading ☎ Dupcheshwor ☎ Golfutar ☎ Gongabu
☎ Gwarko ☎ Hetauda ☎ Jorpati ☎ Kalimati ☎ Kirtipur ☎ Lagankhel
☎ Lazimpat ☎ Maitidevi ☎ Narayanghat ☎ New Road ☎ Parsa ☎ Pulchowk
☎ Satdobato ☎ Satungal ☎ Sitapaila ☎ Tandil ☎ Teku ☎ Thamel

Region No. 4

☎ Amar Singh Chowk ☎ Baglung ☎ Beshisahar ☎ Biruwa ☎ Gorkha ☎ Kawasoti ☎ Kushma
☎ Lekhnath ☎ Pokhara ☎ Syangja

Region No. 5

☎ Bansgadhi ☎ Bhairahawa ☎ Butwal ☎ Chandrauta ☎ Gulariya ☎ Kohalpur ☎ Krishnanagar
☎ Lamahi ☎ Lumbini ☎ Nepalgunj ☎ Sandhikarka ☎ Taulihawa ☎ Tulsipur

Region No. 6

☎ Rukum ☎ Surkhet

Region No. 7

☎ Attariya ☎ Bajhang ☎ Bauniya ☎ Dhangadhi ☎ Dipayal ☎ Mahendranagar
☎ Shikhar ☎ Sukhbad ☎ Surma ☎ Talkot ☎ Tikapur

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