

16th

Annual Report 2009/010 (2066/67)

AT A GLANCE

(Rs. in million)

	2005/06	2006/07	2007/08	2008/09	2009/010
Sources					
Capital & Reserve	962.8	1201.5	1921.2	2203.6	2759.1
Deposit	13802.4	18186.2	23976.3	33322.9	36932.3
Loan	300.0	300.0	300.0	612.0	704.6
Other Liabilities	1228.8	2163.4	1449.0	1363.2	1586.8
Total	16294.0	21851.1	27646.5	37501.7	41982.8
Uses					
Cash in Hand & Bank Balance	1552.9	2391.3	2667.9	6164.4	7818.8
Loans & Advances (Including Bills Purchases)	10136.2	14082.7	18836.4	24469.6	28156.4
Investment	4200.5	4984.3	5059.6	5948.5	5008.3
Money at Call & Short Notice	66.9	-	346.0	-	-
Other Assets	337.5	392.8	736.6	919.2	999.3
Total	16294.0	21851.1	27646.5	37501.7	41982.8

Total Income	1066.5	1370.7	1848.2	2565.3	3500.8
Total Expenses	613.4	772.8	1024.3	1491.8	2151.7
Operating Profit	453.1	597.9	823.9	1073.5	1349.1
Net Profit	237.2	296.4	451.2	638.7	831.8

No. of Branches	18	21	26	32	37
No. of Staff	306	393	449	531	568

BOARD OF DIRECTORS



B. K. Shrestha
Chairman



Ved K. Shrestha
Director



Arun Man Sherchan
Director



Dr. Bal Gopal Vaidya
Director



C.P. Swarnkar
Director



Jagat Ram
Director
(Punjab National Bank, India)



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



Shivasharana K.C.
Director
(Public Shareholders)



Muskan Shrestha
Director
(Public Shareholders)

Pramod Raj Sharma
Company Secretary

Legal Advisor
Advocate Shambhu Thapa

Auditor
N.L. Amatya, F.C.A.
N. Amatya & Company
Chartered Accountants

MANAGEMENT TEAM



P.K. Mohapatra
Chief Executive Officer



P.K. Pradhan
Dy. General Manager



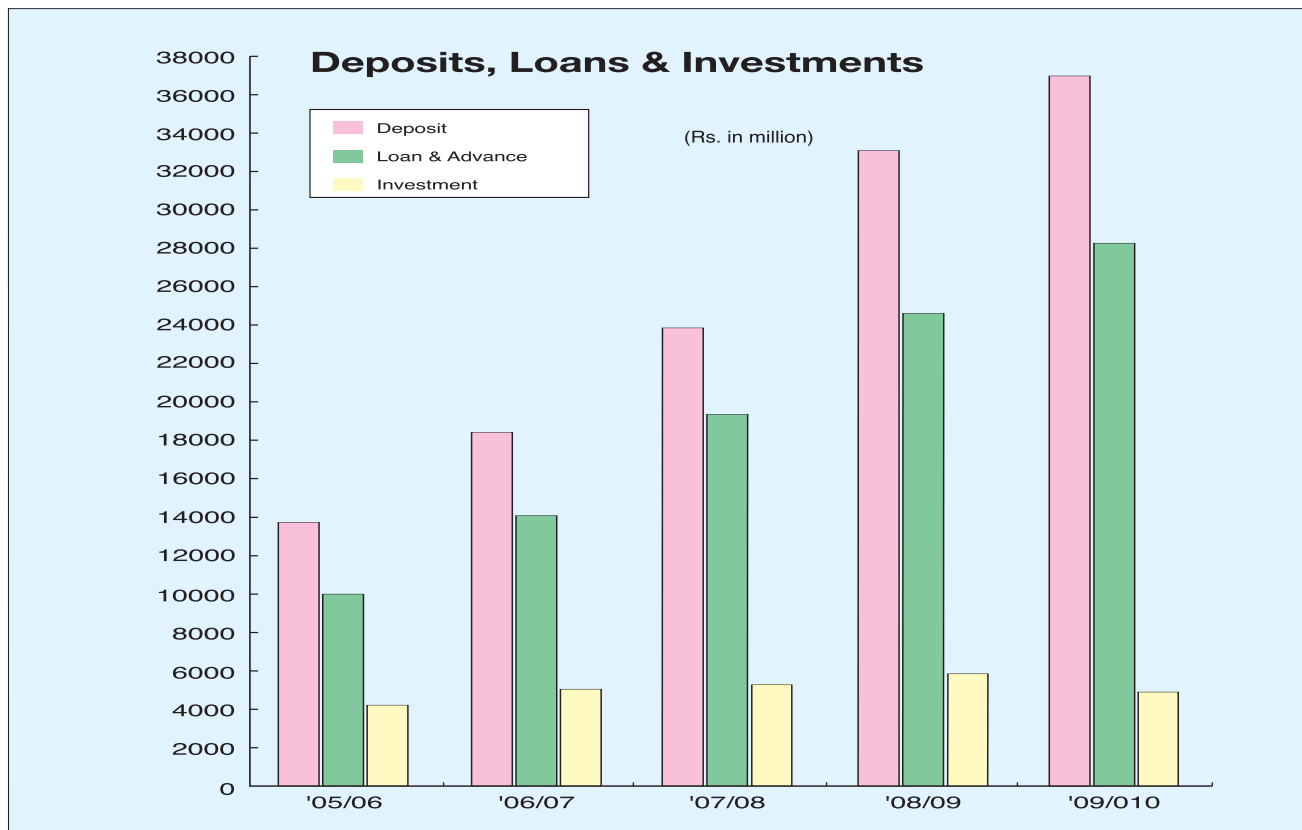
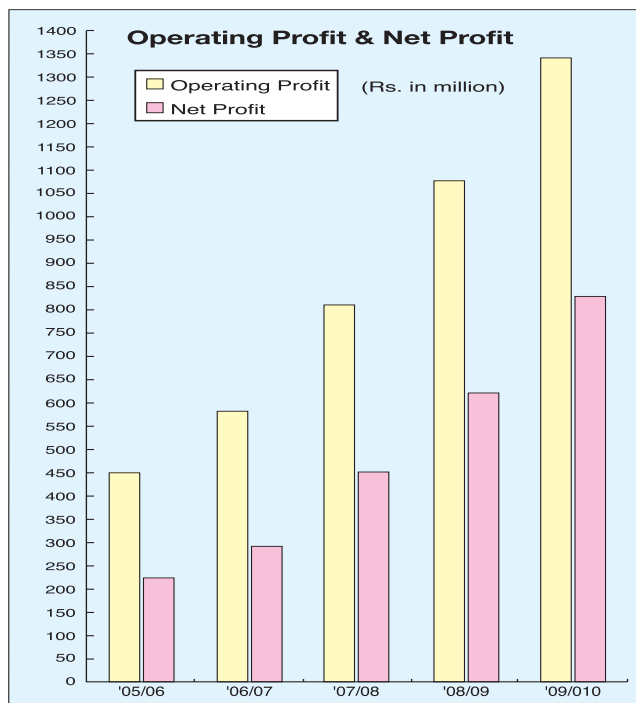
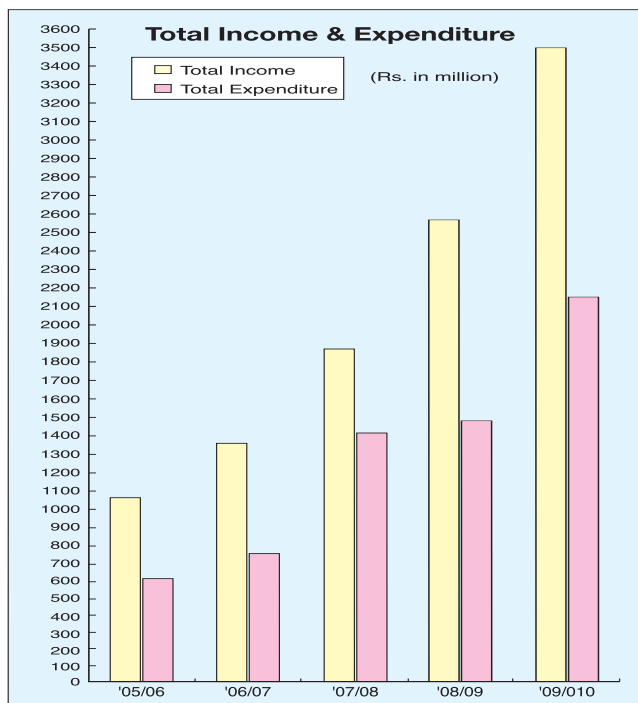
Jagdish Kumar Arora
Dy. General Manager



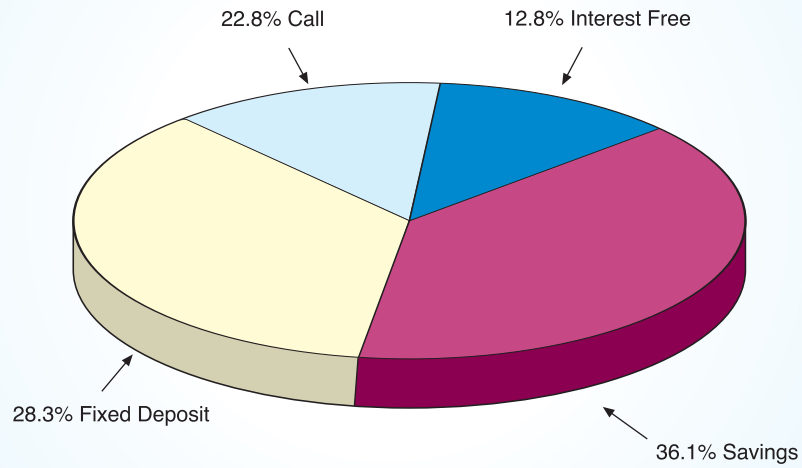
Hum Nath Gurung
Asst. General Manager



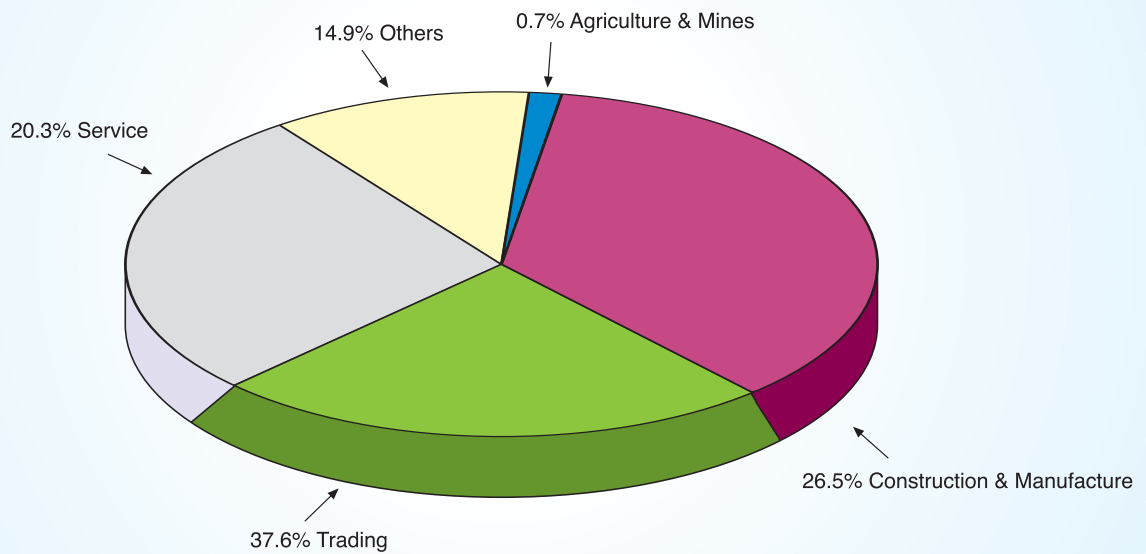
Pramod Raj Sharma
Company Secretary



Deposit Mix 2009/2010



Sectorwise Distribution of Credit 2009/2010



CHAIRMAN'S STATEMENT

I take the pleasure in reporting you the following important points -

1. PERFORMANCE

The Bank's policy of not only increasing the profit from year to year but also to bring consistency in its performance has been guiding our efforts. As you know the Bank has been able to reward its shareholders with high returns consistency not only in the past year but also in the financial year which we have just completed.

Another performance is that we have been able to have our accounts audited and have the Balance Sheet and Profit and Loss Account approved by the Board of Directors in the record time - in less than one month of the closing of the financial year. This has made it possible for us to have the Annual General Meeting at an early date and have the recommendations of the Board approved by the shareholders and have it physically distributed in a record time.

As you know the Board has recommended payment of cash dividend at 30% (+5% TDS on Bonus Share) and also 30% bonus share. The 30% payment of dividend and 30% bonus share if calculated on the last year's Capital base really means- 40% payment of the cash dividend and 40% bonus share.

The amount of bonus to our loyal and hardworking employees has gone up from Rs. 8.91 crores to Rs. 11.88 crores.

Likewise, the payment of income tax to the Exchequer has gone up from Rs.27.69 crores to Rs. 35.70 crores.

2. DISTORTION

You might have noted the liquidity crisis that prevailed in the banking sector till recently. Many Banks were compelled to avail loans from Nepal Rastra Bank at high rates of interest (+15%) just to maintain the CRR (Cash Reserve Ratio) requirement. The Banking sector struggled with similar problems during most of the past financial year.

Many banks were forced to increase the interest on deposits substantially even to maintain the CD (Credit to Deposit) ratio within the prescribed limit.

At the same time the three largest banks in the country continue to have inadequate Capital Adequacy. They are in the market without the required Capital Adequacy and thus accentuated the distortion in the market further. Your Bank even in such difficult circumstances has followed prudent and balanced portfolio management system with minimum or almost nil exposure to borrower with high risk and volatility - such as real estate.

This has resulted in the NPA of the Bank consistently improving. I am glad to report that the NPA of your Bank has been reduced from 0.48% to 0.16% - a record in the whole banking industry.

Our spread - the difference between our cost of deposit and the average rate of return - is under pressure. Our endeavor is to make this up by higher volume of business. We intend to continue our policy of quality lending.

3. TRAINING

As I stated last year, the Bank's wealth is not just the physical infrastructure of buildings, system and its clients. The policy of the bank to continuously upgrade the skills - both through our "In-house" training programmes and also sending our employees to attend the courses conducted by the Central Staff College of Punjab National Bank continue.

4. OUTLOOK FOR CURRENT FINANCIAL YEAR (AND THE NEXT FIVE YEARS)

As you know the economy of both India and China continue to boom. Since our economy is closely linked with India, our economy continues to show positive growth in GDP.

5. IN CONCLUSION:

I would like to thank the Nepal Rastra Bank for extending assistance and guidance from time to time. The contribution by our joint venture partner, PNB has been equally helpful.

My colleagues in the Board have also rendered advice for better running of your Bank. I would also like to thank our hardworking and sincere employees.

B. K. SHRESTHA
CHAIRMAN

BOARD OF DIRECTORS' REPORT FY 2009/10

Ladies and Gentlemen:

It gives me great pleasure to welcome you to the 16th Annual General Meeting (AGM) of the Bank. I have the privilege of presenting the Balance Sheet as at 32nd Ashadh 2067 (16th July, 2010), the Profit & Loss Account and Cash Flow Statement of the Bank for the year ending on that date and the Auditors' report made there on.

I. REVIEW OF THE OPERATING ACTIVITIES OF YOUR BANK & GENERAL ECONOMIC ENVIRONMENT OF THE COUNTRY (Please refer Annexure I & 2):-

A. Review of the operating activities :

I have pleasure to present the five years' financial performance of your Bank.

Total shareholders' fund has gone up during the last five years from Rs.99.79 crore to Rs. 316.90 crore consisting of the following:

Rs. In crore		
Particulars	2061/062 (2004/05)	2066/067 (2009/10)
Paid Up Capital Ordinary Shares (Pl. refer Note 2 below)	31.50	83.05
Statutory General Reserve	12.61	61.72
Share Premium	0.64	1.48
Capital Adjustment Reserve	9.45	36.71
Other Reserves	1.70	5.32
Debenture Redemption Reserve	-	18.00
Capital Redemption Reserve	-	14.00
Deferred Tax Reserve	-	3.45
Proposed Bonus Share	6.30	24.91
Retained Profit	7.05	7.26
General Loan Loss & NBA Provision	30.54	61.00
Total Shareholders' Fund	99.79	316.90

Note: (1) Capital Adjustment Reserve, Debenture Redemption Reserve and Capital Redemption Reserve are available for distribution by way of Bonus shares to increase the capital.

Note 2 : In the 4th Quarterly published figures, Paid Up Capital was shown as Rs.127.96 crores which includes:

(a) Rs. 20 crore Convertible Preference Share and

(b) Rs. 24.91 crores proposed Bonus Share for the year 2066/67

The published figures had to include these items as per the current NRB's norms.

Out of the above shareholders funds the following Capital amounting to Rs. 190.73 crores including the Paid-Up Capital of Rs. 83.05 crores can be used for any purpose. The detail of Rs. 190.73 crores is given below:

	Rs. In Crore
Paid up Equity Capital (ordinary shares)	83.05
Proposed bonus share	24.91
Share Premium	1.48
Capital Adjustment Reserve	36.71
Debenture Redemption Reserve*	18.00
Capital Redemption Reserve**	14.00
Accumulated Profit	7.26
Other Free Reserve	5.32
Total	190.73

*This reserve is for redemption of 6% debenture of Rs. 30 crore on its' due date.

**This reserve is against the redeemed 9% Preference Share as per legal requirement.

Other Major Performance:

a) Business :

Rs. In crore

Particulars	2061/62 (2004/05)	2065/066 (2008/09)	2066/067 (2009/10)	Increase over	
				Previous Year %	5 year's period (times)
Total Deposit	1009.76	3332.29	3693.23	10.83	3.6
Total Loans & Advance	790	2446.95	2815.64	15.07	3.5

b) Profitability :

Rs. In crore

Particulars	2061/62 (2004/05)	2065/066 (2008/09)	2066/067 (2009/10)	Increase over	
				Previous Year %	5 year's period (times)
Total Income	85.89	256.53	353.53	37.8	4.1
Operating Profit	37.52	106.6	134.91	28.31	3.6
Profit before Tax	25.27	89.13	130.67	46.6	5.2
Net Profit after Tax	17.08	63.87	83.18	30.2	4.9

The table shows consistent progress of the Bank over the last five years. During the year being reported, your Bank has earned operating profit of Rs. 134.91 crore which is 26.56% more than last year and has been able to post a after tax net profit of Rs. 83.18 crore, which is 30.23% higher than the last year. The total deposits have reached Rs.3693.23 crore recording an annual growth of 10.83%. The loans and advances stood at Rs.2815.64 crore showing an annual growth of 15.07%.

Since we have still three years available for reaching the required figure of Rs. 200 crore, the Directors feel confident that even with the present trend of profit and available free reserves, the policy adopted by the Directors regarding Dividend/Bonus Shares, there will be no difficulty in reaching the figure of Rs. 200 crore by Ashadh 2070.

In the year 2066/67, Nepali banking sector experienced various problems. Problem started from currency shortage in the beginning period of the financial year and it induced for liquidity crunch in the systems. Nepal Rastra Bank issued various directives among them – ceiling on lending in housing & real estate sector; fixation of maximum Credit Deposit Ratio of a bank, declaration of sources of income by the customer for transaction of more than Rs. 1 Million, stringent procedure on sale of Indian Rupee etc. were major. Money market almost lost its normal trend. Almost all banks were compelled to borrow money from Nepal Rastra Bank at higher cost (even at 15%+) just to maintain their CRR. Total deposits of commercial banks during the eleven months (upto Jeshtha 2067) of the financial year 2066/67 grew by 6.3%. In the same period, loans to private sector has increased by 14.1%.

All the respected shareholders are certainly aware of the present situation and new environment recently cropped up in the banking sector. The level and trend of performance of your Bank even in such difficult time which has a direct impact on your worth of investments seems to be commendable.

The key factor together with other management aspects, for this achievement, is the result of the continuing efforts made by the management for keeping the non-performing loans at lowest level. At this juncture, I am happy to inform the respected shareholders that the level of non-performing loans of your Bank is just 0.16% (previous year 0.48 %) of total gross loans and the net non performing loan is minus 1.98%.

With increase in profit, the bonus provision at 10%, payable to the employees has also consistently gone up to Rs. 1188 lacs which was Rs. 891 lacs in the previous year.

Likewise, the income tax payment also has gone up to Rs. 35.61 Crore for the year from Rs. 25.26 Crore over the previous year (net of deferred tax).

Bank has earned operating profit of Rs. 134.91 crore which is 26.56% more than last year and has been able to post a after tax net profit of Rs. 83.18 crore, which is 30.23% higher than the last year.

2. Effects on the Bank's activities due to the Internal & External Factors

The banking sector continue to be tough in this year too. The slow down in other related economic segments has a definite impact on the banking sector. In addition to this, the monetary authority has flashed some signals through monetary policy for the F.Y. 2066/67 to maintain rate of interest on deposit at higher side, reduce spread, control over branch expansion, control the sectoral exposure and encourage the banks to increase exposure in prioritized sectors. The compounding effect of these all aspect will result tough competition amongst the banks. However, your Bank has developed and implemented various types of consumer loan to suit various types of people with a view to augmenting the income level of the Bank as well as to diversify the risk.

The banking industry is facing not only anomaly of a serious nature but actual distortion. This has happened, among others, for two main reasons-

Firstly the three largest banks in the country has no positive Capital Adequacy and has been competing in the market with commercial banks in offering loans at much lower rates of interest.

Secondly, due to several new banks coming into the market, the interest rates on deposits had gone up. Naturally, if a Bank wishes not to take unacceptable risk, the spread of such a bank goes down.

In the case of your Bank, the average spread has gone up marginally from 4.37% to 4.78%. The spread has gone up due to improvement in average yield on interest bearing assets from 7.89% to 9.53% (increased by 1.64%) and cost of deposit & borrowing also increased from 3.52% to 4.75% (increased by 1.23%) and net margin has increased by 0.41%.

Loan demand from private sector during the review period could not increase due to lack of confidence of the entrepreneurs as well as tight liquidity in the market. Recently, interest rates on loans and deposit are showing upward trend but we are not sure about its' end limit. Further distortions may come in the banking sector if there is no proper balance between yield rate and cost of deposit rate. The Board is of the view that the banking sector will be facing further severe challenges if the law and order situation is not improved, a firm view is not taken by the concerned political parties regarding the role of private sector and the imbalance on development vis-a-vis revenue expenditure of the government continues in the country.

Nepal has entered into the South Asia Free Trade Area (SAFTA), and has also joined Economic Cooperation (BIMST-EC). Nepal has become a member of the World Trade Organization (WTO). We have to shape our plans and strategies accordingly to meet the challenges which may be cropped up due to globalization.

3. ACTIVITIES OF THE BANK AND FUTURE PLAN:

a. Operations:

The persistent difficulty faced by the nation and the resultant slackness witnessed in the economy and newly born liquidity crisis has forced the Bank to look for new business avenues instead of concentrating only on the trading and industrial activities.

The Bank had opened its representative office in New Delhi, India with an aim to;

- i) facilitate the opening of account of Nepalese residing and working in India and remitting their funds to any EBL branch in Nepal, and
- ii) to liaise with and attract the business relating to trade finance emanating to and from India.

Not to be left behind in technology advancement, a continuous review and upgrading of the technology is undertaken for the convenience of the customers. In this connection, Bank has procured world class computer software 'Finacle' and all the information have been migrated in to it. All the branches of EBL have been housed in centralized data base.

With the changing technology, desire and requirement of customers, our service delivery channels are also to be updated. In this endeavor, we are increasing our own ATMs and encouraging our customers for availing "EBL Debit Card". Till the review period 1,30,000 depositors have availed the debit card. EBL Debit Card can be used in its' 33 own ATMs at various locations as well as about 651 other ATMs tied up with Smart Choice Technology (SCT) within the country and more than 2,000 PNB ATMs in India. EBL Debit Card can also be used at more than 1391 Point of Sales (PoS) terminals for purchase of merchandise. Further, it gives me a great pleasure to inform you that the ATM cardholders of your bank can withdraw money from more than 3100 PNB's ATMs in India and the Indian people visiting Nepal can have the same sort of facility here too. In addition to above, in an endeavor to provide various range of services to the customers, your Bank has introduced e-banking and SMS banking. Our customers can do banking transactions such – viewing their account statement, money transfers and recharge their mobile by sitting at home. Your Bank, is providing e-ticketing facility for some selected airlines through these technologies.

The Bank is striving to improve customer service quality, fulfill their needs through extended services. Most of our important valley branches and Pokhara branch are providing extended customer services through evening counters. Our New Road branch provides 365 days banking services including on holidays. The Management is examining the desirability of 365 days banking also in other important branches.

In the case of your Bank, the average spread has gone up marginally from 4.37% to 4.78%. The spread has gone up due to improvement in average yield on interest bearing assets from 7.89% to 9.53% (increased by 1.64%) and cost of deposit & borrowing also increased from 3.52% to 4.75% (increased by 1.23%) and net margin has increased by 0.41%.

Further, your Bank has launched its' own remittance package "Everest Remit". Presently, this remittance facility is available to the Nepalese who are employed in UAE, Qatar, UK, Bahrain Malaysia and it is under way in Israel. This facility will be extended to other places too in due course. In order to facilitate inward remittance and foreign trade, we have tied up with various institutions, namely,

S. No.	Name of the Bank	Country
1.	Commerzbank AG,	Germany
2.	HDFC Bank Limited,	India
3.	Standard Chartered Bank	Tokyo, Japan
4.	Standard Chartered Bank	New York, America
5.	Standard Chartered Bank	Frankfurt, Germany
6.	Standard Chartered Bank	India
7.	Citi Bank	London
8.	JP Morgan Chase Bank	Australia
9.	Bank of China	China.
10.	ICBC	China

Likewise, Agreements for instant money transfer have been entered into with EZ Remit, Xpress Money Transfer, Nepal Remit, Moneygram. These arrangements have facilitated the Bank for inward remittance from different countries - UK, Malaysia, Singapore, UAE, Kuwait, Baharain, Qatar and other locations.

Similarly, instant remittance facility to and fro India has been put in operation. It has facilitated the remitter to remit the money to any place in India and from there to Nepal without any hassles. Presently, it connects 4,000 PNB, Centralized Banking Solutions (CBS) branches.

In this year too, retail lending was given special focus. EBL retail lending schemes have become very popular in the market. Schemes for Professionals, Home Equity Loan, Flexi Loan and Advances against life insurance policies and against the shares of selected listed companies have been introduced as part of management efforts to innovate new products and services to cater to the needs of the customers.

b. Branch expansion :

The Bank has opened five more branches during the year 2066/67- namely Tulsipur (Dang District), Maitidevi (Kathmandu District), Thamel (Kathmandu District), Tatopani (Sindhupalchok District) and Kalimati (Kathmandu District) in this current financial year. As of now, the total branch network of your Bank reached 37.

In the last year's report, I had informed the respected shareholders that your Bank has started branchless banking- in the first phase in different geographic locations – one in Terai (Nepalgunj), one in Nagarkot (Bhaktapur) and one in hilly region (Baglung). After thorough analyses of cost/ benefits, we will extend this type of banking to other parts of the country in future.

c. Human Resources Development & Per Employee Business:

The staff strength of the Bank at the end of the financial year 2065-66 (2008-09) was 531, which has now gone up to 568 (excluding three seconded officers from PNB). The per employee business as at the end of the financial year is as under:

Rs. In Lacs

Description	2008/09 (2065/66)		2009/10 (2066/67)		% Increase over last year
	Total Amount	Per Employee Amount	Total Amount	Per Employee Amount	
Deposits and Loans & Advances	577925	1088.4	650887	1145.9	5.3
Operating Profit	10660	20.08	13491	23.75	18.3
Net Profit	6387	12.03	8318	14.6	21.4

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

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

“The Bank has opened five more branches during the year 2066/67- namely Tulsipur (Dang District), Maitidevi (Kathmandu District), Thamel (Kathmandu District), Tatopani (Sindhupalchok District) and Kalimati (Kathmandu District) in this current financial year. As of now, the total branch network of your Bank reached 37.”

d. Future Strategic Plan of the Bank:

Your Bank has been growing on an average at 30% per annum for sustained growth in future, the focus will be in following areas:

- To increase customer base in low cost deposits with a view to reduce average cost of deposits.
- Increase customer base by upgrading information technology initiatives to reduce transaction time and cost of transaction and providing alternative service delivery channels.
- To increase average yield on advances by aggressive marketing of retail lending schemes.
- Recruit ideally suitable manpower and train them for movement of fast track to man the position of responsibilities at branches and Head Office.
- Improve internal control system and stabilize sound systems and procedures.

4. DIVIDEND:

The Board in its' meeting held on 7th August 2010 has decided to recommend to the forthcoming Annual General Meeting to declare bonus share @ 30% and cash dividend @ 30% to the share holders subject to approval of Nepal Rastra Bank. The same is being placed before you for final approval.

5. PROFIT & LOSS APPROPRIATION ACCOUNT:

Your Bank has earned a net profit of Rs. 83.18 Crore after providing for the staff bonus of Rs. 11.88 Crore and Rs. 35.62 Crore (after adjustment of Rs. 7.95 Lac for Deferred Tax) for Income Tax.

The income tax liability for the year increased by 28.93% compared to the previous year and we have already paid as advance tax to the Government.

The remaining profit along with the balance of previous year have been appropriated as under:

A) Towards Shareholders:

i. Bonus share@30% to ordinary shareholders: (Including TDS 5%)	Rs. 26,22,52,832
ii. Cash dividend	Rs. 24,91,40,190
iii. Dividend/Interest to Preference Shareholders: for 7% convertible preference	Rs. 1,40,00,000
Total	Rs. 52,53,93,022

B) Towards Reserves and Retained Earnings:

i. Accumulated transferred to B. Sheet	Rs. 7,26,21,421
ii. Capital Adjustment Reserve	Rs. 8,30,47,000
iii. Statutory reserves, being 20% of the net profit for the year.	Rs. 16,63,54,000
iv. Other free reserve (an equal amount of last year)	Rs. 60,00,000
v. Debenture Redemption Reserve	Rs. 6,00,00,000
vi. Deferred Tax Reserve	Rs. 7,94,721
Total	Rs. 38,88,17,142

6. CAPITAL ADEQUACY:

Basel – II framework has been implemented effective from last financial year. As per the norms, minimum bench mark of Capital Adequacy Ratio is 10%. The Capital Adequacy Ratio of the Bank as at the year end 16th July 2010 stands at 10.77%. To maintain the capital adequacy ratio intact, proper capital back up is required. If the Bank fails to maintain the required capital adequacy ratio, further growth in bank's business is adversely affected. Due to inclusion of some new parameters - Operational Risk and Market Risk and changes made in risk weight in some items of assets, our total risk exposure is going to be increased.

7. BOARD OF DIRECTORS:

There was no change in the Board of Directors of the Bank during the financial year under review. Mr. I.D. Singh, Chief General Manager of PNB, nominee director from PNB has been replaced by Mr. Jagat Ram, General Manager from 9th August 2009. Mr. R.K. Ummat, CEO & nominee director from PNB has been replaced by Mr. P.K. Mohapatra in the same capacity from 22 June 2010. Mr. C.P. Swarnkar, Ex-GM of PNB has been nominated in the EBL Board by the promoters from 17th May 2010.

I would like to welcome Mr. Jagat Ram, Mr. P.K. Mohapatra and Mr. Swarnkar and would like to place on record of appreciation for the valuable contributions made by Mr. I.D. Singh and Mr. R.K. Ummat for the Bank's development.

8. AMENDMENT IN MEMORANDUM AND ARTICLES OF ASSOCIATION:

(to be incorporated as per the changes if any)

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

9. EMPLOYEE RELATIONS:

The Bank has its own staff training program and conducts various formal trainings. In addition to this, staff are deputed to PNB Training Colleges for specialized courses. Due to ever increasing number of banks and financial institutions, the demand of trained manpower is also growing.

The new Banks have been poaching on our trained manpower by offering alluring positions in these new banks.

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

10. APPOINTMENT OF THE STATUTORY AUDITORS:

The Shareholders are requested to appoint the Auditor from the list of the auditors approved by Nepal Rastra Bank for the financial year 2067-68 (2010-11) and also fix his remuneration. The existing auditor Mr. N.L. Amatya (N. Amatya & Co., Chartered Accountants) is eligible for re-appointment. The Audit Committee of the Bank has recommended to appoint him as auditor of the Bank for the F.Y. 2010/11. Respected shareholders are requested to approve the same and fix the 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 grateful thanks to our valued customers for their patronage. Further, we extend 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 new heights of success in the times to come.

Thank you.

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

(Annexure I)

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

TABLE I : Paid up capital, Reserve & surplus and Business :

(Rs. in Lacs)

Particulars	2062/063 (2005/06)	2063/064 (2006/07)	2064/065 (2007/08)	2065/066 (2008/09)	2066/067 (2009/10)
Paid Up Capital- Ordinary shares	3780	3780	4914	6388	8305
Statutory General Reserve	1736	2328	3231	4508	6172
Share Premium	64	64	2064	148	148
Capital Adjustment Reserve	1323	1701	2201	2841	3671
Other Free Reserve	239	302	396	472	533
Capital Redemption Reserve	-	-	-	1400	1400
Debenture Redemption Reserve	-	-	600	1200	1800
Deferred Tax	-	-	94	337	345
Proposed Bonus Share	-	1134	1474	1916	2491
Retained Profit	1086	1305	837	824	726
Provision for possible losses	3752	4532	5315	6182	6100
Total Funds	11980	15147	21127	26216	31691
Total Deposit	138024	181862	239763	333229	369323
Total Advances	101362	140827	188364	244696	281564
Total Investment	42013	49851	50612	59485	50083

TABLE 2 : Profitability

(Rs. in Lacs)

Particulars	2062/063 (2005/06)	2063/064 (2006/07)	2064/065 (2007/08)	2065/066 (2008/09)	2066/067 (2009/10)
Total Income	10665	13787	18481	25653	35355
Interest Expenses	(4014)	(5172)	(6326)	(10129)	(15728)
Staff Expenses	(684)	(861)	(1281)	(1630)	(2077)
Operating Expenses	(1436)	(1775)	(2337)	(2920)	(3525)
Operating Profit	4531	5979	8537	10974	14025
Provision for possible losses	(705)	(897)	(993)	(931)	(770)
Provision for staff bonus	(345)	(455)	(659)	(891)	(1188)
Provision for staff gratuity	(26)	(80)	(299)	(239)	(187)
Profit before Income Tax	3455	4547	6586	8913	11880
Provision for Income Tax	(1083)	(1583)	(2074)	(2527)	(3562)
Net profit after Tax	2372	2964	4512	6386	8318

ANNEXURE : II

General Economic Environment

Some important information is reproduced which are taken from the Economic Survey for the year 2066/67 (2009/10) published by Nepal Government for information :

- Economic growth rate:
As per the Economic Survey 2009/10, the total GDP (at producers' price) is estimated to grow by 3.5% (previous year increased by 4.7%). The main reasons for such slow down in the GDP growth are attributed to energy crisis, disturbance in industrial sector, decline in capital expenditure & unfavorable climate for agricultural activities.
- Increase in per capita GDP :
As per the Economic Survey, per capita GDP in producers price is estimated to be US\$ 562 (previous year US\$ 467).
- Macroeconomic Indicators:
Major macroeconomic indicators of the economy have been re-produced below:

Macroeconomic Indicators	Unit	2008/09	2009/10
Gross Consumption/GDP	%age	90.3	90.6
Gross Domestic Savings (GDS)/GDP	%age	9.7	9.4
Gross National Savings/GDP	%age	36.1	34.4
Gross Fixed Capital Investment/GDP	%age	21.3	21.3
Gross Investment(GI)/GDP	%age	31.9	38.2
Gap between GDS and GI/GDP	%age	-22.2	-28.8
Net export of goods & services(Export-Import)/GDP	%age	-18.9	-28.4
GDP(at producer's current price)	Billion Rs.	991.32	1183
Revenue/GDP	%age	14.5	15.1
Government Expenditure/GDP	%age	22.2	22.5
Total population	Million	27.6	28.3

Source: Economic Survey Fiscal Year 2009/10.

- 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 Crores)

Particulars	2066/067 (2009/10)		2065/66 (2008/09)		Change %
	Amount	Share %	Amount	Share %	
EXPORT					
India	2596	64.3	2674	60.9	(2.92)
Other countries	1444	35.7	1719	39.1	(16.00)
Total Export	4040		4393		(8.04)
TOTAL EXPORT					
India	13741	54.2	9918	56.3	38.55
Other countries	11633	45.8	7711	43.7	50.86
TOTAL IMPORT	25374		17629		43.93
Total foreign trade					
With India	16337	55.5	12592	57.2	29.74
With other countries	13077	44.5	9430	42.8	38.67
Total Foreign Trade	29414		22022		33.57

Source: Economic Survey Fiscal Year 2009/10.

From the above, total volume of foreign trade has increased by Rs. 73.92 billion in the year under review showing a growth of 33.57 percent over the previous year. The share of total foreign trade with India and other countries stand at 55.5 percent and 45.5 percent respectively (previous year 57.2 percent and 42.8 percent). Total export decreased by 8.04 percent.

Against the decrease 8.04 in total export, the import increased by 43.93%.

v) Banking:

Following information are reproduced for information of the respected shareholder-

Particulars	Previous Year	This Year
Commercial Banks	26	27
Development Banks	63	78
Finance Companies	77	79
Microfinance Institutions	15	18
NRB Licensed Co-operatives	16	16
NRB Licensed NGOs	45	45
Commercial Bank Branches (Mid-April)	617	845
Population Per Branch (Mid-April)- in 000	42.8	33.4
Deposits –Mid-April (Ten Million Rs.)	48144	57273
Per Capita Deposit –Rs.	18217	20293
Loan and Advances –Mid-April (Million Rs.)	47127	57953
Per Capita Loan and Advances Rs.	15197	18297

Source: Economic Survey Fiscal Year 2009/10.



N. Amatya & Co.
Chartered Accountants

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

We have audited the accompanying Balance Sheet of Everest Bank Ltd. (*hereinafter referred to as 'the Bank'*) as at July 16, 2010 (Ashadh 32, 2067) and the related Profit & Loss Account and Cash Flow Statement for the year then ended. These financial statements are the responsibility of the bank's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Nepal Standards of Auditing and relevant practices. Those standards or practices require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a *test basis*, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Based on our examination of the financial statements as aforesaid, we report that:

1. We have obtained all the information and explanations which to the best of our knowledge and belief required for the purpose of our audit.
2. The Balance Sheet, Profit & Loss Account and Cash Flow Statement and schedules attached thereto are presented in conformity with the formats prescribed by Nepal Rastra Bank and are in agreement with the accounts maintained by the Bank.
3. The account and records of the Bank have been maintained as required by law and practice.
4. Returns received from the branch offices of the Bank not visited by us are adequate for the purpose of our audit.
5. The capital fund and risk bearing fund of the bank are adequate considering the Directives issued by the Nepal Rastra Bank.

6. To the best of our information and according to the explanations given to us and from our examination of the books of account of the Bank, we have not come across any case where the Board of Directors or any employees of the Bank have acted contrary to the provisions of law or committed any misappropriation or caused any loss or damage to the Bank and violated Directives issued by the Nepal Rastra Bank or acted in a manner as would jeopardize the interest and security of the Bank and its depositors.
7. The business of the Bank has been conducted satisfactorily and found within its authority.
8. In our opinion and to the best of our information and according to the explanation given to us, the said accounts read together with the Significant Accounting Policies (Schedule 4.35) & Notes to Accounts (Schedule 4.36), give a true and fair view -
 - ~ in the case of Balance Sheet, of the state of affairs of the Bank as at July 16, 2010 (Ashadh 32, 2067),
 - ~ in the case of Profit & Loss Account, of the profit of the Bank for the year ended on that date, and
 - ~ in the case of Cash Flow Statement, the cash flows of the Bank for the year ended on that date in accordance with the Nepal Auditing Standards or relevant practices and comply with the directives of Nepal Rastra Bank, Banks and Financial Institutions Act, 2063 and Company Act, 2063.

Nem Lal Amatya, F.C.A.
For N. Amatya & Co.
Chartered Accountants

Date : August 07, 2009
Kathmandu

Balance Sheet

As on 32 Ashadh 2067 (16th July, 2010)

S.No.	Capital and Liabilities	Schedule	This Year Amount Rs.	Previous Year Amount Rs.
1	Share Capital	4.1	1,279,607,490	1,030,467,300
2	Reserve and Surplus	4.2	1,479,530,365	1,173,157,755
3	Debenture and Bonds	4.3	300,000,000	300,000,000
4	Loans and Borrowings	4.4	404,600,000	312,000,000
5	Deposit Liabilities	4.5	36,932,310,008	33,322,946,246
6	Bills Payable	4.6	145,514,679	148,655,592
7	Proposed Dividend		276,252,832	218,080,345
8	Income Tax Liabilities		(1,136,458)	20,522,280
9	Other Liabilities	4.7	566,081,795	391,019,136
	Total Capital and Liabilities		41,382,760,711	36,916,848,654

S.No.	Assets	Schedule	This Year Amount Rs.	Previous Year Amount Rs.
1	Cash in hand	4.8	1,091,500,407	944,695,793
2	Balance with Nepal Rastra Bank	4.9	5,625,113,849	4,787,163,541
3	Balance with other Banks & Financial Institutions	4.10	1,102,200,747	432,511,829
4	Money at Call and Short Notice	4.11	-	-
5	Investments	4.12	5,008,307,589	5,948,480,273
6	Loan, Advances and Bills Purchased	4.13	27,556,356,032	23,884,673,616
7	Fixed Assets	4.14	463,094,391	427,157,451
8	Non-Banking Assets	4.15	-	-
9	Other Assets	4.16	536,187,696	492,166,151
	Total Assets		41,382,760,711	36,916,848,654

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

Hum Nath Gurung
Asst. General Manager

P.K. Mohapatra
C.E.O.

Directors
Ved Krishna Shrestha
Muskan Shrestha
Shiva Sharan K.C.
Arun Man Sherchan
C. P. Swarnkar
Dr. Bal Gopal Vaidya
Jagat Ram

Bishnu Krishna Shrestha
Chairman

Auditor

N.L. Amatya, F.C.A
N. Amatya & Company
Chartered Accountants
as per our report of even date
Date: 7 Aug. 2010

Profit and Loss Account

From Shrawan 1st, 2066 to Ashadh 32, 2067 (July 16, 2009 to July 16, 2010)

S.No.	Particulars	Schedule	This Year Amount Rs.	Previous Year Amount Rs.
1	Interest Income	4.18	3,102,451,484	2,186,814,992
2	Interest Expenses	4.19	1,572,790,306	1,012,874,353
	Net Interest Income		1,529,661,178	1,173,940,639
3	Commission and Discounts	4.20	208,123,481	202,094,446
4	Other Operating Income	4.21	142,311,427	106,403,694
5	Exchange Income	4.22	47,879,967	62,526,819
	Total Operating Income		1,927,976,053	1,544,965,598
6	Staff Expenses	4.23	226,364,009	186,919,870
7	Other Operating Expenses	4.24	352,511,231	292,010,522
8	Exchange Loss	4.22	-	-
	Operating Profit Before Provision for Possible Loss		1,349,100,813	1,066,035,206
9	Provision for possible losses	4.25	77,010,625	93,084,880
	Operating Profit		1,272,090,188	972,950,326
10	Non-operating Income/Loss	4.26	12,338,972	5,005,256
11	Write-back of Loan Loss Provision	4.27	83,553,461	8,044,170
	Profit from Regular Activities		1,367,982,621	985,999,752
12	Profit /Loss from transaction of extraordinary nature	4.28	(61,192,476)	(5,549,170)
	Profit after Inclusion of all Transaction		1,306,790,145	980,450,582
13	Provision for Staff Bonus		118,799,104	89,131,871
14	Provision for Income Tax			
	Tax for the year		357,020,130	276,864,301
	Tax for earlier Year		-	-
	Current Year Deferred Tax (Income)/Expense		(794,721)	(24,278,347)
	NET PROFIT		831,765,632	638,732,757

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

Hum Nath Gurung
Asst. General Manager

P.K. Mohapatra
C.E.O.

Directors
Ved Krishna Shrestha
Muskan Shrestha
Shiva Sharan K.C.
Arun Man Sherchan
C. P. Swarnkar
Dr. Bal Gopal Vaidya
Jagat Ram

Bishnu Krishna Shrestha
Chairman

Auditor

N.L. Amatya, F.C.A
 N. Amatya & Company
 Chartered Accountants
 as per our report of even date
 Date: 7 Aug. 2010

Profit Appropriation Account

From Shrawan 1st, 2066 to Ashadh 32, 2067 (July 16, 2009 to July 16, 2010)

S.No.	Particulars	Current Year Amount Rs.	Previous Year Amount Rs.
	INCOME		
1	Retained Profit upto last year	82,444,532	83,749,704
2	Profit for the year	831,765,632	638,732,757
3	Transfer from share premium account	–	191,646,300
4	Excess Provision of Tax on Bonus Share written back	–	1,734,063
	TOTAL	914,210,164	915,862,824
	APPROPRIATION		
1	Accumulated Loss upto last year	–	–
2	Loss for the year	–	–
3	General Reserve	166,354,000	127,747,000
4	Deferred Tax Reserve	794,721	24,278,347
5	Bank Development Fund	–	–
6	Dividend Equalization Fund	–	–
7	Staff related funds	–	–
8	Dividend on Preference Share	14,000,000	16,347,397
9	Proposed dividend on ordinary shares	262,252,832	201,732,948
10	Proposed Bonus Share	249,140,190	191,646,300
11	Capital Redemption Reserve	–	140,000,000
12	Exchange Equalization Fund	–	1,666,300
13	Debenture Redemption Reserve	60,000,000	60,000,000
14	Capital Adjustment Reserve	83,047,000	64,000,000
15	Other Free Reserve	6,000,000	6,000,000
	TOTAL	841,588,743	833,418,292
	RETAINED PROFIT/(LOSS)	72,621,421	82,444,532

Hum Nath Gurung
Asst. General Manager

P.K. Mohapatra
C.E.O.

Directors
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Muskan Shrestha
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C. P. Swarnkar
Dr. Bal Gopal Vaidya
Jagat Ram

Bishnu Krishna Shrestha
Chairman

Auditor

N.L. Amatya, F.C.A
 N. Amatya & Company
 Chartered Accountants
 as per our report of even date
 Date: 7 Aug. 2010

Statement of Changes in Equity

From Shrawan 1st, 2066 to Ashadh 32, 2067 (July 16, 2009 to July 16, 2010)

Particulars	Share Capital Rs.	Share Premium Rs.	General Reserve Rs.	Capital Adjustment Fund Rs.	Exchange Fluctuation Fund Rs.	Accumulated Profit Rs.	Other Free Reserve Rs.	Deferred Tax Rs.	Total Rs.
Balance at 15 July 2009	838,821,000	14,780,900	450,838,514	404,100,000	22,044,539	82,444,532	356,872,108	33,723,462	2,203,625,055
Changes in accounting policy	-	-	-	-	-	-	-	-	-
Restated balance	838,821,000	14,780,900	450,838,514	404,100,000	22,044,539	82,444,532	356,872,108	33,723,462	2,203,625,055
Surplus on Revaluation of Properties	-	-	-	-	-	-	-	-	-
Deficit on Revaluation of Investments	-	-	-	-	-	-	-	-	-
Currency Translation Differences	-	-	-	-	-	-	-	-	-
Net Gains/Losses Not Recognised in the Income statement	-	-	-	-	-	-	-	-	-
Net Profit for the period	-	-	-	-	-	-	-	-	-
Transfer to General Reserve	-	-	166,354,000	-	-	831,765,632	-	-	831,765,632
Declaration of Dividend- Ordinary shares	-	-	-	-	-	(166,354,000)	-	-	-
Transfer from Share Premium Account to P&L appr. A/c	-	-	-	-	-	(511,393,022)	249,140,190	-	(262,252,832)
Declaration of Dividend- Preference Shares	-	-	-	-	-	-	-	-	-
Issue of Bonus Share	191,646,300	-	-	-	-	(14,000,000)	(191,646,300)	-	(14,000,000)
Deferred Tax	-	-	-	-	-	(794,721)	-	794,721	-
Deficit on Revaluation of Properties	-	-	-	-	-	-	-	-	-
Transfer to Debenture Redemption Reserve	-	-	-	60,000,000	-	(60,000,000)	-	-	-
Transfer to Capital Redemption Reserve	-	-	-	-	-	-	-	-	-
Increase in Share Capital	-	-	-	-	-	-	-	-	-
Capital Adjustment Fund	-	-	-	83,047,000	-	(83,047,000)	-	-	-
Redemption of Preference Share	-	-	-	-	-	-	-	-	-
Other Free Reserve	-	-	-	-	-	(6,000,000)	6,000,000	-	-
Adjustment of previous year's	-	-	-	-	-	-	-	-	-
Transfer to Exchange Equalization Fund	-	-	-	-	-	-	-	-	-
Balance as on July 16, 2010	1,030,467,300	14,780,900	617,192,514	547,147,000	22,044,539	72,621,421	420,365,998	34,518,183	2,759,137,855

* Proposed Bonus Share Capital & Redemption Reserve allocated from Profit & Loss Appropriation is stated under the column of "Other Free Reserve" & "Capital Adjustment Fund" respectively

Cash Flow Statement

From Shrawan 1st, 2066 to Ashadh 32, 2067 (July 16, 2009 to July 16, 2010)

Previous Year Rs.	Particulars	Current Year Rs.
	A. Cash flow from Operating Activities	
2,440,224,660	1. Cash Received	3,433,963,614
2,071,386,385	1.1 Interest Income	3,024,662,273
202,094,446	1.2 Commission & Discounts Income	208,123,481
55,861,850	1.3 Income from Foreign Exchange Transaction	55,361,763
-	1.4 Recovery of Loan written off	-
110,881,979	1.5 Other Income	145,816,097
(1,744,322,546)	2. Cash Paid	(2,476,046,094)
(1,002,376,829)	2.1 Interest Expense	(1,532,618,007)
(163,027,617)	2.2 Staff Expense	(212,262,121)
(215,578,404)	2.3 Office Administration Expenses	(263,355,227)
(297,471,016)	2.4 Income Tax Paid	(378,678,868)
(65,868,680)	2.5 Other Expenses	(89,131,871)
695,902,114	Cash Flow before Changes in Working Capital	957,917,520
	(Increase)/Decrease in Current Assets	
346,000,000	1. (Increase)/Decrease in Money at Call & Short Notice	-
(697,050,061)	2. (Increase)/Decrease in Short-Term Investmentse	774,630,621
(5,638,672,934)	3. (Increase)/Decrease in Loan & Advances and BP	(3,748,036,793)
(67,616,369)	4. (Increase)/Decrease in Other Assets	(63,119,067)
	Increase/(Decrease) in Current Liabilities	
9,346,647,711	1. Increase/(Decrease) in Deposit	3,609,363,762
-	2. Increase/(Decrease) in Certificate of Deposit	-
-	3. Increase/(Decrease) in Short-Term Borrowing	-
(289,665,427)	4. Increase/(Decrease) in Other Liabilities	124,497,350
3,695,545,034	Total Cash Flow from Operating Activities	1,655,253,393
	B. Cash flow from Investing Activities	
(882,500)	1. Purchase of Shares & Debentures	-
-	2. Proceeds from Sale of Shares & Debentures	-
(144,259,524)	3. Purchase of Fixed Assets	(130,957,160)
2,016,538	4. Proceeds from Sale of Fixed Assets	8,378,631
(190,990,168)	5. (Increase)/Decrease in Government Securities	165,542,063
2,025,555	6. Proceeds from Sale of Non-Banking Assets	26,514,056
91,372,640	7. Interest Income from Long-Term Investments	97,681,454
148,200	8. Dividend Received	1,510,568
-	9. Others	-
(240,569,259)	Total Cash flow from Investing Activities	168,669,612
	C. Cash flow from Financing Activities	
312,000,000	1. Increase/(Decrease) in Long Term borrowings (Bond, Debentures, etc)	(312,000,000)
-	2. Increase/(Decrease) in Share Capital	-
(140,000,000)	3. Increase/(Decrease) in Share Premium	-
-	4. Share Application Money Received	-
(126,611,886)	5. Dividend Paid	(212,885,683)
(10,629,526)	6. Interest in Borrowing Paid	(41,711,686)
-	7. Increase/(Decrease) in Refinance / facilities received from NRB	404,600,000
34,758,588	Total Cash flow from Financing Activities	(161,997,369)
6,664,969	D. Income / Loss from change in exchange rate in Cash and Bank Balance	(7,481,796)
3,496,399,332	E. Current Year's Cash Flow from all activities	1,654,443,840
2,667,971,831	F. Opening Balance of Cash & Bank Balances	6,164,371,163
6,164,371,163	G. Closing Balance of Cash & Bank Balances	7,818,815,003

Share Capital and Shareholding

As on 32 Ashadh 2067 (16 July 2010)

Schedule 4.1

Previous Year Rs.	Particulars	Current Year Rs.
	1. Share Capital	
1,000,000,000	1.1 Authorized Capital	1,250,000,000
800,000,000	A) 10,500,000 nos. of Ordinary Shares of Rs. 100 each (Previous 8,000,000 nos. of Ordinary Shares of Rs. 100 each)	1,050,000,000
200,000,000	B) 2,000,000 nos. of 7% Cumulative Convertible Preference Share of Rs.100 each	200,000,000
840,620,000	1.2 Issued Capital	1,050,000,000
640,620,000	A) 8,500,000 nos. of Ordinary Shares of Rs. 100 each (Previous 6,406,200 nos. of Ordinary Shares of Rs. 100 each)	850,000,000
200,000,000	B) 2,000,000 nos. of 7% Cumulative Convertible Preference Share of Rs.100 each	200,000,000
838,821,000	1.3 Paid up Capital	1,030,467,300
638,821,000	A) 8,304,673 nos. of Ordinary Shares of Rs. 100 each (Including 59,07,020 bonus shares fully paid) (Previous 6,388,210 nos. of Ordinary Shares of Rs. 100 each)	830,467,300
200,000,000	B) 2,000,000 nos. of 7% Cumulative Convertible Preference Share of Rs.100 each	200,000,000
191,646,300	1.4 Propose Bonus Share	249,140,190
-	1.5 Calls in Advance	-
1,030,467,300	Total	1,279,607,490

Detail of Share Ownership

Previous Year Rs.	%	Particulars	%	Current Year Rs.
321,235,140	50.00	A. Promoters	50.00	417,605,400
-		1.1 Nepal Government	-	-
-		1.2 Foreign Institutions	-	-
-		1.3 'A' Class Licensed Institutions	-	-
-		1.4 Other Licensed Institutions	-	-
59,696,190	9.34	1.5 Other Institutions	9.34	77,605,000
261,538,950	40.66	1.6 Individual	40.66	340,000,400
-		1.7 Others	-	-
189,091,780	30.00	B. General Public	30.00	245,819,700
128,494,080	20.00	C. Joint Venture-Punjab National Bank, India	20.00	167,042,200
638,821,000	100	TOTAL	100	830,467,300

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

Name & Address	%	Amount in Rs.	Name & Address	%	Amount in Rs.
Sh. B.K.Shrestha, Sanepa Lalitpur	9.22	76,561,100	Sh. Kul Bir Singh Tuladhar, Tripureshwor, Ktm	1.01	8,352,100
M/s Snow Lion Hotel, Bagbazar Ktm	9.34	77,605,000	M/s Punjab National Bank, India	20.00	167,042,200
Sh. Maitra Dev Pathak, Kamalpokhari, Ktm	6.04	50,144,300	Sh. Nirmal Pradhan, Gyaneshwor-33, Kathmandu	0.99	8,302,500
Sh. Radha Shrestha, Tapahiti Lalitpur	8.80	73,081,000	Ms. Roma Pradhan, Gyaneshwor - 33, Ktm	0.99	8,273,200
Sh. Nepal Krishna Shrestha, Tahachal, Ktm	9.22	76,561,000	M/s Baba Palace (P) Ltd., Naxal -1 Ktm	0.99	8,233,200
Sh. Arun Man Sherchan, Himalayan Height, Lalitpur-Sanepa	3.90	32,364,300	Ms. Rukmani Pradhan, Gyaneshwor, Ktm	0.89	7,351,500
Sh. Shanta Dev Pathak, Kamalpokhari, Ktm	2.76	22,936,600	M/s Baba Palace Stock Market Pvt. Ltd., Gyaneshwor- Kathmandu	0.68	5,627,400
			Rajdhani Investment Fund Ltd., Baluwatar-4, Ktm	0.66	5,469,100

Reserve and Surplus

As on 32 Ashadh 2067 (16 July 2010)

Schedule 4.2

Previous Year Rs.	Particulars	Current Year Rs.
450,838,514	1 General Reserve	617,192,514
	2 Capital Reserve	
14,780,900	2.1 Share Premium	14,780,900
140,000,000	3 Capital Redemption Reserve	140,000,000
284,100,000	4 Capital Adjustment Reserve	367,147,000
	5 Other Reserve	
–	a. Reserve for contingencies	
–	b. Bank Development Fund	
–	c. Dividend Equalization Fund	
120,000,000	d. Debenture Redemption Reserve	180,000,000
–	e. Assets Revaluation Fund	–
33,723,462	f. Deferred Tax Reserve	34,518,183
24,000,000	g. Other free reserves	30,000,000
1,225,808	h. Others	1,225,808
82,444,532	6 Retained Profit	72,621,421
22,044,539	7 Exchange Equalization Reserve	22,044,539
1,173,157,755	TOTAL	1,479,530,365

Debenture and Bond

As on 32 Ashadh 2067 (16 July 2010)

Schedule 4.3

Previous Year Rs.	Particulars	Current Year Rs.
300,000,000	300,000 nos. of 6% Unsecured Debenture of Rs. 1,000 each (Issued on 16.07.2005 and maturing on 15.07.2012) (Redemption Reserved till balance sheet date Rs. 180,000,000)	300,000,000
300,000,000	TOTAL	300,000,000

Loans and Borrowing

As on 32 Ashadh 2067 (16 July 2010)

Schedule 4.4

Previous Year Rs.	Particulars	Current Year Rs.
	A. Local	
–	1. Nepal Government	–
–	2. Nepal Rastra Bank (Refinance Loan)	404,600,000
–	3. Repo Obligation	–
312,000,000	4. Inter-bank & financial institutions	–
–	5. Other Body Corporates	–
–	6. Others	–
312,000,000	TOTAL OF (A)	404,600,000
	B. Foreign	
–	1. Banks	–
–	2. Others	–
–	TOTAL OF (B)	–
312,000,000	GRAND TOTAL (A+B)	404,600,000

Deposit Liabilities

As on 32 Ashadh 2067 (16 July 2010)

Schedule 4.5

Previous Year Rs.	Particulars	Current Year Rs.
	1 Non-interest bearing deposits	
4,859,946,758	A. Current Deposits	4,173,319,653
4,840,143,868	1. Local currency	4,074,250,555
1,914,193,528	1.1 Nepal Government	1,510,726,975
14,130,649	1.2 'A' Class Licensed Institutions	19,540,288
84,839,330	1.3 Other Licensed Financial Institutions	30,623,364
2,580,865,005	1.4 Other Body Corporates	2,078,155,148
103,397,031	1.5 Individuals	287,868,536
142,718,325	1.6 Others	147,336,244
19,802,890	2. Foreign currency	99,069,098
–	2.1 Nepal Government	–
–	2.2 'A' Class Licensed Institutions	–
–	2.3 Other Licensed Financial Institutions	–
19,365,600	2.4 Other Body Corporates	98,862,762
437,290	2.5 Individuals	206,336
–	2.6 Others	–
291,984,073	B. Margin	375,934,100
–	1. Staff earnest money	–
115,052,994	2. Security margin	160,614,255
176,931,079	3. LC margin	215,319,845
44,700,292	C. Others	169,937,413
44,700,292	1. Local currency	169,937,413
–	1.1 Financial Institutions	–
20,355,934	1.2 Other Body Corporates	76,210,699
24,344,358	1.3 Individual	93,726,714
–	2. Foreign currency	–
–	2.1 Financial Institutions	–
–	2.2 Other Body Corporates	–
–	2.3 Individual	–
5,196,631,123	Total Non-interest Bearing Deposit	4,719,191,166
	2. Interest Bearing Deposits	
14,782,330,769	A. Saving Deposit	13,360,037,013
14,623,832,398	1. Local currency	13,217,747,984
410,431,097	1.1 Body Corporate	–
14,168,987,916	1.2 Individual	13,217,747,984
44,413,385	1.3 Others	–

contd..

Deposit Liabilities

As on 32 Ashadh 2067 (16 July 2010)

Schedule 4.5

Previous Year Rs.	Particulars	Current Year Rs.
158,498,371	2. Foreign Currency	142,289,029
28,056,456	2.1 Body Corporate	–
130,441,915	2.2 Individual	142,289,029
	2.3 Others	
7,049,978,230	B. Fixed Deposit	10,440,278,594
6,585,741,400	1. Local Currency	9,873,888,761
5,486,055,626	1.1 Body Corporate	6,455,848,823
1,040,242,216	1.2 Individual	2,753,129,435
59,443,558	1.3 Others	664,910,503
464,236,830	2. Foreign currency	566,389,833
461,077,830	2.1 Body Corporate	546,156,433
3,159,000	2.2 Individual	20,233,400
–	2.3 Others	–
6,294,006,124	C. Call Deposit	8,412,803,235
6,273,004,661	1. Local Currency	8,382,899,938
592,769,516	1.1 'A' Class Licensed Institution	370,761,785
931,048,442	1.2 Other Licensed Institutions	1,556,250,258
4,552,308,062	1.3 Other Body Corporates	5,276,755,255
188,985,296	1.4 Individual	1,170,675,420
7,893,345	1.5 Others	8,457,220
21,001,463	2. Foreign Currency	29,903,297
–	2.1 'A' Class Licensed Institution	88,837
–	2.2 Other Licensed Institutions	–
21,001,463	2.3 Other Body Corporates	29,814,460
–	2.4 Individual	–
–	2.5 Others	–
–	D. Certificate of Deposits	–
–	1. Body Corporate	–
–	2. Individual	–
–	3. Others	–
28,126,315,123	Total Interest Bearing Deposits	32,213,118,842
33,322,946,246	TOTAL DEPOSITS	36,932,310,008

Bills Payable

As on 32 Ashadh 2067 (16 July 2010)

Schedule 4.6

Previous Year Rs.	Particulars	Current Year Rs.
46,851,989	1 Local Currency	107,118,101
101,803,603	2 Foreign Currency	38,396,578
148,655,592	TOTAL	145,514,679

Other Liabilities

As on 32 Ashadh 2067 (16 July 2010)

Schedule 4.7

Previous Year Rs.	Particulars	Current Year Rs.
69,922,394	1 Pension / Gratuity Fund (Provision)	84,024,281
-	2 Staff Provident Fund	-
-	3 Staff Welfare Fund	-
89,131,871	4 Staff Bonus	118,799,104
15,803,463	5 Interest Payable on Deposits	20,703,170
6,252,822	6 Interest Payable on Borrowings	166,274
-	7 Unearned Discount/Commission	-
93,023,430	8 Sundry Creditors	111,888,985
12,624,459	9 Branch Adjustment Account	13,101,735
-	10 Deferred Tax Liabilities	-
12,444,421	11 Unpaid Dividend	17,639,083
	12 Others	
	a) Agency Account	
9,811,171	b) Interest on Debenture	9,458,626
81,855,105	c) Others	190,100,537
150,000	d) Audit Fee	200,000
391,019,136	TOTAL	566,081,795

Cash in Hand

As on 32 Ashadh 2067 (16 July 2010)

Schedule 4.8

Previous Year Rs.	Particulars	Current Year Rs.
927,265,908	1 Local Currency (Including Coins)	1,072,634,861
17,429,885	2 Foreign Currency	18,865,546
944,695,793	TOTAL	1,091,500,407

Balance with Nepal Rastra Bank

As on 32 Ashadh 2067 (16 July 2010)

Schedule 4.9

Previous Year Rs.	Particulars	Local Currency	Foreign Currency			This Year Rs.
			INRs.	Convertible	Total	
	1. Nepal Rastra Bank					
4,787,163,541	a. Current Account	5,606,004,794	–	19,109,055	19,109,055	5,625,113,849
–	b. Others	–	–	–	–	–
4,787,163,541	Total	5,606,004,794	–	19,109,055	19,109,055	5,625,113,849

Balance as per Balance Certificate Rs. 6,218,998,055 (Previous Year Rs. 4,690,095,163) and the difference amount is reconciled.

Balance with Other Bank & Financial Institutions

As on 32 Ashadh 2067 (16 July 2010)

Schedule 4.10

Previous Year Rs.	Particulars	Local Currency	Foreign Currency			This Year Rs.
			INRs.	Convertible	Total	
26,018,737	1. Other Local Licensed Institutions	116,027,322	–	2,081,793	2,081,793	118,109,115
26,018,737	a. Current Account	116,027,322		2,081,793	2,081,793	118,109,115
–	b. Others					–
406,493,092	2. Foreign Banks		665,329,961	318,761,671	984,091,632	984,091,632
406,493,092	a. Current Account		665,329,961	318,761,671	984,091,632	984,091,632
–	b. Others					–
432,511,829	TOTAL	116,027,322	665,329,961	320,843,464	986,173,425	1,102,200,747

Balance as per Balance Certificate Rs. 1,496,268,256 (Previous Year Rs. 1,100,801,768) and the difference amount is reconciled.

Money at Call & Short Notice

As on 32 Ashadh 2067 (16 July 2010)

Schedule 4.11

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

Investments

As on 32 Ashadh 2067 (16 July 2010)

Schedule 4.12

Previous Year Rs.	Particulars	Purpose		This Year Rs.
		Trading	Others	
3,371,428,601	1. Nepal Government Treasury Bills	–	2,745,277,980	2,745,277,980
–	2. Nepal Government Saving Bonds	–	–	–
1,774,617,172	3. Nepal Government Other Securities	–	1,609,075,109	1,609,075,109
–	4. Nepal Rastra Bank Bonds	–	–	–
–	5. Foreign Securities	–	–	–
–	6. Local Licensed Institutions	–	261,800,000	261,800,000
702,000,000	7. Foreign Banks	–	291,720,000	291,720,000
17,107,500	8. Corporate Shares	–	17,107,500	17,107,500
84,927,000	9. Corporate Bond & Debenture	–	84,927,000	84,927,000
–	10. Other Investments	–	–	–
5,950,080,273	Total Investments	–	5,009,907,589	5,009,907,589
(1,600,000)	Provision for Investment in Shares	–	–	(1,600,000)
5,948,480,273	NET INVESTMENTS	–	–	5,008,307,589

Investments in Shares, Debentures and Bonds

As on 32 Ashadh 2067 (16 July 2010)

Schedule 4.12(ka)

Previous Year Rs.	Particulars	Cost	Market Value	Provision
	1. Investments in Shares			
3,120,000	1.1 Rural Microfinance Co.Ltd. (31,200 shares of Rs. 100 each)	3,120,000	NA	–
7,752,000	1.2 Nirdhan Utthan Bank Ltd. (107,974 shares of Rs. 100 each) {including 30,454 bonus shares}	7,752,000	NA	–
1,235,500	1.3 Credit Information Center Ltd. (12,355 shares of Rs. 100 each)	1,235,500	NA	–
5,000,000	1.4 Taragaon Regency Hotel * (50,000 shares of Rs. 100)	5,000,000	3,900,000	1,600,000
	2. Investment in Debentures			
84,927,000	2.1 NEA Bonds (84,927 units of Bond of Rs. 1 000 each)	84,927,000	–	–
102,034,500	Total Investments	102,034,500	–	–
	3. Provision			
1,600,000	3.1 Upto last year	(1,600,000)		
–	3.2 This year	–		
(1,600,000)	Total Provision	(1,600,000)		
100,434,500	NET INVESTMENTS	100,434,500	–	–

* Taragaon Regency Hotel & Credit Information Center Ltd. have not declared any dividend for last three years

Held for Trading

As on 32 Ashadh 2067 (16 July 2010)

Schedule 4.12.1

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

Held to Maturity

As on 32 Ashadh 2067 (16 July 2010)

Schedule 4.12.2

Particulars	Cost Price (A)	Loss Amount up to This Year (B)	Loss Amount Addition to This Year (C)	This Year Profit/(Loss) Amount (A-B-C)	Last Year Profit/(Loss) Amount	Remarks
1. Nepal Government Treasury Bills	2,745,277,980	-	-	-	-	-
2. Nepal Government Saving Bonds	-	-	-	-	-	-
3. Nepal Government Other Securities	1,609,075,109	-	-	-	-	-
4. Nepal Rastra Bank Bonds	-	-	-	-	-	-
5. Foreign Securities	-	-	-	-	-	-
6. Local Licensed Institution's Shares	261,800,000	-	-	-	-	-
7. Local Licensed Institution's Debenture & Bond	-	-	-	-	-	-
8. Corporate Shares, Debenture & Bond	102,034,500	1,600,000	-	-	-	(Includes extra Provision Rs. 500,000)
9. Foreign Bank Placement	291,720,000	-	-	-	-	-
10. Other Investments	-	-	-	-	-	-
Total Investments	5,009,907,589	1,600,000	-	-	-	-

Available for Sale

As on 32 Ashadh 2067 (16 July 2010)

Schedule 4.12.2

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

Loan & Advances and Provisioning

As on 32 Ashadh 2067 (16 July 2010)

Schedule 4.13

Previous Year Rs.	Particulars	Advances						Bills Purchased/Discounted						Current Year Rs.
		Domestic			Foreign	Total	Domestic			Foreign	Total			
		Insured	Priority	Uninsured			Insured	Priority	Uninsured					
24,351,570,294	1. Performing Loan	-	858,500,888	27,227,476,910	-	28,085,977,798				18,483,366	8,232,698	26,716,063	28,112,693,861	
24,248,590,584	(a) Pass Loan	-	858,500,888	27,145,622,420	-	28,004,123,309				18,483,366	8,232,698	26,716,063	28,030,839,372	
102,979,710	(b) Restructure/Reshedule	-	-	81,854,490	-	81,854,490				-	-	-	81,854,490	
117,985,232	2. Non-Performing Loan	-	133,522	43,572,460	-	43,705,982				-	-	-	43,705,982	
1,360,792	2.1 Substandard	-	-	5,469,421	-	5,469,421				-	-	-	5,469,421	
28,514,320	2.2 Doubtful	-	-	12,633,778	-	12,633,778				-	-	-	12,633,778	
88,110,120	2.3 Loss	-	133,522	25,469,261	-	25,602,782				-	-	-	25,602,782	
24,469,555,526	A. Total Loan (1+2)	-	858,634,410	27,271,049,370	-	28,129,683,780				18,483,366	8,232,698	26,716,063	28,156,399,843	
	3. Loan loss Provision													
242,485,906	3.1 (a) Pass Loan	-	8,585,009	271,456,224	-	280,041,233				184,834	82,327	267,161	280,308,394	
12,872,464	(b) Restructure/Reshedule	-	-	10,231,811	-	10,231,811				-	-	-	10,231,811	
340,198	3.2 Substandard	-	-	1,367,355	-	1,367,355				-	-	-	1,367,355	
14,257,160	3.3 Doubtful	-	-	6,316,889	-	6,316,889				-	-	-	6,316,889	
88,110,120	3.4 Loss	-	133,522	25,469,261	-	25,602,782				-	-	-	25,602,782	
226,816,062	3.5 Additional Provision	-	-	276,216,580	-	276,216,580				-	-	-	276,216,580	
584,881,910	B. Total Loan Loss Provision	-	8,718,531	591,058,121	-	599,776,651				184,834	82,327	267,161	600,043,812	
	4. Provision upto Ashad end 2066													
185,552,691	4.1(a) Pass Loan	-	7,167,696	234,284,612	-	241,452,308				999,065	34,533	1,033,598	242,485,906	
19,231,540	(b) Restructure/Reshedule	-	-	12,872,464	-	12,872,464				-	-	-	12,872,464	
1,576,686	4.2 Substandard	-	-	340,198	-	340,198				-	-	-	340,198	
372,963	4.3 Doubtful	-	-	14,257,160	-	14,257,160				-	-	-	14,257,160	
120,257,697	4.4 Loss	-	135,522	87,974,598	-	88,110,120				-	-	-	88,110,120	
170,354,623	4.5 Additional Provision	-	-	226,816,062	-	226,816,062				-	-	-	226,816,062	
497,346,200	C. Total Provision upto Ashad end 2066		7,303,218	576,545,094	-	583,848,312				999,065	34,533	1,033,598	584,881,910	
(5,549,170)	D. Write Back of Provision on Loans written off	-	-	(61,848,722)	-	(61,848,722)				-	-	-	(61,848,722)	
93,084,880	E. Provision for the year charged to P/L Account	-	1,415,313	76,361,749	-	77,777,062				(814,231)	47,794	(766,437)	77,010,625	
23,884,673,616	NET LOAN (A-B)	-	849,915,879	26,679,991,250	-	27,529,907,129				18,298,532	8,150,371	26,448,903	27,556,356,032	

Security Wise Detail of Loans, Advances and Bills Purchases

As on 32 Ashadh 2067 (16 July 2010)

Schedule 4.13(Ka)

Previous Year Rs.	Particulars	Current Year Rs.
24,469,555,526	A. Secured	28,156,399,843
23,959,203,084	1. Against Fixed/Movable Properties	27,188,804,750
–	2. Loan Against Guarantee Local Licensed Institutions	–
–	3. Against Government Guarantee	198,736,758
–	4. Against International Rated Bank's Guarantee	–
–	5. Against Export Document	–
485,994,260	6. Against Fixed Deposit Receipts	737,995,490
474,569,000	a) Own Fixed Deposit Receipts	737,995,490
11,425,260	b) Other Licensed Institutions' Fixed Deposit	–
8,237,071	7. Against Government Securities	7,555,506
–	8. Against Counter Guarantee	–
2,499,783	9. Against Personal Guarantee	2,498,567
13,621,328	10. Against Other Securities	20,808,772
–	B. Unsecured	–
24,469,555,526	TOTAL	28,156,399,843

Fixed Assets

As on 32 Ashadh 2067 (16 July 2010)

Schedule 4.14

Previous Year Rs.	Particulars	Building	Vehicles	Machinery	Office Equipment	Others	This Year Rs.
	1. Cost						
409,029,754	a) Upto Last Year	35,588,229	108,925,137	105,083,582	198,544,105	12,581,878	460,722,931
81,151,123	b) Addition this Year	480,102	40,993,856	16,433,628	49,429,582	4,489,843	111,827,010
-	c) Revaluation during the year	-	-	-	-	-	-
(5,738,431)	d) Sold during the year	-	(10,249,433)	(4,267,610)	(1,021,847)	-	(15,538,889)
(23,719,516)	e) Write off/Inter Branch and Inter Head Transfers	-	-	829,640	(5,108,172)	(1,351,000)	(5,629,532)
460,722,931	Total Cost	36,068,331	139,669,560	118,079,239	241,843,668	15,720,721	551,381,520
	2. Depreciation						
179,344,085	a) Upto Last Year	8,414,293	42,040,367	36,885,907	114,536,997	9,380,152	211,257,716
54,850,843	b) Addition this Year	1,374,700	19,105,014	12,340,089	30,493,941	2,125,143	65,438,887
-	c) Depreciation of Inter Branch/ Inter Head Transfer	-	196	231,131	(72,027)	(159,300)	-
(22,937,212)	d) Depreciation of assets sold /write off/	-	(5,459,488)	(3,311,294)	(5,524,150)	(554,500)	(14,849,432)
211,257,716	Total Depreciation	9,788,993	55,686,089	46,145,833	139,434,761	10,791,495	261,847,171
249,465,214	3. Book Value (1 - 2)	26,279,338	83,983,472	71,933,406	102,408,906	4,929,226	289,534,349
91,482,525	4. Land	-	-	-	-	91,482,525	91,482,525
-	5. Capital WIP	-	-	-	-	-	-
45,649,712	6. Leasehold Asset	-	-	-	-	46,273,595	46,273,595
40,560,000	7. Finacle Software	-	-	-	-	35,803,922	35,803,922
427,157,451	Total (3 + 4 + 5 + 6 + 7)	26,279,338	83,983,472	71,933,406	102,408,906	178,489,268	463,094,391

Detail of Computer Software - Finacle

Cost	
Upto Last Year	47,560,785
Addition This Year	-
Total Cost	47,560,785
Amortisation	
Upto Last Year	7,000,785
Addition This Year	4,756,078
Total Amortisation	11,756,863
Net Book Value	35,803,922

Non Banking Assets

As on 32 Ashadh 2067 (16 July 2010)

Schedule 4.15

Previous Year Rs.	Name & Address of the Party/Borrower	Date of Transfer	Amount of NBA	Provisioning		Net Amount
				%	Amount	
17,704,739	1. Pinkymala & Company Birgunj -13, Adarshnagar City Office- Lel Tole, Kathmandu					
3,000,000	2. Unnat Industries Main Road, Biratnagar					
1,000,000	3. Deepak Food Traders Dhangadhi Municipality - 2, Kailali					
9,979,067	4. NB Garments Bathnah VDC - 6, Simara	04.06.2004	9,979,067	100	9,979,067	–
31,683,806	Total		9,979,067		9,979,067	–
(31,683,806)	Previous Year's Provisions					–
-	TOTAL		9,979,067		9,979,067	–

Other Assets

As on 32 Ashadh 2067 (16 July 2010)

Schedule 4.16

Previous Year Rs.	Particulars	Current Year Rs.
9,519,909	1. Stationeries Stock	8,915,135
59,380,833	2. Interest Receivable on Investmnets	39,488,590
–	3. Interest Receivable on Loans & Advances	–
83,340,995	Interest Receivable on Loans & Advances 68,600,716	
(83,340,995)	Less: Interest Suspense (68,600,716)	
–	4. Commission Receivables	–
75,322,536	5. Sundry Debtors	17,414,945
305,982,733	6. Staff Loans & Advances	424,834,396
6,048,522	7. Pre-paid Expenses	8,297,721
–	8. Cash in Transit	–
–	9. Others in Transit(including cheques)	–
–	10. Draft Paid Without Advices	–
–	11. Expenses to be Written -off	–
–	12. Branch Account	–
33,723,462	13. Deferred Tax Assets	34,518,183
–	14. Others	–
2,188,156	Security Deposit	2,718,726
–	Misc.	–
492,166,151	TOTAL	536,187,696

Other Assets (Additional Details)

As on 32 Ashadh 2067 (16 July 2010)

Schedule 4.16(ka)

Previous Year Rs.	Particulars	Up to 1 Year	More than 1 Year & upto 3 Years	More than 3 Years	Current Year Rs.
83,340,995	1. Interest Receivables on Loan	26,787,204	1,906,386	39,907,126	68,600,716
–	2. Draft Paid without Schedule	–	–	–	–
–	3. Branch Account	–	–	–	–
–	4. Domestic Foreign Agency A/c	–	–	–	–
83,340,995	TOTAL	26,787,204	1,906,386	39,907,126	68,600,716

Contingent Liabilities

As on 32 Ashadh 2067 (16 July 2010)

Schedule 4.17

Previous Year Rs.	Particulars	Current Year Rs.
–	1. Claim Lodged but Not Accepted by the Bank	–
2,377,715,687	2. Letters of Credits	3,315,926,531
2,368,166,855	a. Maturity Value of Less Than Six Months	3,180,400,085
9,548,832	b. Maturity Value of More Than Six Months	135,526,446
–	3. Re-discounted Bills	–
1,243,201,380	4. Unexpired Guarantees	1,443,200,059
160,823,002	a. Bid bond	140,755,722
1,082,378,378	b. Performance Bond	1,302,444,337
–	5. Share Money Against Investments in Shares	–
4,311,684	6. Forward Exchange Contracts	12,450,385
297,904,820	7. Bills on collection	166,315,263
299,373,218	8. Acceptance and Endorsements	376,833,644
–	9. Underwriting Commitment	–
2,671,072,312	10. Irrevocable Loan Commitment	1,741,862,261
46,914,918	11. Guarantee Against Counter Guarantee of International Rated Bank	82,023,900
194,199,092	12. Advance Payment Guarantee	379,083,856
67,347,703	13. Financial Guarantees	–
–	14. Contigent Liability Against Income Tax	–
1,600,000	15. Others	–
7,203,640,814	TOTAL	7,517,695,899

Interest Income

For the Financial Year 2066/067 (2009/10)

Schedule 4.18

Previous Year Rs.	Particulars	Current Year Rs.
1,852,127,567	A. Interest on Loans & Advances	2,801,332,097
1,019,080,822	1. Loans & Advances 1,410,629,567	
833,046,745	2. Overdrafts 1,390,702,530	
317,863,643	B. Interest on Investments	278,802,100
289,764,623	1. Government Securities	238,993,331
205,441,518	a. Treasury Bills 144,197,378	
84,323,105	b. Development Bonds 94,795,953	
–	c. National Saving Bonds –	
–	2. Foreign Securities –	
–	3. Nepal Rastra Bank Securities –	
6,572,826	4. Debenture & Bond 6,590,859	
21,526,194	5. Interest on Inter-bank Lending 33,217,910	
21,526,194	a. Bank/Financial Institutions 33,217,910	
	b. Other Institutions –	
12,858,866	C. Agency Balance	21,657,800
–	1. Local Banks/Financial Institutions –	
12,858,866	2. Foreign Banks 21,657,800	
3,964,916	D. Money at Call & Short Notice	659,487
–	1. Local Banks/Financial Institutions –	
3,964,916	2. Foreign Banks 659,487	
–	E. Others	–
–	1. Certificate of Deposits –	
–	2. Inter Bank/Financial Institution Loan –	
–	3. Others –	
2,186,814,992	TOTAL	3,102,451,484

Interest Expenses

For the Financial Year 2066/067 (2009/10)

Schedule 4.19

Previous Year Rs.	Particulars	Current Year Rs.
987,477,326	A. Interest on Deposits	1,537,517,713
424,625,579	1. Fixed Deposits	619,721,071
417,372,755	1.1 Local Currency 602,154,234	
7,252,824	1.2 Foreign Currency 17,566,837	
332,143,437	2. Saving Deposits	426,159,660
327,155,118	2.1 Local Currency 421,967,091	
4,988,319	2.2 Foreign Currency 4,192,569	
230,708,310	3. Call Deposits	491,636,982
228,928,237	3.1 Local Currency 490,731,391	
1,780,073	3.2 Foreign Currency 905,591	
–	4. Certificate of Deposits	–
25,397,027	B. Interest on Loans	35,272,593
18,000,000	1. Debenture & Bond	18,000,000
647,260	2. Loan from NRB	11,223,051
6,749,767	3. Inter-Bank Loan	6,049,542
–	4. Other Organisation	–
–	5. Other Loan	–
–	C. Others	–
1,012,874,353	TOTAL	1,572,790,306

Commission and Discounts

For the Financial Year 2066/067 (2009/10)

Schedule 4.20

Previous Year Rs.	Particulars	Current Year Rs.
1,629,246	A. Bills Purchased & Discounted	2,292,697
1,532,967	1. Local	2,286,358
96,279	2. Foreign	6,339
167,794,762	B. Commission	176,274,773
24,721,501	1. Letter of Credits	29,352,027
25,527,313	2. Letter of Guarantees	34,744,904
1,657,577	3. Collection Fees	2,417,064
77,170,161	4. Remittance Fees	71,771,224
-	5. Credit Card	-
-	6. Share Underwriting/issue com.	-
4,932,666	7. Government Transaction	6,431,275
-	8. Exchange Commission	-
33,785,544	9. Batta	31,558,279
32,670,438	C. Others	29,556,011
202,094,446	TOTAL	208,123,481

Other Operating Income

For the Financial Year 2066/067 (2009/10)

Schedule 4.21

Previous Year Rs.	Particulars	Current Year Rs.
2,725,147	1. Safe Deposit Vault Rental Income	3,360,437
-	2. Credit Card Issue and Renewals	-
6,337,775	3. ATM Card	19,950,693
4,371,386	4. Telex / T.T.	4,991,478
54,735,783	5. Service Charges	73,974,423
6,784,488	6. Renewal Charges	9,980,825
31,449,115	7. Others	30,053,571
106,403,694	TOTAL	142,311,427

Exchange Gain/(Loss)

For the Financial Year 2066/067 (2009/10)

Schedule 4.22

Previous Year Rs.	Particulars	Current Year Rs.
6,664,969	A. Exchange Rate Difference	(7,481,796)
55,861,850	B. Foreign Exchange Trading (except batta)	55,361,763
62,526,819	TOTAL	47,879,967

Staff Expenses

For the Financial Year 2066/067 (2009/10)

Schedule 4.23

Previous Year Rs.	Particulars	Current Year Rs.
122,371,949	1. Salary	147,262,829
12,115,746	2. Allowances	12,797,325
11,014,873	3. PF Contributions	13,959,351
2,280,943	4. Training	1,824,053
225,418	5. Uniform	7,562,874
439,722	6. Medical	500,349
966,426	7. Insurance	1,680,438
24,361,103	8. Gratuity	18,666,944
	9. Others	
8,305,886	a) Dashain Expenses	11,696,868
4,301,505	b) Leave Encashment	6,654,821
536,299	c) Leave Travel Assistance	3,758,157
186,919,870	TOTAL	226,364,009

Operating Expenses

For the Financial Year 2066/067 (2009/10)

Schedule 4.24

Previous Year Rs.	Particulars	Current Year Rs.
33,267,482	1. House Rent	42,542,087
9,198,047	2. Electricity & Water Charges	10,425,929
-	3. Repair & Maintenance	-
986,762	A. Building	504,376
1,777,278	B. Vehicles	1,799,464
-	C. Others	-
6,372,665	4. Insurance Premium	9,133,304
23,319,325	5. Postage, Telex, Telephone, Fax	26,181,313
7,412,933	6. Office Equipment/Furniture & Maintenance	7,435,372
11,663,296	7. Traveling Expenses	8,251,260
9,986,054	8. Printing & Stationeries	11,773,954
537,700	9. Newspaper & Magazine	627,251
14,342,012	10. Advertisement	19,241,652
864,276	11. Legal Expenses	1,085,359
366,263	12. Donation	484,214
	13. Board Expenses	
688,730	A. Meeting Fee	883,480
1,727,535	B. Other Expenses	1,377,526
1,528,897	14. Annual General Meeting Expenses	1,581,983
	15. Audit Expenses	
150,000	A. Audit Fee	200,000
270,186	B. Other Expenses	346,766
13,205,618	16. Remittance Expenses	12,076,152
59,606,922	17. Depreciation	70,194,965
-	18. Pre-operating Expenses Write Off	-
188,371	19. Debenture /Share Issue Expenses	146,482
11,322,828	20. Tsa Fee And Expenses Reimbursement	13,439,977
5,419,406	21. Entertainment	6,833,336
16,064,004	22. Amortization	18,506,244
12,872,300	23. Security Expenses	16,287,734
-	24. Loan Insurance Premium	-
-	25. Commission & Discounts	-
	26. Others	
9,359,872	A) Business Promotion	13,702,731
-	B) NRB Penal Interest	-
2,211,537	C) Consultancy Charges	827,217
-	D) Honorarium Paid to Director	-
2,865,950	E) Registration/Renewals	3,136,115
4,498,617	F) Misc.	5,304,039
12,688,755	G) Fuel & Lubricant	13,388,635
291,747	H) Assets Written Off	454,796
4,334,457	I) A.T.M. Related Expenses	8,264,135
4,362,055	J) Temporary Staff Wages	6,990,506
5,760,158	K) Software Contract Expenses	8,717,148
271,839	L) Expenses For Advisor To The Board	192,000
469,445	M) Loss on Sale of Non Banking Assets	-
1,757,200	N) Branch Less Banking	3,142,396
-	O) Disaster Recovery Sites	7,031,333
292,010,522	Total	352,511,231

Provision for Possible Loss

For the Financial Year 2066/067 (2009/10)

Schedule 4.25

Previous Year Rs.	Particulars	Current Year Rs.
93,084,880	1. Increase In Loan Loss Provision	77,010,625
–	2. Increase In Provision For Investment	–
–	3. Provision For Non-banking Assets	–
–	4. Provision Against Other Assets	–
93,084,880	Total	77,010,625

Gain/(Loss) from Non-Operating Activities

For the Financial Year 2066/067 (2009/10)

Schedule 4.26

Previous Year Rs.	Particulars	Current Year Rs.
–	1. Gain/Loss on Sale of Investment	–
378,771	2. Gain/Loss on Sale of Assets	2,514,417
–	3. Dividend	–
148,200	A. Rural Development Banks	1,510,568
	4. Subsidy Received From NRB	–
–	A. Compensation of Branch Loss	–
–	B. Interest Compensation	–
–	C. Exchange Counters	–
	5. Others	
4,478,285	A. House Rent	3,504,670
–	B. Gain on Sale of NBA	4,809,317
5,005,256	Total Gain / (Loss)	12,338,972

Write Back from Provision for Possible Loss

For the Financial Year 2066/067 (2009/10)

Schedule 4.27

Previous Year Rs.	Particulars	Current Year Rs.
5,549,170	1. Write-back From Loan Loss Provision	61,848,722
2,495,000	2. Write-back From Provision for NBA	21,704,739
–	3. Write-back From Provision For Investment	–
–	4. Write-back From Other Provision	–
8,044,170	Total	83,553,461

Profit/(Loss) from Transaction from Extra-Ordinary Nature

For the Financial Year 2066/067 (2009/10)

Schedule 4.28

Previous Year Rs.	Particulars	Current Year Rs.
–	1. Recovery of Loss Loan	–
–	2. Expenses for Retirement Package	–
5,549,170	3. Write off of Bad Loan	61,192,476
–	4. Other Income/Expenses	–
5,549,170	TOTAL	61,192,476

Details of Loan Written Off

For the Financial Year 2066/067 (2009/10)

Schedule 4.28(ka)

S.No.	Type of Loan	Amount Written off	Nature of Security & Amount	Basis of Valuation of Security	Sancioning Authority/Level	Action taken to Recover the Loan	Remarks
1.	Working Capital	5,725,458					
2.	Project Finance	–					
3.	Fixed Term Loan	50,568,917					
4.	Personal Loan	–					
5.	Others	4,898,101					
	Total	61,192,476					

Note: The above Loans have been written off as per the NRB Directives as full provision were made for thee loans for more than five years.

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

As on 32 Ashadh 2067 (16 July 2010)

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

Schedule 4.29

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

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

Capital Adequacy Table

As on 32 Ashadh 2067 (16 July 2010)

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

Particulars	Previous Year Rs.	Current Year Rs.
1.1 RISK WEIGHTED EXPOSURES		
a. Risk Weighted Exposure for Credit Risk - Form No. 2	24,131,922	27,499,899
b. Risk Weighted Exposure for Operational Risk -Form No.5	1,372,994	1,804,243
c. Risk Weighted Exposure for Market Risk	114,837	343,337
Adjustments under Pillar II		
Add: 2% of the total RWE due to non Compliance to Disclosure (Requirement (6.4 a 10)	–	592,950
Add: ...% of the total deposit due to insufficient liquid Assets (6.4 a 6)	–	–
Total Risk Weighted Exposures (a+b+c)	25,619,753	30,240,428
1.2 CAPITAL		
Core Capital (Tier 1)	1,981,579	2,537,092
a. Paid up Equity Share Capital	638,821	830,467
b. Proposed Bonus Equity Shares	191,646	249,140
c. Share Premium	14,780	14,780
d. Irredeemable Non- cumulative preference shares	–	–
e. Statutory General Reserves	450,839	617,193
f. Retained Earnings	82,444	72,621
g. Reserve for Deferred Tax	33,723	34,518
h. Un-audited current year cumulative profit	–	–
i. Debenture Redemption Reserve	120,000	180,000
j. Capital Adjustment Reserve	284,100	367,147
k. Capital Redemption Reserve	140,000	140,000
l. Other Free Reserve	25,226	31,226
m. Less: Goodwill	–	–
n. Less: Miscellaneous Expenditure not written off	–	–
o. Less: Investment in Equity in licensed Financial Institutions	–	–
p. Less: Investment in Equity of Institutions with vested interests	–	–
q. Less: Investment in Equity of institutions with excess of limits	–	–
r. Less: Investments arising out of underwriting commitments	–	–
s. Less: Reciprocal crossholdings	–	–
t. Less: Other Deductions	–	–
Adjustments under Pillar II		
Less: Shortfall in Provision (6.4 a 1)		
Less: Loans and Facilities extended to Related Parties and Restricted lending (6.4 a 2)		
Supplementary Capital (Tier 2)	722,291	720,049
a. Cumulative and/or Redeemable Preference Share	200,000	200,000
b. Subordinated Term Debt	180,000	120,000
c. Hybrid Capital Instruments	–	–
d. General Loan Loss provision	242,486	280,308
e. Investment Adjustment Reserve		
f. Assets Revaluation Reserve	–	–
g. Exchange Equalization Reserve	22,044	22,044
h. Additional Loan Loss Provision	77,761	97,697
i. Other Reserves	–	–
Total Capital Fund (Tier I and II)	2,703,870	3,257,141
1.3 CAPITAL ADEQUACY RATIOS		
Tier 1 Capital to Risk Weighted Exposures	7.73	8.39
Tier 1 and Tier 2 Capital to Total Risk Weighted Exposures	10.55	10.77

Risk Weighted Exposure For Credit Risk

As on 32 Ashadh 2067 (16 July 2010)

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

Balance Sheet Exposures (A)	Book Value (A)	Specific Provision (B)	Eligible CRM (C)	Net Value (D = A-B-C)	Risk Weight (%) (E)	Risk Weighted Exposures (F = D x E)
Cash Balance	1,091,500	—	—	1,091,500	0%	—
Balance With Nepal Rastra Bank	5,625,114	—	—	5,625,114	0%	—
Gold	—	—	—	—	0%	—
Investment in Nepalese Government Securities	4,354,353	—	—	4,354,353	0%	—
All Other Claims on Government of Nepal	198,737	—	—	198,737	0%	—
Investment in Nepal Rastra Bank Securities	—	—	—	—	0%	—
All Other Claims On Nepal Rastra Bank	—	—	—	—	0%	—
Claims On Foreign Government Securities (Eca Rating 0-1)	—	—	—	—	0%	—
Claims On Foreign Government Securities (Eca- 2)	—	—	—	—	20%	—
Claims On Foreign Government Securities (Eca-3)	—	—	—	—	50%	—
Claims On Foreign Government Securities (Eca-4-6)	—	—	—	—	100%	—
Claims On Foreign Government Securities (Eca-7)	—	—	—	—	150%	—
Claims On Bis Mifecbec And On Multilateral Development Banks (Mdb's) Recognized By The Framework	—	—	—	—	0%	—
Claims On Other Multilateral Development Banks	—	—	—	—	100%	—
Claims On Public Sector Entity (Eca 0-1)	—	—	—	—	20%	—
Claims On Public Sector Entity (Eca 2)	—	—	—	—	50%	—
Claims On Public Sector Entity (Eca 3-6)	—	—	—	—	100%	—
Claims On Public Sector Entity (Eca 7)	—	—	—	—	150%	—
Claims On Domestic Banks That Meet Capital Adequacy Requirements	267,260	—	—	267,260	20%	53,452
Claims On Domestic Banks That Do Not Meet Capital Adequacy Requirements	112,649	—	—	112,649	100%	112,649
Claims On Foreign Bank (Eca Rating 0-1)	610,482	—	—	610,482	20%	122,096
Claims On Foreign Bank (Eca Rating 2)	—	—	—	—	50%	—
Claims On Foreign Bank (Eca Rating 3-6)	—	—	—	—	100%	—
Claims On Foreign Bank (Eca Rating 7)	—	—	—	—	150%	—
Claims On Foreign Bank Incorporated In Saarc Region Operating With A Buffer Of 1% Above Their Respective Regulatory Capital Requirement	665,330	—	—	665,330	20%	133,066
Claims On Domestic Corporates	10,352,920	—	—	10,352,920	100%	10,352,920
Claims On Foreigns Corporates (Eca 0-1)	—	—	—	—	20%	—
Claims On Foreigns Corporates (Eca 2)	—	—	—	—	50%	—
Claims On Foreigns Corporates (Eca 3-6)	—	—	—	—	100%	—
Claims On Foreigns Corporates (Eca 7)	—	—	—	—	150%	—
Regulatory Retail Portfolio (Not Overdue)	11,403,248	—	745,550	10,657,698	75%	7,993,274
Claims Fulfilling All Criterion Of Regulatory Retail Except Granularity	—	—	—	—	100%	—
Claims Secured By Residential Properties	3,905,473	—	—	3,905,473	60%	2,343,284
Claims Not Fully Secured By Residential Properties	—	—	—	—	150%	—
Claims Secured By Residential Properties (Overdue)	11,985	—	—	11,985	100%	11,985
Claims Secured By Commercial Real Estate	1,053,930	—	—	1,053,930	100%	1,053,930
Past Due Claims (Except For Claim Secured By Residential Properties)	113,575	—	—	113,575	150%	170,363
High Risk Claims (Venture Capital Private Equity Investments Personal Loans And Credit Card Receivables)	1,116,532	—	—	1,116,532	150%	1,674,799
Investment In Equity Of Institutions Not Listed In The Stock Exchange	4,356	—	—	4,356	150%	6,534
Investment In Equity Of Institutions Listed In The Stock Exchange	97,679	1600	—	96,079	100%	96,079
Other Assets	963,094	—	—	963,094	100%	963,094
Total	41,948,217	1,600	745,550	41,201,067		25,087,523

Contd.....

Risk Weighted Exposure For Credit Risk

As on 32 Ashadh 2067 (16 July 2010)

Schedule 4.30 (B)

(Rs. in '000)

Off Balance Sheet Exposures (B)	Gross Book Value (A)	Specific Provision (B)	Eligible CRM (C)	Net Value (D=A-B-C)	Risk Weight (%) (E)	Risk Weighted Exposures (F = D x E)
Revocable Commitments	–	–	–	–	0%	–
Bills under Collection	166,315	–	–	166,315	0%	–
Forward Exchange Contract Liabilities	12,450	–	–	12,450	10%	1,245
LC Commitments with Original Maturity Up to 6 months (domestic)	3,180,400	–	176,172	3,004,228	20%	600,846
ECA Rating 0-1	–	–	–	–	20%	–
ECA Rating 2	–	–	–	–	50%	–
ECA Rating 3-6	–	–	–	–	100%	–
ECA Rating 7	–	–	–	–	150%	–
LC Commitments with Original Maturity Over 6 months (domestic)	135,526	–	757	134,769	50%	67,385
ECA Rating 0-1	–	–	–	–	20%	–
ECA Rating 2	–	–	–	–	50%	–
ECA Rating 3-6	–	–	–	–	100%	–
ECA Rating 7	–	–	–	–	150%	–
Bid Bond, Performance Bond and Counter guarantee (domestic)	1,525,224	–	124,508	1,400,716	50%	700,358
ECA Rating 0-1	–	–	–	–	20%	–
ECA Rating 2	–	–	–	–	50%	–
ECA Rating 3-6	–	–	–	–	100%	–
ECA Rating 7	–	–	–	–	150%	–
Underwriting commitments	–	–	–	–	50%	–
Lending of Bank's Securities or Posting of Securities as collateral	–	–	–	–	100%	–
Repurchase Agreements Assets sale with recourse (including repo/reverse repo)	–	–	–	–	100%	–
Advance Payment Guarantee	379,084	–	23,357	355,727	100%	355,727
Financial Guarantee	–	–	–	–	100%	–
Acceptances and Endorsements	376,834	–	38,391	338,443	100%	338,443
Unpaid portion of Partly paid shares and Securities	–	–	–	–	100%	–
Irrevocable Credit commitments (Short Term)	1,741,862	–	–	1,741,862	20%	348,372
Irrevocable Credit commitments (Long Term)	–	–	–	–	50%	–
Other Contingent Liabilities	–	–	–	–	100%	–
TOTAL	7,517,695	–	363,185	7,154,510		2,412,376
Total RWE for credit Risk Before Adjustment (A)+ (B)	49,465,912	1,600	1,108,735	48,355,577		27,499,899
Adjustments under Pillar II	–	–	–	–		–
Add: 10% of the loan and facilities in excess of Single Obligor limits (6.4 a 3)	–	–	–	–		–
Add: 1% of the contract(sale) value in case of the sale of credit with recourse (6.4 a 4)	–	–	–	–		–
Total RWE for credit Risk (After Bank's Adjustment of Pillar II)						27,499,899

Risk Weighted Exposure For Market Risk

As on 32 Ashadh 2067 (16 July 2010)

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

Particulars	Open Position (FCY)	Open Position (NPR)	Relevant Open Position
1 U.S. Dollor	393	29,393	29,393
2 Euro	172	16,580	16,580
3 Pound Sterling	322	37,094	37,094
4 Swish Frank	10	733	733
5 Australian Dollor	34.00	2,253	2,253
6 Canadian Dollor	0.10	7	7
7 Singapore Dollor	1.60	88	88
8 Japanese Yen	4,560	3,915	3,915
9 Hongkong Dollor	0.40	3	3
10 Chinese Yuan	5.00	59	59
11 Indian Rupees	372,843	596,549	596,549
Total Open Position (a)		686,674	686,674
Fixed % (b)			5%
Capital Charge for Market Risk c= a x b			34,334
Risk Weight (reciprocal of capital requirement of 10%) in times (d)			10
Equivalent Risk Weight Exposure (c x d) = (e)			343,337

Risk Weighted Exposure For Operational Risk

As on 32 Ashadh 2067 (16 July 2010)

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

Particulars	Year 1 (2063/064)	Year 2 (2064/065)	Year 3 (2065/066)
Net Interest Income	627,242	916,048	1,173,941
Commission And Discount Income	117,718	150,264	202,094
Other Operating Income	67,967	79,134	106,404
Exchange Fluctuation Income	28,404	64,452	62,527
Additional Interest Suspense During The Period	3,449	8,842	-
Gross Income (A)	844,780	1,218,740	1,544,966
Alfa (B)	15%	15%	15%
Fixed Percentage Of Gross Income [C=(A x B)]	126,717	182,811	231,745
Capital Requirement For Operational Risk (D) (Average of C)	180,424		
Risk Weight (Reciprocal of Capital Requirement of 10%)In Times (E)	10.0		
Equivalent Risk Weight Exposure [F=(D x E)]	1,804,243		

Eligible Credit Risk Mitigants

As on 32 Ashadh 2067 (16 July 2010)

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

Credit Exposures	Deposits with Bank (a)	Deposits with Other Banks/FI (b)	Gold (c)	Govt. & NRB Securities (d)	G'tee of Govt. of Nepal (e)	Sec/G'tee of Other Sovereigns (f)	G'tee of Domestic Banks (g)	G'tee of MDBs (h)	Sec/G'tee of Foreign Bank (i)	Total
Balance Sheet Exposures	-	-	-	-	-	-	-	-	-	-
Investment In Foreign Government Securities (Eca-2)	-	-	-	-	-	-	-	-	-	-
Investment In Foreign Government Securities (Eca-3)	-	-	-	-	-	-	-	-	-	-
Investment In Foreign Government Securities (Eca-4-6)	-	-	-	-	-	-	-	-	-	-
Investment In Foreign Government Securities (Eca-7)	-	-	-	-	-	-	-	-	-	-
Claims on Other Multilateral Development Banks	-	-	-	-	-	-	-	-	-	-
Claims on Public Sector Entity (Eca 0-1)	-	-	-	-	-	-	-	-	-	-
Claims on Public Sector Entity (Eca 2)	-	-	-	-	-	-	-	-	-	-
Claims on Public Sector Entity (Eca 3-6)	-	-	-	-	-	-	-	-	-	-
Claims on Public Sector Entity (Eca 7)	-	-	-	-	-	-	-	-	-	-
Claims on Domestic Banks That Meet Capital Adequacy Requirements	-	-	-	-	-	-	-	-	-	-
Claims on Domestic Banks That Do Not Meet Capital Adequacy Requirements	-	-	-	-	-	-	-	-	-	-
Claims On Foreign Bank (Eca Rating 0-1)	-	-	-	-	-	-	-	-	-	-
Claims On Foreign Bank (Eca Rating 2)	-	-	-	-	-	-	-	-	-	-
Claims On Foreign Bank (Eca Rating 3-6)	-	-	-	-	-	-	-	-	-	-
Claims On Foreign Bank (Eca Rating 7)	-	-	-	-	-	-	-	-	-	-
Claims On Domestic Corporates	-	-	-	-	-	-	-	-	-	-
Claims On Foreign Corporates (Eca 0-1)	-	-	-	-	-	-	-	-	-	-
Claims On Foreign Corporates (Eca 2)	-	-	-	-	-	-	-	-	-	-
Claims On Foreign Corporates (Eca 3-6)	-	-	-	-	-	-	-	-	-	-
Claims On Foreign Corporates (Eca 7)	-	-	-	-	-	-	-	-	-	-
Regulatory Retail Portfolio (Not Overdue)	745,550	-	-	-	-	-	-	-	-	745,550
Regulatory Retail Portfolio (Overdue)	-	-	-	-	-	-	-	-	-	-
Claims Secured By Residential Properties (With Condition)	-	-	-	-	-	-	-	-	-	-
Claims Secured By Residential Properties (Without Condition)	-	-	-	-	-	-	-	-	-	-
Unsecured Portion Of Claims Secured By Residential Properties	-	-	-	-	-	-	-	-	-	-
Claims Secured By Residential Properties (Overdue)	-	-	-	-	-	-	-	-	-	-
Claims Secured By Commercial Real Estate	-	-	-	-	-	-	-	-	-	-
Past Due Claims	-	-	-	-	-	-	-	-	-	-
Except For Claim Secured By Residential Properties)	-	-	-	-	-	-	-	-	-	-
High Risk Claims	-	-	-	-	-	-	-	-	-	-
(Venture Capital, Private Equity Investments, Personal Loans And Credit Card Receivables)	-	-	-	-	-	-	-	-	-	-

Contd.....

Eligible Credit Risk Mitigants
As on 32 Ashadh 2067 (16 July 2010)

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

Credit Exposures	Deposits (a)	Deposits with Other Banks/FI (b)	Gold (c)	Govt. & NRB Securities (d)	G'tee of Nepal of Nepal (e)	Sec/G'tee of Other Sovereigns (f)	G'tee of Domestic Banks (g)	G'tee of MDBs (h)	Sec/G'tee of Foreign Bank (i)	Total
Investments In Equity of Institutions Not Listed In The Stock Exchange	-	-	-	-	-	-	-	-	-	-
Investments In Equity Of Institutions Listed In The Stock Exchange	-	-	-	-	-	-	-	-	-	-
Other Loans and Advances	-	-	-	-	-	-	-	-	-	-
Cash and Cash Items In Transit	-	-	-	-	-	-	-	-	-	-
Fictitious Assets	-	-	-	-	-	-	-	-	-	-
Other Assets (As Per Attachment)	-	-	-	-	-	-	-	-	-	-
Off Balance Sheet Exposure (B)	-	-	-	-	-	-	-	-	-	-
Forward Exchange Contract Liabilities	-	-	-	-	-	-	-	-	-	-
LC Commitments With Original Maturity Up to 6 months (domestic)	176,172	-	-	-	-	-	-	-	-	176,172
ECA Rating 0-1	-	-	-	-	-	-	-	-	-	-
ECA Rating 2	-	-	-	-	-	-	-	-	-	-
ECA Rating 3-6	-	-	-	-	-	-	-	-	-	-
ECA Rating 7	-	-	-	-	-	-	-	-	-	-
LC Commitments With Original Maturity Over 6 months (domestic)	757	-	-	-	-	-	-	-	-	757
ECA Rating 0-1	-	-	-	-	-	-	-	-	-	-
ECA Rating 2	-	-	-	-	-	-	-	-	-	-
ECA Rating 3-6	-	-	-	-	-	-	-	-	-	-
ECA Rating 7	-	-	-	-	-	-	-	-	-	-
Bid Bond, Performance Bond Counter guarantee (domestic)	124,508	-	-	-	-	-	-	-	-	124,508
ECA Rating 0-1	-	-	-	-	-	-	-	-	-	-
ECA Rating 2	-	-	-	-	-	-	-	-	-	-
ECA Rating 3-6	-	-	-	-	-	-	-	-	-	-
ECA Rating 7	-	-	-	-	-	-	-	-	-	-
Underwriting commitments	-	-	-	-	-	-	-	-	-	-
Lending of Bank's Securities or Posting of Securities as collateral	-	-	-	-	-	-	-	-	-	-
Repurchase Agreements, Assets sale with recourse (including repo/reverse repo)	-	-	-	-	-	-	-	-	-	-
Advance Payment Guarantee	23,357	-	-	-	-	-	-	-	-	23,357
Financial Guarantee	-	-	-	-	-	-	-	-	-	-
Acceptances and Endorsements	38,391	-	-	-	-	-	-	-	-	38,391
Unpaid Portion of Partly Paid Shares and Securities	-	-	-	-	-	-	-	-	-	-
Irrevocable Credit commitments	-	-	-	-	-	-	-	-	-	-
Other Contingent Liabilities	-	-	-	-	-	-	-	-	-	-

Net Liquid Assets to Total Deposit Ratio

As on 32 Ashadh 2067 (16 July 2010)

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

Particulars	Current Year Rs.
Total Deposit and Borrowing (A)	37,636,910
Total Deposit (As Per Nrb Ni.Fa. 9.1)	36,932,310
Total Borrowing (As Per Nrb Ni.Fa. 9.1)	704,600
Liquid Assets (B)	12,173,168
Cash (9.1)	1,091,500
Bank Balance (9.1)	6,727,315
Money at Call and Short Notice (9.1)	–
Investment In Governmnet Securities(9.1)	4,354,353
Placement Upto 90 Days	–
Borrowing Payable Upto 90 Days (C)	–
Net Liquid Assets (D) = (B - C)	12,173,168
Net Liquid Assets To Total Deposit	32.34
Shortfall In Ratio	–
Amount to Be Added to Risk Weighted Exposures	–

Main Indicators

Schedule 4.31

Particulars	Indicator	F.Y. 2005/06 F.Y. 2062/63	F.Y. 2006/07 F.Y. 2063/64	F.Y. 2007/08 F.Y. 2064/65	F.Y. 2008/09 F.Y. 2065/66	F.Y. 2009/10 F.Y. 2066/67
1 Net Profit/Total Income	%	22.25	21.62	24.17	24.92	16.49
2 Per share Earning (after tax income)	Rs.	62.78	78.42	91.82	99.99	100.16
3 Market price per share	Rs.	1379	2430	3132	2455	1630
4 Price/Earning Ratio	Times	21.97	30.99	34.11	24.55	16.27
5 Dividend on share- Bonus Share	%	–	30	30	30	30
6 Cash Dividend	%	25	10	20	30	30
7 Interest Income/Loans & advances	%	7.60	6.87	7.06	7.57	9.95
8 Employee expenses/Total operating expenses	%	11.52	11.03	15.42	12.53	10.52
9 Interest expenses/Total deposits & borrowing	%	2.85	2.70	2.61	2.98	4.18
10 Exchange Income/Total Income	%	2.16	2.07	3.45	2.44	1.37
11 Staff bonus/total employee expenses	%	48.73	52.80	41.70	47.68	52.48
12 Net Profit/Loans & advances	%	2.34	2.10	2.40	2.61	2.95
13 Net Profit/Total Assets	%	1.49	1.38	1.65	1.73	2.09
14 Total Loans & advances/Total Deposits	%	73.44	77.44	78.56	73.43	76.24
15 Total operating expenses/Total Assets	%	3.86	3.64	3.75	4.04	5.20
16 Capital Adequacy Ratio:						
a) Core Capital	%	8.21	7.82	9.04	8.52	8.39
b) Supplementary Capital	%	4.11	3.38	2.40	2.82	2.38
c) Total Capital Funds	%	12.32	11.20	11.44	11.34	10.77
17 Cash Reserve Ratio (CRR)	%	1.88	2.94	4.56	14.26	15.53
18 NPAs/Total Loans & advances	%	1.27	0.80	0.68	0.48	0.16
19 Weighted Average Interest Rate Spread	%	3.99	3.91	4.34	4.40	4.78
20 Book Net worth (Rs. in Lacs)	Rs.	8228	10615	15812	22054	27571
21 Total Shares	Number	3780000	3780000	4914000	6388210	8304673
22 Total Employee	Number	306	393	449	534	568
23 Others						
- Per employee Business (Rs. in Lakh)	Rs.	782.3	821.1	953.4	1082	1146
- Employee expenses/Total Income	%	6.7	6.3	8.5	7.29	4.50

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

SIGNIFICANT ACCOUNTING POLICIES

Schedule 4.32

1. General Information

Everest Bank Limited (Bank) is a limited liability company domiciled in Nepal. Its registered office is at Lazimpat, Kathmandu, Nepal. The Bank is listed with Nepal Stock Exchange Ltd. and provides full commercial banking services as licensed by Nepal Rastra Bank (NRB) (Central Bank).

2. Basis of Preparation

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

3. Fixed Assets, Depreciation and Amortization

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

4. Income Tax

Income tax is provided on the basis of the taxable income for the year computed in accordance with the provision of Income Tax Act, 2058.

Deferred tax is recognized and provided for on timing differences between taxable income and accounting income subject to consideration of prudence.

Deferred tax assets are not recognized unless there is virtual/reasonable certainty that there will be sufficient future taxable income available to realize such assets.

5. Investments

Investments made in shares of listed companies are stated at cost or market price whichever is less.

In case of investment in shares of listed company where the provision was made based on the market value prevailing then has not been adjusted although there has been increase in the market value of the shares as on balance sheet date as the impact of the increase is immaterial.

Shares which are not listed in the Stock Exchange are stated at cost.

Investment made in Government Treasury Bills/Bonds is valued at cost. The excess of the cost over face value of long term government bond is proportionately spread over the maturity period of the bond by adjusting it to the interest earned from such bonds.

6. Foreign Exchange Transactions

Assets and liabilities denominated in foreign currencies are revalued at the mid-rate on daily basis.

Gain/loss on the foreign exchange transactions is recognized as income/expense in the profit and loss account and included under exchange trading Gain/Loss.

Gains/Losses arising due to fluctuation in exchange rates of different foreign currencies is accounted for and shown as Revaluation Gain/(Loss). 25% of such revaluation gain is transferred to Exchange Fluctuation Reserve through Profit and Loss Appropriation Account as per the directives issued by Nepal Rastra Bank.

7. Non-Banking Assets

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

8. Recognition of Income

a) Interest Income

Interest on loans and advances are accounted on accrual basis by credit to interest suspense account. As per the directive issued by NRB, interest on loans and advances are recognized as revenue on cash realization.

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

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

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

9. Loan Loss Provision and Loan Write off

Loan Loss Provision is made on the basis of classification of loans & advances in accordance with the directives issued by the NRB.

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

10. Employees Retirement Benefit

a) Gratuity

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

b) Leave Encasement

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

c) Provident Fund

Contributions to the employees' provident fund are made regularly on monthly basis which are charged to revenue. The above together with the employees' contribution are deposited in a separate individual interest bearing account.

11. Bonus

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

12. Contingent Liabilities

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

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

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

13. Dividend and Proposed Bonus Shares

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

NOTES TO ACCOUNT

Schedule 4.33

1. Dividend and Proposed Bonus Shares

The Board of Directors has proposed cash dividend of Rs. 26,22,52,832/- , bonus share of Rs. 24,91,40,190/- and Rs. 1,40,00,000/- for convertible preference shares.

Proposed cash dividend includes Rs. 1,31,12,642/- on account of dividend tax on proposed bonus share.

2. Reconciliation Position

a) Branch Reconciliation

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

(Rs. in Lacs)

Previous Year Rs.	Debit Pending	Credit Pending
Less than 3 months	-	0.40
3 to 6 months	-	-
More than 6 months	14.66	145.28

b) Reconciliation of Agency Banks

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

(Rs. in '000)

Currency	Ledger Pending		Statement Pending	
	Debit	Credit	Debit	Credit
Sterling Pound				
Upto 1 Year	-	4.70	9.54	96.97
More than 1 year to 3 years	-	7.45	-	4.88
More than 3 years	-	2.65	-	-
US Dollar				
Upto 1 Year	549.23	1008.50	3915.99	792.83
More than 1 year to 3 years	-	25.98	-	20.13
More than 3 years	-	4.91	-	5.91
EURO				
Upto 1 Year	-	38.82	0.02	28.70
More than 1 year to 3 years	-	-	-	2.26
More than 3 years	-	-	-	-
Japanese Yen				
Upto 1 Year	-	-	2.50	-
More than 1 year to 3 years	-	-	-	-
More than 3 years	-	-	-	-
Australian Dollar				
Upto 1 Year	-	7.04	-	-
More than 1 year to 3 years	-	-	-	2.87
More than 3 years	-	-	-	-
Indian Rupee				
Upto 1 Year	179.12	260739.64	82826.12	76730.72
More than 1 year to 3 years	2462.83	101416.08	15891.94	10285.04
More than 3 years	211.32	6957.21	100.00	745.50

3. Increase/decrease in Loans & Advances

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

(Rs. in Lacs)

Particulars	Current Year	Previous Year
Balance as on Ashad 31, 2066 (July 15, 2009)	244,696	188,364
Loans Disbursed during the year	1,603,835	1,199,665
Recovered during the year	(1,566,967)	(1,143,333)
Balance as on Ashad 32, 2067 (July 16, 2010)	281,564	244,696
Write off during the year		
Principal	611.92	55.49
Interest	368.87	38.95

The loan amounting to Rs. 61,192,476 (Previous year Rs. 5,549,170), which are overdue for more than 5 years and fully provided, has been written off during the year as per the directives issued by NRB.

4. Change in Deposit Liabilities

The following depicts the percentage change in deposit between the balances as at Ashad 31, 2066 (July 15, 2009) and Ashad 32, 2067 (July 16, 2010).

(Rs. in Lacs)

Types of Deposit	As at Ashad 32, 2067	As at Ashad 31, 2066	Change %
Current	41,733	48,599	(14.13)
Margin	3,759	2,920	28.73
Saving	133,600	147,823	(9.62)
Fixed	104,403	70,500	48.09
Call	84,128	62,940	33.66
Others	1,700	447	280.31
Total	369,323	333,229	10.83

5. Average Interest Spread Rate

During the year, the average yield rate on interest bearing assets is 9.53% (Previous year 7.89%). The average cost of deposit for the year is 4.75% (Previous Year 3.52%). Accordingly, the average spread for the financial year stands at 4.78% (Previous Year 4.37%).

6. Leasehold Improvements and Computer Software

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

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

a) Leasehold Assets

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Opening Balance	45,649,712	32,736,274
Addition made during this year	19,130,127	28,977,442
Total	64,779,839	61,713,716
Amortized during the year	18,506,244	16,064,004
Closing Balance	46,273,595	45,649,712

b) Software
 i) *Finacle*

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Opening Balance	40,560,000	42,649,412
Addition made during this year	–	2,666,667
Total	405,60,000	45,316,079
Amortized during the year	4,756,078	4,756,079
Closing Balance	35,803,922	40,560,000

ii) *Others*

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Opening Balance	3,201,726	2,881,526
Addition made during this year	4,489,843	2,194,240
Inter Head Adjustment	(637,200)	–
Total	7,054,369	5,075,765
Amortized during the year	2,125,143	1,874,040
Balance at the end of the year	4,929,226	3,201,726

7. There is no over concentration of Assets and Liabilities of the Bank to an individual, a firm, a company or in a particular sector as specified by NRB. The highest concentration of loan in a single sector is 37.54% of total loan (Previous year 27.67%) and concentration of deposit to a single institution is 4.68% of total deposit (Previous year 5.86%).

8. Non-Banking Assets (NBA)

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

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Opening Balance (at Cost)	31,683,806	34,178,806
Addition during the year	–	2,750,000
Disposed off during the year	(21,704,739)	(5,245,000)
Closing Balance (at Cost)	9,979,067	31,683,806
Total Provision	(9,979,067)	(31,683,806)
Balance (Net of Provision)	Nil	Nil

9. Debenture Redemption Reserve

Rs. 6 crores (Previous year Rs. 6 crores) has been appropriated through Profit & Loss Account to Debenture Redemption Reserve. The balance of the reserve as on Ashad 32, 2067 (July 16, 2010) is Rs. 18 crores (Previous year Rs. 12 crores).

10. General Reserve

As required by the Bank and Financial Institution Act, 2063, 20% of the current year's net profit of Rs. 166,354,000 (Previous year Rs. 127,747,000) has been transferred to General Reserve through Profit and Loss Appropriation Account making a total of Rs 617,192,514 (Previous year Rs. 450,838,514).

11. Staff Housing Fund

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

12. Exchange Fluctuation Reserve

As required by NRB directive, 25% of Revaluation Gain has to be transferred to Exchange Fluctuation Reserve through Profit and Loss Appropriation Account. Accordingly Rs Nil (Previous Year Rs. 1,666,300) has been transferred to this account. The bank has suffered exchange loss of Rs. 7,481,796 during the year under review.

13. Liquidity Risk

The liquidity risk as on Ashad 32, 2067 (July 16, 2010) is set out in the Table of Liquidity Statement (Format No.5.1) as prescribed by the Directives of Nepal Rastra Bank is given as under:

(Rs. in Lacs)

Assets	0-90 Days	91-180 Days	181-270 Days	271-365 Days	Over 1 Year	Total
Cash Balance	10,915	–	–	–	–	10,915
Balance with Banks	67,273	–	–	–	–	67,273
Investment in Foreign Banks	–	1,870	2,244	1,421	–	5,535
Nepal Government Securities	2,970	6,856	6,989	10,636	–	27,453
Foreign Currency Placement in Foreign Banks /Local Banks	–	–	–	–	16,940	16,940
Inter-Bank Lending	–	–	–	–	–	–
Loans and Advances	166,640	29,452	21,714	21,540	42,218	281,564
Total Assets	247,798	38,178	30,947	33,599	59,158	409,680
Liabilities						
Borrowings	–	4,046	–	–	–	4,046
Current Deposit/Call Deposit	110,177	–	–	–	19,443	129,620
Saving Deposits	13,360	–	–	–	120,240	133,600
Fixed Deposits	17,234	22,809	25,555	29,194	11,310	106,102
Debentures	–	–	–	–	3,000	3,000
Total Liabilities	140,771	26,855	25,555	29,194	153,993	376,368
Net Financial Assets	107,027	11,323	5,392	4,405	(94,835)	33,312
Cumulative Net Financial Assets	107,027	118,350	123,742	128,147	33,312	–

14. Deferred Tax

The component of deferred tax assets as on Ashad 32, 2067 (July 16, 2010) is as follows:

Deferred Tax Asset	As at Ashad 32, 2067 (Rs.)	As at Ashad 31, 2066 (Rs.)
On Employees' Gratuity	25,207,284	20,976,718
On Provision for Investment	480,000	480,000
On Provision for Non Banking Assets	2,993,720	9,505,142
On Fixed Assets	5,837,179	2,761,602
Total	34,518,183	33,723,462

In accordance with Nepal Accounting Standard (NAS) – 09 Income Taxes, Rs. 794,721 (Previous year Rs. 24,278,347) has been credited to profit on account of deferred tax. As per the circular issued NRB, the amount credited to profit & loss account of Rs. 794,721 (Previous year Rs. 24,278,347) has been transferred to Deferred Tax Reserve and the balance in this reserve as on Ashad 32, 2067 (July 16, 2010) is Rs. 34,518,183 (Previous year Rs. 33,723,462). This reserve is not a free reserve and is not available for distribution as dividend or bonus shares.

Explanation of the relationship between tax expenses and accounting profit

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Accounting Profit	1,187,991,040	891,318,711
Income tax at the applicable tax rate of 30%	356,397,312	267,395,613
Tax effect of expenses/income that are not deductible/included in determining taxable profit		
Donation	145,264	109,879
Prior Period	–	101,648
Others	–	44,460
Dividend Income	(453,170)	–
	(307,906)	255,987
Tax effect on deferred tax asset due to reduction in rate of income tax	–	449,767
Adjustment for change in other timing difference	–	(15,515,413)
Other changes in temporary difference	136,002	–
Total Tax Expenses (including deferred tax)	356,225,409	252,585,954

15. Related Party Disclosure

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

- Joint Venture Partner – Punjab National Bank (PNB)

Following depicts the transaction between the Bank and PNB and the status of balances as on Ashad 32, 2067 (July 16, 2010):

(Rs. in Lacs)

Nature of Transaction	Current Year (Rs.)	Previous Year (Rs.)
Technical Service Agreement fees paid	40.00	40.00
Cash Dividend (including dividend tax on Bonus Shares issued)	405.77	213.29
Bonus Shares Issued	385.48	296.52
Balance as on Ashad 32, 2067 (July 16, 2010)		
Deposit with PNB (NPR)	8,734.82	7,996.66
Technical Service Agreement fees payable	40.00	40.00

- Key Management Personnel**

Key Management Personnel of the Banks include members of the Board of Directors of the Bank and Chief Executive Officer deputed by PNB under Technical Service Agreement is as follows:

- | | |
|--------------------------------|---|
| a. Mr. Bishnu Krishna Shrestha | Chairman. |
| b. Mr. Ved Krishna Shrestha | Director |
| c. Mr. Arun Man Sherchan | Director |
| d. Dr. Bal Gopal Vidya | Director |
| e. Mr. Muskan Shrestha | Director |
| f. Mr. Shivasharan K.C. | Director |
| g. Mr. C.P. Swarnkar | Director (w.e.f. 17 May 2010) |
| h. Mr. Ratna Sansar Shrestha | Director (till 02 March 2010) |
| i. Mr. Jagat Ram | Director representative of PNB (w.e.f. 09 Aug 2009) |
| j. Mr. R. K. Ummat | Chief Executive Officer (till 12 July 2010) |
| j. Mr. PK. Mohapatra | Chief Executive Officer (w.e.f. 22 June 2010) |

- Compensation to Key Management Personnel of the Bank**

Short term employee benefits paid to (Seconded staff) Chief Executive Officer (CEO) including new CEO amount to Rs. 3,233,563/- (Previous year Rs. 2,384,727/-)

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

Fees for board meetings paid Rs. 883,480/- (Previous year Rs. 688,730/-) and fees for other committee meetings such as Management Committee, Audit Committee and Special Committee paid Rs. 1,571,820/- (previous Year Rs. 1,149,000/-).

16. Encumbrance of Bank Assets/Properties

Bank has obtained refinancing loan of the amount of Rs. 40.46 crores from Nepal Rastra Bank (NRB) against the security of the loan documents extended to various parties.

Except to the above no assets and properties of the Bank have either been pledged or encumbered.

17. Others

- During the year, the Bank has provided Rs. 18,666,944 (Previous year Rs. 24,361,103) for gratuity as per the Bank's policy. The balance of provision for gratuity as on Ashad 32, 2067 (July 16, 2010) is Rs. 84,024,281 (Previous year Rs. 69,922,394). Rs. 4,565,057 (Previous year Rs. 468,851) has been paid during the year to retiring / outgoing staff.
- Share premium of Rs. 14,780,900 represents the balance amount of premium received on issue of shares as follows:

Particulars	Amount (Rs.)
Premium on Issue of Ordinary Shares (on partial issue only)	6,427,200
Premium on Issue of 7% Cumulative Convertible Preference Shares	200,000,000
Share Premium utilized for issue of Bonus Share in Fiscal Year 2065 - 2066	(191,646,300)
Total	14,780,900

- Provision of income Tax
During the year, Rs. 357,020,130 (Previous year Rs. 276,864,301) has been provided in the accounts for income tax, calculated on the basis of taxable profit determined in accordance with the provisions of Income Tax Act, 2058 and rules made there under.
- Capital Adjustment Reserve
During the year, Rs. 83,047,000 (Previous year Rs. 64,000,000) has been appropriated out of Profit to Capital Adjustment Reserve. This amount has been appropriated exclusively for enhancing the Bank's capital as per the Directives of Nepal Rastra Bank. The balance of the reserve on this account as on Ashad 32, 2067 (July 16, 2010) is Rs. 367,147,000 (Previous year Rs. 284,100,000).
- Other free Reserve
During the year, Rs. 6,000,000 (Previous year Rs. 6,000,000) has been appropriated from Profit & Loss Appropriation to Other Free Reserve. The balance of the reserve on this account as on Ashad 32, 2067 (July 16, 2010) is Rs. 30,000,000 (Previous year Rs. 24,000,000).
- Capital Structure
The change of capital structure of the Bank comprising of Authorised Capital, Issued Capital and Paid up Capital incorporated in the account for the year under review are as adopted by 15th Annual general meeting of the bank and same is pending approval from Company Registrar Office.
- Previous year's figure and rounding off
Figures of previous year have been regrouped/rearranged wherever necessary, to make the same comparable with the current year's figure.
Figures in the Financial Statements are rounded off to the nearest rupee.

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

As on 32 Ashadh 2067 (16 July 2010)

Schedule 4.34

S.No.	Name of Promoter/ Group of Promoter	Share Owned by Promoters		Details of Loan and Advances			Remarks
		Total Shares	% Over Paid up Capital	Name of Financial Institution	Amount	No. of Shares as Collateral	
1.							
2.							
3.							
4.							
Total							

No loans have been taken by Promoter/Group of Promoter from other Financial Institutions against Everest Bank's Promoter Share

Comparison of Unaudited and Audited Financial Statement

Financial Year 2066/067

Schedule 4.35
Rs. in '000

S.No.	Particulars	As per Unaudited Financial Statement	As per Audited Financial Statement	Variance		Reasons for Variance
				In Amount	%	
1.	Total Capital And Liabilities (1.1 To 1.7)	41,982,805	41,982,805	–	–	
1.1	Paid Up Capital	1,279,607	1,279,607	–	–	
1.2	Reserve and Surplus	1,479,530	1,479,530	–	–	
1.3	Debenture and Bond	300,000	300,000	–	–	
1.4	Borrowings	404,600	404,600	–	–	
1.5	Deposits (A+B)	36,932,310	36,932,310	–	–	
	A. Domestic Currency	36,094,659	36,094,659	–	–	
	B. Foreign Currency	837,651	837,651	–	–	
1.6	Income Tax Liability	(1,136)	(1,136)	–	–	
1.7	Other Liabilities	1,587,894	1,587,894	–	–	
2.	Total Assets (2.1 To 2.7)	41,982,805	41,982,805	–	–	
2.1	Cash & Bank Balance	7,818,815	7,818,815	–	–	
2.2	Money at Call & Short Notice	–	–	–	–	
2.3	Investments	5,008,308	5,008,308	–	–	
2.4	Loans and Advances (Gross)	28,156,400	28,156,400	–	–	
	A. Real Estate Loan	871,237	871,237	–	–	
	B. Home/Housing Loan	4,131,980	4,131,980	–	–	
	C. Margin Type Loan	20,808	20,808	–	–	
	D. Term Loan	5,172,268	5,172,268	–	–	
	E. Overdraft Loan /Tr Loan /Working Capital Loan	11,508,255	11,508,255	–	–	
	F. Others	6,451,852	6,451,852	–	–	
2.5	Fixed Assets	463,094	463,094	–	–	
2.6	Non Banking Assets (Net of Provision)	–	–	–	–	
2.7	Other Assets	536,188	536,188	–	–	
3.	Profit and Loss Account	–	–	–	–	
3.1	Interest Income	3,102,451	3,102,451	–	–	
3.2	Interest Expense	1,572,790	1,572,790	–	–	
	A. Net Interest Income (3.1-3.2)	1,529,661	1,529,661	–	–	
3.3	Fees, Commission and Discounts	208,123	208,123	–	–	
3.4	Other Operating Income	142,312	142,312	–	–	
3.5	Foreign Exchange Gain/Loss (Net)	47,880	47,880	–	–	
	B. Total Operating Income (A+3.3+3.4+3.5)	1,927,976	1,927,976	–	–	
3.6	Staff Expenses	226,364	226,364	–	–	
3.7	Other Operating Expenses	352,511	352,511	–	–	
	C. Operating Profit Before Provision(B-3.6-3.7)	1,349,101	1,349,101	–	–	
3.8	Provision for Possible Losses	77,011	77,011	–	–	
	D. Operating Profit (C-3.8)	1,272,090	1,272,090	–	–	
3.9	Non Operating Income/Expenses (Net)	12,339	12,339	–	–	
3.10	Write Back of Provision For Possible Loss	83,553	83,553	–	–	
	E. Profit From Regular Activities (D+3.9+3.10)	1,367,982	1,367,982	–	–	
3.11	Extra Ordinary Income/Expenses (Net)	(61,192)	(61,192)	–	–	
	F. Profit Before Bonus and Taxes(E+3.11)	1,306,790	1,306,790	–	–	
3.12	Provision For Staff Bonus	118,799	118,799	–	–	
3.13	Provision For Income Tax	356,225	356,225	–	–	
	G. Net Profit/Loss (F-3.12-3.13)	831,766	831,766	–	–	

Unaudited Financial Results (Provisional)

As at Fourth Quarter 32/03/2067 (16/07/2010) of the Fiscal Year 2066/67

Schedule 4.A
Rs. in '000

S.No.	Particulars	This Quarter 16.07.2010	Previous Quarter 13.04.2010	Corresponding Previous Year 15.07.2009 (Audited)
1	Total Capital and Liabilities (1.1 To 1.7)	41,982,805	38,974,189	37,501,730
1.1	Paid Up Capital *	1,279,607	1,030,467	1,030,467
1.2	Reserve and Surplus	1,479,530	1,805,027	1,173,158
1.3	Debenture and Bond	300,000	300,000	300,000
1.4	Borrowings	404,600	-	312,000
1.5	Deposits (A+B)	36,932,310	34,333,197	33,322,946
	A. Domestic Currency	36,094,659	33,555,703	32,659,406
	B. Foreign Currency	837,651	777,494	663,540
1.6	Income Tax Liability	(1,136)	20,615	20,522
1.7	Other Liabilities	1,587,894	1,484,883	1,342,637
2	Total Assets (2.1 To 2.7)	41,982,805	38,974,189	37,501,730
2.1	Cash & Bank Balance	7,818,815	4,900,756	6,164,371
2.2	Money at Call & Short Notice	-	450,000	-
2.3	Investments	5,008,308	3,710,824	5,948,480
2.4	Loans and Advances (Gross)	28,156,400	28,703,719	24,469,556
	A. Real Estate Loan	871,237	874,494	717,643
	B. Home/Housing Loan	4,131,980	4,244,148	3,660,375
	C. Margin Type Loan	20,808	20,757	28,630
	D. Term Loan	5,172,268	5,317,088	4,474,773
	E. Overdraft Loan /Tr Loan /Working Capital Loan	11,508,255	12,130,392	10,759,699
	F. Others	6,451,852	6,116,840	4,828,436
2.5	Fixed Assets	463,094	518,860	427,157
2.6	Non Banking Assets (Net of Provision)	-	-	-
2.7	Other Assets	536,188	690,030	492,166
3	Profit and Loss Account			
3.1	Interest Income	3,102,451	2,172,763	2,186,815
3.2	Interest Expense	1,572,790	1,078,991	1,012,874
	A. Net Interest Income (3.1-3.2)	1,529,661	1,093,772	1,173,941
3.3	Fees, Commission and Discounts	208,123	168,817	202,094
3.4	Other Operating Income	142,312	99,435	106,404
3.5	Foreign Exchange Gain/Loss (Net)	47,880	36,655	62,527
	B. Total Operating Income (A+3.3+3.4+3.5)	1,927,976	1,398,679	1,544,966
3.6	Staff Expenses	226,364	159,602	186,920
3.7	Other Operating Expenses	352,511	223,807	292,011
	C. Operating Profit Before Provision(B-3.6-3.7)	1,349,101	1,015,270	1,066,035
3.8	Provision for Possible Losses	77,011	53,787	93,085
	D. Operating Profit (C-3.8)	1,272,090	961,483	972,950
3.9	Non Operating Income/Expenses (Net)	12,339	9,749	5,005
3.10	Write Back of Provision For Possible Loss	83,553	28,827	8,044
	E. Profit From Regular Activities (D+3.9+3.10)	1,367,982	1,000,059	985,999
3.11	Extra Ordinary Income/Expenses (Net)	(61,192)	(7,122)	(5,549)
	F. Profit Before Bonus and Taxes(E+3.11)	1,306,790	992,937	980,450
3.12	Provision For Staff Bonus	118,799	90,267	89,132
3.13	Provision For Income Tax	356,225	270,801	252,586
	G. Net Profit/Loss (F-3.12-3.13)	831,766	631,869	638,732
4	Ratios			
4.1	Capital Fund To Rwa	10.77%	11.46%	10.55%
4.2	Non Performing Loan (Npl) To Total Loan	0.16%	0.38%	0.48%
4.3	Total Loan Loss Provision To Npl	100%	100%	100%
	Major Indicators			
1	Earning Per Share	100.16	101.45	99.99
2	Market Value Per Share	1630.00	1449.00	2455.00
3	Price Earning Ratio	16.27	14.28	24.55
4	Liquidity (Crr)	15.53	10.36	14.26
5	Return On Total Net Assets	2.09	2.16	1.99
6	Net Worth Per Share	332.00	317.35	345.23

* Paid Up Capital includes Convertible Preference Shares of Rs. 20 crore.

DISCLOSURE RELATING TO BASEL –II FRAMEWORK

1. Capital Structure and Capital Adequacy

	In Rs. '000
• Tier 1 capital and a breakdown of its components :	
Core Capital (Tier 1)	2537092
a. Paid up Equity Share Capital	830467
b. Proposed Bonus Equity Shares	249140
c. Irredeemable Non- cumulative preference shares	
d. Share Premium	14780
e. Statutory General Reserves	617193
f. Retained Earnings	72621
g. Reserve for Deferred Tax	34518
h. Un-audited current year cumulative profit	-
I. Debenture Redemption Reserve	180000
j. Capital Adjustment Reserve	367147
k. Dividend Equalization Reserves	
l. Capital Redemption Reserve	140000
m. Other Free Reserve	31226
n. Less: Goodwill	
o. Less: Fictitious Assets	
p. Less: Shortfall in provisions	
q. Less: Loan to parties prohibited by Acts and directives	
r. Less: Investment in Equity in licensed Financial Institutions	
s. Less: Investment in Equity of Institutions with vested interests	
t. Less: Investment in Equity of institutions with excess of limits	
u. Less: Investments arising out of underwriting commitments	-
v. Less: Reciprocal crossholdings	
w. Less: Other Deductions	
• Tier 2 capital and a breakdown of its components	
Supplementary Capital (Tier 2)	720049
a. Cumulative and/or Redeemable Preference Share	200000
b. Subordinated Term Debt	120000
c. Hybrid Capital Instruments	-
d. General/Additional Loan Loss Provision	280308
e. Investment Adjustment Reserve	-
f. Assets Revaluation Reserve	
g. Exchange Equalization Reserve	22044
h. Additional Loan Loss Provision	97697
i. Other Reserves	
Total Capital Fund (Tier I and II)	3257141
• 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 : Nil	
• Total qualifying capital : 3257141 thousand	
• Capital adequacy ratio : 10.77%	

• **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 undue pressure on dividend policy as well as inadequacy of total capital funds against the risk exposure. In addition to annual capitalization of profit through issue of bonus shares, bank is setting aside certain amount towards "Capital Adjustment Reserve" for strengthening the total capital pool strong. In the past, bank has issued convertible preference share of Rs. 20 crore at a premium of 100% convertible into ordinary share @ 20% in each third year and 7 years debenture of Rs. 30 crore.

• **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 2010, Bank has the following capital structure:

Paid up ordinary capital	Rs. 107.96 crore (with proposed bonus share)
Convertible preference share	Rs. 20.00 core
7 Years EBL Debenture	Rs. 30.00 crore.

The salient features of each instrument are as under :

i) Convertible Preference Shares of Rs. 20 crore :

These share were issued at 100% premium with the terms and condition of 7% fixed dividend on the face value on unconverted portion. These share are convertible into ordinary shares @ 20% on every third year.

ii) EBL Debenture Rs. 30 crore : These debentures were issued for 7 years with a fixed interest of 6%. These are redeemable after expiry of its' fixed period of seven years.

2. Risk Exposures

- Risk weighted exposures for Credit Risk, Market Risk and Operational Risk. The Risk Weighted exposure as of 16th July 2010 is given below:

Particulars	Amount (000)
1. Credit Risk	27499899
2. Market Risk	343337
3. Operational Risk	1804243
4. Adjustment under Pillar II	592950
TOTAL	30240428

- 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 2010 is given as under:

Particulars	Amount (000)
1. Claims on government & central bank	
2. Claims on other official entities	
3. Claims on banks	421263
4. Claims on corporate & securities firms	10352920
5. Claims on regulatory retail portfolio	7993274
6. Claims secured by residential properties	2343284
7. Claims secured by commercial real estate	1053930
8. Past due claims	182348
9. High risk claims	1674799
10. Other assets	1065707
11. Off balance sheet items	2412376

- Total risk weighted exposure calculation table:
Enclosed as an Annexure :
- Amount of NPAs (both Gross and Net) Rs. in '000

Gross NPA	: Rs. 43706
Net NPA	: Nil
❖ Restructure/Reschedule loan	: 81854
❖ Substandard Loan	: 5469
❖ Doubtful Loan	: 12634
❖ Loss Loan	: 25603
- NPA Ratios

❖ Gross NPA to gross advances	: 0.16%
❖ Provision to NPA	: >100%
- Movement of Non Performing Assets :

Amount Rs. (000)		
Particulars	Amount	Provision
Opening balance	117986	102708
Addition during the year	19619	9879
Sold during the year	(93899)	(79300)
Balance as at 16 July 2010	43706	33287

- Write off of Loans and Interest Suspense:
Following loans have been written off during the year 2009/10:

Amount Rs. (000)			
Particulars	Facility Type	Outstanding	Interest w/o from suspense
Siddheswori Industries P. Ltd.	Overdraft	604.43	1603.45
Siddheswori Industries P. Ltd.	Fixed Term Loan	3343.33	2711.04
Siddheswori Industries P. Ltd.	Pre-Export	3174.35	2364.35
Siddheswori Industries P. Ltd.	Trust Receipt	-	662.71
Mohamad Nazim Khan	Flexi Term Loan	-	25.00
Sudha Traders	Overdraft	-	10.00
Mohamad Jakir Miyan	Deprived Sector	-	5.00
Supreme Pipe & Allied Industries	Current A/c	0.05	0.01
Supreme Pipe & Allied Industries	Overdraft	5120.98	2719.19
Supreme Pipe & Allied Industries	Term Loan	5200.25	3783.66
Supreme Pipe & Allied Industries	Demand Loan	41811.10	21918.18
Supreme Pipe & Allied Industries	Trust Receipt	1723.75	1024.87
Dr. Namita Lamsal	Vehicle Loan	214.24	45.21
Kamala Devi & Bishal Sherestha	Education Loan	-	13.99
Total		61192.48	36886.69

- Movements in Loan Loss Provisions and Interest Suspense:

Amount Rs. (000)

Particulars	Loan loss Provision	Interest Suspense
Opening balance	584882	83341
Write back /off in the year	(61848)	(36887)
Addition in the year	77010	22147
Balance as at 16 July 2010	600044	68601

- Details of additional Loan Loss Provisions

3. Risk Management Function

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

A. Credit Risk:

Strategies and process :

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

Process:

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

Post sanction monitor/follow up:

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

B. Market Risk :

a) Investments:

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

b) Foreign exchange:

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

C. Operational Risk :

1. Risk arising from break down of information & Operating system:

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

- i) Back up – Daily back up of all balances are taken at the end of day. Auto back up while the system is running are also taken at certain time interval to safe guard the normal system failure.
- ii) Disaster Recovery Site (DRS) – To safe guard the natural disaster, DRS site is functioned out of country.
- iii) Validation of entry & password control- Each entry in the system is revalidated by another staff having the power to do so before final posting. Level wise access authority is given for data entry, update, modification and validation process. Password control is maintained at each level of operation very strictly and confidentially.
- iv) Generation of exceptional Report:
Exceptional report at the end of day is generated through system and examined.
- v) Morning checking: Each and every vouchers are physically verified with the ledger posted at the start of next day.

2. Risk arising from procedural lapses and Internal control:

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

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

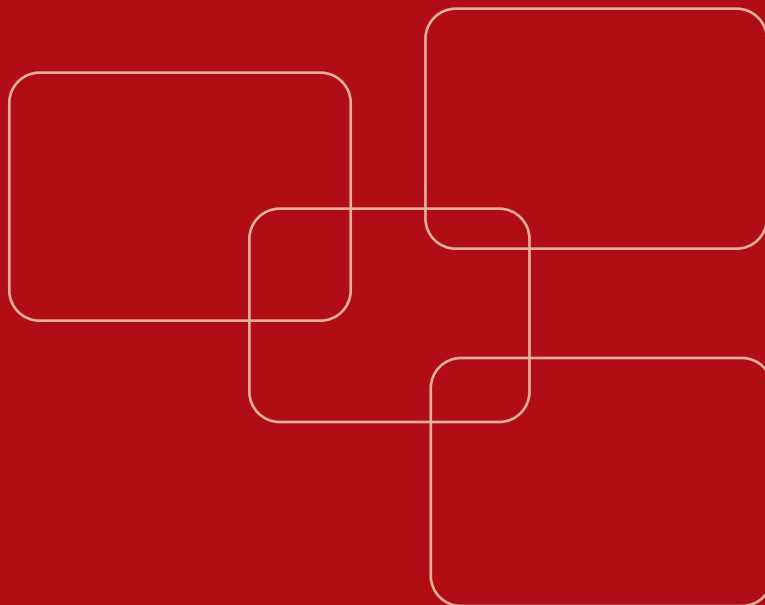
- Types of eligible credit risk mitigants used and the benefits availed under CRM. – Margin money deposited with the bank against off balance sheet exposures-Lc, Gtee etc. have been claimed as CRM. Under this, Rs. 1108735 thousand have been deducted from risk as CRM.



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

DEPARTMENT HEAD

- ▶▶ **Ashutosh Upadhyay**
Regional Office, Pokhara
- ▶▶ **Ashutosh Sharma**
Credit
- ▶▶ **Raghu Nath Pradhan**
Internal Audit
- ▶▶ **Kumar Joshi**
Human Resource
- ▶▶ **Bijaya K. Gautam**
IT Department
- ▶▶ **Raju Gauli**
Account
- ▶▶ **Pramod Raj Sharma**
Company Secretary/Share
- ▶▶ **Dharma P. Gauli**
Legal
- ▶▶ **Sukra P. Gautam**
Treasury
- ▶▶ **Nil Hari Acharya**
Genral Administration
- ▶▶ **Sirish Bohara**
Remittance
- ▶▶ **Kiran Raut/Nabin Regmi**
HO Marketing Team



BRANCH MANAGERS

- | | | |
|--|--|---|
| ▶▶ Keshab Raj Poudel
New Baneshwor | ▶▶ Mrs. Anju Sharma
Gwarko | ▶▶ Mani Ram Lamichane
Pokhara |
| ▶▶ Santosh Bhatarai
New Road | ▶▶ Mrs. Heera Shakya
Lagankhel | ▶▶ Surendra Nath Sharma
Leknath |
| ▶▶ Anil K. Karki
Teku | ▶▶ Madan Raj Tamrakar
Bhaktapur | ▶▶ Chandra B. Gurung
Besi Sahar |
| ▶▶ Ranjan Khadka
Lazimpat | ▶▶ Ananta Singh K.C.
Tatopani | ▶▶ Arjun Sharma Poudel
Kushma |
| ▶▶ Mrs. Kalpana Pandey
Chabahil | ▶▶ Gokul P. Adhikari
Birtamod | ▶▶ Buddhi Prasad Tiwari
Baglung |
| ▶▶ Purna B. Shrestha
Naya Bazar | ▶▶ Nar Bahadur Khanal
Biratnagar | ▶▶ Bishnu Prasad Ghawali
Butwal |
| ▶▶ Ram Hari Acharya
Golfutar | ▶▶ Sumit Bhakta Joshi
Duhabi | ▶▶ Vijay Kumar Singh
Bhairawa |
| ▶▶ Satish Pratap Singh
Maitidevi | ▶▶ Biswojeet Lal Maskey
Itahari | ▶▶ Sudhir Gautam
Nepalgunj |
| ▶▶ Prasana Khadka
Thamel | ▶▶ Ram Bharosh Yadav
Janakpur | ▶▶ Yagya P. Upadhaya
Surkhet |
| ▶▶ Mrs. Sarita K.C.
Kalimati | ▶▶ Devi Datta Ghawali
Birgunj | ▶▶ Ramesh Shakya
Tulsipur |
| ▶▶ Ujwal Pokharel
Satungal | ▶▶ Buddhiman Shrestha
Simara | ▶▶ Janak Chapagain
Dhangadhi |
| ▶▶ Mrs. Hima Shrestha
Kirtipur | ▶▶ Suman Sharma
I.C.D., Birgunj | |
| ▶▶ Pradeep Khanal
Pulchowk | ▶▶ Harish K. Acharya
Narayanganj | |

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