



# ANNUAL REPORT

2075-76 BS (2018/19 AD)

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

**Consistent, Strong & Dependable**





**Everest Customer Care**

**Toll Free No:**

**16600171718**



**Tel No:**

**01- 4418878**



**customercare@ebl.com.np**

 **एभरेष्ट बैंक लिमिटेड**   
**EVEREST BANK LIMITED**

CONSISTENT, STRONG AND DEPENDABLE

## **BOARD OF DIRECTORS**



**B. K. Shrestha**  
Chairman



**Dr. Bal Gopal Baidya**  
Director



**Arun Man Sherchan**  
Director



**Lingam Venkata Prabhakar**  
Director  
(Punjab National Bank, India)



**Navin Bhakta Shrestha**  
Director  
(Public Shareholders)



**Sunil Gopal Shrestha**  
Director  
(Public Shareholders)



**Dr. Nirmal Kumar Bista**  
Independent Director

**Suresh Chapagain**  
Company Secretary

**Sr. Advocate Shambhu Thapa**  
Legal Advisor

**Auditor**  
**Bharat Rijal, CA**  
RPB & Associates  
Chartered Accountants

## **MANAGEMENT TEAM**



**Gajendar Kumar Negi**  
 Chief Executive Officer



**Girish Kohli**  
 Dy. General Manager



**Rajeev Jain**  
 Dy. General Manager



**Keshab Raj Paudel**  
 Asst. General Manager



**Ashutosh Sharma**  
 Asst. General Manager

## प्रवेश-पत्र

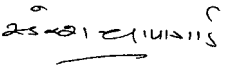
शेयरधनीको नाम:..... शेयरधनी नं. ....

शेयर संख्या ..... शेयरधनीको दस्तखत:

(मिति २०७६ साल पौष २३ गते बुधवारका दिन हुने एभरेष्ट बैंक लिमिटेडको २५ औं वार्षिक साधारण सभामा उपस्थित हुन जारी गरिएको प्रवेश-पत्र)

द्रष्टव्य:

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

  
**(सुरेश चापागाईं)**  
 कम्पनी सचिव

## प्रोक्सी फाराम

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

..... जिल्ला ..... न.पा./गा.वि.स. वडा नं. .... बस्ने म/हामी ..... ले  
 एभरेष्ट बैंक लिमिटेडको शेयरवालाको हैसियतले मिति २०७६ साल पौष २३ गते बुधवारका दिन हुने २५ औं वार्षिक साधारण  
 सभामा स्वयं उपस्थित भई छलफल तथा निर्णयमा सहभागी हुन नसक्ने भएकोले उक्त सभामा भाग लिन तथा मतदान गर्नको  
 लागि ..... जिल्ला ..... न.पा./गा.पा. वडा नं. .... बस्ने त्यस कम्पनीको  
 शेयरवाला श्री ..... लाई  
 मेरो/हाम्रो प्रतिनिधि मनोनित गरी पठाएको छु/छौं ।

दस्तखत:-

नाम:-

ठेगाना:-

शेयरधनी नं.:-

मिति:-

नोट:

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



## एभरेष्ट बैंक लिमिटेडको २५ औं वार्षिक साधारण सभा सम्बन्धी सूचना

यस बैंकको मिति २०७६ साल मार्ग २३ गते बसेको संचालक समितिको ३११ औं बैठकको निर्णय अनुसार २५ औं वार्षिक साधारण सभा देहायको मिति, स्थान र समयमा निम्न प्रस्ताव उपर छलफल गर्न बस्ने भएको हुँदा सबै शेयरधनी महानुभावहरूको जानकारीको लागि यो सूचना प्रकाशित गरिएको छ ।

सभा हुने मिति : २०७६ साल पौष २३ गते बुधवार (८ जनवरी २०२०) ।

स्थान : लैनचौर ब्याङ्केट, लैनचौर, काठमाडौं ।

समय : बिहान ११:०० बजे ।

### बैंकको २५ औं वार्षिक साधारण सभाको छलफलको विषयसूची:

१. संचालक समितिको तर्फबाट अध्यक्षज्यूको प्रतिवेदन ।
२. लेखापरीक्षकको प्रतिवेदन सहितको लेखापरीक्षण गरिएको २०७६ साल आषाढ ३१ गतेको बासलात, सोही मितिमा समाप्त आ.व. २०७५/७६ को नाफा नोक्सान हिसाब तथा सोही अवधिको नगद प्रवाह विवरण छलफल गरी पारित गर्ने ।
३. मिति २०७६/०६/२६ मा बसेको संचालक समितिको ३१० औं बैठकले, शेयरधनीहरूलाई निम्न बमोजिम नगद लाभांश तथा बोनस शेयर प्रदान गर्न सिफारिश गरेकोले सो प्रस्ताव छलफल गरी पारित गर्ने,  
(क) ५% का दरले बोनस शेयर जारी गर्ने - विशेष प्रस्ताव,  
(ख) २०% नगद लाभांश वितरण गर्न गरेको सिफारिशलाई छलफल गरी पारित गर्ने,
४. प्रबन्धपत्र र नियमावली संशोधन सम्बन्धी विशेष प्रस्ताव पारित गर्ने,  
(क) बैंकले ७% Convertible Preference Share जारी गरेकोमा विवरणपत्र बमोजिम शेयर साधारण शेयरमा परिणत भएपश्चात् पूँजी वृद्धि हुने भएकोले सोही बमोजिम संशोधन गर्न ।  
(ख) बैंकले प्रस्तावित बोनस शेयर जारी भएपश्चात् पूँजी वृद्धि हुने भएकोले सोही बमोजिम संशोधन गर्न ।
५. आ.व. २०७६/७७ को लागि लेखापरीक्षकको नियुक्ति र निजको पारिश्रमिक तोक्ने ।
६. विविध ।

संचालक समितिको आज्ञाले,  
कम्पनी सचिव

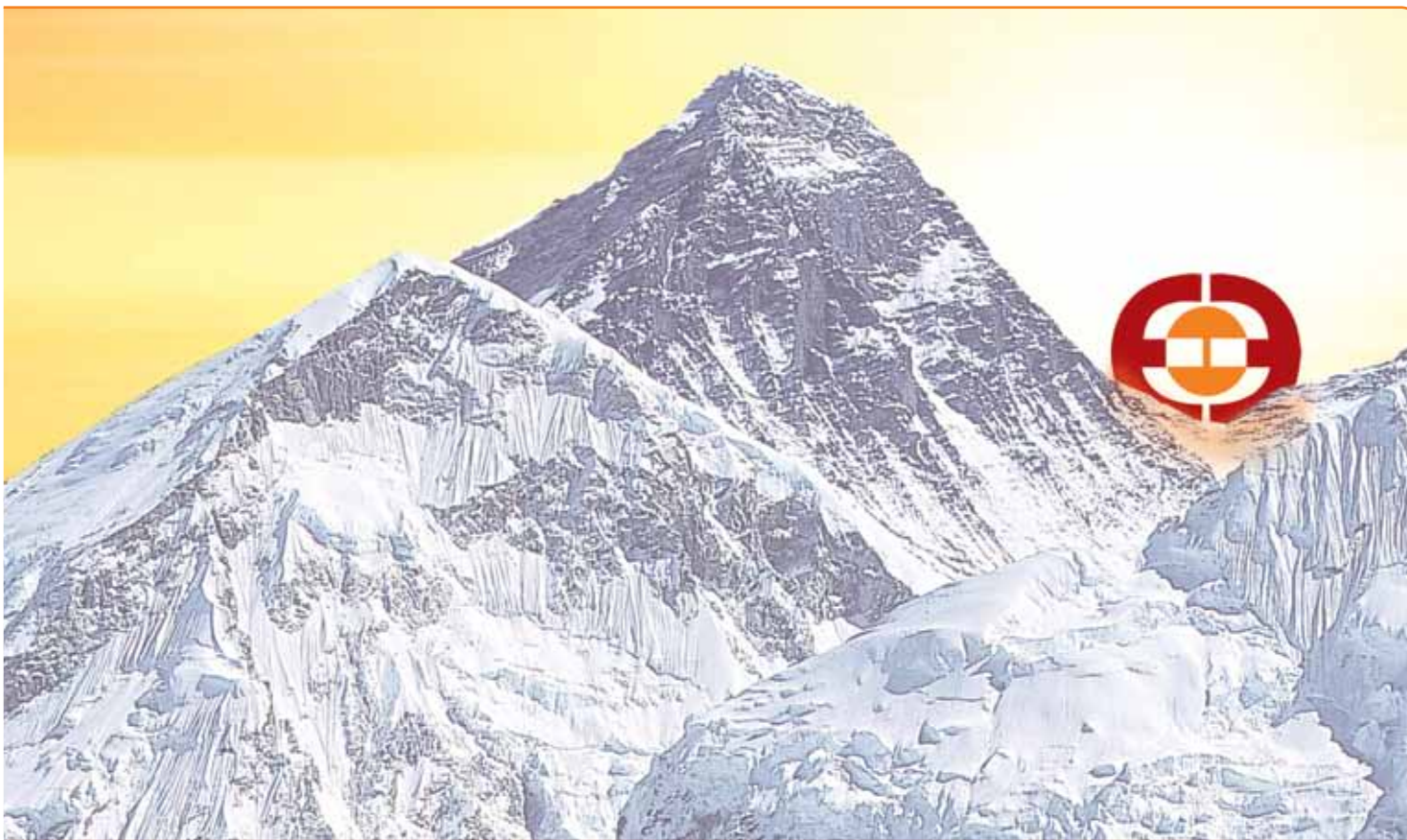
## वार्षिक साधारण सभा सम्बन्धी सामान्य जानकारी

### शेयर दाखिल खारेज किताब बन्द रहने

बैंकको शेयर दाखिल खारेजको काम २०७६ साल पौष ०४ गतेदेखि २०७६ साल पौष २३ गतेसम्म बन्द रहनेछ ।

नोट:

- १) शेयरधनी महानुभावहरूलाई सुसूचित गराउन सकियोस् भन्ने दृष्टिले कोही शेयरधनी महानुभावहरूलाई बैंकको बासलात सम्बन्धी जिज्ञासा भए विविध विषय अन्तर्गत त्यसको लिखित रूपमा सभा हुनु भन्दा ७ (सात) दिन पहिले नै बैंकको प्रधान कार्यालय ईबिएल हाउस लाजिम्पाट काठमाडौंमा रहेको कम्पनी सचिवको कार्यालयमा पठाउनु हुन अनुरोध छ ।
- २) सभामा उपस्थित हुने शेयरधनी महानुभावहरूले शेयर प्रमाणपत्र वा शेयर अभौतिकरण गरिसकेका शेयरधनीहरूको हकमा हितग्राही (DMAT Account) नम्बर, BOID Statement र आफ्नो परिचय खुल्ने (जस्तै: नागरिकताको प्रमाणपत्र वा कुनै परिचयपत्र) अनिवार्य रूपमा साथमा लिई आउनु हुन अनुरोध छ ।
- ३) नगद लाभांश सम्बन्धित शेयरधनी महानुभावहरूको बैंक खातामा जम्मा गर्ने प्रयोजनका लागि बैंक खाता नभएका शेयरधनी महानुभावहरूले बैंक खाता खोली अनिवार्य रूपमा जानकारी गराई दिनु हुन अनुरोध छ । बैंक खाता प्राप्त भए पश्चात् यथाशिघ्र शेयरधनी महानुभावहरूको बैंक खातामा नगद लाभांश जम्मा हुनेछ ।
- ४) सभामा भाग लिनका लागि प्रतिनिधि (प्रोक्सी) नियुक्त गर्न चाहने शेयरधनीले सो सम्बन्धी निवेदन मिति २०७६/०९/१५ गते अपरान्ह १२:०० बजेभित्र बैंकको प्रधान कार्यालय ईबिएल हाउस लाजिम्पाट काठमाडौंमा रहेको शेयर शाखामा दर्ता गराई सक्नु पर्नेछ । यसरी प्रतिनिधि (प्रोक्सी) नियुक्त गरिएको व्यक्ति समेत बैंकको शेयरधनी हुन आवश्यक छ ।
- ५) साधारण सभाको हाजिरी पुस्तिका १०:०० बजेदेखि खुल्ला रहनेछ र अपरान्ह १२:०० बजे बन्द गरिनेछ ।



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# EBL HOME LOAN



घर भाडा बुझाउने दिन गए,  
अब आफ्नै घर



\*शर्तहरू लागू हुनेछन्

- > आकर्षक तथा प्रतिस्पर्धी ब्याजदर > छिटो ऋण प्रक्रिया
- > लचिलो ऋण कार्यकाल > सरल मासिक किस्ता
- > बिस्तृत शाखा सञ्जाल > सरल कागजात प्रक्रिया > व्यक्तिगत सेवा

थप जानकारीका लागि नजिकको शाखामा सम्पर्क गर्नुहोला ।  
<http://www.everestbankltd.com>



टोल फ्री नं.: १६६००१८१८१८


**एभरेष्ट बैंक लिमिटेड**  
**(पंजाब नेशनल बैंक, भारतको संयुक्त लगानीमा)**

दिगो, दरिलो र विश्वासिलो

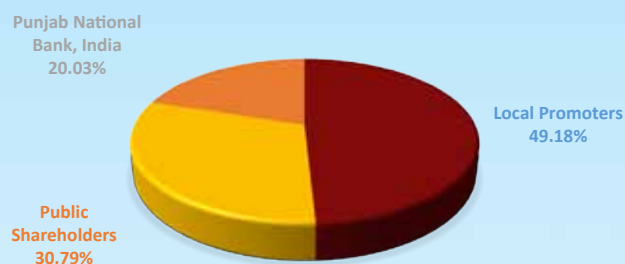
Established in 1994, Everest Bank Limited (EBL) is a name you can depend on for professionalized & efficient banking services. Everest bank Limited is a joint venture with Punjab National Bank, India and is a consistently growing commercial bank of Nepal. The Bank has been rendering professionalized & efficient banking services to various segment of the society through its widest domestic network and many correspondents across the globe. Deriving strength from joint-venture partner, it has been steadily growing in size & operation and has established itself as one of the leading private sector bank of the country. The Bank has recorded commendable performance with consistent growth in net-worth and profit having one of the lowest non-performing assets in the industry. The bank is a symbol of consistency strength and dependability in the Nepalese Banking Industry.

# ABOUT US

## Shareholding Pattern

49.18%	Local promoters
30.79%	Public shareholders
20.03%	Punjab National Bank, India

## SHAREHOLDING PATTERN



## Shareholding Pattern of Everest Bank Ltd.

S.N.	Name of Promoter	Total number of shares	% of Total Shares
<b>Group A (Promoter)</b>			
1	Sh. Pratima Shrestha, Saibu, Bhaiseapati, Lalitpur	11,969,117.00	14.91%
2	M/s. Hotel Snow Lion Pvt. Ltd., Bagbazar, Kathmandu	7,472,191.00	9.31%
3	Sh. B. K. Shrestha, Sanepa, Lalitpur	7,372,401.00	9.18%
4	Sh. Shanta Dev Pathak, Kamalpokhari, Kathmandu	5,096,608.00	6.35%
5	Sh. Nepal Krishna Shrestha, Tahachal, Kathmandu	4,387,139.00	5.47%
6	Sh. Arun Man Sherchan, Gairidhara, Kathmandu	2,573,673.00	3.21%
7	Sh. Ananda Ratna Tuladhar, Tripureshwor, Kathmandu	604,735.00	0.75%
	<b>Total</b>	<b>39,475,864.00</b>	<b>49.18%</b>
<b>Group B (PNB)</b>			
1	Punjab National Bank	16,081,269.00	20.03%
<b>Group C (Public)</b>			
1	Total No. of Share(Public)	24,711,503.69	30.79%
	<b>Grand Total</b>	<b>80,268,636.69</b>	<b>100%</b>

## JOINT VENTURE PARTNER

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

## CUSTOMER BASE

Everest Bank is one of the banks with largest customer bases of more than 10 lacs satisfied customers. With clients from all walks of life, the Bank has helped the nation to develop corporately, agriculturally & industrially.

## NETWORK

Everest Bank provides customer-friendly services through its widest network all connected through core banking solution, which enables customers for operational transactions from any branches. The bank has 94 Branches, 7 Province Offices, 122 ATMs, 30 Revenue Collection counters & more than 9000 payout agents across the country and representative office in New Delhi, India, making it a very efficient & accessible bank for its customers, anytime, anywhere.

## HANDLING REVENUE ACCOUNTS OF GOVERNMENT

Owing to its strong credibility, Everest bank has been authorized to collect revenue of Nepal Government through its 30 revenue collection counter spread across the country. It is the only private sector commercial bank handling all kinds of accounts of Nepal Government and having special counter inside Singha Durbar. Everest Bank is responsible for collecting more than 50% of the total government revenue of our country.

# VISION, MISSION, MOTTO AND STRATEGIC FOCUS



## VISION

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



## MISSION

**Growth through Banking for ALL**



## MOTTO

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

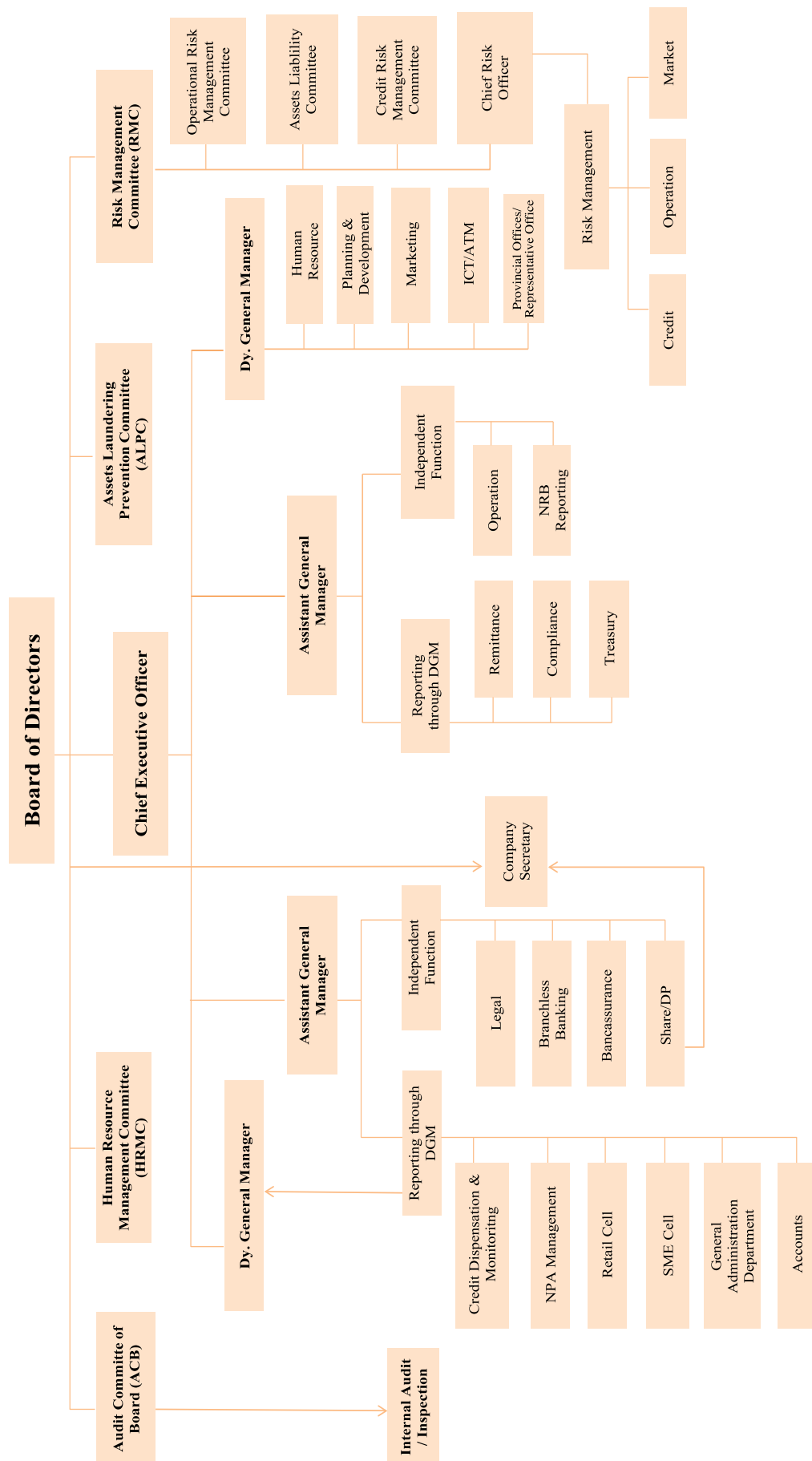


## STRATEGIC FOCUS

The Bank has set itself the following broad goals:

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

# ORGANIZATION STRUCTURE



## AWARDS and ACHIEVEMENTS

- The Bank was conferred with the “Best Managed Commercial Bank” by NEWBIZ BUSINESS Award 2019.
- The Bank was declared 2nd Best Managed Commercial Bank by Abhiyan National daily in 2018.
- KAROBAR national daily adjudged Everest Bank as Number 2 Bank under CAMELS rating in 2018.
- The Bank was conferred with the “Best Managed Commercial Bank” by ASIAN PAINT NEWBIZ Award 2013.
- The Bank was acknowledged as the “Highest Tax Payer among Commercial Banks” by Nepal Government for FY 2068/69.
- The bank was adjudged as “Number 1 Bank” under CAMELS rating conducted by KAROBAR national daily in 2012.
- The bank was conferred with “Bank of the Year 2006, Nepal” by the Banker, a publication of Financial Times, London.
- The bank was bestowed with the “NICCI Excellence Award” by Nepal India Chamber of Commerce for its spectacular performance under finance sector.



# PIONEERING ACHIEVEMENTS



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

## PRODUCT AND SERVICES

### 1. NAARI BACHAT KHATA

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

The features of this account is

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



### 2. FREEDOM SAVINGS ACCOUNT

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

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



### 3. EVEREST SPECIAL SAVING

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

Features of the account are as follows:

- Highly attractive Interest Rate
- Medical Insurance (Hospitalization) of Rs. 1 lacs
- Accidental Death Insurance of Rs. 5 lacs
- Free Internet Banking and SMS Banking
- Free issuance of Debit Card
- Free Demat account opening and ASBA Facility
- 50% discount in the Locker Charge
- 50% discount in issuance of Credit Card



#### 4. HATEMALO SAVINGS ACCOUNTS

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

Features:

- Highly attractive Interest Rate
- Free issuance of Debit Card
- Free Internet and SMS Banking
- Free ASBA facility

#### 5. MATRI-BHUMI SAVINGS ACCOUNT

In order to cater to the need of Nepalese migrant workers living and working abroad, Everest Bank launched new saving scheme with key objective to mobilize regular saving from Nepalese migrant workers & motivate to develop the saving habit. With no requirement of minimum balance this account has been launched in order to target Nepalese Migrant Workers residing abroad.

Features:

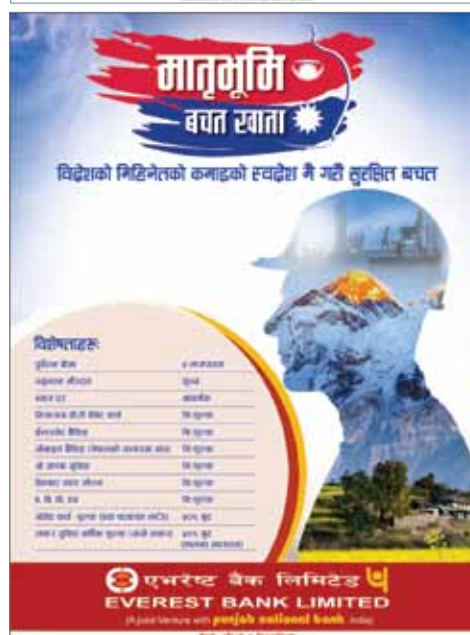
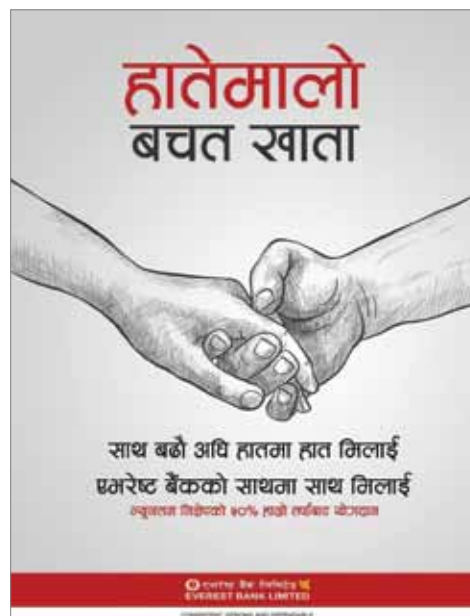
- Highly attractive Interest Rate
- Medical (Hospitalization) Insurance of Rs. 1.00 Lac.
- Accidental Death Insurance of Rs. 5.00 Lac.
- Free ATM Card (Issuance)
- Free C-ASBA Facility
- Free mobile banking
- Free DMAT AC Opening Charge
- 50% Discount on Rent of Small Size Locker (One Time)
- 50% Discount on Issuance of Credit Card (One Time)

#### 6. EBL CORPORATE SALARY ACCOUNT

In order to cater to the need of payroll management of the profit-making business organization bank has launched saving scheme with key objective to mobilize Salary Accounts from public/private institutions.

Features:

- Highly attractive interest rate
- Free ATM Card (Issuance)
- Free SMS banking
- Free C-ASBA facility
- 50% Discount on credit card charge issuance
- Free DMAT AC Opening Charge
- Accidental Death Insurance of Rs. 5.00 Lac
- 50% Discount on Issuance of Credit Card (One Time)
- One month advance salary (Max Limit- Rs. 100,000)



## MAJOR FIXED DEPOSIT ACCOUNTS

### 1. EVEREST PIZZA DEPOSIT

This scheme has been launched with an objective to mobilize small & medium sized deposits from individuals/ institutions intended to have liquidity feature with flexibility in long-term investment. Further, it also caters to the needs of persons/entities want to have higher returns than a regular savings account with varying level of liquidity. The main feature of this product is its flexibility. It allows withdrawal (up to 50% of original deposits, in multiple of Rs. 10,000.00 not more than 5 times) even before the maturity, without any penal charge. The Interest on such premature withdrawal will be paid at the rate applicable to the period for which the deposit has remained with the Bank. Depositors may borrow up to 90% of their deposit at interest rate of 2% above the deposit rate.



### 2. SUNAULO BHAWISHYA YOJANA

This products caters people who have the habit to save on a regular basis and avail the bulk sum at the end with a high yielding interest rate. The deposit is targeted among the middle-class families who save for specific purpose like purchase of items, marriage etc.

The best way to plan for your future needs is by way of opting Sunaulo Bhavishya Yojana which is most suitable for accumulating regular small savings into the substantial amount. You can plan and provide for a large investment amount at a future date out of regular small savings.

On maturity, you shall get the principal amount (i.e. the installments) along with quarterly compounded interest. With minimum balance of Rs. 500 only, this product allows our customer to deposit amounts in multiple of Rs. 100 each month from 12 months to 60 months. Premature withdrawal is also facilitated in this product. Furthermore, depositors may borrow up to 90% of their deposit at interest rate of 2% above the published interest rate.



## MAJOR LOAN SCHEMES

### MAJOR RETAIL LOAN

#### 1. HOME LOAN

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



#### 2. VEHICLE LOAN

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



#### 3. EDUCATION LOAN

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

The interest shall be regularly paid on quarterly basis. After the completion of the course, the principal shall be payable in maximum 84 equal monthly installments.



#### 4. LOAN AGAINST LIFE INSURANCE POLICY

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

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

##### Companies approved for allowing advance against LIP

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

#### SME LOANS

Small and medium enterprises are backbone of any developing economy. They are considered as important engine room for creation of employment and enhancement of economic growth. With an aim to promote SME development in country, Everest Bank Ltd. provides SME loan up to Rs. 5.00 Crores with an attractive interest rate. All three sectors of economy; manufacturing, trading and service sectors can avail SME loan for financing working capital and fixed assets. The bank has already set up dedicated SME Cell in February 2019 to provide special attention to this segment by formulating innovative loan products and streamlining procedures.

#### AGRICULTURAL LOAN

Loan for undertaking various agricultural/allied activities for production (credit required for raising crops, short term credit for allied agricultural activities) /investment and other activities as define by NRB to meet the credit and consumption requirements of the farmers.

- Cereal & cash crops, vegetable and fruit cultivation, floriculture and herbs production.
- Post harvesting (storage of food crops).
- Livestock, Poultry, fishery and insects keeping.



- Animal husbandry / Slaughter house.
- Irrigation and irrigation equipment (all culverts, canals, hand pump, captive generator, roar pump), pipelines, pumps etc.
- Agriculture tools and machinery. (Tractor, Thresher, harvester, modern plough, hoe, cultivator, rotovator, tiller and other motor or manually operated agricultural equipment).
- Infrastructure/sheds for livestock/birds/fishery etc.
- Infrastructure for agro farming with special technology i.e. tunnel farming/sprinkle irrigation etc.
- Cold storage construction and management.
- Other activities defined by NRB under agricultural sector from time to time.

## MAJOR CORPORATE LOAN

### 1. WORKING CAPITAL FINANCE

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

### 2. PROJECT FINANCE AND INFRASTRUCTURE FINANCE

Bank provides fund based and non-fund base credit facilities for new project as well as expansion, diversification, and modernization of existing projects in Infrastructure and Non-Infrastructure Sector.

Some of the Major Areas of Project Finance & Infrastructure Finance:

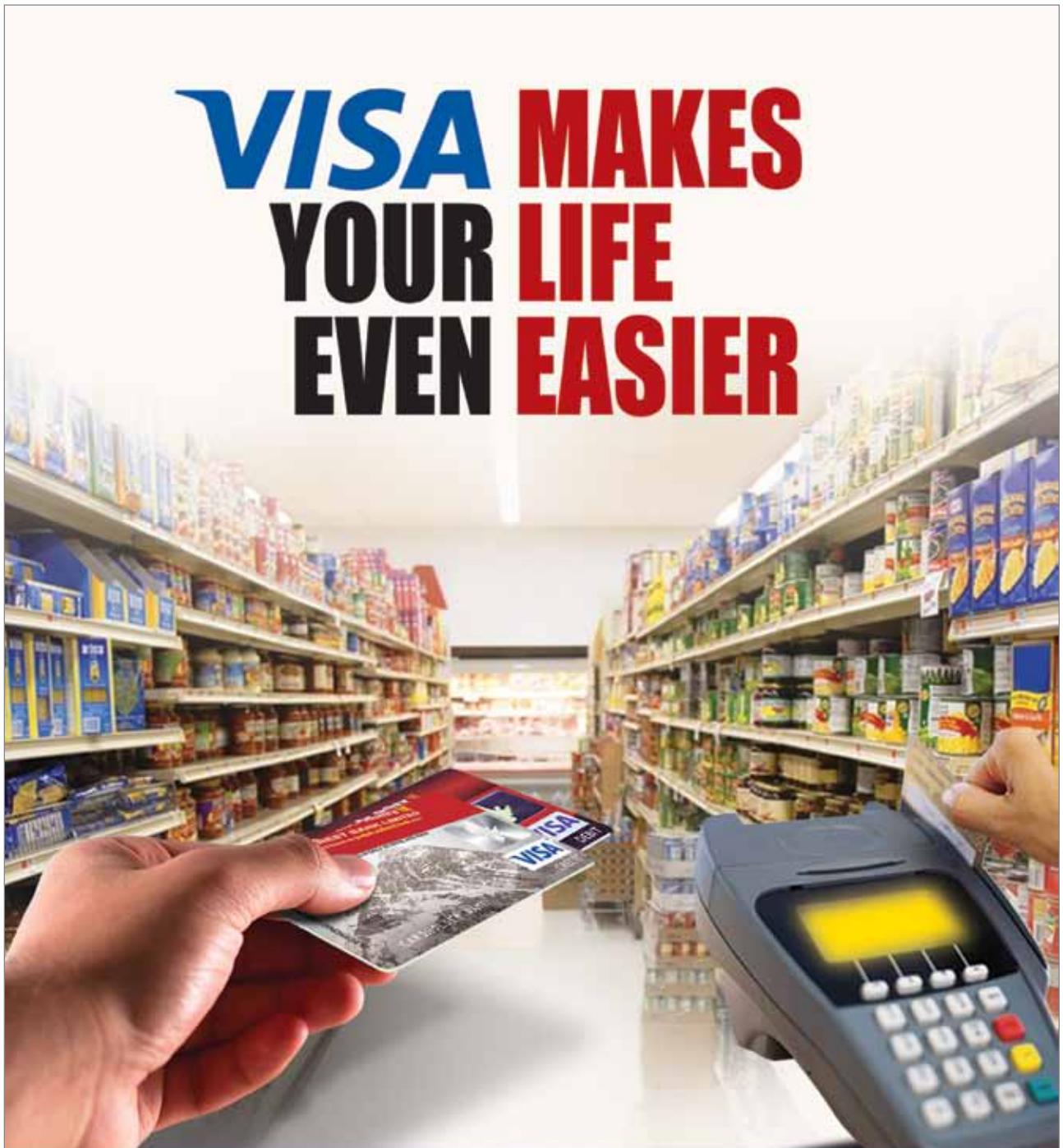
- Power Sector including Renewal Energy Projects in Solar and Hydro Power.
- Aviation Sector
- Telecommunication
- Manufacturing Unit – Cement, Steel, beverage, pipes, poultry /cattle feed, etc.
- Hotels/Resorts
- Hospitals

### 3. TRADE FINANCE


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

### 4. CONSORTIUM FINANCE

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



**VISA MAKES  
YOUR LIFE  
EVEN EASIER**


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

## SWITCH SOLUTION

In endeavor to strengthen technology platform of the bank for enhancing operational convenience, delivering service excellence, gaining independency and enhancing security & innovations, the bank have come up with its own "Card based EFT Switch Solution". The solution would be available to the bank in hosting / processing model basis, through tie up with Service Provider M/S Maximus Infoware (India) Pvt. Ltd., which is Mumbai, India based company.

## DEBIT CARD

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

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

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

### Features of SCT - UPI Debit Card:

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

### Features of Visa Debit Card:

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

Offering of Discount of variable percentages, on shopping from selected stores, restaurants, hotels, hospitals etc.

## CREDIT CARD

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

### "EBL VISA Domestic Credit Card"

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

### Features

- Valid in Nepal & India.
- Chip based card with CHIP verification method for POS transactions.
- Accepted as mode of payment at Visa merchant locations (POS).
- Can withdraw cash from Visa accepting ATMs.
- Flexible payment option of NPR 1,000 or 10% of debit balance, whichever is higher to 100% of debit balance.
- Interest free credit period of minimum 15 days to maximum 45 days for Purchase transactions.
- Competitive interest rate @ 2% per month.
- Credit limit between NPR 50,000 to 5 Lac. Cash limit of 10% of Credit Limit.



## CORPORATE GOVERNANCE

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

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

### The Board of directors

The Board is being collectively accountable to stakeholders for the long-term success and financial soundness of the Bank accordingly, approving and overseeing implementation of the Bank's overall strategic direction, risk appetite, strategies, and related policies to establish corporate culture, values and a strong control environment.

### Composition of Board of Directors:

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

### Director's Profile

- Mr. Bishnu Krishna Shrestha**  
Mr. Shrestha has completed MBA from USA. He has more than 40 years of experience in Trading, Manufacturing and Financial Management.
- Dr. Bal Gopal Baidya**  
Dr. Baidya holds Ph.D in Economics from Philippines and is the Chairperson of New Era, a research institute based in Kathmandu. He was a former member of National Planning Commission and was also involved as a member of Board of Trustee, Poverty Alleviation Fund of Nepal.

### 3. Mr. Lingam Venkata Prabhakar

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

### 4. Mr. Arun Man Sherchan

Mr. Sherchan is the Promoter of Malpi College, Baluwatar and is engaged in trading business.

### 5. Mr. Nabin Bhakta Shrestha

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

### 6. Mr. Sunil Gopal Shrestha

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

### 7. Dr. Nirmal Kumar Bista

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

### Change in the board of directors

During the fiscal year 2075/76, there was no change in the Board of directors of the bank.

### Details of Board meeting:-

Director	No of Meetings
Mr. B. K. Shrestha	11
Dr. Bal Gopal Baidya	12
Mr. Arun Man Sherchen	12
Mr. Lingam Venkata Prabhakar	6
Mr. Nabin Bhakta Shrestha	12
Mr. Sunil Gopal Shrestha	11
Dr. Nirmal Kumar Bista	11

The Board conducted 12 meetings during the financial year and the total expenditure on account of meeting fee was incurred Rs. 8,70,000 /-.

## Roles and Responsibilities of the Board

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

*\*As per BAFIA 2074*

## Board Level Committees

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

- (i) Audit Committee of Board
- (ii) Assets Laundering Prevention Committee
- (iii) Human Resource Management committee
- (iv) Risk Management Committee

The terms of reference for the Board and the Board committees are set out clearly. The Board has established communication procedures between the Board and Board committees, and across Board committees. The Board committees are periodically reporting to the full Board on a regular basis and as and when the need or urgency arises.

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

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

Committee	No of meetings
Audit Committee	15
Human Resource Management Committee	7
Risk Management Committee	7
Assets Laundering Prevention Committee	4
Total	33

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

### 1. Audit Committee

Nepal Rastra Bank, Directive No. 6, Point No. 7, Sub Point No. (1), states that as per provisions of Banks and Financial Institution act, 2073, Clause 22, 26, 27, 60 and 61, the Board shall, under its accountability, constitute Committee/ Sub Committee with specific Roles, Rights and Responsibility. As such, the board has constituted Audit Committee of the Board (ACB), a board level sub-committee to ensure that the Audit Function of the bank is effectively and adequately undertaken to maintain financial as well as organizational soundness of the bank.

Presently, the ACB comprises of the following members:

1. Mr. Nabin Bhakta Shrestha (Member Director)	Chairman/ Co-ordinator
2. Compliance Officer-	Member
3. Functional Head- Internal Audit -	Member Secretary

The ACB reviews periodical issues related to bank's overall financial condition, internal controls and audit program in accordance to prevailing laws and provide necessary suggestions to the management on actions to be taken on the same. ACB reviews Quarterly Financial reports of the Bank and guide the management in preparing Yearly Financial Report in a correct and realistic manner.

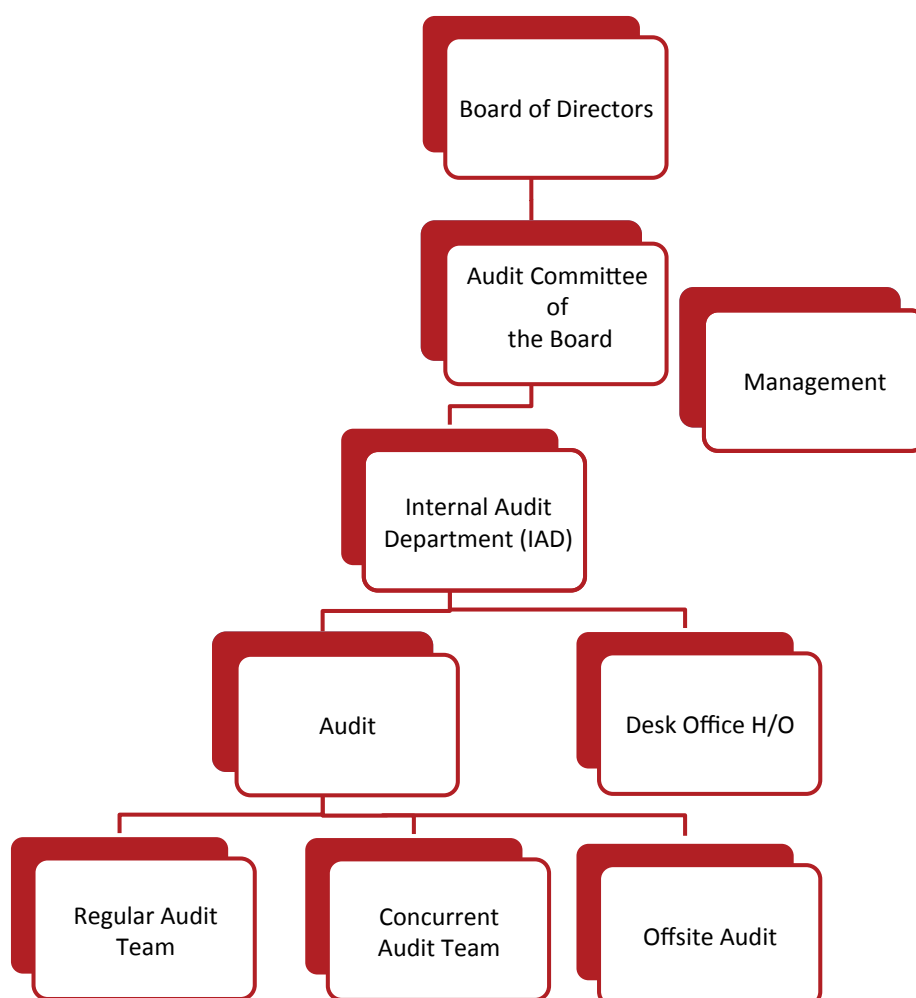
ACB supervise and report to the management whether actions under taken on managerial and operational activities are as per the rules/ regulations/ guidelines/ policies and directives which are issued as per prevailing Bank guidelines, directives of NRB and Bank and Financial Institution Act (BAFIA).

ACB discuss/review the observations/remarks contained in NRB inspection & Supervision report, audit report of the external/ statutory auditors and internal audit reports and suggest the management to take necessary corrective measures. ACB reviews/ prepares policy, guideline and audit plan for carrying out effective and adequate internal audit work. ACB ensures Internal Audit Department of the bank is performing in line with the Internal Audit Policy of the Bank.

Apart from above, ACB also recommend names of three auditors for appointment of external auditor.

The ACB reports to the Board on progress of activities undertaken, including but not limited to, minutes of its meetings on quarterly basis and any matter relating to the Banks affair as deemed necessary.

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



The major highlights of the activities and decisions taken during the Fiscal Year 2075/076 are as below:

1. Completed Onsite Internal Audit of 77 Branches including concurrent branches under Risk Based Internal Audit System. LC Audits of LC under taking branches, final conclusion audit of 3 concurrent branches and audit of 19 functional Departments of Head Office (audit of Treasury department under Risk Based Internal Audit System) including policy/ies of respective department functions
2. Conducted Special segment audit of ATM of valley branches.
3. Deliberated on various aspects of banks financial report for FY 2075/076 and submitted the same to the Board for approval / approved Quarterly/ Yearly Financial reports for publication.
4. Deliberated on the reply to the following Audit Reports to the concern authority:
  - a) Information System (IS) Audit for FY 2018-19
  - b) Onsite Risk Based Supervision (RBS) by Nepal Rastra Bank
  - c) NRB Onsite Inspection of Singhdurbar for Government Transaction
  - d) Statutory Audit for FY 2074/075
5. RBIA guidelines, policy, audit planning etc.

## 2. Assets Laundering Prevention Committee (ALPC)

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

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

The composition of ALPC is as follows:-

Dr. Bal Gopal Vaidya (Board Director)	Chairman
Mr. Sunil Gopal Shrestha (Board Director)	Member
CRO - Member	Member
Compliance Officer	Member
Functional Head- Compliance	Member
	Secretary

After the incorporation of the Committee, the Committee met four times during the Fiscal Year 075/076. The major responsibilities of ALPC are:

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

## 3. Human Resource Management Committee

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

### Composition:

Dr. Nirmal Kumar Bista (Independent Director)	Chairperson
Chief Executive Officer	Member
Head- Human Resource Department	Member
	Secretary
Head- Finance Department	Member

### Responsibilities:

- a. HR Planning: Review the existing human resource position of the Bank. Suggest management to forecast future HR requirement as per corporate strategies and business/expansion plan of the bank. Also, suggest management for optimization of staff on the basis of branch categorization, horizontal and vertical expansion requirement of the bank.
- b. Recruitment and Selection: Suggest management to prepare the parameters relating to recruitment,

selection, appointment, placement, transfer, promotion, skills development and submit to the board for approval.

- c. Performance Appraisal: Review the existing promotion policy and performance appraisal system of the bank by setting up the performance standard guidelines to meet the productivity target of the bank. Any changes in HR policies/ promotion policy shall be approved by the BOD upon recommendation of the HRMC.
- d. Career Development: Suggest management to prepare career development plans and placement of staff as per need of the bank.
- e. Remuneration and benefit: Review employee remuneration and benefits, which may be required due to various reasons, such as, changes in the structure of remuneration in the industry, inflation etc. if requested by the management.
- f. Training and Development: Review the training policies and programs of the bank prepared by the management to ensure increase in knowledge level, skills and changes in attitude of employees to improve their performance level.
- g. Organization structure: HRMC shall provide guidelines for preparing organization structure of the bank and recommend changes to the board as and when necessary. Also submit to the board the policies and procedures relating to succession planning of all employees/overall management level prepared by the management in due course.

#### 4. Risk Management Committee

For the effective risk management, Board has formed a board level committee called Risk Management Committee (RMC) which assists the board in setting risk strategy policies, including risk tolerance and appetite levels, as stipulated by Nepal Rastra Bank. It devises the risk management policy of the bank including credit, market and operational risk, risk integration, implementation of best risk management practices and setting up various risk limits of the bank. The Committee receives reports from management and after discussion and deliberations reaches in a conclusion that existing action taken by the management are appropriate or elevate the situations to the Board where further action is required with its recommendation. During FY 2075/76 the meeting of Risk Management Committee is held 7 times. The composition of the Committee is:

Mr. Arun Man Sherchan, Director	Chairman
Mr. Nabin B. Shrestha, Director	Ex-Officio Member
Ms. Priti Lama, Deputy Manager - Operation	Member
Ms. Jamuna Tamrakar, Chief Risk Officer	Member
	Secretary

#### Responsibilities

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

- To assist the board in its responsibility for disclosure in relation to risk management in the annual report, and acknowledgement that it is accountable for the risk management function.

#### a. Operation Risk Management Committee

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

In order to formulate procedure for mitigating operational risk, developing strategy and monitoring on the compliance of developed procedure, structure of ORMC is developed. ORMC is headed by DGM-Credit and key divisional heads and incumbents of two branches are the members of the committee to oversee the entire operational risk management of the bank. During FY 2075/76 the meeting of Operation Risk Management Committee is held 6 times. The composition of the Committee is:

DGM- Credit	Chairperson
AGM- Operation/Compliance	Member
Chief Risk Officer	Member
Head of System Department	Member
Head of Internal Audit Department	Member
Head of Compliance department	Member
Head of MIS/NRB Reporting	Member
Head of Planning Department	Member
Head of HR department	Member
Head of Law Department	Member
Head of Operation Department	Member
Head of GAD	Member
Security Manager	Member
Two Nominated Branch Managers	Member
Head of Operation Risk Department	Member Secretary

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

- Implement significant policy and procedure for the management of operational risk arising from people, process, system and external events.
- Develop effective Internal Control System and Information System for the management of Operational Risk.
- Assure that adequate resources are being assigned to mitigate risks as needed.
- Communicate with business units and staffs about the importance of operational risk and assure adequate participation and cooperation.

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

#### b. Credit Risk Management Committee

It is a subcommittee chaired by DGM (Operation) which is entrusted with the work of reviewing the guideline, policies, reports related to credit Management and Credit Risk. The committee is responsible for implementation of credit risk policy/strategy approved by Board/RMC. The proceedings of the committee are regularly reported to RMC. During FY 2075/76 the meeting of Credit Risk Management Committee is held 6 times. The composition of the Committee is:

DGM- Operations	- Chairperson
AGM- Operation/Compliance	- Member
AGM- Credit	- Member
Chief Risk Officer (CRO)	- Member
Head of Credit Administration Department	- Member
Head of Inspection Department	- Member
Head of Treasury Department	- Member
Head of Legal Department	- Member
Head of Planning and Development	- Member Development
Incumbent from "C" category branch Kathmandu Valley	- Member
Incumbent from "A" category branch	- Member
Incumbent from "B" category branch	- Member
In- Charge of Retail Assets Cell	- Member
In- Charge of Corporate Credit Cell	- Member
In- Charge of SME Cell	- Member
Official from RMD- Credit	- Member
	Convener

## Responsibilities

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

### c. Asset liability management Committee (ALCO)

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

Bank has established middle office under the regulatory guidelines for monitoring exposures based on limit set up by the board and NRB including regulatory norms, prudential ceiling and delegation of authorities on Liquidity and Market Risk. Middle office is also conducting ALCO meetings and market risk reporting to ALCO. In FY 2075/76, 12 ALCO meetings have been conducted. The composition of the Committee is:

Chief Executive Officer	Chairperson
Senior Executives of the bank i.e.	
- DGMs	Member
- AGMs	Member
Chief Risk Officer (CRO)	Member
IT Official- MIS	Member
Head- Planning and Development	Member
Head- Marketing	Member
Head- Treasury Department	Member
Official representing HO Credit	Member
Official representing Treasury	Member
Middle Office	Convener

## Responsibilities

- Monitoring the structure/composition of bank's assets and liabilities identifying balance sheet management issues like balance sheet gap, interest rate gap/profiles etc that are leading to under performance.
- Developing maturity profile and mix of incremental assets and liabilities.
- Determining interest rates of the bank and deciding on the future business strategy.
- Reviewing and documenting bank's funding policy.
- Deciding the transfer pricing policy of the bank.
- Evaluating market risk involved in launching of new products.
- Reviewing deposit-pricing strategy for the local market.
- Receiving and reviewing reports on liquidity risk, market risk and capital management.
- Reviewing liquidity contingency plan for the bank.
- Develop alternate strategies deemed appropriate, which take into account changes in:
  - Interest rate levels and trends,
  - Deposit and loan products and related markets,
  - Banking regulations, and
  - Monetary and fiscal policy.

# RISK MANAGEMENT



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

- a. Risks are understood
- b. Risks are within tolerances set by the board of directors
- c. Decisions having inherent risks are consistent with strategic business objectives
- d. Risk taking decisions are explicit and clear
- e. The expected returns compensate for the risk taken
- f. Capital allocation is consistent with risk exposure
- g. The bank's performance incentives are aligned with risk tolerances.

Risk Management is the application of proactive strategy to plan, organize, and control different types of risks which are faced by a business organization.

In times of volatility and fluctuations in the market, financial institutions need to prove their mettle by withstanding the market variations and achieve sustainability in terms of growth maintaining a stable share value. Hence, an essential component of risk management framework would be to mitigate all the risks and rewards of the products and service offered by the bank. Thus the need for an efficient risk management framework is paramount in order to factor in internal and external risks.

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

The bank shall not only view the risk management function as a process of eliminating all kinds of identified risks to the greatest extent possible but a more holistic approach shall be taken whereby

risk retention is considered appropriate after giving due consideration to factors such as specific risk characteristics of the obligor, inter relationship between risk variable and corresponding return and achievement of various business objectives within the controlled operational risk environment.

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

The risk management shall continue to be viewed as a journey, not a destination. The Bank recognizes the need to understand and manage the risk inherent in various underlying activities. All analytical, decision making and implementation processes should be oriented towards prudently managing the risk before focusing on the potential reward.

## Board Risk Committee

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

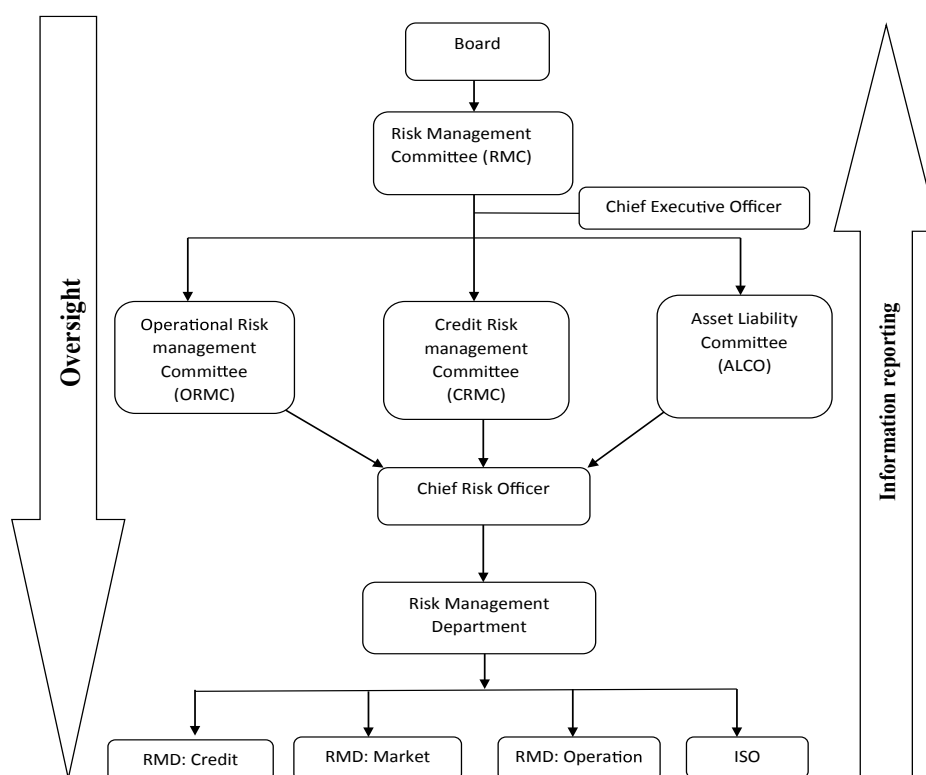
For the effective risk management, Board has formed a board level committee called Risk Management Committee (RMC) which assists the board in setting risk strategy policies, including risk tolerance and appetite levels, as stipulated by Nepal Rastra Bank. It devises the risk management policy of the bank including credit, market and operational risk, risk integration, implementation of best risk management practices and setting up various risk limits of the bank. The Committee receives reports from management and after discussion and deliberations reaches in a conclusion that existing action taken by the management are appropriate or elevate the situations to the Board where further action is required with its recommendation. RMC meeting is conducted 7 times in FY 2075/76.

## Risk Governance

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

Risk Management framework is supervised by Risk Management Committee (RMC), a committee of Board and supported by functional committees

## Functional structure of Risk Management



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

### **Asset Liability Committee (ALCO)**

It is a subcommittee chaired by CEO which is entrusted with the work of taking all policy decisions related to market and liquidity risk. The committee looks after the pricing of assets and liabilities and short/long term strategic decision on balance sheet of the bank. The committee proceedings are quarterly reported to the RMC and Board.

### **Credit Risk Management Committee (CRMC)**

It is a subcommittee chaired by DGM (Operation) which is entrusted with the work of taking all policy decision related to credit risk. The committee is responsible for implementation of credit risk policy/strategy approved by Board/RMC. The proceedings of the committee are regularly reported to RMC and Board.

### **Operational Risk Management Committee (ORMC)**

It is a subcommittee chaired by DGM (Credit) which is entrusted with the work of implementing policy/strategies for operational risk management and monitoring compliance of various policies. The proceedings of the committee are regularly reported to RMC and Board.

### **Credit Risk**

Credit risk is defined as the potential that a bank borrower or counterparty will fail to meet its obligations in accordance with agreed terms. For measurement of Credit Risk bank has adopted Simplified Standardized Approach (SSA) and for Management of Credit Risk

Bank has formulated various policies, procedure and internal guideline that is approved by Board in recommendation of Risk Management Committee (RMC). Bank has a clear guiding document related to loaning power approved by the Board.

The risk based pricing has been introduced by the bank. The assessment ground for sanctioning of new loan, renewal of loan or enhancement of existing loan is defined in book of instruction/Credit & Credit Risk Management Policy of the bank. A separate vertical Credit Administration department in HO and Branches are administering loan related documents, examining loan repayment, record keeping of loan files and related security documents.

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

### **Operational Risk**

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

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

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

## Market Risk

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

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

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

## Liquidity Risk

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

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

## Compliance Risk

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

## Internal Control

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

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

Nrb. Directive No: 06, Section 16

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

CSR has been evolved as an important tool to increase competitive advantage through enhanced reputation, raise brand awareness and build trust with customers and other stakeholders. Besides, NRB via its recent circular has advised for the allocation of 1% of Net Profit towards the CSR activities. Further, the areas of CSR activities prescribed by NRB include:

- Direct and indirect expenditure in social projects namely Education, Health, Natural calamities management, Environment Preservation, Cultural Promotion, Basic Infrastructure improvement in rural areas, Income earning capability enhancement of socially backward community, Financial literacy, Customer Protection programs.
- Focus on Toilet Facility and Drinking Water Facility: Bank shall focus on providing Toilet facility and Drinking water facility where there are no availability of same. Bank shall prepare the list of such community based schools and colleges located in rural and remote areas.
- Sustainable Development Goals: The areas identified by Nepal's Sustainable Development

Goals, 2016-2030, direct and indirect expenses assisting for its achievement.

- Direct Donation Expenses for Education and health expenses for people living under extreme poverty. Child Day Care Center: Expenses incurred for Child Day Care Center for the sake of employees working in the organization.

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

Everest bank has incurred Rs. for conducting various CSR activities in the fiscal year 2075/76. During the year, CSR Fund of NPR 30,541,221 (Previous year NPR 25,816,818) has been appropriated being 1% of net profit. The CSR expenses incurred during the year amounting to NPR 17,531,004 (Previous year NPR 8,442,599) has been charged to statement of profit and loss with corresponding addition in retained earnings. The detail of expenses incurred during the period are as follows:

Particulars	Amount (NPR)
Education	2,949,990
Health	2,911,544
Environment	5,858,742
Financial Literacy	2,278,242
Old Age Homes/Orphanage	35,000
Culture/Heritage Related	3,497,487
<b>Total</b>	<b>17,531,004</b>





Vehicle Assistance to Cerebral Palsy Nepal



Financial Support to Teach for Nepal



CSR Program Teej Festival with Senior Citizen



Financial Literacy Program in Dharan School



Haemodialysis Machine handover to Manipal Teaching Hospital



Plantation in Singha Durbar



Providing Crematorium Machine in Pokhara



Health check-up camp



Blood Donation

## Sunil Mehta (MD & CEO of PNB) visit to Nepal



## PRESS MEET DURING NEPAL VISIT BY SHRI SUNIL MEHTA

Managing Director and Chief Executive Officer  
Punjab National Bank, India

Date: March 8th, 2019



काठमाडौं, ८ मार्च - एभरेस्ट बैंकले नेपालमा आफ्नो ग्राहकहरूलाई उज्ज्वल दस्तोता हस्तित गरेको छ। बैंकले आफ्नो ग्राहकहरूलाई आफ्नो बैंकबाट प्राप्त गर्न सक्ने सबैभन्दा राम्रो सेवाहरू प्रदान गर्ने प्रतिवद्धता जनाएको छ। बैंकले आफ्नो ग्राहकहरूलाई आफ्नो बैंकबाट प्राप्त गर्न सक्ने सबैभन्दा राम्रो सेवाहरू प्रदान गर्ने प्रतिवद्धता जनाएको छ।

### नागरिक एभरेस्ट बैंकका १० सावभन्दा बढी ग्राहक



काठमाडौं, चण्ड ८, (जागरक) - एभरेस्ट बैंकले नेपालमा आफ्नो ग्राहकहरूलाई उज्ज्वल दस्तोता हस्तित गरेको छ। बैंकले आफ्नो ग्राहकहरूलाई आफ्नो बैंकबाट प्राप्त गर्न सक्ने सबैभन्दा राम्रो सेवाहरू प्रदान गर्ने प्रतिवद्धता जनाएको छ। बैंकले आफ्नो ग्राहकहरूलाई आफ्नो बैंकबाट प्राप्त गर्न सक्ने सबैभन्दा राम्रो सेवाहरू प्रदान गर्ने प्रतिवद्धता जनाएको छ।

### राजधानी

#### पन्जाब नेशनल बैंकका सीईओको स्वागत



काठमाडौं, चण्ड ८, (जागरक) - एभरेस्ट बैंकले नेपालमा आफ्नो ग्राहकहरूलाई उज्ज्वल दस्तोता हस्तित गरेको छ। बैंकले आफ्नो ग्राहकहरूलाई आफ्नो बैंकबाट प्राप्त गर्न सक्ने सबैभन्दा राम्रो सेवाहरू प्रदान गर्ने प्रतिवद्धता जनाएको छ। बैंकले आफ्नो ग्राहकहरूलाई आफ्नो बैंकबाट प्राप्त गर्न सक्ने सबैभन्दा राम्रो सेवाहरू प्रदान गर्ने प्रतिवद्धता जनाएको छ।

### ८ नयाँ पत्रिका

#### एभरेस्ट बैंकले गन्यो मेहुतालाई स्वागत



काठमाडौं, चण्ड ८, (जागरक) - एभरेस्ट बैंकले नेपालमा आफ्नो ग्राहकहरूलाई उज्ज्वल दस्तोता हस्तित गरेको छ। बैंकले आफ्नो ग्राहकहरूलाई आफ्नो बैंकबाट प्राप्त गर्न सक्ने सबैभन्दा राम्रो सेवाहरू प्रदान गर्ने प्रतिवद्धता जनाएको छ। बैंकले आफ्नो ग्राहकहरूलाई आफ्नो बैंकबाट प्राप्त गर्न सक्ने सबैभन्दा राम्रो सेवाहरू प्रदान गर्ने प्रतिवद्धता जनाएको छ।

### कारोबार



श्री सुनिल मेहताले नेपालमा आफ्नो ग्राहकहरूलाई उज्ज्वल दस्तोता हस्तित गरेको छ। बैंकले आफ्नो ग्राहकहरूलाई आफ्नो बैंकबाट प्राप्त गर्न सक्ने सबैभन्दा राम्रो सेवाहरू प्रदान गर्ने प्रतिवद्धता जनाएको छ। बैंकले आफ्नो ग्राहकहरूलाई आफ्नो बैंकबाट प्राप्त गर्न सक्ने सबैभन्दा राम्रो सेवाहरू प्रदान गर्ने प्रतिवद्धता जनाएको छ।

### República



काठमाडौं, चण्ड ८, (जागरक) - एभरेस्ट बैंकले नेपालमा आफ्नो ग्राहकहरूलाई उज्ज्वल दस्तोता हस्तित गरेको छ। बैंकले आफ्नो ग्राहकहरूलाई आफ्नो बैंकबाट प्राप्त गर्न सक्ने सबैभन्दा राम्रो सेवाहरू प्रदान गर्ने प्रतिवद्धता जनाएको छ। बैंकले आफ्नो ग्राहकहरूलाई आफ्नो बैंकबाट प्राप्त गर्न सक्ने सबैभन्दा राम्रो सेवाहरू प्रदान गर्ने प्रतिवद्धता जनाएको छ।

## Other Activities



Appreciation Ceremony for Staff's completed 25 years



Appreciation Ceremony for Staff's completed 20 years



Appreciation Ceremony for Staff's completed 15 years



Appreciation Ceremony for Staff's completed 10 years

## Welcome and Farewell to CEOs





## Human Resource Management

Managing human capital is the prime goal of any organization, as it is rightly said, if you manage your people, they will manage your business. However said that, managing human capital is becoming challenge than ever before with the increasing number of employees of diverse background to achieve business growth strategy.

Everest Banks believe in homegrown human capital where they learn the culture of becoming consistent, strong and dependable as its slogan. Therefore, nurturing and providing best place to work through proper Learning and Development opportunities is emphasized for each individual employees.

Everest Bank Limited has been able to retain its employee with proper benefits and facilities and adequate space for career growth which is reflected in being one of the low attrition rate in the banking industry. Investment in human capital will continue in the further years and the Bank tries to put technology in the front line and emphasize in online learning courses as it has become imperative where wider branch network across all Nepal and new age of technology advancement.

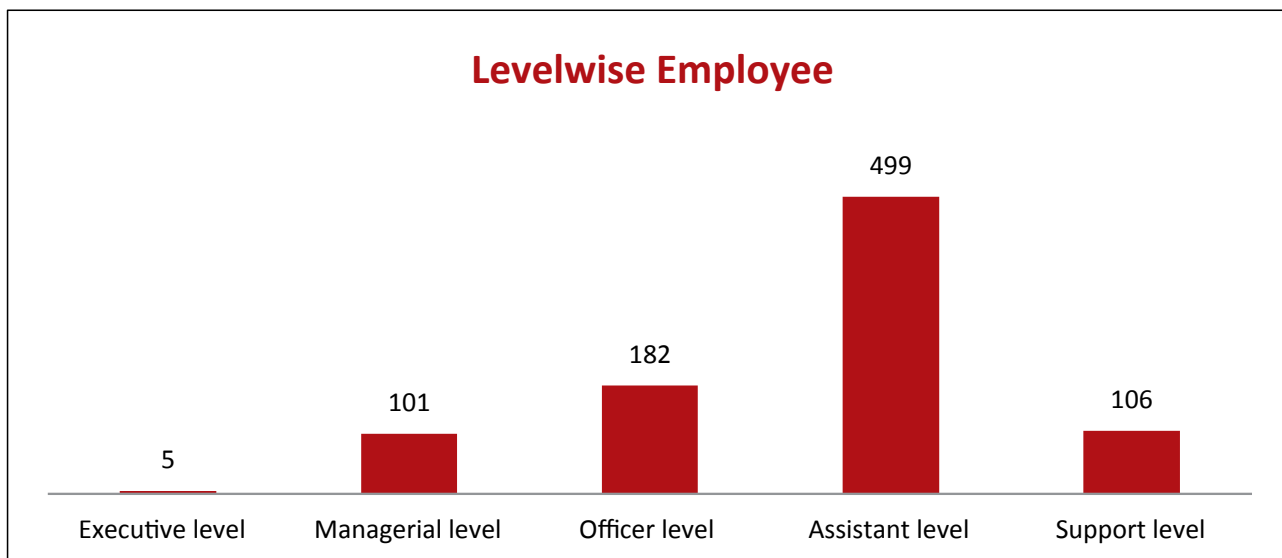
The staff strength of the Bank at the end of Fiscal Year 2075-76 has been presented below:

## Learning and Development

Analyzing the present situations, providing blend of in house trainings and international exposure proved to be effective and have produced positive return from investment in employee learning and development. Large number of employees upholding the critical role and responsibilities are now have been provided with international training exposure to get international perspective and keep track of new developments. Continuous attention has been focused for developing our mid and higher level management team by providing Management Development program and various specific functional trainings. Besides, regular and general banking trainings have been provided to employees.

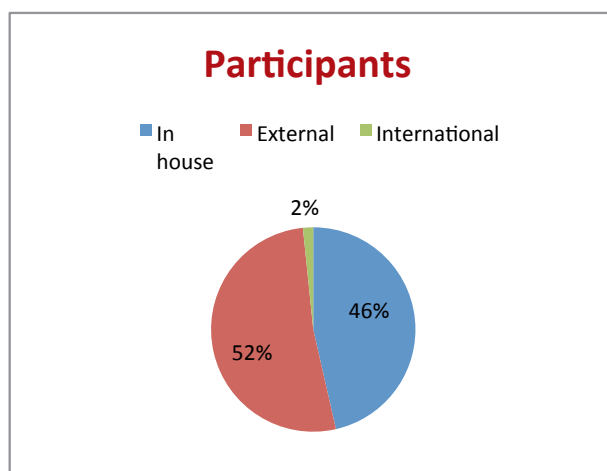
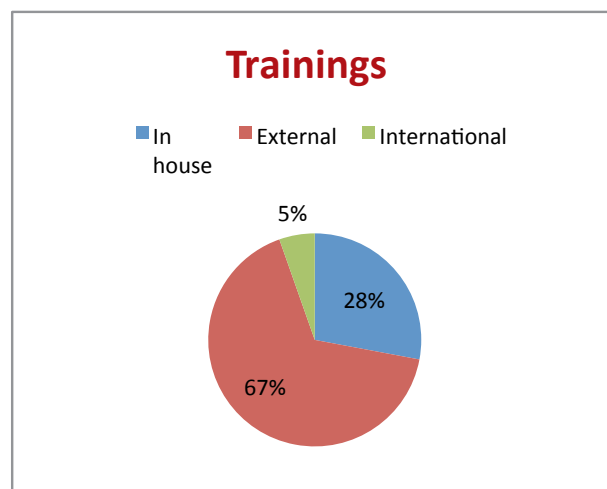
Memorandum of Understanding (MOU) with National Banking Institutes had been signed to take care of learning and development part of the Bank, where exclusive and online learning courses were conducted. Initiation of weekly leadership forum, an in-house platform to enhance the skills in effective communication, public speaking and leadership development has come into shape and has been practiced to develop competencies for better managed people in the Bank.

204 trainings (in-house and external) were conducted on various area of banking functions and also soft skill development where total number of 2343 participated and 760 employees were benefitted.



#### Major highlights of achievement of Human Resource Department during fiscal year 2075/76.

1. Conducted recruitment and selection process of fresh Junior Assistants.
2. Conducted promotion in various levels
3. Tied up with visiting faculty of IT and Risk Management for EBL Training Academy.
4. Administration of proceeding of Collective Bargaining Agreement 2075.
5. Initiated amendment of Staff Service Byelaws as per Nepal Rastra Bank model Byelaw.
6. Processed transfer of staff members at various level.
7. Cluster wise/Region wise trainings organized incorporating maximum number of employees.
8. Conducted trainings through video conference facility and initiated e-learning module (Saraswati apps)
9. Developed Annual Training Calendar for 2076-77 divided into quarterly basis for effective review and implementation.



## Glimpses of 24<sup>th</sup> Annual General Meeting





In order to institutionalize compliance function in the bank, the bank has set up separate compliance department. It has two wings General Compliance Unit and KYC/AML/CFT Unit. To discharge the compliance function smoothly, it has designated compliance officer at all HO functional department and each branch office.

As per the regulatory guidelines, the bank has also constituted Assets Laundering Prevention Committee under the coordinatorship of non-functional director. For smooth discharge of the duties of the Committee, the bank has also placed the board approved Terms of Reference. The Committee is placing its report to the

Board. The bank has placed the board approved KYC/AML/CFT Policy which use to review once in a year or as per the requirement.

During the fiscal year 075/076 the Committee met four times and discussed on status of KYC/AML/CFT related issues of the bank. During the year the bank has also placed automated transaction monitoring tool which is also supporting to submit the report in consonance with goAML requirement. Now the system itself forward alert message to the respective branches on placed scenario for scrutinizing/monitoring transactions.



## BRANCHLESS BANKING

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

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

registering his/her mobile in the system can transfer funds within the Bank without visiting the Branch. Besides, the customer can also withdraw cash from our Business Correspondents by generating coded transfer message in places where the branch network is not available. In order to upgrade the Bank's product and provide efficient service to the customers through Branchless Banking, we have introduced the Tab based Banking under Branchless Banking during this year. Tab banking device is integrated with following features:

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

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

## अब EVEREST TAB BANKING

व्यावसायिक प्रतिनिधि मार्फत

अब घर आगनमा एभरेष्ट बैंकको बैकिङ्ग सेवा  
शाखा रहित बैकिङ्ग मार्फत

-  खाता खोल्न सकिने
-  बचत गर्न र पैसा  
मिचल्न सकिने
-  सार्निङ, बिहान,  
तथा बिदामा पनि  
सेवा लिन सकिने



## अब जानु पर्दैन बैंकमा, घरबाट खोलौं खाता अनलाईनमा



[www.everestbankltd.com](http://www.everestbankltd.com) वेबसाइटमा गएर अनलाईन खाता  
खोल्ने लिंकमा क्लिक गर्नुहोस्।



### एभरेष्ट बैंकको MISSED CALL सेवा

**०१-४४४३३७४**

तल सा रजिस्टर गरिएको मोबाइलबाट Missed Call गर्नुहोस् र  
तुरुन्तै S.M.S मार्फत आफ्नो Bank Balance को जानकारी  
घण्टौने साथै प्रत्येक महिना इमेल मार्फत आफ्नो खाताको  
Statement प्राप्त गर्नुहोस्।

- \* MISSED CALL सेवा प्रयोग गर्नको लागि आफ्नोले मोबाइल  
अथवा S.M.S सुविधा अनिवार्य रूपमा लिइएको हुनु पर्नेछ।
- \* मोबाइल बैकिङ्ग सेवा लिनु अघिका आफ्नो कन्ट्याक्टहरूले बिना  
कुनै शुल्क को सुविधा प्रयोग गर्न सक्नुहुनेछ।

फोन नं. : १३३-१-४४४३३७४ टोल फ्री नं. : १९१०१७१७१७

**२ घण्टी  
बजाउँ**



\* कृपया तस्मातको मोबाइल नम्बर तलको अनुसार राख्नुहोस्।



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

# DIGITAL EVEREST

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

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

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

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

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

## EBL Digital Product

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

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

- अनलाइन प्रविधिबाट तुरन्तै रकम प्राप्त गर्न सकिने
- उत्तमम विनिमय दर (एक्सचेन्ज रेट)
- नेपालको हरेक क्षेत्रमा भुक्तानीको सुविधा
- अब घर-दैलो बैंकिङ सेवाका चाहकहरूले पाउँ घरमै भुक्तानी पाउने

**एभरेष्ट रेमिट**  
 www.everestbankltd.com  
 टोल फ्री नं: १ ६६० ०१९ १७५७

## REMITTANCE

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

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

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

Similarly, our joint venture partner Punjab National Bank (PNB), India has already launched its’ own remittance product “INREMIT”. Under this facility Nepalese who are working/residing in India can instantly remit money from PNB India to our bank through any branch of PNB or Mobile/Internet banking facility of PNB and through Business Correspondent locations for further payment to beneficiary either by direct credit into A/c maintained with banks in Nepal or cash payment through our 9000+ payout locations.

## Arrangement with Exchange Houses for Remittance/Draft

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

## Remittance Payout locations

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

**Total Payout Location: 9055**

## Correspondent Banks

### USD Nostro Account

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

### GBP Account

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

### EURO Account

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

### INR Account

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

### JPY Account

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

# GRIEVANCE HANDLING/ CUSTOMER QUERIES

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

All the lodged queries/grievances/disputes at Customer Care Center were responded properly and being resolved in time. The grievances/disputes were escalated to the competent authority along with steps taken for prompt resolution. Standard Operating Procedure (SOP) for Grievance Handling and Dispute Resolution Process has been defined and implemented. Turn Around Time (TAT) is being also monitored.

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

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

Customer Service Excellency Award has been introduced to motivate the branches for improving their customer services and declares the award twice a year i.e. on semi-annual basis.

The bank has started giving awareness of banking products and services to the customers through social media like Facebook, Instagram, Youtube channel, etc. In order to auto response of the customer queries on Facebook, a Chatbot service has been introduced.

Bank has started “Financial Literacy” program to the customers regarding banking services and products through social media, website, and conducting other programs in schools/colleges.

During fiscal year 2075-76, altogether there were 8461 numbers of queries and 707 numbers of grievances/complaints were lodged in Customer Care Center, Reception Desk and branches as well. All queries and grievances lodged during Fiscal Year 2075-76 have been resolved.

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

August 23, 2019

Dear Sir,

### Issuer Rating

Please refer to your request for assigning an Issuer Rating to your Bank.

1. The following rating has been assigned by CARE Ratings Nepal Limited's (CRNL) Rating Committee:

Type of Rating	Amount (Rs. Million)	Rating
Issuer Rating	NA	<b>CARE-NPAA- (Is)</b> <b>[Double A Minus (Issuer Rating)]</b>

- The rating is only an opinion on the general creditworthiness of the Bank and is not specific to any particular debt instrument.
  - The rationale for this rating will be communicated to you separately.
  - The explanatory notes regarding the rating symbols of CRNL for Issuer Rating are given in Annexure I.
  - The above rating is normally valid for a period of one year from the date of our initial communication of rating to you (that is June 6, 2019). CRNL reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.
  - CRNL reserves the right to revise/reaffirm/withdraw the rating assigned, as a result of periodic review/surveillance, based on any event or information which in the opinion of CRNL warrants such an action. In the event of failure on the part of the entity to furnish such information, material or clarifications as may be required by CRNL so as to enable it to carry out continuous monitoring of the issuer rating of the bank; CRNL shall carry out the review on the basis of best available information. CRNL shall also be entitled to publicize/disseminate all the afore-mentioned rating actions in any manner considered appropriate by it, without reference to you.
  - Users of this rating may kindly refer our website: [www.careratingsnepal.com](http://www.careratingsnepal.com) for latest update on the outstanding rating.
  - CRNL's Issuer Ratings are **not** recommendations to buy or sell any securities of the issuer.
- If you need any clarification, you are welcome to approach us in this regard. We are indeed, grateful to you for entrusting this assignment to CRNL.

Thanking You.

Yours faithfully,

**[Shalini Sanghai]**  
Senior Manager



**[Giri Raj Kandel]**  
Analyst

### CARE RATINGS NEPAL LIMITED

Godrej House, 3rd Floor, Teendhara Marg, Kamaladi, Kathmandu - 44600.  
Tel.: +977-1-4445472/73/74 | Email: [care@careratingsnepal.com](mailto:care@careratingsnepal.com) | Website: [www.careratingsnepal.com](http://www.careratingsnepal.com)



## नेपाल राष्ट्र बैंक बैंक सुपरिवेक्षण विभाग



केन्द्रीय कार्यालय  
बालुवाटार, काठमाडौं।  
फोन नं.: ४४९९८०५, ७  
फ्याक्स नं.: ४४९०९५९  
Site: www.nrb.org.np  
Email: bsd@nrb.org.np  
पोस्ट बक्स: ७३

प.सं.वै.सु.वि./अफसाइट/एजिएम/१९/२०७६-७७

मिति : २०७६/०८/१८

एभरेस्ट बैंक लिमिटेड  
लजिम्पाट, काठमाडौं।

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

महाशय,

त्यस बैंकबाट पेश गरिएका वित्तीय विवरण तथा अन्य कागजातका आधारमा बैंक तथा वित्तीय संस्था सम्बन्धी ऐन, २०७३ को दफा ४७ को उपदफा (२) का प्रावधानहरु पालना गरेको देखिएको हुँदा, ऐ. ऐनको उपदफा (१) बमोजिम प्रस्तावित रु.१,६९,३३,७२,६७०/- (अक्षरेपी एक अर्ब एकसठ्ठी करोड तेत्तीस लाख बहत्तर हजार छ सय सत्तरी मात्र) नगद लाभांश र रु.४०,३३,४३,९६७/- (अक्षरेपी चालिस करोड तेत्तीस लाख त्रिचालीस हजार एक सय सत्सठ्ठी मात्र) बोनस शेयर अन्य प्रचलित कानूनी व्यवस्थाको समेत पालना गर्ने गरी वार्षिक साधारण सभाबाट स्वीकृत भएको अवस्थामा मात्रै वितरण गर्न स्वीकृतिका साथै आ.व. २०७५/७६ को वार्षिक हिसाब वार्षिक साधारण सभामा स्वीकृतको लागि पेश गर्ने प्रयोजनार्थ देहायका निर्देशन सहित सार्वजनिक गर्न सहमति प्रदान गरिएको व्यहोरा निर्णयानुसार जानकारी गराउँदछु।

१. बैंकलाई दावी परी भुक्तानी दिएको बैंक ग्यारेण्टी वापतको रकम रु. १२,२९,४३२/- लाई Force Loan मा लेखाइनु गरी सोको सतप्रतिशत कर्जा नोक्सानी व्यवस्था कायम गर्न हुन साथै सोही बराबरको रकम आर्थिक वर्ष २०७५/७६ को संचित मुताफामा समायोजन गर्नुहुन।
२. बैंकको आन्तरिक लेखापरीक्षण समितिलाई थप सक्रिय बनाई आन्तरिक नियन्त्रण प्रणालीलाई प्रभावकारी बनाउनु हुन।
३. बैंक तथा वित्तीय संस्था सम्बन्धि ऐन २०७३ को दफा ११ को उपदफा ३ मा बैंकको चुक्ता पूँजीको २ प्रतिशत भन्दा बढी शेयर धारण गरेका संस्थापकहरुले आफुले धारण गरेको शेयर बिक्री तथा धितो बन्धक राख्दा नेपाल राष्ट्र बैंकको स्वीकृति लिनु पर्ने व्यवस्था रहेकोले नेपाल राष्ट्र बैंकको स्वीकृति नलिई आफुले धारण गरेको शेयर धितो बन्धक राखी अन्य बैंक तथा वित्तीय संस्थाबाट कर्जा उपभोग गरेका संस्थापक शेयरधनीहरु रहेमा ती संस्थापक शेयरधनीहरुलाई सोको स्वीकृति नलिएसम्म वा शेयर धितो बन्धक राखी उपयोग गरेको कर्जा पूर्ण रुपमा चुक्ता गरी शेयर फुकुवा नगरेसम्म प्रस्तावित नगद लाभांश तथा बोनस शेयर वितरण रोक्का राख्ने व्यवस्था मिलाउनुहुन।
४. यस बैंकबाट जारी गरिएको निर्देशन नं. १० को बुँदा नं. ७ बमोजिम इजाजतपत्र प्राप्त कुनै एक बैंक तथा वित्तीय संस्थाको संस्थापक शेयरमा लगानी गर्दा चुक्ता पूँजीको बढीमा १५ प्रतिशत र अन्य बैंक तथा वित्तीय संस्थाहरुमा चुक्ता पूँजीको बढीमा १ प्रतिशतसम्म मात्र लगानी गर्न सकिने व्यवस्था रहेकोले उल्लिखित सीमाभन्दा बढी शेयर धारण गर्ने संस्थापक शेयरधनीहरु रहेमा ती संस्थापक शेयरधनीहरुलाई सो सीमाभित्र नल्याएसम्म प्रस्तावित नगद लाभांश तथा बोनस शेयर वितरण रोक्का राख्ने व्यवस्था मिलाउनुहुन।
५. लेखापरीक्षण प्रतिवेदनमा उल्लेख गरिएका अन्य सम्पूर्ण कैफियतहरु पूर्ण रुपले सुधार गर्न तथा त्यस्ता कैफियतहरु पुनः दोहोरिन नदिने आवश्यक व्यवस्था मिलाउनुहुन।

उपरोक्त निर्देशनलाई त्यस बैंकको वार्षिक प्रतिवेदनको छुट्टै पानामा प्रकाशित गर्नुहुन।

भवदीय,

  
(मिलन राई)  
उप-निर्देशक

बोधार्थ :

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

## CHAIRMAN'S STATEMENT



*The goods that are produced are required to be sold. Nepal offers a miniscule market compared to the all India market. The foreigners are attracted to India only because of the market size of India. While setting up of an industry (i.e. building and machineries) is relatively easy by someone who is already producing the same kind of goods. However, setting up of a distribution network is not easy.*

The matter of current account deficit with India is a continued concern – I would say even worry.

We cannot reduce this by reducing the imports. Hence, the only thing we have to do is to create productions which can be sold in India. Since, we do not have any exportable items, we have been exporting humans. This is worst kind of export.

On the other hand, there is golden opportunity of making Nepal as an attractive location for setting up of industries as compared to anywhere in India. Since, the decision makers are not business people and since they are not familiar with Indian tax situation, they are not aware of the following benefit.

If an industry is set up in Nepal instead of in India for Indian market, there is tax benefit of almost 50%. In other words, the profit of such unit will go up by another 50% over and above the profit they are already making.

It has to be understood and appreciated that an industry does not just mean only production.

The goods that are produced are required to be sold as well. Nepal offers a miniscule market compared to the all India market. The foreigners are attracted to India only because of the market size of India. While setting up of an industry (i.e. building and machineries) is relatively easy by someone who is already producing the same kind of goods. However, setting up of a distribution network is not easy. It is time consuming. Hence, the company which is already operating in India already has a distribution network. Any industrial unit which is not supported by such marketing distribution network will have serious problem. Without such distribution network, more production will not make success of such an industrial unit.

I can only hope and pray that these facts dawn on Nepalese Leaders and take advantage of unusual open and free trade with India. Nepal is the only country around India who has free access to Indian market.

**B.K. Shrestha**  
Chairman

# Board of Director's Report

## to the 25<sup>th</sup> Annual General Meeting of Shareholders of the Bank

### Ladies and Gentlemen:

It gives me great pleasure to welcome you to the 25<sup>th</sup> Annual General Meeting (AGM) of our Bank. I have the privilege of presenting the Financial Statements for F/Y 2075/76 (2018/19) of our bank and the Auditors' report made thereon.

### 1. Performance Review:

It is my great pleasure to present the performance of our bank over a period of last five years. As per the table presented below, core strength of our Bank has consistently increased over the period. Total shareholders' fund has gone up over the last five years from Rs. 524.09 crore to Rs. 1762.53 crore consisting of the following:-

(Rs. in crore)

Particulars	2070/71 (2013/14)	2075/76 (2018/19)
Paid Up Capital Ordinary Shares	180.12	802.68
Preference Share	12.00	8.00
Statutory General Reserve	192.57	381.51
Share Premium	1.86	23.85
Capital Adjustment Reserve	50.71	4.76
Other Reserves	3.12	8.82
Exchange Equalization Reserve	2.58	3.02
Investment Adjustment Reserve	0.35	0.15
Debenture Redemption Reserve	9.38	80.82
Deferred Tax Reserve	10.66	0
Retained Profit	60.74	232.42
Other Reserve (Training)	0	2.30
Other Reserve (CSR)	0	5.04
Regulatory Reserve (NFRS)	0	59.46
Assets revaluation Reserve (NFRS)	0	96.89
Fair value Reserve (NFRS)	0	52.81
<b>Total Shareholders' Fund</b>	<b>524.09</b>	<b>1762.53</b>

### Other Major Performance:

#### a) Business:

Rs. In Crore

Particulars	Increase over				
	2070/71 (2013/14)	2074/75 (2017/18)	2075/76 (2018/19)	Previous Year %	Over 5 year's period %
Deposit	6210.81	11642.78	13,017.74	11.81	109.60
Loans & Advances	4845.03	9399.16	11,182.18	18.97	130.80

### b) Profitability

Rs. In Crore

Particulars	Increase over				
	2070/71 (2013/14)	2074/75 (2017/18)	2075/76 (2018/19)	Previous Year %	Over 5 year's period %
Total Income	580.89	1129.18	1445.09	27.98	148.77
Operating Profit	243.77	368.57	435.21	18.08	78.53
Net Profit after Tax	154.97	258.17	305.41	18.30	97.08

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

During the year under review, our Bank has earned operating profit of Rs. 435.21 crore which is 18.08% more than last year and has been able to post a after tax net profit of Rs. 305.41 crore, which is 18.30% higher than the last year.

The total deposits have reached Rs. 13,017.74 crore recording growth of 109.60% in last 5 years. The loans and advances stood at Rs. 11,182.18 crore showing growth of 130.80% in last 5 years.

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

During the Financial year 2075/76, banking industries has faced high liquidity crunch due to rise in the demand of loans from Private Sector. It has impacted on liquidity of the bank resulting cut throat competing in interest rates (both on deposit and government securities) between banks. As per the NRB report, the weighted average rate on 91 days Treasury Bill was 3.20% for the FY 2075/76 which was around 4.48% in the year 2074/75.

NRB has issued government bonds worth Rs. 73.00 billion which fetched the interest rate upto 6.50% in the FY 2075/76.

The market was very volatile in the FY 2075/76 as the interbank rate rose to 6.91% in the mid of June this year which was 1.88% at the beginning of the year. At the year end 2075/76 it was 4.52%. Such volatility of interbank rate put pressure on the borrowing and lending of the bank.

### 3. Activities of the Bank and Future Plan:

#### a. Operations:

The local body election and General election for Central & State assemblies has been successfully completed in the country. Keeping this in mind, we have to sketch our strategies and draw plans for future growth of the Bank.

Role of Information Technology and its management in secure way is going to be more vital in coming years. In view of the same, bank is using world class computer software “Finacle” and it is also upgraded to ‘Finacle 7.0.25’ from previous version and all the information have been migrated into it. All the branches of EBL have been housed in centralized data base, backed by a Disaster Recovery Cell, operating from outside of valley, in a different seismic zone. With a view to automate the process, strengthen the IT System as well as to comply with the regulatory guidelines and besides to provide innovative product and services to the customers with efficiency, Bank has initiated process of implementing its own ATM Switching system, AML/KYC solution with Transaction monitoring system and enhance the technology up gradations. Similarly, Bank has introduced latest version of Internet Banking service with Retail and Corporate Modules by implementing added security mechanism “Two Factor Authentication (2FA)” for securing the transitions done through Internet Banking.

With the changing technology, aspiration and requirement of customers, our service delivery channels also have to be updated. In this endeavor, this year the Bank have migrated all its ATM terminals with EMV Acquiring capabilities (which supports Chip data Reading) and the Bank is issuing Debit/ Credit cards with security feature of Chip. We are increasing our own network of ATMs and Cards. Out of 10 lakh plus customers of the Bank, Debit cards have been issued to more than 4 lakh customers. This is one of the highest card base among commercial banks in the country. The bank is issuing Debit cards in two brands; local SCT brand card co-branded

with UPI (Union Pay International) brand card and Visa brand card. EBL Debit Card can be used in Bank’s own 113 ATM terminals at various locations and ATM terminals tied up with Smart Choice Technology (SCT) within the country. Besides, SCT-UPI co-branded cards and Visa brand cards are operable in all ATM terminals (including more than 9700 Punjab National Bank (PNB) ATMs in India) for cash withdrawal and Point of Sales (POS) terminals for purchase of merchandise within Nepal and India, which are affiliated with UPI International and Visa Worldwide respectively. In addition to above, Bank is offering VISA Credit Cards to customers, since FY 2073/74 and the outcomes are encouraging. The Bank also provides various ranges of electronic banking services to the customers. Bank is providing e-banking, SMS banking, Mobile banking services. Customers can do banking transactions such as – viewing their account, money transfers, recharge their mobile, utility bill payments etc. sitting at home. Bank has also set up Customer Care Center for facilitating its valued customers to share their queries, suggestions and grievances by medium of telephonic conversation, e-mail, SMS and social media. Your Bank has always strived to provide easy, fast, reliable and hassle free services to its customers.

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

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

Similarly, “INREMIT” remittance product from our joint venture partner Punjab National Bank (PNB), India is running successfully. Under this facility Nepalese who are working/residing in India can instantly remit money from PNB India to our bank through any branch of PNB or Mobile/ Internet banking facility of PNB and through Business Correspondent locations for further payment to beneficiary either by direct credit into A/c maintained with banks in Nepal or cash payment through about 9000+ payout locations.

**b. Branch expansion/outreach:**

Currently, the bank has network of total 94 branches in and outside Kathmandu Valley. In addition to these, Bank is running additional 28 Government Revenue collection counters.

Currently, Bank is providing Branchless Banking (BLB) facility based on internet and Mobile Banking service through number of agents. Main objective of the bank under this product is to provide banking services to remotest, low bank segment and unbanked areas through business correspondence (BC) as per NRB guidelines.

The Account holder needs to register his/her mobile in the system. Using the Mobile, transfer of fund within the Bank can be effected without visiting the Branch. Besides the customer can also withdraw cash from BC's where Branch network is not available by generating coded transfer message.

**c. Human Resources Development & Per Employee Business:**

The staff strength of the Bank at the end of the financial year 2075/76 (2018/19) was 885 and in the Previous year it was 836. Per employee business as at the end of the financial year is as under:

*Rs. In Crore*

Description	2074/75 (2017/18)		2075/76 (2018/19)		% Increase over last year
	Total Amount	Per Employee Amount	Total Amount	Per Employee Amount	
Deposits and Loans & Advances	21041.94	25.17	24199.91	27.34	8.64
Operating Profit	368.57	0.44	435.21	0.49	11.54
Net Profit	258.17	0.31	305.41	0.35	11.75

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

**d. Compliance Department**

In order to institutionalize compliance function in the bank, the bank has set up separate compliance department. It has two wings General Compliance Unit and KYC/AML/CFT Unit. To discharge the compliance function smoothly, it has designated compliance officer at all HO functional departments and each branch offices.

As per the regulatory guidelines, the bank has also constituted Assets Laundering Prevention Committee under the coordinatorship of non functional director. For smooth discharge of the duties of the Committee, the bank has also placed the board approved Terms of Reference. The Committee is placing its report to the Board. The bank has placed the board approved KYC/AML/CFT Policy which use to review once in a year or as per the requirement.

During the fiscal year 075/076 the Committee met four times and discussed on status of KYC/AML/CFT related issues of the bank. During the year the bank has also placed

automated transaction monitoring tool which is also supporting to submit the report in consonance with goAML requirement. Now the system itself forward alert message to the respective branches on placed scenario for scrutinizing/monitoring transactions.

The department has also updated its core banking software for proper recording of KYC of the branches which will be further strengthened in coming days.

**e. Corporate Social Responsibility:**

Nepal Rastra Bank, the regulatory body has issued a guideline that BFIs shall allocate at least 1% of their Net Profit to activities relating to corporate social responsibility creating “Corporate Social Responsibility Fund” account. Bank is availing expenditure benefit on tax for such allocation till date.

However, the tax authority in Nepal has stated that such expenses by the bank toward Corporate Social Responsibility not be allowed. The matter was taken at the level of Honorable Finance Minister however, in the last budget speech the tax allowance was not included.

**4. Dividend/Bonus Share:**

The 310<sup>th</sup> Board in its’ meeting held on 13<sup>th</sup> October, 2019 (26<sup>th</sup> Aswin, 2076) has decided to recommend to the forthcoming Annual General Meeting to declare cash dividend @ 20% and Bonus dividend @ 5% on Paid-up Capital.

The same is being placed before you for approval.

**5. Capital Adequacy:**

Under the Basel – III framework, minimum bench mark fixed by Nepal Rastra Bank the Capital Adequacy Ratio is 11%. The Capital Adequacy Ratio of the Bank as at the yearend 16th July, 2019, stands at 13.74% (Previous Year 14.20%). To maintain the capital adequacy ratio intact, proper capital back up is required. Our bank has managed to put the CAR at comfortable level.

**6. Board of Directors:**

There was no change in Board of Directors of the Bank during the financial year under review.

The chairman of the board Mr. B.K. Shrestha, on advice of bank’s legal retainer approached honourable supreme court whether directives of Nepal Rastra Bank on age limitation is legally enforceable or not.

The Honourable Supreme Court on 22 Sept. 2019 (5<sup>th</sup> Ashwin 2076) ordered that the Mr. B. K. Shrestha can continue as director and chairman of the Bank, irrespective of his age.

This order is communicated to NRB by Honourable Supreme Court directly.

**7. Amendment in Memorandum and Articles of Association:**

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

**8. Employee Relations:**

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

The bank was recently adjudged as “Best Managed Commercial Bank” by a jury in 6<sup>th</sup> “New Business Age Conclave”.

**9. Corporate Good Governance:**

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

#### 10. Appointment of the Statutory Auditors:

The Shareholders are requested to appoint Sundar & Co. as statutory auditor of the bank for F/Y 2076/77 with audit fee of Rs. 9.25 lacs excluding VAT.

#### 11. Acknowledgement:

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

for their patronage and all the employees of the Bank for their hard work and dedication. Further we also express our sincere thanks to members of the press and other well wishers of the Bank for their valuable co-operation and support.

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

Thank you.

On behalf of the Board of Directors,

B. K. Shrestha,  
Chairman

# General Economic Environment

Some important information is reproduced which are taken from the Economic Survey for the year 2075/76 (2018/19) published by Nepal Government for Information:

## i. Economic growth rate:

As per the Economic Survey 2018/19, the real GDP growth rate at basic price of 2017/18 was 6.7% and expected to be 6.8% at 2018/19. In FY 2018/19, Gross Value Added (GVA) of agriculture and non-agricultural sector is estimated to grow by 5.0 percent and 7.5 percent respectively. Such growth in the FY 2017/18 was 2.8 percent and 7.7 percent respectively. Under the non-agricultural sector, GVA of electricity, gas and water is estimated to stand highest with 12.4 percent.

The average annual economic growth rate of the last decade has been 4.6 percent. During this period, the average annual economic growth rate of agriculture and non-agricultural sector has been 3.1 percent and 5.3 percent respectively.

## ii. Macroeconomic Indicators:

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

Particulars	Unit	2071/72	2072/73	2073/74	2074/75	2075/76
		2014/15	2015/16	2016/17	2017/18	2018/19*
1 Total GDP (at Basic Price Constant)	Rs. Biln	694	696	750	797	851
2 Annual GDP Growth Rate (Yearly Change)	%	2.97	0.20	7.74	6.30	6.81
3 Per Capita GDP (at Constant Price)	%	1.95	(0.75)	6.78	5.24	5.63
4 Per Capita GDP	USD	766	748	877	998	1034
5 Total GDP (at Producer's Price)	Rs. Biln	764	769	832	888	950
6 Domestic Saving/GDP	%	9.21	4.07	13.43	17.81	20.48
7 National Saving/GDP	%	44.14	40.11	46.44	47.09	52.38
8 Total Fixed Capital Formation	%	27.97	28.73	31.43	34.71	36.93
9 Remittance	%	28.98	29.52	26	24.91	26.24
10 Exchange Rate (USD:NPR)	Rs.	99.49	106.35	106.21	104.37	113.58
11 Total Population	In Crore	2.80	2.83	2.87	2.91	2.95

\*Estimation of Fiscal Year 2075/76  
Source: Economic Survey 2018/19

### iii. Foreign Trade

The following comparative table of foreign trade of the country is presented on the basis of the information provided in the Economic Survey:

Desciprtion	2071/72	2072/73	2073/74	2074/75	2074/75	2076/77
	2014/15	2015/16	2016/17	2017/18	2017/18 (First eight months)	2018/19* (First eight months)
Export F.O.B.	8,531.90	7,011.70	7,304.90	8,163.30	5,342.40	6,122.40
India	5,586.50	3,949.40	4,144.90	4,660.50	3,053.70	3,857.40
China	223.00	168.20	170.10	287.90	186.50	135.10
Other countries	2,722.50	2,894.20	2,989.80	3,214.90	2,102.20	2,130.00
Import C.I.F.	77,468.40	77,359.90	99,011.30	124,282.70	76,653.30	94,910.70
India	49,165.60	47,721.30	63,367.00	80,981.40	50,223.10	61,259.60
China	10,016.60	11,569.40	12,724.50	15,963.60	10,089.70	13,903.80
Other countries	18,286.20	18,069.20	22,919.90	27,337.60	16,340.60	19,747.30
Trade Balance	(68,936.50)	(70,348.20)	(91,706.40)	(116,119.40)	(71,310.90)	(88,788.20)
India	(43,579.10)	(43,771.90)	(59,222.00)	(76,320.90)	(47,169.40)	(57,402.20)
China	(9,793.70)	(11,401.30)	(12,554.40)	(15,675.70)	(9,903.20)	(13,768.70)
Other countries	(15,563.70)	(15,175.00)	(19,930.00)	(24,122.70)	(14,238.40)	(17,617.40)
Total volume of Trade	86,000.30	84,371.60	106,316.20	132,446.00	81,995.70	101,033.10
India	54,752.10	51,670.60	67,511.90	85,641.90	53,276.80	65,117.00
China	10,239.60	11,737.60	12,894.70	16,251.60	10,276.20	14,038.80
Other countries	21,008.70	20,963.40	25,909.70	30,552.50	18,442.80	21,877.30
Share in Total Trade (%)	100.00	100.00	100.00	100.00	100.00	100.00
India	63.70	61.20	63.50	64.70	65.00	64.50
China	11.90	13.90	12.10	12.30	12.50	13.90
Other countries	24.40	24.80	24.40	23.10	22.50	21.70

\* Provisional Changes in %

Description	2071/72	2072/73	2073/74	2074/75	2076/77
	2014/15	2015/16	2016/17	2017/18	2018/19* (First eight months)
Export F.O.B.	(7.3)	(17.8)	4.2	11.8	14.6
India	(6.3)	(29.3)	5.0	12.4	26.3
China	(21.5)	(24.6)	1.1	69.3	(27.6)
Other countries	(7.8)	6.3	3.3	7.5	1.3
Import C.I.F.	8.4	(0.1)	28.0	25.5	23.8
India	2.9	(2.9)	32.8	27.8	22.0
China	36.6	15.5	10.0	25.5	37.8
Other countries	12.1	(1.2)	26.8	19.3	20.8
Trade Balance	10.8	2.0	30.4	26.6	24.5
India	4.2	0.4	35.3	28.9	21.7
China	39.0	16.4	10.1	24.9	39.0
Other countries	16.5	(2.5)	31.3	21.0	23.7
Total volume of Trade	6.7	(1.9)	26.0	24.6	23.2
India	1.9	(5.6)	30.7	26.9	22.2
China	34.5	14.6	9.9	26.0	36.6
Other countries	9.1	(0.2)	23.6	17.9	18.6
Share in Total Trade (%)	.	.	.	.	.
India	(4.5)	(3.9)	3.8	1.9	(0.8)
China	26.6	16.8	(12.9)	1.7	11.2
Other countries	2.1	1.6	(1.6)	(5.3)	(3.6)

Source: Economic Survey 2017/18

#### iv. Banking

Following information are reproduced for information of the respected shareholders:

Particulars	2071/72	2072/73	2073/74	2074/75	2075/76
	2014/15	2015/16	2016/17	2017/18	2018/19*
Commercial Bank	30.00	28.00	28.00	28.00	28.00
Development Bank	76.00	67.00	40.00	33.00	32.00
Finance Companies	48.00	42.00	28.00	25.00	24.00
Microfinance Institutions	38.00	42.00	53.00	65.00	89.00
NRB Licensed Co-Operatives	15.00	15.00	14.00	.	.
NRB Licensed NGOs	27.00	25.00	25.00	.	.
Commercial Bank Branches	1,672.00	1,869.00	2,274.00	3,023.00	3,305.00
Population Per Branch	7,206.00	6,562.00	5,610.00	4,334.00	3,626.00
No. of Deposit Accounts	14,934,618.00	16,836,017.00	19,677,005.00	23,544,859.00	25,658,387.00
No. of Loan Accounts	1,033,383.00	1,096,570.00	1,216,091.00	1,301,010.00	1,360,314.00
Branchless Banking Centers	504.00	812.00	1,008.00	1,285.00	1,345.00
No of Atms	1,721.00	1,908.00	2,081.00	2,791.00	3,049.00

\* upto Mid March 2019

Source: Economic Survey 2018/19

## Independent Auditor's Report the Shareholders of Everest Bank Limited

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Everest Bank Ltd (Bank), which comprises the statement of financial position as at Ashadh 31, 2076 (July 16, 2019), and the statement of profit or loss, statement of comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, financial statements present fairly, in all material respects, the financial position as at Ashadh 31, 2076 (July 16, 2019) and financial performance and its cash flows for the year then ended in accordance with Nepal Financial Reporting Standards (NFRSs).

#### Basis for Opinion

We conducted our audit in accordance with Nepal Standards on Auditing (NSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the Financial Statements section of our report. We are independent of the Bank in accordance with The Institute of Chartered Accountants Nepal's (ICAN) Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to our audit of financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and ICAN Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Responsibilities of the Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends

to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

#### Auditors Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that include our opinion. Reasonable assurance is a high level assurance, but is not a guarantee that an audit conducted in accordance with NSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of the users taken on the basis of these financial statements.

As part of an audit in accordance with NSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not deducting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's Internal Control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubts on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentations, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentations.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

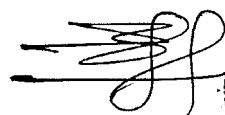
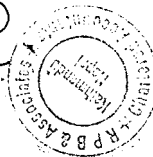
#### Report on Other Legal and Regulatory Requirements

As required by Section 66(3) of Banks and Financial Institutions Act (BAFIA) 2073 and Section 115(3) of Companies Act 2063, we report that:

- i. We have obtained all the information and explanations, which to be the best of our knowledge and belief were necessary for the purpose for our audit. The details received from the branches of the Bank, though the statements are independently not audited, were adequate for the purpose of our audit.
- ii. Proper books of accounts and records as required by law have been maintained by the bank.
- iii. Financial statements are in agreement with the books of account maintained by the Bank. Those financial statements have been prepared in compliance with Nepal Financial Reporting Standards (NFRSs)

- iv. In our opinion and to the best our information and according to the explanation given to us, and from examination of the books of the accounts of the bank, we have not come across any cases of accounting fraud and cases where the Board of Directors, the representative or any employee of the Bank has acted contrary to the provision of law nor caused direct loss or damage to the Bank deliberately or acted in a manner that would jeopardized the interest and security of the Banks, depositors and investors.
- v. Credits have been written off as per the credit write off by laws of the Bank or directives of the Nepal Rastra Bank.
- vi. The business transactions of the Bank have been carried out in a satisfactory manner as prescribed by Nepal Rastra Bank.
- vii. As per Section 86(2) of Companies Act, 2063, there should be at least one woman director in Board of Directors of public company having women shareholders. Consequently, the Bank should appoint at least one woman director to comply with the said provision of Companies Act, 2063.

The engagement partner on the audit resulting in this independent auditor's report is CA. Bharat Rijal

CA. Bharat Rijal

Partner

UDIN: 191015CA0012001422

Date: 15.10.2019

Place: Kathmandu, Nepal

# STATEMENT OF FINANCIAL POSITION

(FIG IN NPR)

As on 31 Ashadh 2076 (16 July 2019)

ASSETS	NOTE	CURRENT YEAR	PREVIOUS YEAR
Cash and cash equivalent	4.1	7,759,121,374	10,065,422,666
Due from Nepal Rastra Bank	4.2	23,304,568,526	18,938,747,835
Placement with Bank and Financial Institutions	4.3	548,500,000	3,291,000,000
Derivative financial instruments	4.4	1,486,215,045	7,112,103
Other trading assets	4.5	-	-
Loan and advances to B/FIs	4.6	7,362,981,231	4,254,678,027
Loans and advances to customers	4.7	104,644,200,903	89,927,569,569
Investment securities	4.8	21,434,199,007	15,292,314,230
Current tax assets	4.9	75,090,726	10,915,449
Investment in subsidiaries	4.10	-	-
Investment in associates	4.11	314,441,000	259,668,425
Investment property	4.12	21,040,174	2,202,745
Property and Equipment	4.13	2,115,995,141	1,862,232,350
Goodwill and Intangible assets	4.14	37,769,556	12,931,944
Deferred tax assets	4.15	-	-
Other assets	4.16	973,410,771	893,468,203
<b>TOTAL ASSETS</b>		<b>170,077,533,454</b>	<b>144,818,263,546</b>
LIABILITIES	NOTE	CURRENT YEAR	PREVIOUS YEAR
Due to Bank and Financial Institutions	4.17	609,215,244	916,078,304
Due to Nepal Rastra Bank	4.18	1,206,069,094	26,712,725
Derivative financial instruments	4.19	1,446,389,926	7,132,295
Deposits from customers	4.20	129,568,152,895	115,511,705,922
Borrowing	4.21	-	-
Current Tax Liabilities	4.9	-	-
Provisions	4.22	-	-
Deferred tax liabilities	4.15	92,881,229	77,263,839
Other liabilities	4.23	18,460,916,661	11,076,018,046
Debt securities issued	4.24	1,068,845,000	1,068,845,000
Subordinated Liabilities	4.25	-	-
<b>TOTAL LIABILITIES</b>		<b>152,452,470,050</b>	<b>128,683,756,131</b>
EQUITY			
Share capital	4.26	8,106,863,347	8,106,863,347
Share premium		238,469,884	238,469,884
Retained earnings		2,324,150,968	1,739,036,261
Reserves	4.27	6,955,579,206	6,050,137,923
<b>TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS</b>		<b>17,625,063,404</b>	<b>16,134,507,415</b>
<b>NON-CONTROLLING INTEREST</b>		<b>-</b>	<b>-</b>
<b>TOTAL EQUITY</b>		<b>17,625,063,404</b>	<b>16,134,507,415</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>170,077,533,454</b>	<b>144,818,263,546</b>
Contingent liabilities and commitment	4.28	42,675,160,059	31,515,125,259
Net assets value per share		219.58	201.01

**Keshab Paudel**  
Asst. General Manager

**Girish Kohli**  
Dy. General Manager

**Someshwar Seth**  
Chief Executive Officer

**B. K. Shrestha**  
Chairman

As per our separate  
report attached

**Rajan Kayastha**  
Head - Accounts

**Dr. Bal Gopal Baidya**  
Director

**Arun Man Sherchan**  
Director

**Lingam Venkata Prabhakar**  
Director

**Nabin Bhakta Shrestha**  
Director

**Sunil Gopal Shrestha**  
Director

**Dr. Nirmal Kumar Bista**  
Director

**CA. Bharat Rijal**  
Partner, RPB & Associates  
Chartered Accountants

PLACE: **Kathmandu, Nepal**  
DATE: 13 Oct. 2019

# STATEMENT OF PROFIT OR LOSS

(FIG IN NPR)

For the year ended 31 Ashadh 2076 (16 July 2019)

	NOTE	CURRENT YEAR	PREVIOUS YEAR
Interest income	4.29	13,019,443,721	10,057,842,731
Interest expense	4.30	7,320,851,928	5,188,078,877
<b>Net interest income</b>		<b>5,698,591,793</b>	<b>4,869,763,854</b>
Fee and commission income	4.31	1,025,000,325	945,375,352
Fee and commission expense	4.32	133,605,344	123,289,086
<b>Net fee and commission income</b>		<b>891,394,981</b>	<b>822,086,266</b>
<b>Net interest, fee and commission income</b>		<b>6,589,986,775</b>	<b>5,691,850,120</b>
Net trading income	4.33	306,924,048	195,902,137
Other operating income	4.34	99,537,441	92,640,636
<b>Total operating income</b>		<b>6,996,448,264</b>	<b>5,980,392,893</b>
Impairment charge/(reversal) for loans and other losses	4.35	136,755,710	132,115,562
<b>Net operating income</b>		<b>6,859,692,554</b>	<b>5,848,277,331</b>
<b>Operating expense</b>			
Personnel expenses	4.36	1,653,296,315	1,492,670,480
Other operating expenses	4.37	726,832,851	584,533,725
Depreciation & Amortisation	4.38	127,443,880	85,372,981
<b>Operating Profit</b>		<b>4,352,119,508</b>	<b>3,685,700,146</b>
Non operating income	4.39	-	-
Non operating expense	4.40	4,337,697	3,614,156
<b>Profit before income tax</b>		<b>4,347,781,811</b>	<b>3,682,085,990</b>
Income tax expense	4.41		
Current Tax Expenses		1,298,359,472	1,137,558,511
Deferred Tax (Expenses)/Income		4,699,723	37,154,299
<b>Profit for the period</b>		<b>3,054,122,062</b>	<b>2,581,681,778</b>
<b>Profit attributable to:</b>			
Equity holders of the Bank		3,054,122,062	2,581,681,778
Non-controlling interest		-	-
<b>Profit for the period</b>		<b>3,054,122,062</b>	<b>2,581,681,778</b>
<b>Earnings per share</b>			
Basic earnings per share		38.05	32.78
Diluted earnings per share		37.67	32.45

**Keshab Paudel**  
Asst. General Manager

**Girish Kohli**  
Dy. General Manager

**Someshwar Seth**  
Chief Executive Officer

**B. K. Shrestha**  
Chairman

As per our separate  
report attached

**Rajan Kayastha**  
Head - Accounts

**Dr. Bal Gopal Baidya**  
Director

**Arun Man Sherchan**  
Director

**Lingam Venkata Prabhakar**  
Director

**Nabin Bhakta Shrestha**  
Director

**Sunil Gopal Shrestha**  
Director

**Dr. Nirmal Kumar Bista**  
Director

**CA. Bharat Rijal**  
Partner, RPB & Associates  
Chartered Accountants

PLACE: Kathmandu, Nepal  
DATE: 13 Oct. 2019

## STATEMENT OF COMPREHENSIVE INCOME

(FIG IN NPR)

For the year ended 31 Ashadh 2076 (16 July 2019)

	CURRENT YEAR	PREVIOUS YEAR
<b>Profit for the year</b>	<b>3,054,122,062</b>	<b>2,581,681,778</b>
<b>Other comprehensive income, net of income tax</b>		
<b>a) Items that will not be reclassified to profit or loss</b>		
• Gains/(losses) from investments in equity instruments measured at fair value	49,628,407	(162,245,046)
• Gains/(losses) on revaluation	-	-
• Actuarial gains/(loss) on defined benefit plans	18,095,300	(61,863,590)
• Income tax relating to above items	(20,317,112)	67,232,591
<b>Net other comprehensive income that will not be reclassified to profit or loss</b>	<b>47,406,595</b>	<b>(156,876,045)</b>
<b>b) Items that are or may be reclassified to profit or loss</b>		
• Gains/(losses) on cash flow hedge	-	-
• Exchange gains/(losses) (arising from translating financial assets of foreign operation)	-	-
• Income tax relating to above items	-	-
• Reclassify to profit or loss	-	-
<b>Net other comprehensive income that are or may be reclassified to profit or loss</b>	<b>-</b>	<b>-</b>
<b>c) Share of other comprehensive income of associate accounted as per equited method</b>	<b>-</b>	<b>-</b>
<b>Other comprehensive income for the year, net of income tax</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>	<b>3,101,528,657</b>	<b>2,424,805,733</b>
<b>Total comprehensive income attributable to:</b>		
Equity holders of the Bank	3,101,528,657	2,424,805,733
Non-controlling interest	-	-
<b>Total comprehensive income for the period</b>	<b>3,101,528,657</b>	<b>2,424,805,733</b>

**Keshab Paudel**  
Asst. General Manager

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.....  
**CA. Bharat Rijal**  
Partner, RPB & Associates  
Chartered Accountants

PLACE: **Kathmandu, Nepal**  
DATE: 13 Oct. 2019

# STATEMENT OF CHANGES IN EQUITY

For the Year ended 31 Ashadh 2076 (16 July 2019)

Fig in NPR

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

## STATEMENT OF CHANGES IN EQUITY

For the Year ended 31 Ashadh 2076 (16 July 2019)

Fig in NPR

Attributable to equity holders of the Bank															
	Share Capital	Share premium	General reserve	Exchange equalisation reserve	Regulatory reserve	Fair value reserve	Investment Adjustment Reserve	Capital Adjustment Reserve	Debt Redemption Reserve	Revaluation Reserve	Retained earning	Other reserve	Total	Non-controlling interest	Total equity
Balance at 1 Shrawan 2075	8,106,863,347	238,469,884	3,204,229,870	30,161,539	534,427,622	547,282,479	1,418,266	47,562,907	641,310,000	968,943,421	1,739,036,261	74,801,820	16,134,507,415	-	16,134,507,415
Adjusted/Restatement															
Adjusted/Restated balance at 1 shrawan 2075	8,106,863,347	238,469,884	3,204,229,870	30,161,539	534,427,622	547,282,479	1,418,266	47,562,907	641,310,000	968,943,421	1,739,036,261	74,801,820	16,134,507,415	-	16,134,507,415
Comprehensive income for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income, net of tax	-	-	-	-	-	-	-	-	-	-	3,054,122,062	-	3,054,122,062	-	3,054,122,062
Gains/(Losses) from investments in equity instruments measured at fair value	-	-	-	-	-	34,739,885	-	-	-	-	-	-	34,739,885	-	34,739,885
Gain (loss) on revaluation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Actuary gains/(losses) on defined benefit plans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gains/(Losses) on cash flow hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Exchange gains/(losses) arising from translating financial assets of foreign operation)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	34,739,885	-	-	-	-	3,054,122,062	12,666,710	3,101,528,657	-	3,101,528,657
Transfer to reserve during the year	-	-	610,824,412	-	60,125,599	-	35,000	-	166,885,000	-	(858,034,686)	20,164,675	-	-	-
Transfer from reserve during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transactions with owners, directly recognised in equity															
Right share issued	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(Calls in Advance)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Right share issued	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends to equity holders	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bonus shares issued	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividend paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends to shareholders (ordinary)	-	-	-	-	-	-	-	-	-	-	(1,605,372,669)	-	(1,605,372,669)	-	(1,605,372,669)
Dividends to shareholders (preference)	-	-	-	-	-	-	-	-	-	-	(5,600,000)	-	(5,600,000)	-	(5,600,000)
Total contributions by and distributions	-	-	-	-	-	-	-	-	-	-	(1,610,972,669)	-	(1,610,972,669)	-	(1,610,972,669)
Balance at Ashadh end 2076	8,106,863,347	238,469,884	3,815,054,282	30,161,539	594,553,221	582,022,364	1,453,266	47,562,907	808,195,000	968,943,421	2,324,150,968	107,633,205	17,625,063,403	-	17,625,063,403

**Keshab Paudel**  
Asst. General Manager

**Rajan Kayastha**  
Head - Accounts

PLACE: Kathmandu, Nepal  
DATE: 13 Oct. 2019

**Girish Kohli**  
Dy. General Manager

**Dr. Bal Gopal Baidya**  
Director

**Nabin Bhakta Shrestha**  
Director

**Someshwar Sethi**  
Chief Executive Officer

**Arun Man Sherchan**  
Director

**Sunil Gopal Shrestha**  
Director

**B. K. Shrestha**  
Chairman

**Lingam Venkata Prabhakar**  
Director

**Dr. Nirmal Kumar Bista**  
Director

As per our separate report attached

CA. Bharat Rijal  
Partner, RPB & Associates  
Chartered Accountants

# STATEMENT OF CASH FLOWS

(FIG IN NPR)

For the year ended 31 Ashadh 2076 (16 July 2019)

	CURRENT YEAR	PREVIOUS YEAR
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Interest received	11,986,107,021	9,347,671,310
Fees and other income received	1,025,000,325	945,375,352
Dividend received	-	-
Receipts from other operating activities	288,110,721	203,820,503
Interest paid	(7,363,600,279)	(4,965,003,511)
Commission and fees paid	(133,605,344)	(123,289,086)
Cash payment to employees	(1,497,908,573)	(1,068,563,003)
Other expense paid	(702,680,878)	(870,973,911)
<b>Operating cash flows before changes in operating assets and liabilities</b>	<b>3,601,422,993</b>	<b>3,469,037,654</b>
<b>(Increase)/Decrease in operating assets</b>		
Due from Nepal Rastra Bank	(4,365,820,691)	(4,361,663,880)
Placement with bank and financial institutions	2,742,500,000	59,750,000
Other trading assets	-	-
Loan and advances to bank and financial institutions	(3,139,700,206)	(973,309,203)
Loans and advances to customers	(14,821,935,275)	(14,324,914,468)
Other assets	(31,838,144)	1,056,127,895
<b>Increase/(Decrease) in operating liabilities</b>		
Due to bank and financial institutions	(306,863,060)	(158,532,483)
Due to Nepal Rastra Bank	1,179,356,369	11,951,075
Deposit from customers	14,056,446,974	21,419,813,916
Borrowings	-	-
Other liabilities	7,358,601,036	3,406,104,660
<b>Net cash flow from operating activities before tax paid</b>	<b>6,272,169,996</b>	<b>9,604,365,166</b>
Income taxes paid	(1,362,534,749)	(1,130,879,135)
<b>Net cash flow from operating activities</b>	<b>4,909,635,247</b>	<b>8,473,486,031</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investment securities	(6,092,256,369)	(7,804,556,448)
Receipts from sale of investment securities	-	-
Purchase of property and equipment	(376,548,064)	(283,971,942)
Receipt from the sale of property and equipment	18,764,127	3,131,730
Purchase of intangible assets	(34,133,788)	(9,994,211)
Receipt from the sale of intangible assets	-	-
Purchase of investment properties	-	-
Receipt from the sale of investment properties	-	5,140,696
Interest received	901,114,148	545,227,873
Dividend received	25,582,952	14,892,552
<b>Net cash used in investing activities</b>	<b>(5,557,476,994)</b>	<b>(7,530,129,749)</b>

## CASH FLOWS FROM FINANCING ACTIVITIES

Receipt from issue of debt securities	.	.
Repayment of debt securities	.	.
Receipt from issue of subordinated liabilities	.	.
Repayment of subordinated liabilities	.	.
Receipt from issue of shares	.	612,610,084
Dividends paid	(1,531,574,194)	(111,893,031)
Interest paid	(110,027,489)	(54,192,968)
Other receipt/payment	.	.
<b>Net cash from financing activities</b>	<b>(1,641,601,682)</b>	<b>446,524,085</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(2,289,443,430)</b>	<b>1,389,880,370</b>
Cash and cash equivalents at Shrawan 1, 2075	10,065,422,666	8,667,840,097
Effect of exchange rate fluctuations on cash and cash equivalents held	(16,857,863)	7,702,199
<b>Cash and cash equivalents at Ashadh End 2076</b>	<b>7,759,121,374</b>	<b>10,065,422,666</b>

**Keshab Paudel**  
Asst. General Manager

**Girish Kohli**  
Dy. General Manager

**Someshwar Seth**  
Chief Executive Officer

**B. K. Shrestha**  
Chairman

As per our separate  
report attached

**Rajan Kayastha**  
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Director

.....  
**CA. Bharat Rijal**  
Partner, RPB & Associates  
Chartered Accountants

PLACE: **Kathmandu, Nepal**  
DATE: 13 Oct. 2019

## **Notes to the Financial Statements of Everest Bank Limited** **(Amount in Nepalese Rupees except otherwise stated)** **For the Year ended 31 Ashadh 2076 (16 July 2019)**

### **1. Reporting entity**

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

The Head Office of the Bank is located at Lazimpat, Kathmandu, Nepal. At the end of the reporting period i.e. at 16 July 2019, the Bank had 94 branches (15 July 2018: 82 branches). As at 16 July 2019 the Bank had 893 employees (15 July 2018: 836 employees).

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

The Bank's shares are listed with Nepal Stock Exchange Ltd. and its stock symbol is EBL.

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

### **2. Basis of Preparation**

The Financial statements of the Bank have been prepared on accrual basis of accounting in accordance with Nepal Financial Reporting Standards (NFRS) as published by the Accounting Standards Board (ASB) Nepal and pronounced by The Institute of Chartered Accountants of Nepal (ICAN).

The preparation and presentation of the Financial Statements are in compliance with the requirements of format issued by Nepal Rastra Bank in Directive No. 4 of Unified NRB Directives, 2075.

The financial statements comprise the Statement of Financial Position, Statement of Profit or Loss and Statement of Other Comprehensive Income shown in a single statement, the Statement of Changes in Equity, the Statement of Cash Flows and the Notes to the Accounts.

#### **2.1 Statement of Compliance**

The financial statements have been prepared and approved by Board of Directors in accordance with Nepal Financial Reporting Standards (NFRSs) as published by the Nepal Accounting Standards Board (ASB) Nepal and pronounced by The Institute of Chartered Accountant of Nepal (ICAN) and in the format issued by Nepal Rastra Bank in Directive No. 4 of Unified NRB Directives, 2075.

The significant accounting policies applied in the preparation of financial statements are set out in Note 3. These policies have been consistently applied to all the years presented except otherwise stated.

#### **2.2 Reporting period and approval of financial statements**

##### **2.2.1 Reporting Dates**

The Bank follows the Nepalese financial year based on the Nepalese calendar starting from first day of Shrawan (Mid July) of each year to the last day of Ashadh (Mid July) of the next year.

### 2.2.2 Approval of financial statements

The accompanied financial statements have been approved and authorized for issue by the Board of Directors in its 310<sup>th</sup> meeting held on 13<sup>th</sup> October, 2019 and the Board acknowledges the responsibility of preparation of financial statements of the Bank. The approved financial statements have been recommended for approval by the shareholders in the 25<sup>th</sup> Annual General Meeting of the Bank.

### 2.3 Functional and presentation currency

Financial statements are denominated in Nepalese Rupees (NPR), which is the functional and presentation currency of the Bank. All financial information presented in NPR has been rounded to the nearest rupee except where indicated otherwise.

### 2.4 Use of Estimates, assumptions and judgments

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

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

#### 2.4.1 Going Concern

The Management has made an assessment on the Bank's ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern. Therefore, the Financial Statements continue to be prepared on the going concern basis.

#### 2.4.2 Commitment and Contingent Liabilities

All discernible risks are accounted for in determining the amount of all known and measurable liabilities. Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is not probable or cannot be reliably measured. Contingent liabilities are not recognised in the Statement of Financial Position but are disclosed unless its considered remote that the Bank will be liable to settle the possible obligation.

#### 2.4.3 Fair Value of Financial Instruments

When the fair value of financial assets and financial liabilities, recorded in the Statement of Financial Position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are taken from observable markets where possible, however, if such data are not available, a degree of judgment is exercised in establishing fair values which minimises the effect of use of unobservable inputs. The valuations of financial instruments are described comprehensively in Note 3.4.4.

#### 2.4.4 Impairment Losses on Loans and Advances

Impairment loss on financial assets – loans and advances are determined at the higher of:

- Loan loss provision amount derived as prescribed in directive no. 02/75 of Nepal Rastra Bank; and
- Impairment loss amount determined as per Incurred Loss Model specified in para 63 of NAS 39.

There arise a need for the Bank's management to apply judgment and estimation in assessing and determining the amount of impairment loss on financial assets measured at amortized cost. Some of the areas that require management judgment and estimation are listed herein below:

- Selection of appropriate impairment assessment tool;
- Defining individually significant assets;
- Designing impairment assessment questionnaire;
- Estimating future recoverable cash flows on financial asset; and
- Adjusting results of historical data

Analysis to incorporate the economic conditions and portfolio factors that existed at the reporting date. Exercise of judgment is an integral part of the impairment assessment process and the Bank exercises its experienced judgment to adjust observable data for a group of financial assets to reflect current circumstances. The use of reasonable estimates is an essential part of the preparation of financial statements and does not undermine their reliability. The Bank's policy in accounting for impairment of financial assets is explained in note 3.4.5.

#### **2.4.5 Impairment of Investment in Associates, Other Financial Assets and Non-Financial Assets**

The Bank follow the guidance of NAS 36 – “Impairment of Assets” and NAS 39 – “Financial Instruments: Recognition and Measurement” in determining whether an investment or a financial asset is impaired. Determination and identification of impairment indicators require the Bank to evaluate duration and extent to which the fair value of an investment for a financial asset is less than its cost and the financial stability of the near term business outlook of the investment or the financial asset, considering the factors such as performance of the sector and industry, technology and operational environmental changes along with future cash flows. This process involves with significant judgement in aforesaid areas and details are given under respective Notes.

#### **2.4.6 Defined Benefit Obligation**

The cost of the defined benefit plans and other post-employment benefit plans are determined using an actuarial valuation. An actuarial valuation involves making various assumptions determining the discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. All assumptions are reviewed at each reporting date and assumptions used in the year are given in Note 3.15.

#### **2.4.7 Fair Value of Land and Buildings**

The land and buildings of the Bank are reflected at fair value less accumulated depreciation. The Bank engaged independent valuation specialists to determine fair value of such properties at appropriate time interval in terms of the NFRS 13 – “Fair Value Measurement”.

#### **2.4.8 Useful Life of the Property and Equipment and Intangible Assets**

The Bank reviews the residual values, useful lives and methods of depreciation of Property and Equipment and intangible assets at each reporting date. Judgement of the management is exercised in the estimation of these values, rates, methods and hence they are subject to uncertainty. The details of the depreciation methods and rates used for each assets category are given in note 3.7 & 3.8.

#### **2.4.9 Taxation**

The bank is subject to income tax under Income Tax Act 2002 A.D. and amendments thereto, and due to the potential differences that may exist between the Bank and the Income Tax Authorities with regard to the interpretation of complex tax provisions, management judgment is required to determine the total provision for current tax and deferred tax amounts. Deferred tax assets are recognized in respect of tax losses to the extent that it is probable that future taxable profit will be available against which such losses can be utilized. Judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits, together with future tax planning strategies. Additional disclosure on tax is mentioned in note 3.10.

## 2.5 Changes in Accounting policies

The principal accounting policies adopted in the preparation of financial statements are set out in relevant notes for each items of the financial statements. Accounting policies have been consistently applied to all the years presented, unless otherwise stated. There are no changes in accounting policies in current fiscal year.

## 2.6 New standards in use but not yet effective

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

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

## 2.7 New standards and interpretation not adapted

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

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

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

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

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

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

## IFRS 15 Revenue from Contracts with Customers

IFRS 15 replaces IAS 18 Revenue and IAS 11 Construction Contracts. The new standard introduces

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

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

## **2.8 Provisions of carve-out adapted by the Bank**

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

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

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

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

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

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

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

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

reliably. However, in those rare cases when it is not possible to estimate reliably the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments)."

#### **2.8.4 Impairability to determine interest income on amortized cost (NAS 39: Financial Instruments: Recognition and Measurement, Para AG93)**

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

### **2.9 Discounting**

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

## **3. Significant Accounting Policies**

### **3.1 Basis of Measurement**

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

- Financial assets other than measured at amortized cost are measured at fair value.
- Derivative financial instruments are measured at fair value.
- Inventories are measured at cost or net realizable value whichever is lower.
- Net defined benefit liabilities are measured at Present Value of Defined Benefits Obligation less the Total Plan Assets.
- Investment property is measured at fair value.

### **3.2 Basis of Consolidation**

The bank does not have control over any other entity for consolidation of financial statements. Investments in associates are accounted for in financial statements as per equity method by opting carve out as applicable.

### **3.3 Cash and Cash Equivalent**

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

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

### **3.4 Financial assets and Financial liabilities**

The bank classifies its financial assets into the following measurement categories: a) financial assets held at fair value through profit or loss; b) financial assets held at fair value through Other Comprehensive Income, and c) financial assets held at amortized cost.

Financial liabilities are classified as either a) held at fair value through profit or loss, or b) held at amortized cost.

#### **3.4.1 Recognition**

The Bank initially recognizes a financial asset or a financial liability in its statement of financial

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

#### **3.4.1.1 Financial Assets**

The Bank classifies the financial assets as subsequently measured at amortized cost or fair value on the basis of the Bank's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The two classes of financial assets are as follows:

##### **A. Financial assets recognized at amortized cost**

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

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

##### **B. Financial asset recognized at fair value**

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

- a. Financial assets at fair value through profit or loss  
Financial assets are classified as fair value through profit or loss (FVTPL) if they are held for trading or are designated at fair value through profit or loss. Upon initial recognition, transaction costs are directly attributable to the acquisition are recognized in profit or loss as incurred. Such assets are subsequently measured at fair value and changes in fair value are recognized in Statement of Profit or Loss.
- b. Financial assets at fair value through other comprehensive income  
Investment in an equity instrument that is not held for trading and at the initial recognition, the Bank makes an irrevocable election that the subsequent changes in fair value of the instrument is to be recognized in other comprehensive income are classified as financial assets at fair value through other comprehensive income. Such assets are subsequently measured at fair value and changes in fair value are recognized in other comprehensive income.

#### **3.4.1.2 Financial Liabilities**

The Bank classifies the financial liabilities as follows:

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

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

##### **b) Financial liabilities recognized at amortized cost**

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

#### **3.4.2 Measurement**

##### **Initial Measurement**

At initial recognition, the bank measures a financial assets or financial liability at its fair value plus or minus, in the case of financial asset or financial liability not at fair value through profit or

loss, transaction cost that are incremental and directly attributable to the acquisition or issue of the financial assets or financial liability, such as commission and fees. The transaction cost of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an Expected Credit Loss allowance (ECL) is recognized for financial assets measured at amortized cost and investments in debt instruments measured at FVOCI.

### Subsequent Measurement

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

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

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

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

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

### 3.4.3 Derecognition

#### 3.4.3.1 Derecognition of Financial Assets

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

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

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

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

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

### 3.4.3.2 Derecognition of Financial Liabilities

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

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

### 3.4.4 Determination of Fair Value

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

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

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

The fair value measurement hierarchy is as follows:

#### Level 1

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

#### Level 2

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

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

#### Level 3

These are unobservable inputs for the assets or liability.

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

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

Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but not later than when the valuation is wholly supported by observable market data or the transaction is closed out. In case the fair value is evidenced by a quoted price in an active

market for an identical asset or liability (Level 01 valuation), the difference between the transaction price and fair value is recognized in The Statement of Profit or Loss immediately.

### 3.4.5 Impairment

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

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

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

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

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

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

#### 3.4.5.1 Impairment of financial assets measured at amortized cost

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

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

If in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a write off is later recovered, the recovery is recognized in the 'Impairment charges/(reversal) for loan and other losses' under Note no. 4.35.

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

#### **3.4.5.2 Impairment of investment in equity instrument classified as fair value through other comprehensive income**

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

### **3.5 Trading Assets**

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

### **3.6 Derivatives assets and derivative liabilities**

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

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

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

### **3.7 Property, Plant and Equipment**

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

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

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

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

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

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

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

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

### Capital work in progress

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

## 3.8 Goodwill and Intangible assets

### 3.8.1 Intangible Assets

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

#### 3.8.1.1 Computer Software

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

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

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

### 3.9 Investment Property and Noncurrent Assets held for sale

#### 3.9.1. Investment Property

Investment properties include land or land and buildings other than those classified as property and equipment and non-current assets held for sale. Generally, it includes land, land and building acquired by the Bank as non-banking assets but not sold as on the reporting date.

The Bank holds investment property that has been acquired through enforcement of security over the loans and advances.

#### 3.9.2. Non-Current Assets held for sale

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

### 3.10 Income Tax

#### 3.10.1 Current income tax

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

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

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

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

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

#### 3.10.2 Deferred Tax

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

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

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

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

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

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

### 3.11 Deposit, Debt Securities issued and subordinated liabilities

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

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

### 3.12 Provisions

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

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

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

### 3.13 Revenue Recognition

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

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

**a. Interest income**

Interest income on financial assets held at amortised cost other than loan and advances are recognized using the bank's normal interest rate which is very close to effective interest rate using effective interest rate method.

For income from loans and advances to customers, initial charges are not amortised over the life of the loan and advances as the income so recognized closely approximates the income that would have been derived under effective interest rate method. The difference is not considered material. The Bank considers that the cost of exact calculation of effective interest rate method exceeds the benefit that would be derived from such compliance.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses.

As per the Carve-out Notice issued by ICAN, the calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts unless it is immaterial or impracticable to determine reliably, between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts. Gains and losses arising from changes in the fair value of financial instruments held at fair value through profit or loss are included in the statement of profit or loss in the period in which they arise. Contractual interest income and expense on financial instruments held at fair value through profit or loss is recognized within net interest income.

**b. Fees and Commission**

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

**c. Dividend Income**

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

**d. Net trading income**

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

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

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

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

**f. Grant Income**

Government grants, including non-monetary grants at fair value, shall not be recognised until there is reasonable assurance that: (a) the entity will comply with the conditions attaching to them; and (b) the grants will be received. A government grant is not recognised until there is reasonable assurance that the entity will comply with the conditions attaching to it, and that the grant will be received. Receipt of a grant does not itself provide conclusive evidence that the conditions attaching to the grant have been or will be fulfilled.

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

Grants related to income are presented as part of profit or loss, are adjusted in reporting the related expense.

### 3.14 Interest Expenses

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

### 3.15 Employees Benefits

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

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

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

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

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

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

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

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

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

### Employees Provident Fund

In accordance with law, all employees of the Bank are entitled to receive benefits under the provident fund, a defined contribution plan in which both the employee and the Bank contribute monthly at a pre-determined rate (currently, 10% of the basic salary plus grades). Bank does not assume any future liability for provident fund benefits other than its annual contribution.

### Leave Salary

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

### Termination Benefits

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

### 3.16 Leases

Lease payments under an operating lease shall be recognized as an expense on a straight-line basis over the lease term unless either:

- a. Another systematic basis is more representative of the time pattern of the user's benefit even if the payments to the lessors are not on that basis; or
- b. The payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. If payments to the lessor vary because of factors other than general inflation, then this condition is not met.

Majority of lease agreements entered by the Banks are with the clause of increment which the management assumes are in line with the lessor's expected inflationary cost increases.

Hence, Lease payment under an operating lease has been recognized as an expense on a straight-line basis over the lease term.

### 3.17 Foreign Currency Translation

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

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

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

### 3.18 Financial Guarantee and Loan Commitment

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

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

### 3.19 Share Capital and Reserve

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

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

### 3.20 Earning per share including diluted

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

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

### 3.21 Segment Reporting

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

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

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

## 4. Notes to Accounts

### Note 4.1- Cash and cash equivalent

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

	CURRENT YEAR	PREVIOUS YEAR
Cash in hand	3,396,219,495	3,370,332,507
Balances with B/FIs	3,572,590,678	5,727,517,934
Money at call and short notice	-	-
<b>Other</b>	-	-
3 months Treasury bills	790,311,200	947,572,225
Cash In Transit	-	20,000,000
<b>TOTAL</b>	<b>7,759,121,374</b>	<b>10,065,422,666</b>

#### Note 4.2- Due from Nepal Rastra Bank

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

	CURRENT YEAR	PREVIOUS YEAR
Statutory balances with NRB	4,753,128,989	6,106,779,703
Securities purchased under resale agreement	-	-
Other deposit and receivable from NRB	18,551,439,537	12,831,968,132
<b>TOTAL</b>	<b>23,304,568,526</b>	<b>18,938,747,835</b>

#### Note 4.3- Placement with bank and financial institutions

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

	CURRENT YEAR	PREVIOUS YEAR
Placement with domestic B/FIs	-	-
Placement with foreign B/FIs	548,500,000	3,291,000,000
Less: Allowances for impairment	-	-
<b>TOTAL</b>	<b>548,500,000</b>	<b>3,291,000,000</b>

#### Note 4.4- Derivative financial instruments

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

	CURRENT YEAR	PREVIOUS YEAR
<b>Held for trading</b>	-	-
Interest rate swap	-	-
Currency swap	-	-
Forward exchange contract	1,486,215,045	7,112,103
Others	-	-
<b>Held for risk management</b>	-	-
Interest rate swap	-	-
Currency swap	-	-
Forward exchange contract	-	-
Other	-	-
<b>TOTAL</b>	<b>1,486,215,045</b>	<b>7,112,103</b>

#### Note 4.5- Other trading assets

The bank does not have any trading assets.

#### Note 4.6- Loan and advances to bank and financial institutions

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

	CURRENT YEAR	PREVIOUS YEAR
Loans to microfinance institutions	7,437,354,779	4,297,654,573
Other	-	-
Less: Allowances for impairment	(74,373,548)	(42,976,546)
<b>TOTAL</b>	<b>7,362,981,231</b>	<b>4,254,678,027</b>

##### 4.6.1: Allowances for impairment

	CURRENT YEAR	PREVIOUS YEAR
Balance at Shrawan 1	42,976,546	33,243,454
Impairment loss for the year:	-	-
Charge for the year	31,397,002	9,733,092
Recoveries/reversal	-	-
Amount written off	-	-
<b>BALANCE AT ASHADH END</b>	<b>74,373,548</b>	<b>42,976,546</b>

#### Note 4.7- Loan and advances to customers.

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

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

	CURRENT YEAR	PREVIOUS YEAR
Loan and advances measured at amortized cost	105,835,613,054	91,013,623,011
Less: Impairment allowances		
Collective impairment	(1,069,382,078)	(918,895,390)
Individual impairment	(122,030,073)	(167,158,053)
<b>Net amount</b>	<b>104,644,200,903</b>	<b>89,927,569,569</b>
Loan and advances measured at FVTPL	-	-
<b>TOTAL</b>	<b>104,644,200,903</b>	<b>89,927,569,569</b>

#### 4.7.1: Analysis of loan and advances - By Product

	CURRENT YEAR	PREVIOUS YEAR
<b>Product</b>		
Term loans	20,745,661,762	15,339,785,773
Overdraft	22,933,112,940	19,278,618,325
Trust receipt/Import loans	5,482,780,324	4,303,541,305
Demand and other working capital loans	15,273,351,963	13,411,602,997
Personal residential loans	18,488,694,143	13,862,981,608
Real estate loans	4,003,155,721	4,636,299,462
Margin lending loans	280,651,995	1,107,339,753
Hire purchase loans	6,946,380,153	6,473,814,423
Deprived sector loans	606,736,730	1,185,465,963
Bills purchased	34,371,000	101,295,907
Staff loans	1,225,162,761	1,115,856,337
Other	9,589,506,812	9,993,186,666
<b>SUB TOTAL</b>	<b>105,609,566,303</b>	<b>90,809,788,520</b>
Interest receivable	226,046,751	203,834,491
<b>GRAND TOTAL</b>	<b>105,835,613,054</b>	<b>91,013,623,011</b>

#### 4.7.2: Analysis of loan and advances - By Currency

	CURRENT YEAR	PREVIOUS YEAR
Nepalese rupee	101,419,081,851	89,255,077,074
Indian rupee	-	191,033
United State dollar	4,416,531,203	1,758,354,904
Great Britain pound	-	-
Euro	-	-
Japanese yen	-	-
Chinese Yuan	-	-
Other	-	-
<b>TOTAL</b>	<b>105,835,613,054</b>	<b>91,013,623,011</b>

#### 4.7.3: Analysis of loan and advances - By Collateral

	CURRENT YEAR	PREVIOUS YEAR
<b>Secured</b>		
Movable/immovable assets	103,718,133,719	88,191,341,727
Gold and silver	-	-
Guarantee of domestic B/FIs	-	-
Government guarantee	198,736,758	198,736,758
Guarantee of international rated bank	-	-
Collateral of export document	65,820,000	68,912,992
Collateral of fixed deposit receipt	1,175,136,761	703,208,879
Collateral of Government securities	189,712,477	175,489,737
Counter guarantee	-	-
Personal guarantee	207,421,345	124,315,899
Other collateral	280,651,995	1,551,617,018
<b>SUBTOTAL</b>	<b>105,835,613,054</b>	<b>91,013,623,011</b>
Unsecured	-	-
<b>GRANT TOTAL</b>	<b>105,835,613,054</b>	<b>91,013,623,011</b>

#### 4.7.4: Allowances for impairment

	CURRENT YEAR	PREVIOUS YEAR
<b>Specific allowances for impairment</b>		
<b>Balance at Shrawan 1</b>	<b>167,158,053</b>	<b>196,112,695</b>
Impairment loss for the year:	-	-
Charge for the year	-	-
Recoveries/reversal during the year	(45,127,980)	(28,954,642)
Write-offs	-	-
Exchange rate variance on foreign currency impairment	-	-
Other movement	-	-
<b>Balance at Ashadh end</b>	<b>122,030,073</b>	<b>167,158,053</b>
<b>Collective allowances for impairment</b>		
<b>Balance at Shrawan 1</b>	<b>918,895,390</b>	<b>767,558,277</b>
Impairment loss for the year:	-	-
Charge/(reversal) for the year	150,486,688	151,337,112
Exchange rate variance on foreign currency impairment	-	-
Other movement	-	-
<b>Balance at Ashadh end</b>	<b>-</b>	<b>-</b>
<b>TOTAL ALLOWANCES FOR IMPAIRMENT</b>	<b>1,069,382,078</b>	<b>918,895,390</b>

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

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
Loans and advances to BFIs	35,611	3,714,713
Loans and advances to customers	244,796,829	302,420,710
<b>Total Impairment as per para 63 of NAS 39</b>	<b>244,832,440</b>	<b>306,135,423</b>
Total impairment as per NRB norms	1,265,785,699	1,129,029,989
<b>Higher of impairment as per para 63 of NAS 39 or NRB Norms</b>	<b>1,265,785,699</b>	<b>1,129,029,989</b>

#### DETAILS OF LOAN WRITTEN OFF DURING THE F/Y 2075/76

S.No.	Type of Loan	Amount Written off	Nature of security & Amount	Basis of Valuation of Security	Sanctioning Authority/ Level	Action taken to Recover the Loan	Remarks
1	Working Capital	-					
2	Project Finance	-					
3	Fixed Term Loan	-					
4	Personal Loan	3,320,064			Board		
5	Others	-					
<b>TOTAL</b>		<b>3,320,064</b>					

#### Note 4.8- Investments securities

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

	CURRENT YEAR	PREVIOUS YEAR
Investment securities measured at amortized cost	20,575,139,688	14,482,883,318
Investment in equity measured at FVTOCI	859,059,319	809,430,912
<b>TOTAL</b>	<b>21,434,199,007</b>	<b>15,292,314,230</b>

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

#### 4.8.1: Investment securities measured at amortized cost

	CURRENT YEAR	PREVIOUS YEAR
Debt securities	-	-
Government bonds	15,830,830,357	10,902,562,072
Government treasury bills	4,744,309,331	3,580,321,246
Nepal Rastra Bank bonds	-	-
Nepal Rastra Bank deposits instruments	-	-
Other	-	-
Less: specific allowances for impairment	-	-
<b>TOTAL</b>	<b>20,575,139,688</b>	<b>14,482,883,318</b>

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

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

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

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

	CURRENT YEAR	PREVIOUS YEAR
Equity instruments		
Quoted equity securities	841,907,194	801,831,012
Unquoted equity securities	17,152,125	7,599,900
<b>TOTAL</b>	<b>859,059,319</b>	<b>809,430,912</b>

#### 4.8.3: Information relating to investment in equities

	CURRENT YEAR		PREVIOUS YEAR	
	Cost	Fair Value	Cost	Fair Value
<b>Investment in quoted equity</b>				
<b>Rural Microfinance Development Ltd.</b>				
(53,738 shares including 31200 shares @ NPR 100 each, 5000 share @ NPR 350 and 12,653 bonus shares)	4,870,000	20,702,830	4,870,000	16,452,887
<b>Nirdhan Utthan Bank Ltd.</b>	12,793,300	805,404,365	12,793,300	771,678,126
(1,346,789 shares of NPR 100 each including 1,218,856 bonus shares)				
<b>Taragaon Regency Hotel</b>				
(50,000 shares of NPR 100)	5,000,000	15,800,000	5,000,000	13,700,000
<b>Investment in unquoted equity</b>				
<b>Nepal Clearing House Ltd.</b>	2,500,000	3,600,000	2,500,000	2,500,000
(36,000 shares of NPR 100 each including 11,000 bonus shares)				
<b>Credit Information Center Ltd.</b>	1,235,500	12,352,125	1,235,500	3,659,900
(123,521 shares of NPR 100 each, including 111,166 bonus share)				
<b>National banking Training Institute</b>	1,200,000	1,200,000	1,200,000	1,440,000
(12,000 shares of NPR 100 each)				
<b>TOTAL</b>	<b>27,598,800</b>	<b>859,059,319</b>	<b>27,598,800</b>	<b>809,430,912</b>

#### Note 4.9- Current tax assets/liabilities

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

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

	CURRENT YEAR	PREVIOUS YEAR
<b>Current tax assets</b>		
Current year income tax assets	1,362,534,749	1,130,879,135
Tax assets of prior periods	6,984,700,740	5,853,821,605
<b>Current tax liabilities</b>		
Current year income tax liabilities	(1,298,359,472)	(1,137,558,511)
Tax liabilities of prior periods	(6,973,785,291)	(5,836,226,780)
<b>TOTAL</b>	<b>75,090,726</b>	<b>10,915,449</b>

#### Note 4.10- Investment in Subsidiaries

The bank does not have any subsidiary company.

	CURRENT YEAR	PREVIOUS YEAR
Investment in quoted subsidiaries	-	-
Investment in unquoted subsidiaries	-	-
<b>Total investment</b>		
Less: Impairment allowances	-	-
Net carrying amount	-	-

#### Note 4.11- Investment in Associates

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

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

The gain arise on valuation of the investment amounting to Rs. 54,772,575 has been transferred to Regulatory Reserve from Retained Earning during the year.

	CURRENT YEAR	PREVIOUS YEAR
Investment in quoted associates	314,441,000	259,668,425
Investment in unquoted associates	-	-
<b>Total investment</b>		
Less: Impairment allowances	-	-
<b>NET CARRYING AMOUNT</b>	<b>314,441,000</b>	<b>259,668,425</b>

##### 4.11.1: Investment in quoted associates

	CURRENT YEAR		PREVIOUS YEAR	
	Cost	Fair Value	Cost	Fair Value
Forward Community Micro Finance Ltd. (500,000 shares of NPR 100 each)	50,000,000	314,441,000	50,000,000	259,668,425
<b>TOTAL</b>	<b>50,000,000</b>	<b>314,441,000</b>	<b>50,000,000</b>	<b>259,668,425</b>

##### 4.11.2: Investment in unquoted associates

	CURRENT YEAR		PREVIOUS YEAR	
	Cost	Fair Value	Cost	Fair Value
.....Ltd.				
.....shares of Rs. ....each				
.....Ltd.				
.....shares of Rs. ....each				
.....				
<b>TOTAL</b>				

#### 4.11.3: Information relating to associates of the Bank

PERCENTAGE OF OWNERSHIP HELD BY THE BANK		
	CURRENT YEAR	PREVIOUS YEAR
Forward Community Micro Finance Ltd.	25%	25%

#### 4.11.4: Equity value of associates

	CURRENT YEAR	PREVIOUS YEAR
Forward Community Micro Finance Ltd.	314,441,000	259,668,425
<b>TOTAL</b>	<b>314,441,000</b>	<b>259,668,425</b>

#### Note 4.12- Investment properties

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

The bank has no investment properties other than non-banking assets as on 31 Ashadh 2076. The position of the Non-banking Assets of the bank is as under:

	CURRENT YEAR	PREVIOUS YEAR
<b>Investment properties measured at cost</b>		
Balance as on Shrawan 1, 2075	2,202,745	7,343,441
Addition/disposal during the year	18,837,429	(5,140,696)
Adjustment/transfer	-	-
Accumulated depreciation	-	-
Accumulated impairment loss	-	-
<b>Net amount</b>	<b>21,040,174</b>	<b>2,202,745</b>
<b>TOTAL</b>	<b>21,040,174</b>	<b>2,202,745</b>

#### DETAILS OF NON BANKING ASSETS

S.N.	NAME OF THE PARTY/BORROWER, ADDRESS	NBA BOOKED DATE	CURRENT YEAR	PREVIOUS YEAR
1	Joshi Food Processing, Mechinagar	27 Jestha 2073	2,202,745	2,202,745
2	Gaurab Suppliers And Traders	19 Aswin 2076	18,837,429	-
<b>TOTAL AS ON ASHADH END 2076</b>			<b>21,040,174</b>	<b>2,202,745</b>

#### Note 4.13- Property and Equipment

Details of property & equipment are presented as follows:

Particulars	Land	Building	Leasehold Properties	Computer & Accessories	Vehicles	Furniture & Fixture	Machinery	Equipment & Others	Total 31- Ashadh 2076	Total Ashadh End 2075
<b>Cost</b>										
<b>As on Shrawan 1, 2073</b>	1,261,750,000	38,481,632	161,347,961	127,326,171	153,031,346	109,702,820	207,193,942	157,628,916	2,216,462,789	2,182,903,057
Addition during the Year										
Acquisition	.	499,779	24,966,902	9,472,235	225,000	9,942,095	10,166,742	8,333,529	63,606,281	87,919,587
Capitalization										
Disposal during the year	.	.	.	(3,654,749)	(19,166,275)	(424,203)	(1,851,276)	(4,429,743)	(29,526,246)	(54,359,855)
Adjustment/Revaluation										
<b>Balance as on Ashadh end 2074</b>	<b>1,261,750,000</b>	<b>38,981,411</b>	<b>186,314,863</b>	<b>133,143,657</b>	<b>134,090,072</b>	<b>119,220,713</b>	<b>215,509,408</b>	<b>161,532,702</b>	<b>2,250,542,824</b>	<b>2,216,462,789</b>
Addition during the Year										
Acquisition	.	156,536,886	42,304,350	35,129,339	56,486,500	32,620,328	44,229,050	36,749,547	404,056,000	63,606,281
Capitalization										
Disposal during the year	.	(6,202,171)	(3,032,856)	(9,008,817)	(4,500,000)	(4,214,920)	(10,961,869)	(6,931,418)	(44,852,052)	(29,526,246)
Adjustment/Revaluation										
<b>Balance as on Ashadh end 2075</b>	<b>1,261,750,000</b>	<b>189,316,126</b>	<b>225,586,356</b>	<b>159,264,179</b>	<b>186,076,572</b>	<b>147,626,121</b>	<b>248,776,588</b>	<b>191,350,830</b>	<b>2,609,746,773</b>	<b>2,250,542,824</b>
Addition during the Year	131,281,020	17,544,631	63,731,835	27,386,631	562,054	38,041,967	33,603,766	51,779,730	363,931,634	404,056,000
Acquisition										
Capitalization										
Disposal during the year	.	.	(4,517,599)	(12,350,853)	(47,367,685)	(2,702,204)	(18,188,645)	(10,598,613)	(95,725,597)	(44,852,052)
Adjustment/Revaluation										
<b>Balance as on Ashadh end 2076</b>	<b>1,393,031,020</b>	<b>206,860,757</b>	<b>284,800,592</b>	<b>174,299,958</b>	<b>139,270,942</b>	<b>182,965,884</b>	<b>264,191,709</b>	<b>232,531,947</b>	<b>2,877,952,809</b>	<b>2,609,746,773</b>
<b>Depreciation and Impairment</b>										
<b>As on Shrawan 1, 2073</b>	.	19,832,751	104,198,187	102,587,786	80,409,126	77,917,740	164,417,439	126,350,706	675,713,736	643,632,522
Depreciation charge for the Year	.	1,946,948	16,141,260	9,403,849	16,508,007	9,054,006	15,370,433	11,852,895	80,277,399	83,173,625
Impairment for the year	.	.	.	.	.	.	.	.	.	.
Disposals	.	.	.	(3,631,888)	(15,893,868)	(413,398)	(1,846,822)	(4,199,003)	(25,984,978)	(51,092,410)
Adjustment										

As on Ashadh end 2074	.	21,779,699	120,339,447	108,359,746	81,023,265	86,558,349	177,941,051	134,004,599	730,006,156	675,713,736
Depreciation charge for the Year	.	2,732,924	15,758,226	11,366,324	14,456,810	9,521,212	14,908,434	12,394,511	81,138,441	80,277,399
Impairment for the year										
Disposals										
Adjustment	.	(4,446,663)	(1,627,687)	(8,909,231)	(4,153,620)	(4,114,990)	(10,961,869)	(6,744,781)	(40,958,842)	(25,984,978)
As on Ashadh end 2075	.	20,065,960	134,469,986	110,816,839	91,326,455	91,964,571	181,887,616	139,654,328	770,185,755	730,006,156
Depreciation charge for the Year	.	9,510,638	17,737,082	16,237,814	19,450,114	13,026,547	22,250,386	19,935,123	118,147,704	81,138,441
Impairment for the year										
Disposals	.	.	(3,357,241)	(12,249,752)	(44,156,172)	(2,642,680)	(18,188,645)	(10,493,538)	(91,088,028)	(40,958,842)
Adjustment										
As on Ashadh end 2076	.	29,576,598	148,849,828	114,804,900	66,620,397	102,348,438	185,949,357	149,095,914	797,245,432	770,185,755
Capital Work in Progress									35,287,764	22,671,333
Net Book Value										
As on Ashadh end 2074	1,261,750,000	17,201,711	65,975,415	24,783,911	53,066,806	32,662,364	37,568,357	27,528,103	1,595,321,792	1,615,534,177
As on Ashadh end 2075	1,261,750,000	169,250,166	91,116,370	48,447,340	94,750,117	55,661,550	66,888,972	51,696,502	1,862,232,350	1,595,321,792
As on Ashadh end 2076	1,393,031,020	177,284,159	135,950,764	59,495,057	72,650,545	80,617,446	78,242,352	83,436,034	2,115,995,141	1,862,232,350

#### Note 4.14- Goodwill and intangible assets

The bank doesn't have any goodwill.

Software that are integral and necessary in operating office equipment are recognized with such office equipment.

Details presented as follows:

Particulars	Goodwill	Software	Other	Total as on Ashadh end 2076	Total as on Ashadh end 2075
<b>Cost</b>					
<b>As on Shrawan 1, 2073</b>					
Addition during the Year		76,696,488		76,696,488	71,350,591
Acquisition		427,140		427,140	5,345,897
Capitalization					
Disposal during the year					
Adjustment/Revaluation					
<b>Balance as on Ashadh end 2074</b>		<b>77,123,628</b>		<b>77,123,628</b>	<b>76,696,488</b>
Addition during the Year					
Acquisition		9,994,211		9,994,211	427,140
Capitalization					
Disposal during the year					
Adjustment/Revaluation					
<b>Balance as on Ashadh end 2075</b>	<b>-</b>	<b>87,117,839</b>	<b>-</b>	<b>87,117,839</b>	<b>77,123,628</b>
Addition during the Year					
Acquisition		34,133,788		34,133,788	9,994,211
Capitalization					
Disposal during the year		(100,000)		(100,000)	
Adjustment/Revaluation					
<b>Balance as on Ashadh end 2076</b>	<b>-</b>	<b>121,151,627</b>	<b>-</b>	<b>121,151,627</b>	<b>87,117,839</b>
<b>Amortization and Impairment</b>					
<b>As on Shrawan 1, 2073</b>					
Amortization charge for the Year		67,146,708		67,146,708	64,823,145
Impairment for the year		2,804,648		2,804,648	2,323,563
Disposals					
Adjustment					

<b>As on Ashadh end 2074</b>	<b>69,951,356</b>	<b>69,951,356</b>	<b>67,146,708</b>
Amortization charge for the Year	4,234,539	4,234,539	2,804,648
Impairment for the year			
Disposals			
Adjustment			
<b>As on Ashadh end 2075</b>	<b>74,185,895</b>	<b>74,185,895</b>	<b>69,951,356</b>
Amortization charge for the Year	9,296,176	9,296,176	4,234,539
Impairment for the year			
Disposals	(100,000)	(100,000)	
Adjustment			
<b>As on Ashadh end 2076</b>	<b>83,382,071</b>	<b>83,382,071</b>	<b>74,185,895</b>
<b>Capital Work in Progress</b>			
<b>Net Book Value</b>			
<b>As on Ashadh end 2074</b>	<b>7,172,273</b>	<b>7,172,273</b>	<b>9,549,780</b>
<b>As on Ashadh end 2075</b>	<b>12,931,944</b>	<b>12,931,944</b>	<b>7,172,273</b>
<b>As on Ashadh end 2076</b>	<b>37,769,556</b>	<b>37,769,556</b>	<b>12,931,944</b>

#### Note 4.15- Deferred tax assets

The bank doesn't have deferred tax assets as on reporting date.

#### Note 4.16- Other Assets

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

	CURRENT YEAR	PREVIOUS YEAR
Assets held for sale	-	-
Other non-banking assets	-	-
Bills receivable	-	-
Accounts receivable	80,963,237	104,135,446
Accrued income	253,417,984	205,313,559
Prepayments and deposit	33,477,382	25,281,795
Income tax deposit (For Legal Cases)	79,880,000	78,635,000
Deferred employee expenditure	474,688,478	443,447,532
Other assets	50,983,692	36,654,871
<b>TOTAL</b>	<b>973,410,771</b>	<b>893,468,203</b>

#### Note 4.17- Due to bank and financial institutions

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

	CURRENT YEAR	PREVIOUS YEAR
Money market deposits	-	-
Interbank borrowing	-	-
Other deposits from BFIs	609,215,244	916,078,304
Settlement and clearing accounts	-	-
Other deposits from BFIs	-	-
<b>TOTAL</b>	<b>609,215,244</b>	<b>916,078,304</b>

#### Note 4.18- Due to Nepal Rastra Bank

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

	CURRENT YEAR	PREVIOUS YEAR
Refinance from NRB	1,206,069,094	26,712,725
Standing Liquidity Facility	-	-
Lender of last resort facility from NRB	-	-
Securities sold under repurchase agreements	-	-
Other payable to NRB	-	-
<b>TOTAL</b>	<b>1,206,069,094</b>	<b>26,712,725</b>

#### Note 4.19- Derivative financial instruments

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

	CURRENT YEAR	PREVIOUS YEAR
<b>Held for trading</b>	-	-
Interest rate swap	-	-
Currency swap	-	-
Forward exchange contract	1,446,389,926	7,132,295
Others	-	-
<b>Held for risk management</b>	-	-
Interest rate swap	-	-
Currency swap	-	-
Forward exchange contract	-	-
Other	-	-
<b>TOTAL</b>	<b>1,446,389,926</b>	<b>7,132,295</b>

#### Note 4.20- Deposits from customers

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

	CURRENT YEAR	PREVIOUS YEAR
<b>Institutions customers:</b>		
Term deposits	33,002,644,681	38,604,727,974
Call deposits	13,040,385,912	11,461,206,706
Current deposits	8,834,269,766	8,491,169,764
Other	1,050,495,616	1,394,146,314
<b>Individual customers:</b>		
Term deposits	31,452,422,895	15,458,950,708
Saving deposits	40,891,258,109	38,539,468,014
Current deposits	658,539,249	902,956,335
Other	638,136,667	659,080,107
<b>TOTAL</b>	<b>129,568,152,895</b>	<b>115,511,705,922</b>

#### 4.20.1: Currency wise analysis of deposit from customers

	CURRENT YEAR	PREVIOUS YEAR
Nepalese rupee	124,981,986,839	106,886,726,985
Indian rupee	110,900,095	-
United State dollar	4,377,752,677	8,557,390,137
Great Britain pound	7,180,273	1,233,168
Euro	90,330,220	66,352,954
Japanese Yen	2,790	2,677
Chinese Yuan	-	-
Other	-	-
<b>TOTAL</b>	<b>129,568,152,895</b>	<b>115,511,705,922</b>

#### Note 4.21- Borrowing

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

	CURRENT YEAR	PREVIOUS YEAR
<b>Domestic Borrowing</b>		
Nepal Government	-	-
Other Institutions	-	-
Other	-	-
Sub total	-	-
<b>Foreign Borrowing</b>		
Foreign Bank and Financial Institutions	-	-
Multilateral Development Banks	-	-
Other Institutions	-	-
Sub total	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>

#### Note 4.22- Provisions

Entire provisions for expenses made by the bank as on 31 Ashadh 2076 are classified under other liabilities.

	CURRENT YEAR	PREVIOUS YEAR
Provisions for redundancy	-	-
Provision for restructuring	-	-
Pending legal issues and tax litigation	-	-
Onerous contracts	-	-
Other	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>

#### Note 4.15- Deferred tax assets/liabilities

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

	DEFERRED TAX ASSETS	DEFERRED TAX LIABILITIES	CURRENT YEAR NET DEFERRED TAX ASSETS/ (LIABILITIES)
<b>Deferred tax on temporary differences on following items</b>			
Investment properties (NBA)	-	(660,824)	(660,824)
Investment securities (Government Bond)	-	(125,214)	(125,214)
Forward Exchange contract		(11,947,536)	(11,947,536)
Investment securities	-	(249,438,156)	(249,438,156)
Investment in associates	-	(79,332,300)	(79,332,300)
Properties & equipment & intangible Assets	-	(1,267,197)	(1,267,197)
Employees' defined benefit plan	242,644,405	-	242,644,405
Lease liabilities	7,245,592	-	7,245,592
<b>Deferred tax on temporary differences</b>			<b>(92,881,229)</b>
Deferred tax on carry forward of unused tax losses			-
Deferred tax due to changes in tax rate			-
<b>Net Deferred tax asset/(liabilities) as on year end of 2076</b>			<b>(92,881,229)</b>
Deferred tax (asset)/liabilities as on Shrawan 1, 2075			(77,263,839)
<b>Origination/(Reversal) during the year</b>			<b>(15,617,390)</b>
<b>Deferred tax expense/(income) recognised in profit or loss</b>			<b>4,699,723</b>
<b>Deferred tax expense/(income) recognised in other comprehensive income</b>			<b>(20,317,112)</b>
<b>Deferred tax expense/(income) recognised in directly in equity</b>			-
	DEFERRED TAX ASSETS	DEFERRED TAX LIABILITIES	PREVIOUS YEAR NET DEFERRED TAX ASSETS/ (LIABILITIES)
<b>Deferred tax on temporary differences on following items</b>			
Investment properties (NBA)	-	(660,824)	(660,824)
Investment securities (Government Bond)	-	(1,064,504)	(1,064,504)
Investment securities	-	(234,549,634)	(234,549,634)
Investment in associates	-	(62,900,528)	(62,900,528)
Properties & equipment & intangible Assets	6,080,980	-	6,080,980
Employees' defined benefit plan	215,830,669	-	215,830,669
<b>Deferred tax on temporary differences</b>			<b>(77,263,839)</b>
Deferred tax on carry forward of unused tax losses			-
Deferred tax due to changes in tax rate			-
<b>Net Deferred tax asset/(liabilities) as on year end of 2075</b>			<b>(77,263,839)</b>
Deferred tax (asset)/liabilities as on Shrawan 1, 2074			181,650,729
<b>Origination/(Reversal) during the year</b>			<b>104,386,890</b>
<b>Deferred tax expense/(income) recognised in profit or loss</b>			<b>(37,154,299)</b>
<b>Deferred tax expense/(income) recognised in other comprehensive income</b>			<b>(67,232,591)</b>
<b>Deferred tax expense/(income) recognised in directly in equity</b>			-

#### Note 4.23- Other liabilities

The details of other liabilities are as follows:

	CURRENT YEAR	PREVIOUS YEAR
Liability for employees defined benefit obligations	388,463,433	412,527,044
Liability for long-service leave	332,392,502	306,908,520
Short-term employee benefits	-	-
Bills payable	232,926,223	364,674,083
Creditors and accruals	611,454,835	532,341,881
Interest payable on deposit	83,855,928	244,905,427
Interest payable on borrowing	8,273,659	32,720,391
Liabilities on deferred grant income	-	-
Unpaid Dividend	132,227,076	52,828,593
Liabilities under operating Lease	24,151,973	-
Employee bonus payable	483,086,868	409,120,666
Other	-	-
a) Government Revenue Payable	15,698,365,218	8,212,306,549
b) Agency Account	9,624,126	22,368,920
c) Branch Adjustment Account	6,513,405	7,713,406
d) Remittance Payable	133,337,244	83,072,364
e) Audit Fee	395,500	395,500
f) Others payables	315,848,671	394,134,702
<b>TOTAL</b>	<b>18,460,916,661</b>	<b>11,076,018,046</b>

#### 4.23.1: Defined benefit obligations

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

	CURRENT YEAR	PREVIOUS YEAR
Present value of unfunded obligations	-	-
Present value of funded obligations	1,054,177,927	990,282,787
Total present value of obligations	1,054,177,927	990,282,787
Fair value of plan assets	665,714,490	577,755,743
Present value of net obligations	388,463,437	412,527,044
Recognised liability for defined benefit obligations	388,463,437	412,527,044

#### 4.23.2: Plan assets

Plan assets comprise

	CURRENT YEAR	PREVIOUS YEAR
Equity securities	-	-
Government bonds	-	-
Bank deposit	665,714,490	577,755,743
Other	-	-
<b>TOTAL</b>	<b>665,714,490</b>	<b>577,755,743</b>

#### 4.23.3: Movement in the present value of defined benefit obligations

	CURRENT YEAR	PREVIOUS YEAR
Defined benefit obligations at Shrawan 1 <sup>st</sup>	990,282,787	844,130,154
Actuarial losses	(67,204,540)	31,760,710
Benefits paid by the plan	(29,485,180)	(30,946,217)
Current service costs and interest	160,584,860	145,338,140
<b>DEFINED BENEFIT OBLIGATIONS AT ASHADH END</b>	<b>1,054,177,927</b>	<b>990,282,787</b>

#### 4.23.4: Movement in the fair value of plan assets

	CURRENT YEAR	PREVIOUS YEAR
Fair value of plan assets at Shrawan 1 <sup>st</sup>	577,755,743	445,691,981
Contributions paid into the plan	117,443,930	153,000,593
Benefits paid during the year	(29,485,183)	(30,946,217)
Actuarial (losses) gains	(49,109,240)	(30,102,880)
Expected return on plan assets	49,109,240	40,112,266
<b>FAIR VALUE OF PLAN ASSETS AT ASHADH END</b>	<b>665,714,490</b>	<b>577,755,743</b>

#### 4.23.5: Amount recognised in profit or loss

	CURRENT YEAR	PREVIOUS YEAR
Current service costs	77,044,010	69,957,410
Interest on obligation	83,540,850	75,380,730
Expected return on plan assets	(49,109,240)	(40,112,266)
<b>TOTAL</b>	<b>111,475,620</b>	<b>105,225,874</b>

#### 4.23.6: Amount recognised in other comprehensive income

	CURRENT YEAR	PREVIOUS YEAR
Actuarial (gain)/loss	(18,095,300)	61,863,590
<b>TOTAL</b>	<b>(18,095,300)</b>	<b>61,863,590</b>

#### 4.23.7: Actuarial assumptions

	CURRENT YEAR	PREVIOUS YEAR
Discount rate	8.50%	8.50%
Expected return on plan asset	8.50%	9.00%
Future salary increase	8.00%	8.00%
	Till age 35 years-3%	Till age 35 years-3%
Withdrawal rate	Thereafter-1%	Thereafter-1%

#### Note 4.24- Debt securities issued

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

- 8% Debenture of NPR 46.88 crores for a period of 10 years and maturing on Jestha 2080 has been issued on Jestha 31, 2070.
- 8% debenture of NPR 60 crores for a period of 6 years and maturing on Ashadh 2078 has been issued on Ashadh 31, 2072.
- During the year NPR 16.69 crores has been appropriated through Profit & Loss Appropriation Account to Debenture Redemption Reserve (NPR 12.00 crore for 8% Debenture maturing on 14.7.2021 & NPR 4.69 crore for 8% Debenture maturing on 13.6.2023). The balance of Debenture Redemption Reserve as on Ashadh 31, 2076 is NPR 80.82 crores (Previous Year NPR 64.13 crores).

	CURRENT YEAR	PREVIOUS YEAR
Debt securities issued designated as at fair value through profit or loss	-	-
Debt securities issued at amortised cost	1,068,845,000	1,068,845,000
<b>TOTAL</b>	<b>1,068,845,000</b>	<b>1,068,845,000</b>

#### Note 4.25- Subordinated Liabilities

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

	CURRENT YEAR	PREVIOUS YEAR
Redeemable preference shares	-	-
Irredeemable cumulative preference shares (liabilities component)	-	-
Other	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>

#### Note 4.26- Share capital

The amount of share capital includes paid up equity share capital and convertible preference share capital. 7% Cumulative Convertible Preference Share worth NPR 20 crore was issued on Ashwin 2064, which is convertible into Ordinary Share @ 20% after completion of each third year. On this basis preference shares worth NPR 12 Crore have been converted into ordinary shares till Ashadh End 2076 and further the preference shares worth NPR 4 Crore has been converted into ordinary shares in the month of Kartik 2076. The balance of Convertible Preference Share as on 31 Ashadh 2076 (July 16, 2019) is NPR 8 crore (Previous Year NPR 8 crore).

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

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

	CURRENT YEAR	PREVIOUS YEAR
Ordinary shares	8,026,863,347	8,026,863,347
Convertible preference shares (equity component only)	80,000,000	80,000,000
Irredeemable preference shares (equity component only)	-	-
Perpetual debt (equity component only)	-	-
<b>TOTAL</b>	<b>8,106,863,347</b>	<b>8,106,863,347</b>

#### 4.26.1: Ordinary shares

	CURRENT YEAR	PREVIOUS YEAR
<b>Authorized Capital</b>		
99,200,000 nos. of Ordinary Shares of NPR 100 each (Previous 9,92,00,000 nos. of Ordinary Shares of NPR 100 each)	9,920,000,000	9,920,000,000
<b>Issued capital</b>		
8,02,68,637 nos. of Ordinary Shares of NPR 100 each (Previous 8,02,68,637 nos. of Ordinary Shares of NPR 100 each)	8,026,863,347	8,026,863,347
<b>Subscribed and paid up capital</b>		
8,02,68,637 nos. of Ordinary Shares of NPR 100 each (Previous 8,02,68,637 nos. of Ordinary Shares of NPR 100 each)	8,026,863,347	8,026,863,347
<b>TOTAL</b>	<b>8,026,863,347</b>	<b>8,026,863,347</b>

#### Note 4.26.1- Share premium

Any premium collected on issue of share to public is credited to this reserve. This reserve is utilized only for issue of bonus share. During the year F/Y 2074/75, the Bank had issued 15,088,087 right shares at the rate of NPR 100 each. The unsubscribed shares of right issue were auctioned and the excess amount collected over the par value on auctioned shares are booked under Share Premium Account which is equivalent to NPR 238,469,884.

#### 4.26.2: Ordinary share ownership

	CURRENT YEAR		PREVIOUS YEAR	
	Percent	Amount	Percent	Amount
<b>Domestic ownership</b>	<b>79.97</b>	<b>6,418,736,769</b>	<b>79.97</b>	<b>6,418,736,769</b>
Nepal Government				
"A" class licensed institutions				
Other licensed institutions				
Other Institutions	13.26	1,064,304,734	13.26	1,064,304,734
Public	66.71	5,354,432,035	66.71	5,354,432,035
Other				
<b>Foreign ownership</b>	<b>20.03</b>	<b>1,608,126,900</b>	<b>20.03</b>	<b>1,608,126,900</b>
<b>TOTAL</b>	<b>100.00</b>	<b>8,026,863,669</b>	<b>100.00</b>	<b>8,026,863,669</b>

#### Note 4.26.2 – Shareholder with more than 0.5% shareholding

SN	NAME OF PROMOTER	TOTAL NUMBER OF SHARES	PERCENTAGE OF TOTAL SHARES
<b>Group A (Promoter)</b>			
1	Sh. Pratima Shrestha, Saibu, Bhaiseapati, Lalitpur	11,969,117	14.91%
2	M/s. Hotel Snow Lion Pvt. Ltd., Bagbazar, Kathmandu	7,472,191	9.31%
3	Sh. B. K. Shrestha, Sanepa, Lalitpur	7,372,401	9.18%
4	Sh. Shanta Dev Pathak, Kamalpokhari, Kathmandu	5,096,608	6.35%
5	Sh. Nepal Krishna Shrestha, Tahachal, Kathmandu	4,387,139	5.47%
6	Sh. Arun Man Sherchan, Gairidhara, Kathmandu	2,573,673	3.21%
7	Sh. Ananda Ratna Tuladhar, Tripureshwor, Kathmandu	604,735	0.75%
<b>Total</b>		<b>39,475,864</b>	<b>49.18%</b>
<b>Group B (PNB)</b>			
1	Punjab National Bank	16,081,269	20.03%
<b>Group C (Public)</b>			
1	Total No Of Share (Public)	24,711,504	30.79%
<b>Grand Total</b>		<b>80,268,637</b>	<b>100%</b>

#### Note 4.27- Reserves

Following reserves are maintained by the bank.

	CURRENT YEAR	PREVIOUS YEAR
Statutory general reserve	3,815,054,282	3,204,229,870
Exchange equilisation reserve	30,161,539	30,161,539
Corporate social responsibility reserve	50,447,435	37,437,219
Capital redemption reserve	-	-
Reserve for Staff Training	22,954,459	15,800,000
Regulatory reserve	594,553,221	534,427,622
Investment adjustment reserve	1,453,266	1,418,266
Capital Adjustment reserve	47,562,907	47,562,907
Assets revaluation reserve	968,943,421	968,943,421
Fair value reserve	582,022,364	547,282,479
Dividend equalisation reserve	-	-
Actuarial gain	(53,945,900)	(66,612,610)
Debenture Redemption reserve	808,195,000	641,310,000
Other reserve	88,177,211	88,177,211
<b>TOTAL</b>	<b>6,955,579,206</b>	<b>6,050,137,923</b>

**a) General Reserve:**

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

During the year, bank has appropriated NPR 610,824,412 (Previous year NPR 516,336,356) to this reserve being 20% of net profit.

**b) Exchange Equalization reserve**

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

During the year, bank has not appropriated due to loss on exchange gain (Previous year NPR 1,926,000) (being 25% of exchange gain) to this reserve.

**c) Assets Revaluation Reserve**

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

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

**d) Fair Value Reserves**

The fair value reserve comprises the cumulative net change in the fair value of financial assets that are measured at fair value and the changes in fair value is recognized in other comprehensive income, until the assets are derecognized. The cumulative amount of changes in fair value of those financial assets is presented under this account head. During the reporting period, this reserve has been increased by NPR 34,739,885 (Previous year NPR -113,571,532)

**e) Capital Reserve**

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

**f) Corporate Social Responsibility Fund**

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

During the year, CSR Fund of NPR 30,541,221 (Previous year NPR 25,816,818) has been appropriated being 1% of net profit. The CSR expenses incurred during the year amounting to NPR 17,531,004 (Previous year NPR 8,442,599) has been charged to statement of profit and loss with corresponding addition in retained earnings. The detail of expenses incurred during the period are as follows:

Particulars	Amount (NPR)
Education	2,949,990
Health	2,911,544
Environment	5,858,742
Financial Literacy	2,278,242
Old Age Homes/Orphanage	35,000
Culture/Heritage Related	3,497,487
<b>Total</b>	<b>17,531,004</b>

**g) Capital Redemption Reserve**

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

**h) Capital Adjustment/Equalization Fund**

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

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

**i) Dividend Equalization Fund**

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

**j) Special Reserve**

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

**k) Employee training cost and employee capacity development Fund**

As per clause 6 of NRB Directive no.6/074, 3% of previous year employee cost i.e. NPR 32,506,494 (Previous year NPR 26,469,862) is required to be expended towards employee training and development in the current financial year. The bank has expended only NPR 25,352,036 (Previous year NPR 25,817,014) during the year therefore the bank has transferred the unexpended amount of NPR 7,154,459 fund to this reserve.

**l) Investment Adjustment Reserve**

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

During the year, bank has appropriated Rs. 35,000 (Previous year Rs. Nil) to this reserve. The balance as on reporting date is Rs. 1,453,266 (Previous Year Rs. 1,418,266)

**m) Regulatory Reserve**

The amount that is allocated from profit or retained earnings of the Bank as per the Directive of NRB for the purpose of implementation of NFRS is presented under this account head. The amount in this reserve is not free for distribution of dividend (cash as well as bonus shares). The amount allocated to this reserve include interest income recognized but not received in cash, difference of loan loss provision as per NRB directive and impairment on loan and advance as per NFRS (in case lower impairment is recognized under NFRS), amount equals to deferred tax assets, actuarial loss recognized in other comprehensive income, amount of goodwill recognized under NFRS etc. Amount of NPR 60,125,599 has been transferred from Regulatory reserve during the reporting period.

The details of regulatory reserve are presented below:

<b>PARTICULARS</b>	<b>CURRENT YEAR</b>	<b>PREVIOUS YEAR</b>
<b>Net profit or (loss) as per statement of profit or loss</b>	3,054,122,062	2,581,681,778
<b>Appropriations:</b>		
a. General reserve	610,824,412	516,336,356
b. Foreign exchange fluctuation fund	-	1,926,000
c. Debenture redemption reserve	166,885,000	166,885,000
d. Corporate social responsibility fund	13,010,216	17,374,219
e. Employees' training fund	7,154,459	700,000
f. Capital Adjustment Reserve	-	-
g. Investment Adjustment Reserve	35,000	-
h. Other	5,600,000	5,600,000
<b>Profit or (loss) before regulatory adjustment</b>	<b>2,250,647,975</b>	<b>1,872,860,204</b>
<b>Regulatory adjustment :</b>		
a. Interest receivable (-)/previous accrued interest received (+)	4,610,896	203,834,491
b. Short loan loss provision on Non Banking Assets (-)/reversal (+)	18,837,428	2,202,745
c. Deferred tax assets recognised (-)/ reversal (+)	-	52,109,351
d. Actuarial loss recognised (-)/reversal (+)	(18,095,300)	-
e. Other (+/-)		
Investment in associates	54,772,575	534,427,622
<b>Regulatory Reserve for the year</b>	<b>60,125,599</b>	<b>534,427,622</b>
<b>Remaining Retained Earning of Previous year</b>	<b>133,663,592</b>	<b>400,603,679</b>
<b>Distributable profit or (loss) as on Ashadh End 2076</b>	<b>2,324,150,968</b>	<b>1,739,036,261</b>

**n) Actuarial Gain/Loss Reserve**

Actuarial gain or loss that represents change in actuarial assumptions used to value employee obligations is presented under this account head. During the year, the company has transferred NPR 12,666,710 (Previous year NPR -43,304,513) to this reserve. The balance of this reserve as on Ashadh 31, 2076 is NPR -53,945,900 (Previous year NPR -66,612,610).

**o) Retained earnings**

The accumulated profits which has not been distributed to shareholders and has been ploughed back in the licensed institution's operations and is free for distribution of dividend to the shareholders is presented under this heading. The balance as on reporting date is NPR 2,324,150,968 (Previous Year NPR 1,739,036,261)

#### Note 4.28- Contingent liabilities and commitments

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

	CURRENT YEAR	PREVIOUS YEAR
Contingent liabilities	20,871,993,755	15,848,857,024
Undrawn and undisbursed facilities	20,385,006,443	14,515,956,402
Capital commitment	103,850,216	-
Lease Commitment	1,038,160,220	905,032,768
Litigation	273,683,724	245,279,066
<b>TOTAL</b>	<b>42,675,160,059</b>	<b>31,515,125,259</b>

##### 4.28.1: Contingent liabilities

	CURRENT YEAR	PREVIOUS YEAR
Acceptance and documentary credit	12,977,396,716	9,054,697,817
Bills for collection	1,510,413,049	1,756,082,215
Forward exchange contracts	-	-
Guarantees	6,380,017,390	5,038,076,992
Underwriting commitment	-	-
Other commitments	4,166,600	-
<b>TOTAL</b>	<b>20,871,993,755</b>	<b>15,848,857,024</b>

##### 4.28.2: Undrawn and undisbursed facilities

	CURRENT YEAR	PREVIOUS YEAR
Undisbursed amount of loans	7,437,713,097	5,366,682,970
Undrawn limits of overdrafts	7,794,759,480	6,317,314,897
Undrawn limits of credit cards	169,443,877	96,188,730
Undrawn limits of letter of credit	3,438,061,377	1,586,344,703
Undrawn limits of guarantee	1,545,028,612	1,149,425,103
<b>TOTAL</b>	<b>20,385,006,443</b>	<b>14,515,956,402</b>

##### 4.28.3: Capital commitments

	CURRENT YEAR	PREVIOUS YEAR
<b>Capital commitments in relation to Property and Equipment</b>		
Approved and contracted for	103,850,216	-
Approved but not contracted for	-	-
<b>Sub total</b>	<b>103,850,216</b>	<b>-</b>
<b>Capital commitments in relation to Intangible assets</b>		
Approved and contracted for	-	-
Approved but not contracted for	-	-
<b>Sub total</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>	<b>103,850,216</b>	<b>-</b>

#### 4.28.4: Lease commitments

	CURRENT YEAR	PREVIOUS YEAR
<b>Operating lease commitments</b>		
Future minimum lease payments under non cancellable operating lease, where the bank is lessee		
Not later than 1 year	150,786,226	126,042,058
Later than 1 year but not later than 5 years	562,193,333	519,497,806
Later than 5 years	325,180,661	259,492,903
<b>Sub total</b>	<b>1,038,160,220</b>	<b>905,032,768</b>
<b>Finance lease commitments</b>		
Future minimum lease payments under non cancellable operating lease, where the bank is lessee		
Not later than 1 year	-	-
Later than 1 year but not later than 5 years	-	-
Later than 5 years	-	-
<b>Sub total</b>	<b>-</b>	<b>-</b>
<b>Grand total</b>	<b>1,038,160,220</b>	<b>905,032,768</b>

#### 4.28.5: Litigation

Large Tax Payer office has reassessed the income tax for the year 2063-64, 2064-65, 2067-68, 2068-69, 2069-70, 2070-71 and 2071-72 demanding total additional tax of NPR 27.37 Crores (including VAT, Fine, Interest & TDS) (Previous year is NPR 24.53 Crores). The bank has disputed remaining said assessment and is under with the Revenue Tribunal/Supreme Court.

#### Note 4.29- Interest income

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

	CURRENT YEAR	PREVIOUS YEAR
Cash and cash equivalent	63,474,392	29,983,767
Due from Nepal Rastra Bank	-	-
Placement with bank and financial institutions	70,719,624	103,402,366
Loan and advances to bank and financial institutions	691,311,894	47,426,719
Loans and advances to customers	11,277,332,985	9,293,837,100
Investment securities	815,024,557	495,704,996
Loan and advances to staff	101,580,270	87,487,783
Other	-	-
<b>TOTAL INTEREST INCOME</b>	<b>13,019,443,721</b>	<b>10,057,842,731</b>

#### Note 4.30- Interest expense

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

	CURRENT YEAR	PREVIOUS YEAR
Due to bank and financial institutions	2,463,435	4,204,394
Due to Nepal Rastra Bank	32,793,547	.
Deposits from customers	7,200,087,345	5,098,366,883
Borrowing	.	.
Debt securities issued	85,507,600	85,507,600
Subordinated liabilities	.	.
Other	.	.
<b>TOTAL INTEREST EXPENSE</b>	<b>7,320,851,928</b>	<b>5,188,078,877</b>

#### Note 4.31- Fees and commission income

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

Details presented as follows:

	CURRENT YEAR	PREVIOUS YEAR
Loan administration fees	33,708,967	33,222,456
Service fees	318,594,668	300,854,819
Consortium fees	.	.
Commitment fees	17,383,409	16,562,297
DD/TT/Swift fees Income	31,224,204	33,579,596
Credit card/ATM issuance and renewal fees	167,501,077	123,848,512
Prepayment and swap fees	32,685,657	32,320,631
Investment banking fees	.	.
Asset management fees	.	.
Brokerage fees	.	.
Remittance fees	69,635,171	64,536,262
Commission on letter of credit	96,212,262	79,285,532
Commission on guarantee contracts issued	65,341,660	75,182,956
Commission on share underwriting/issue	.	.
Locker rental	13,115,591	12,216,349
Other fees and commission income	179,597,660	173,765,942
<b>TOTAL FEES AND COMMISSION INCOME</b>	<b>1,025,000,325</b>	<b>945,375,352</b>

#### Note 4.32- Fees and commission expense

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

Details presented as follows:

	CURRENT YEAR	PREVIOUS YEAR
ATM management fees	21,771,715	22,781,476
VISA/Master card fees	19,118,548	16,337,077
Guarantee commission	-	-
Brokerage	-	-
DD/TT/Swift fees Expenses	10,331,895	7,046,652
Remittance fees and commission	39,570,762	37,581,746
Other fees and commission expense	42,812,425	39,542,135
<b>TOTAL FEES AND COMMISSION EXPENSE</b>	<b>133,605,344</b>	<b>123,289,086</b>

#### Note 4.33- Net trading income

Net trading income includes gain/loss on foreign exchange transactions is included under this head.

Details presented as follows:

	CURRENT YEAR	PREVIOUS YEAR
Changes in fair value of trading assets	-	-
Gain/loss on disposal of trading assets	-	-
Interest income on trading assets	-	-
Dividend income on trading assets	-	-
Gain/loss foreign exchange transaction	306,924,048	195,902,137
Other	-	-
<b>NET TRADING INCOME</b>	<b>306,924,048</b>	<b>195,902,137</b>

#### Note 4.34- Other operating income

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

Details presented as follows:

	CURRENT YEAR	PREVIOUS YEAR
Foreign exchange revaluation gain	(16,857,863)	7,702,199
Gain/loss on sale of investment securities	-	-
Fair value gain/loss on investment properties	68,092,331	59,722,675
Dividend on equity instruments	25,582,952	14,892,552
Gain/loss on sale of property and equipment	15,007,792	2,371,981
Gain/loss on sale of investment property	-	-
Operating lease income	7,712,229	7,951,229
Gain/loss on sale of gold and silver	-	-
Locker rent	-	-
Other	-	-
<b>TOTAL</b>	<b>99,537,441</b>	<b>92,640,636</b>

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

Detail presented as follows:

	CURRENT YEAR	PREVIOUS YEAR
Impairment charge/(reversal) on loan and advances to B/FIs	31,397,002	9,733,092
Impairment charge/(reversal) on loan and advances to customer	105,358,708	122,382,470
Impairment charge/(reversal) on financial Investment	-	-
Impairment charge/(reversal) on placement with banks and financial institutions	-	-
Impairment charge/(reversal) on property and equipment	-	-
Impairment charge/(reversal) on goodwill and intangible assets	-	-
Impairment charge/(reversal) on investment properties	-	-
<b>TOTAL</b>	<b>136,755,710</b>	<b>132,115,562</b>

**Note 4.36- Personnel expenses**

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

Details presented as follows:

	CURRENT YEAR	PREVIOUS YEAR
Salary	607,787,135	565,425,314
Allowances	143,588,839	89,010,876
Gratuity expense	111,475,620	105,225,874
Provident fund	58,038,286	54,746,759
Uniform	9,251,625	9,709,189
Training & development expense	25,352,036	25,817,014
Leave Expenses	62,002,900	93,156,265
Medical	5,782,000	5,206,000
Insurance	9,171,208	15,987,617
Employees Incentive	-	-
Cash-settled share-based payments	-	-
Pension Expenses	-	-
Finance expense under NFRS	61,905,868	49,463,730
Other expenses related to staff	75,853,931	69,801,176
<b>SUBTOTAL</b>	<b>1,170,209,447</b>	<b>1,083,549,814</b>
Employees bonus	483,086,868	409,120,666
<b>GRAND TOTAL</b>	<b>1,653,296,315</b>	<b>1,492,670,480</b>

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

#### Note 4.37- Other Operating expenses

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

	CURRENT YEAR	PREVIOUS YEAR
Directors' fee	870,000	710,000
Directors' expense	1,225,926	1,963,157
Auditors' remuneration	395,500	395,500
Other audit related expense	1,353,740	932,250
Professional and legal expense	7,260,112	13,231,258
Office administration expense	516,795,048	430,396,098
Operating lease expense	169,326,937	119,603,502
Operating expense of investment properties	-	-
Corporate social responsibility expense	17,531,004	8,442,599
Onerous lease provisions	-	-
Other expenses	12,074,583	8,859,361
<b>TOTAL</b>	<b>726,832,851</b>	<b>584,533,725</b>

#### 4.37.1 Office administration expense

	CURRENT YEAR	PREVIOUS YEAR
Water & Electricity	29,912,137	26,598,899
Repair & Maintenance		
(a) Building	2,645,968	954,338
(b) Vehicle	3,273,921	2,719,393
(c) Computer & Accessories	513,416	472,209
(d) Office Equipment and furniture	17,742,042	17,539,534
(e) Other	4,316,917	2,350,757
Insurance Premium	18,269,440	8,772,991
Postage, Telex, Telephone, Fax	44,312,040	38,896,525
Printing and Stationery	33,781,713	32,607,071
News Paper, Books and Journals	742,050	712,503
Advertisement	30,162,614	29,362,954
Donation	55,860	339,900
Security Expense	94,859,540	56,216,674
Deposit and loan guarantee premium	33,831,115	34,517,903
Travel allowance and expenses	13,038,632	17,167,694
Entertainment	15,504,143	11,983,930
Annual/Special general meeting expenses	2,798,321	2,482,847
Other		
a) Business Promotion	20,729,224	12,686,111
b) TSA fee and expenses reimbursement	42,541,321	46,714,971
c) Registration/Renewals	9,484,973	11,094,194
d) Fuel & Lubricant	19,335,190	14,929,687
e) Software Contract Expenses	24,921,173	19,541,869
f) Branch Less Banking & Mobile ATM	1,227,585	884,106
g) Disaster Recovery Sites	7,388,505	7,175,500
h) Temporary staff wages	43,841,672	24,915,005
i) Misc.	1,565,535	8,758,533
<b>TOTAL</b>	<b>516,795,048</b>	<b>430,396,098</b>

Grant NPR 77.08 lakh (Previous year NPR 41.27 lakh) received from Seba and NPR 15.76 lakh (Previous year NPR 2.39 lakh) received from Unnati projects as reimbursement of expenses has been netted off from with respective expenditure.

**Note 4.38- Depreciation and amortization**

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

Details presented as follows:

	CURRENT YEAR	PREVIOUS YEAR
Depreciation on property and equipment	118,147,704	81,138,441
Depreciation on investment property	-	-
Amortisation of intangible assets	9,296,176	4,234,539
<b>TOTAL</b>	<b>127,443,880</b>	<b>85,372,981</b>

**Note 4.39- Non-operating income**

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

	CURRENT YEAR	PREVIOUS YEAR
Recovery of loan written off	-	-
Other income	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>

**Note 4.40- Non-operating Expenses**

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

	CURRENT YEAR	PREVIOUS YEAR
Loan written off	3,320,063	382,445
Redundancy provision	-	-
Expense of restructuring	-	-
Other non-operating expenses	1,017,635	3,231,711
<b>TOTAL</b>	<b>4,337,697</b>	<b>3,614,156</b>

#### Note 4.41- Income tax expense

The bank has calculated current tax on the basis of self-assessment as per income tax act 2058.

	CURRENT YEAR	PREVIOUS YEAR
<b>Current tax expense</b>	<b>1,298,359,472</b>	<b>1,137,558,511</b>
Current year	1,298,359,472	1,137,558,511
Adjustments for prior years	-	-
<b>Deferred tax expense</b>	<b>(4,699,723)</b>	<b>(37,154,299)</b>
Origination and reversal of temporary differences	(4,699,723)	(37,154,299)
Changes in tax rate	-	-
Recognition of previously unrecognized tax losses	-	-
<b>TOTAL INCOME TAX EXPENSE</b>	<b>1,293,659,749</b>	<b>1,100,404,211</b>

#### 4.41.1: Reconciliation of tax expense and accounting profit

	CURRENT YEAR	PREVIOUS YEAR
Profit before tax	4,347,781,811	3,682,085,990
Tax amount at tax rate of 30%	1,304,334,543	1,104,625,797
Add: Tax effect of expenses that are not deductible for tax purpose	996,018	246,180
Less: Tax effect on exempt income	(11,670,812)	(4,467,766)
Add/less: Tax effect on other items	-	-
<b>TOTAL INCOME TAX EXPENSE</b>	<b>1,293,659,749</b>	<b>1,100,404,211</b>
<b>EFFECTIVE TAX RATE</b>	<b>30%</b>	<b>30%</b>

## 5. Disclosure and Additional Information

### Note 5.1- Risk Management

#### Risk Management

##### Board Level Risk Committee

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

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

##### Risk Governance

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

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

##### Credit Risk

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

The Risk Management department is individually reviewing the business loan having limit NPR5 crore and above. Assessment ground for sanctioning of new loan, renewal of loan or enhancement of existing loan is defined in book of instruction/Credit & Credit Risk Management Policy of the bank. A separate vertical Credit Administration department in HO and Branches are administrating loan related documents, examining loan repayment, record keeping of loan files and related security documents.

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

##### Operational Risk

Operational Risk is loss resulting from inadequate or failed internal processes, people and systems or from external events, including legal risks. For measurement of Operation risk Bank has adopted Basic Indicator

Approach (BIA) and for management of Operation risk Bank has policies in place, 3 line of defense in practice, risk identification, assessment and monitoring tools are defined, Risk Control and Mitigation tools are in place. Formal channel is defined where by various policies, procedure and internal guidelines are approved by Board in recommendation of Risk Management Committee (RMC).

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

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

### **Market Risk**

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

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

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

### **Liquidity Risk**

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

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

### **Reputational Risk**

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

### **Compliance Risk**

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

## Internal Control

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

## 5.2 Capital Management

### 1. Capital Structure and Capital Adequacy

• Tier 1 capital and a breakdown of its components :	<i>In NPR '000</i>
<b>Core Capital (Tier 1)</b>	<b>15,276,006</b>
a Paid up Equity Share Capital	8,026,863
b Proposed Bonus Equity Shares	-
c Equity Share Premium	238,470
d Irredeemable Non- cumulative preference shares	-
e Statutory General Reserves	3,815,054
f Retained Earnings	2,324,151
g Reserve for Deferred Tax	-
h Un-audited current year cumulative profit	-
i Debenture Redemption Reserve	808,195
j Capital Adjustment Reserve	47,563
k Capital Redemption Reserve	-
l Other Free Reserve	138,625
m Calls in Advance	-

#### Less :

a Goodwill and Intangible Assets	(37,770)
b Deferred Tax Assets	-
c Less: Fictitious Assets	-
d Less: Investment in Equity in licensed Financial Institutions	-
e Less: Investment in Equity of Institutions with financial interests	-
f Less: Investment in Equity of institutions with excess of limits	-
g Less: Investments arising out of underwriting commitments	-
h Less: Reciprocal crossholdings	-
i Less: Purchase of land & building in excess of limit & unutilised	(31,200)
j Less: Cash Flow Hedge	-
k Less: Define Benefit Pension Assets	-
l Less: Un recognised Define benefit Pension Liabilities	-
m Less: Negative balance of reserve accounts	(53,946)
n Less: other deduction	-
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)	-

<b>Supplementary Capital (Tier 2)</b>	<b>1,679,632</b>
a Cumulative and/or Redeemable Preference Share	80,000
b Subordinated Term Debt	401,307
c Hybrid Capital Instruments	-
d General Loan Loss provision	1,127,292
e Investment Adjustment Reserve	1,453
f Assets Revaluation Reserve	-
g Exchange Equalization Reserve	30,162
h Additional Loan Loss Provision	16,464
i Other Reserves	22,954

**Total Capital Fund (Tier I and II) 16,955,638**

- **Tier 2 capital and a breakdown of its components**  
Detailed information about the Subordinated Term Debts with information on the outstanding amount, maturity, amount raised during the year and amount eligible to be reckoned as capital funds.
- Deductions from capital : 122,915 thousand
- Total qualifying capital : 16,955,638 thousand
- Capital adequacy ratio : 13.74%
- **Summary of the bank's internal approach to assess the adequacy of its capital to support current and future activities, if applicable :**

Bank assesses the adequacy of capital on a regular basis taking into consideration of the present total risk exposure and expected future increase in this respect. Bank is aiming to maintain a proper mix of different types of capital so that there would not be pressure on dividend policy as well as inadequacy of total capital funds against the risk exposure. In the past, bank had issued convertible preference share of NPR 20 crore at a premium of 100% convertible into ordinary share @ 20% on completion of each third year. Further, the bank has issued debenture of NPR 46.88 Crores in F.Y. 2069/70 for the period of 10 years and bank has also issued debenture of NPR 60.00 Crore in F.Y. 2071/72 for the period of 6 years.

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

As of 16th July 2019, Bank has the following capital structure:

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

The salient features of each instrument are as under:

- Cumulative Convertible Preference Shares of NPR 20 crore:  
These shares were issued at 100% premium with the terms and condition of 7% fixed dividend on the face value on unconverted portion. These shares are convertible into ordinary shares @ 20% after completion of every three years. NPR 12 Crore has already been converted into ordinary share so far.
- EBL Debenture NPR 46.88 crore: (Issued on 14.06.2013 and maturing on 13.06.2023)  
These debentures were issued for 10 years with a fixed interest of 8% p.a. These debentures are redeemable after expiry of its' fixed period of ten years.
- EBL Debenture NPR 60.00 crore: (Issued on 15.07.2015 and maturing on 14.07.2021)  
These debentures were issued for 6 years with a fixed interest of 8% p.a. These debentures are redeemable after expiry of its' fixed period of Six years.

## 2. Risk Exposures

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

Particulars	Amount ('000) NPR
1. Credit Risk	111,284,396
2. Operational Risk	7,534,595
3. Market Risk	950,036
4. Adjustment under Pillar II	3,622,077
<b>TOTAL</b>	<b>123,391,104</b>

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

Particulars	Amount ('000) NPR
1. Claims on other official entities	-
2. Claims on banks	2,355,475
3. Claims on Domestic corporate & securities firms	53,370,269
4. Claims on regulatory retail portfolio	16,506,956
5. Claims secured by residential properties	9,829,294
6. Claims secured by commercial real estate	3,879,648
7. Past due claims	49,334
8. High risk claims	12,327,069
9. Investment in Equity of Institutions	360,719
10. Other assets	3,914,002
11. Off balance sheet items	8,691,632
<b>TOTAL</b>	<b>111,284,396</b>

- Total risk weighted exposure calculation table:

Enclosed as an Annexure 1:

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

Category	Gross	Provision	Net
Substandard Loan	67,205	16,801	50,404
Doubtful Loan	9,648	4,824	4,824
Loss Loan	100,405	100,405	-
<b>TOTAL</b>	<b>177,258</b>	<b>122,030</b>	<b>55,227</b>

- NPA Ratios

- \* Gross NPA to gross advances : 0.16%
- \* Provision to NPA : >100%

- Movement of Non-Performing Assets :

NPR In '000

Particulars	Amount	Provision
Opening balance	187,717	167,158
Addition during the year	67,252	19,886
Recovered during the year	(77,711)	(65,014)
<b>BALANCE AS AT 16 JULY 2019</b>	<b>177,258</b>	<b>122,030</b>

• **Write off of Loans and Interest Suspense :** **NPR In '000**

Particular	Amount
Loan	3,320
Interest Suspense	6,578

• **Movements in Loan Loss Provisions and Interest Suspense:** **Rs In '000**

Particulars	Loan loss provision	Interest suspense
Opening balance	1,129,030	203,834
Write back/off in the year	(41,195)	(6,578)
Addition in the year	177,951	46,722
<b>BALANCE AS AT 16 JULY 2019</b>	<b>1,265,786</b>	<b>243,979</b>

• **Details of additional Loan Loss Provisions:** **NPR in '000**

Loan Category	Amount
1. Substandard	-
2. Doubtful	-
3. Loan against PG	-
4. Deprived Sector Loan	-
5. Retail Lending	-
6. Other	16,464
<b>TOTAL</b>	<b>16,464</b>

**5.3 Classification and fair value of financial asset and financial liabilities**

Categories of financial assets and liabilities are presented as follows:

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

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

**Current year**

Particulars	Carrying amount (NPR)		
	Level 1	Level 2	Level 3
Net Derivative financial instruments (Assets)			39,825,119

**Previous year**

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

## B. Financial assets and liabilities measured at amortized cost

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

### Current year

Particulars	Carrying amount (NPR)		
	Level 1	Level 2	Level 3
Treasury bills		5,534,620,531	
Government bonds		15,830,830,357	
Loan and advances to B/FIs			7,437,354,779
Loans and advances to customers			104,644,200,903

### Previous year

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

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

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

### Current year

Particulars	Carrying amount (NPR)		
	Level 1	Level 2	Level 3
<b>Investment securities</b>			
<b>Quoted Equity</b>			
Rural Microfinance Development Ltd.		20,702,830	
Nirdhan Utthan Bank Ltd.	364,195,891	441,208,474	
Taragaon Regency Hotel	15,800,000		
<b>Unquoted Equity</b>			
Nepal Clearing House Ltd.			3,600,000
Credit Information Center Ltd.			12,352,125
National banking Training Institute			1,200,000
<b>TOTAL</b>	<b>379,995,891</b>	<b>461,911,304</b>	<b>17,152,125</b>

### Previous year

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

#### Note 5.4 - Segment Analysis

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

#### Information about profit or loss, assets and liabilities

(in NPR '000)

Particulars	Province 1		Province 2		Province 3		Gandaki Province		Province 5		Karnali Province		Sudur Pashchim Province		Total	
	Current Year	Corresponding Previous Year	Current Year	Corresponding Previous Year	Current Year	Corresponding Previous Year	Current Year	Corresponding Previous Year	Current Year	Corresponding Previous Year	Current Year	Corresponding Previous Year	Current Year	Corresponding Previous Year	Current Quarter	Corresponding Previous Year Quarter
Revenues from external Customers	1,634,532	832,619	1,003,794	783,890	8,921,057	7,329,425	831,516	661,268	1,353,849	1,052,018	161,639	118,431	544,519	398,170	14,450,906	11,175,821
Intersegment Revenue	629,186	5,775	98,316	46,632	6,894,904	5,820,472	4,261	1,476	48,267	43,719	-	-	18,414	13,098	7,693,348	5,931,172
Gross Revenue	2,263,718	838,394	1,102,110	830,522	15,815,961	13,149,897	835,777	662,744	1,402,116	1,095,737	161,639	118,431	562,933	411,268	22,144,254	17,106,993
Interest Revenue	2,059,050	751,796	996,579	700,968	14,944,294	6,545,684	778,117	609,091	1,268,569	948,093	148,796	107,147	517,386	364,110	20,712,792	10,026,891
Interest Expenses	1,441,475	129,430	509,463	158,827	11,594,774	4,485,082	429,916	117,228	656,557	265,060	84,760	18,120	297,255	59,939	15,014,200	5,233,688
Net Interest Revenue	617,575	622,367	487,116	542,141	3,349,520	2,060,602	348,201	491,863	612,011	683,033	64,037	89,027	220,131	304,171	5,698,592	4,793,204
Depreciation & Amortisation	13,034	5,438	10,743	6,845	68,341	49,571	9,945	4,855	10,922	9,244	2,063	1,509	12,396	7,911	127,444	85,373
Segment Profit/(Loss)	593,968	293,894	457,990	326,396	2,664,748	2,682,721	296,474	222,133	588,282	439,105	57,509	41,958	165,153	127,628	4,824,123	4,133,836
Impairment of assets	(24,638)	(19,889)	16,933	11,520	94,964	104,356	10,976	6,263	23,050	15,704	4,267	3,088	11,204	11,073	136,756	132,116
Segment assets	19,073,757	7,800,577	11,713,515	7,272,835	104,101,988	106,717,049	9,703,164	6,091,908	15,798,394	9,757,180	1,886,204	1,230,403	6,354,123	3,907,919	168,631,144	142,777,870
Segment Liabilities	17,080,197	5,022,989	10,489,237	6,576,992	93,221,411	100,049,722	8,689,005	4,346,410	14,147,170	9,144,102	1,689,061	784,472	5,690,000	2,450,499	151,006,080	128,375,187

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

### a. Revenue

NPR In '000

	Current Year	Corresponding Previous Year
<b>Total revenues for reportable segments</b>	<b>22,144,254</b>	<b>17,106,993</b>
Other revenues	-	161,549
Elimination of intersegment revenues	(7,693,348)	(5,931,172)
<b>Entity's revenues</b>	<b>14,450,906</b>	<b>11,337,370</b>

### b. Profit or loss

NPR In '000

	Current Year	Corresponding Previous Year
<b>Total profit or loss for reportable segments</b>	<b>4,824,123</b>	<b>4,133,836</b>
Other profit or loss	-	22,376
Elimination of intersegment profits	-	-
Unallocated amounts:	-	-
Bonus expenses	(483,087)	(362,902)
Other adjustments	6,746	(111,224)
Profit before income tax	4,347,782	3,682,086

#### Note 5.5 - Share option and share based payment

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

#### Note 5.6 - Contingent Liabilities and commitments

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

#### Note 5.7- Related party disclosure

##### Entity with significant influence over the bank

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

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

### Transactions during the period

Particulars	CURRENT YEAR	PREVIOUS YEAR
<b>Directors:</b>		
Director's Sitting Fees	1,790,000	710,000
Other Expenses	305,926	1,963,157
Interest Paid to directors on deposits	117,210,071	113,069,703
<b>Key Management Personnel (KMP):</b>		
Remuneration and benefits Paid	41,138,150	28,247,626
Interest on account balances	711,958	255,029
<b>PNB Group</b>		
TSA Paid	11,390,400	9,878,400
Dividend Paid	306,555,350	22,007,175
Bonus Share Paid(No. of Share)		3,990,089
<b>Forward Community Microfinance Limited</b>		
Dividend Received	13,319,756	5,833,700
Bonus Share Received (No. of Share)	194,169	250,000
<b>Nirdhan Utthan Bank Ltd.</b>		
Dividend Received	22,446,445	6,733,906
Bonus Share Received (No. of Share)	224,465	368,074

### Terms and conditions of transaction with related parties

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

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

Transactions	Current Year		Previous Year	
	Transaction (NPR)	Nature of relationship	Transaction (NPR)	Nature of relationship
Deposit	1,299,168,171	Director	1,022,431,480	Director
Deposit	9,389,066	KMP	13,513,793	KMP
Loan	12,893,586	KMP	10,862,689	KMP

## Details of Directors

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

## Details of key managerial personnel

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
Chief Executive Officer	Mr. Someshwar Seth	Mr. Someshwar Seth
Dy. General Manager	Mr. Girish Kohli Mr. Rajiv Jain	Mr. Girish Kohli Mr. Rajesh Gautam Mr. Rajiv Jain
Assistant General Manager	Mr. Keshab Poudel Mr. Ashutosh Sharma	Mr. Keshab Poudel Mr. Ashutosh Sharma

### Note 5.8 – Merger and acquisition

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

### Note 5.9 - Additional disclosures of non consolidated entities

The bank has no subsidiary for consolidation.

### Note 5.10 - Events after Reporting date.

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

### Note 5.12 - Departure from NFRS:

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

### Note 5.13 - Limitations of NFRS:

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

### Note 5.14 - Reclassification, Regrouping and rounding off:

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

## CAPITAL ADEQUACY TABLE

(RS. IN '000)

As At Ashadh 31, 2076 (July 16, 2019)

	CURRENT YEAR	PREVIOUS YEAR
<b>1.1 RISK WEIGHTED EXPOSURES</b>	<b>119,769,027</b>	<b>106,913,640</b>
a. Risk Weighted Exposure for Credit Risk	111,284,396	99,987,038
b. Risk Weighted Exposure for Operational Risk	7,534,595	6,291,389
c. Risk Weighted Exposure for Market Risk	950,036	635,213
Adjustments under Pillar II		
Overall risk management policies and procedures are not satisfactory. Add 2% of RWE (6.4 a 10)	2,395,381	2,138,273
Add RWE equivalent to reciprocal of capital charge of 2 % of gross income. (6.4 a 9)	1,226,696	953,542
Add: ...% of the total deposit due to insufficient liquid Assets (6.4 a 6)	-	-
<b>Total Risk Weighted Exposures (After Adjustment under Pillar II)</b>	<b>123,391,104</b>	<b>110,005,455</b>
<b>1.2 CAPITAL</b>		
<b>Core Capital (Tier 1)</b>	<b>15,276,006</b>	<b>13,912,342</b>
a. Paid up Equity Share Capital	8,026,863	8,026,863
b. Proposed Bonus Equity Shares	-	-
c. Equity Share Premium	238,470	238,470
d. Irredeemable Non- cumulative preference shares	-	-
e. Statutory General Reserves	3,815,054	3,204,230
f. Retained Earnings	2,324,151	1,739,036
g. Reserve for Deferred Tax	-	-
h. Un-audited current year cumulative profit	-	-
i. Debenture Redemption Reserve	808,195	641,310
j. Capital Adjustment Reserve	47,563	47,563
k. Capital Redemption Reserve	-	-
l. Other Free Reserve	138,625	125,614
m. Calls in Advance	-	-
Less :	-	-
a. Goodwill and Intangible Assets	(37,770)	(12,932)
b. Deferred Tax Assets	-	-
c. Less: Fictitious Assets	-	-
d. Less: Investment in Equity in licensed Financial Institutions	-	-
e. Less: Investment in Equity of Institutions with financial interests	-	-
f. Less: Investment in Equity of institutions with excess of limits	-	-
g. Less: Investments arising out of underwriting commitments	-	-
h. Less: Reciprocal crossholdings	-	-
i. Less: Purchase of land & building in excess of limit & unutilised	(31,200)	(31,200)
j. Less: Cash Flow Hedge	-	-
k. Less: Define Benefit Pension Assets	-	-
l. Less: Un recognised Define benefit Pension Liabilities	-	-
m. Less: Negative balance of reserve accounts	(53,946)	(66,613)
n. Less: other deduction	-	-
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)	-	-
<b>Supplementary Capital (Tier 2)</b>	<b>1,679,632</b>	<b>1,704,328</b>
a. Cumulative and/or Redeemable Preference Share	80,000	80,000
b. Subordinated Term Debt	401,307	615,076
c. Hybrid Capital Instruments	-	-
d. General Loan Loss provision	1,127,292	945,408
e. Investment Adjustment Reserve	1,453	1,418
f. Assets Revaluation Reserve	-	-
g. Exchange Equalization Reserve	30,162	30,162
h. Additional Loan Loss Provision	16,464	16,464
i. Other Reserves	22,954	15,800
<b>Total Capital Fund (Tier I and II)</b>	<b>16,955,638</b>	<b>15,616,670</b>
<b>1.3 CAPITAL ADEQUACY RATIOS</b>		
Tier 1 Capital to Risk Weighted Exposures	12.38	12.65
Tier 1 and Tier 2 Capital to Total Risk Weighted Exposures	13.74	14.20

# RISK WEIGHTED EXPOSURE FOR CREDIT RISK

RS. '000

A. Balance Sheet Exposures	Current Year				Previous Year			
	Book Value a	Specific Provision b	Eligible CRM c	Net Value d=a-b-c	Risk Weight e	Risk Weighted Exposures f=d*e	Net Value	Risk Weighted Exposures
Cash Balance	3,396,219	-	-	3,396,219	0%	-	3,370,333	-
Balance With Nepal Rastra Bank	23,304,569	-	-	23,304,569	0%	-	18,938,748	-
Gold	-	-	-	-	0%	-	-	-
Investment in Nepalese Government Securities	21,365,451	-	-	21,365,451	0%	-	15,430,456	-
All other Claims on Government of Nepal	307,701	-	-	307,701	0%	-	458,450	-
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	7,034,375	-	-	7,034,375	20%	1,406,875	3,273,765	654,753
Claims on domestic banks that do not meet capital adequacy requirements	-	-	-	-	100%	-	-	-
Claims on Foreign Bank (ECA Rating 0-1)	942,524	-	-	942,524	20%	188,505	3,536,387	707,277
Claims on Foreign Bank (ECA Rating 2)	556,076	-	-	556,076	50%	278,038	3,333,827	1,666,914
Claims on Foreign Bank (ECA Rating 3-6)	-	-	-	-	100%	-	1,118,908	1,118,908
Claims on Foreign Bank (ECA Rating 7)	-	-	-	-	150%	-	-	-
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	2,410,286	-	-	2,410,286	20%	482,057	408,500	81,700
Claims on Domestic Corporates	54,735,118	-	1,364,849	53,370,269	100%	53,370,269	47,424,953	47,424,953
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)	22,009,274	-	-	22,009,274	75%	16,506,956	19,350,243	14,512,682
Claims fulfilling all criterion of regulatory retail except granularity	-	-	-	-	100%	-	-	-
Claims secured by residential properties	15,399,468	-	-	15,399,468	60%	9,239,681	11,297,045	6,778,227
Claims not fully secured by residential properties	-	-	-	-	150%	-	-	-
Claims secured by residential properties (overdue)	34,085	11,747	-	22,338	100%	22,338	2,307	2,307
Claims secured by Commercial real estate	3,879,648	-	-	3,879,648	100%	3,879,648	-	-
Past due claims (except for claim secured by residential properties)	143,173	110,284	-	32,889	150%	49,334	2,792,889	2,792,889
High Risk claims (Venture capital private equity investments personal loans and credit card receivables)	8,218,046	-	-	8,218,046	150%	12,327,069	18,252	27,377
Lending against securities (bonds & shares)	280,652	-	-	280,652	100%	280,652	8,989,109	13,483,664
Investment in equity of institutions listed in the stock exchange	72,663	-	-	72,663	100%	72,663	1,061,499	1,061,499
Investment in equity of institutions not listed in the stock exchange	4,936	-	-	4,936	150%	7,403	7,600	11,400
Staff Loan Secured by Residential Property	945,458	-	-	945,458	60%	567,275	592,436	355,462
Interest Receivable/Claim on Government Securities	245,842	-	-	245,842	0%	-	162,486	-
Cash in transit and other cash items in process of collection	12,425	-	-	12,425	20%	2,485	32,425	6,485
Other Assets	3,911,517	-	-	3,911,517	100%	3,911,517	2,322,324	2,322,324
<b>TOTAL</b>	<b>169,209,505</b>	<b>122,030</b>	<b>1,364,849</b>	<b>167,722,625</b>		<b>102,592,764</b>	<b>143,922,941</b>	<b>93,008,822</b>

# RISK WEIGHTED EXPOSURE FOR CREDIT RISK

RS. '000

B. Off Balance Sheet Exposures	Current Year				Previous Year		
	Gross Book Value a	Specific Provision b	Eligible CRM c	Net Value d=a-b-c	Risk Weight e	Risk Weighted Exposures f=d*e	Risk Weighted Exposures
Revocable Commitments	-	-	-	-	0%	-	-
Bills under Collection	1,510,413	-	-	1,510,413	0%	1,756,082	-
Forward Exchange Contract Liabilities	-	-	-	-	10%	-	-
LC Commitments with Original Maturity Up to 6 months (domestic)	9,025,145	-	566,549	8,458,596	20%	1,691,719	1,089,539
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)	3,685,109	-	83,189	3,601,920	50%	1,800,960	974,363
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)	5,666,624	-	877,812	4,788,812	50%	2,394,406	1,948,678
ECA Rating 0-1	-	-	-	-	20%	-	-
ECA Rating 2	-	-	-	-	50%	-	-
ECA Rating 3-6	-	-	-	-	100%	-	-
ECA Rating 7	-	-	-	-	150%	-	-
Underwriting commitments	-	-	-	-	50%	-	-
Leading 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	713,393	-	44,979	668,414	100%	668,414	382,132
Financial Guarantee	-	-	-	-	100%	-	-
Acceptances and Endorsements	267,142	-	-	267,142	100%	267,142	1,055,526
Unpaid portion of Partly paid shares and Securities	-	-	-	-	100%	-	-
Irrevocable Credit commitments (Short Term)	7,964,203	-	-	7,964,203	20%	1,592,841	1,282,701
Irrevocable Credit commitments (Long Term)	-	-	-	-	50%	-	-
Other Contingent Liabilities	276,149	-	-	276,149	100%	276,149	245,279
Unpaid Guarantee Claims	-	-	-	-	200%	-	-
<b>TOTAL</b>	<b>29,108,180</b>	<b>-</b>	<b>1,572,529</b>	<b>27,535,650</b>		<b>8,691,632</b>	<b>6,978,217</b>
<b>Total RWE for credit Risk Before Adjustment (A)+(B)</b>	<b>198,317,685</b>	<b>122,030</b>	<b>2,937,379</b>	<b>195,258,276</b>		<b>111,284,396</b>	<b>99,987,038</b>
Adjustments under Pillar II	-	-	-	-	-	-	-
Add: 10% of the loan and facilities in excess of Single Obligor limits (6.4 a 4)	-	-	-	-	-	-	-
Add: 1% of the contract(sale) value in case of the sale of credit with recourse (6.4 a 4)	-	-	-	-	-	-	-
<b>Total RWE for credit Risk (After Bank's Adjustment of Pillar II)</b>						<b>111,284,396</b>	<b>99,987,038</b>

## RISK WEIGHTED EXPOSURE FOR OPERATIONAL RISK

(RS. IN '000)

Particulars	2076 Asadh End		
	Year 1	Year 2	Year 3
	2072/073	2073/074	2074/075
Net Interest Income	3,228,585	3,737,599	4,869,764
Commission and Discount Income	285,940	346,180	945,375
Other Operating Income	509,795	565,130	92,641
Exchange Fluctuation Income	112,976	94,026	195,902
Additional Interest Suspense during the period	30,706	24,774	29,799
<b>Gross income (a)</b>	<b>4,168,002</b>	<b>4,767,708</b>	<b>6,133,480</b>
<b>Alfa (b)</b>	<b>15%</b>	<b>15%</b>	<b>15%</b>
<b>Fixed percentage of Gross Income [c=(axb)]</b>	<b>625,200</b>	<b>715,156</b>	<b>920,022</b>
<b>Capital Requirement for operational risk (d) (average of c)</b>	<b>753,460</b>		
<b>Risk Weight (reciprocal of capital requirement of 10%) in times (e)</b>	<b>10</b>		
<b>Equivalent Risk Weight Exposure [f=(d + d1 )xe]</b>	<b>7,534,595</b>		

## RISK WEIGHTED EXPOSURE FOR MARKET RISK

(RS. IN '000)

	Current Year			Previous Year
	Open Position (FCY)	Open Position (NPR)	Relevant Open Position	Relevant Open Position
U.S. Dollar	435	47,774	47,774	79,459
Euro	(58)	(7,144)	7,144	18,264
Pound Sterling	144	19,856	19,856	41,033
Swish Frank	20	2,209	2,209	4,658
Australian Dollar	(12)	(951)	951	1,074
Canadian Dollar	8	680	680	1,297
Singapore Dollar	14	1,121	1,121	64
Japanese Yen	13,467	13,725	13,725	3,807
Hongkong Dollar	42	584	584	1,613
Chinese Yuan	49	781	781	614
Thailand Bhat	52	183	183	88
Qatari Riyal	25	756	756	565
Saudi Riyal	10	288	288	321
Korean Won	42	4	4	19
Malasian Ringget	12	307	307	1,878
UAE Dirham	744	22,160	22,160	82,591
Indian Rupees	1,113,468	1,781,549	1,781,549	1,033,080
<b>Total Open Position (a)</b>		<b>1,883,883</b>	<b>1,900,072</b>	<b>1,270,426</b>
<b>Fixed % (b)</b>			<b>5%</b>	<b>5%</b>
<b>Capital Charge for Market Risk c= aXb</b>			<b>95,004</b>	<b>63,521</b>
<b>Risk Weight ( reciprocal of capital requirement of 10%) in times (d)</b>			<b>10</b>	<b>10</b>
<b>Equivalent Risk Weight Exposure ( cXd) = (e)</b>			<b>950,036</b>	<b>635,213</b>

## Unaudited Financial Results (Quarterly)

Forth Quarter ended of Fiscal Year 2075/76

Rs. in '000'

Statement of Financial Position	This Quarter Ending	Immediate Previous year Ending
<b>Assets</b>		
Cash and cash equivalent	7,759,121	10,065,423
Due from Nepal Rastra Bank	23,304,569	18,938,748
Placement with Bank and Financial Institutions	548,500	3,291,000
Derivative financial instruments	54,102	.
Other trading assets	.	.
Loan and advances to B/FIs	7,437,355	4,254,678
Loans and advances to customers	104,568,922	89,927,570
Investment securities	21,510,727	15,292,314
Current tax assets	67,975	10,915
Investment in subsidiaries	.	.
Investment in associates	311,838	259,668
Investment property	21,040	2,203
Property Plant and Equipment	2,088,848	1,862,232
Goodwill and Intangible assets	38,323	12,932
Deferred tax assets	.	.
Other assets	973,417	893,468
<b>Total Assets</b>	<b>168,684,737</b>	<b>144,811,151</b>
<b>Capital and Liabilities</b>		
Due to Bank and Financial Institutions	601,403	916,078
Due to Nepal Rastra Bank	1,206,069	26,713
Derivative financial instruments	.	20
Deposits from customers	129,550,539	115,511,706
Borrowing	.	.
Current Tax Liabilities	.	.
Provisions	.	.
Deferred tax liabilities	77,264	77,264
Other liabilities	18,546,681	11,076,018
Debt securities issued	1,068,845	1,068,845
Subordinated Liabilities	.	.
<b>Total liabilities</b>	<b>151,050,801</b>	<b>128,676,644</b>
<b>Equity</b>		
Share capital	8,106,863	8,106,863
Share premium	238,470	238,470
Retained earnings	2,188,038	1,739,036
Reserves	7,100,565	6,050,138
<b>Total Capital and Liabilities</b>	<b>17,633,936</b>	<b>16,134,507</b>
<b>Total equity attributable to equity holders</b>	<b>168,684,737</b>	<b>144,811,151</b>

## UNAUDITED FINANCIAL RESULTS (QUARTERLY)

Forth Quarter ended of Fiscal Year 2075/76

(RS. IN '000)

Statement of Profit Or Loss	Current Year		Previous Year	
			Corresponding	
Particulars	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)
Interest income	3,485,511	12,957,538	2,894,557	10,103,451
Interest expense	1,955,112	7,320,852	1,538,236	5,233,688
<b>Net interest income</b>	<b>1,530,399</b>	<b>5,636,686</b>	<b>1,356,321</b>	<b>4,869,764</b>
Fee and commission income	317,466	1,053,574	301,623	945,375
Fee and commission expense	55,950	133,605	51,199	123,289
<b>Net fee and commission income</b>	<b>261,516</b>	<b>919,969</b>	<b>250,424</b>	<b>822,086</b>
<b>Net interest, fee and commission income</b>	<b>1,791,915</b>	<b>6,556,655</b>	<b>1,606,745</b>	<b>5,691,850</b>
Net trading income	82,783	306,924	45,944	195,902
Other operating income	15,413	101,884	35,805	92,641
<b>Total operating income</b>	<b>1,890,111</b>	<b>6,965,463</b>	<b>1,688,494</b>	<b>5,980,393</b>
Impairment charge/(reversal) for loans and other losses	16,862	155,593	37,118	132,116
<b>Net operating income</b>	<b>1,873,249</b>	<b>6,809,870</b>	<b>1,651,376</b>	<b>5,848,277</b>
<b>Operating expense</b>				
Personnel expenses	413,168	1,606,676	406,621	1,492,670
Other operating expenses	222,234	702,682	207,330	584,534
Depreciation & Amortisation	48,139	144,545	26,982	85,373
<b>Operating Profit</b>	<b>1,189,708</b>	<b>4,355,968</b>	<b>1,010,443</b>	<b>3,685,700</b>
Non operating income	-	-	-	-
Non operating expense	3,890	4,384	2,716	3,614
<b>Profit before income tax</b>	<b>1,185,817</b>	<b>4,351,584</b>	<b>1,007,727</b>	<b>3,682,086</b>
Income tax expense				
Current Tax	355,745	1,305,475	335,251	1,137,559
Deferred Tax	-	-	37,154	37,154
<b>Profit for the period</b>	<b>830,072</b>	<b>3,046,109</b>	<b>709,631</b>	<b>2,581,682</b>
<b>Condensed Statement of Comprehensive Income</b>				
Profit/(Loss) for the period	830,072	3,046,109	709,631	2,581,682
Other Comprehensive Income	260,926	64,293	(17,798)	(156,876)
<b>Total Comprehensive Income</b>	<b>1,090,998</b>	<b>3,110,402</b>	<b>691,833</b>	<b>2,424,806</b>
<b>Earnings per share</b>				
Basic earnings per share		37.95		32.78
Diluted earnings per share		37.57		32.45
<b>Profit attributable to:</b>				
Equity holders of the Bank	830,072	3,046,109	709,631	2,581,682
Non-controlling interest	-	-	-	-
<b>Profit for the period</b>	<b>830,072</b>	<b>3,046,109</b>	<b>709,631</b>	<b>2,581,682</b>

## COMPARISON UNAUDITED AND AUDITED FINANCIAL STATEMENTS AS OF FY 2075/76

(RS. IN '000)

Statement of Financial Position	As per unaudited Financial Statement	As per Audited Financial Statement	Variance		Reasons for Variance
			In amount	In %	
<b>Assets</b>					
Cash and cash equivalent	7,759,121	7,759,121	-	-	
Due from NRB	23,304,569	23,304,569	-	-	
Placement with Bank and Financial Institutions	548,500	548,500	-	-	
Derivative financial instruments	54,102	1,486,215	1,432,114	2647.09%	Audit Adjustment
Loan and advances to B/FIs	7,437,355	7,362,981	(74,374)	-1.00%	Audit Adjustment
Loans and advances to customers	104,568,922	104,644,201	75,279	0.07%	Audit Adjustment
Investments Securities	21,510,727	21,434,199	(76,528)	-0.36%	Audit Adjustment
Current tax assets	67,975	75,091	7,116	10.47%	Audit Adjustment
Investment in associates	311,838	314,441	2,603	0.83%	Audit Adjustment
Investment property	21,040	21,040	-	-	
Property and Equipment	2,088,848	2,115,995	27,147	1.30%	Audit Adjustment
Goodwill and intangible assets	38,323	37,770	(554)	-1.44%	Audit Adjustment
Other assets	973,417	973,411	(6)	-	
<b>Total Assets</b>	<b>168,684,737</b>	<b>170,077,533</b>	<b>1,392,796</b>	<b>0.83%</b>	
<b>Capital and Liabilities</b>					
Due to Bank and Financial Institutions	601,403	609,215	7,813	1.30%	Audit Adjustment
Due to Nepal Rastra Bank	1,206,069	1,206,069	-	0.00%	
Derivative financial instruments	-	1,446,390	1,446,390	100.00%	Audit Adjustment
Deposits from customers	129,550,539	129,568,153	17,614	0.01%	Audit Adjustment
Deferred tax liabilities	77,264	92,881	15,617	20.21%	Audit Adjustment
Other liabilities	18,546,681	18,460,917	(85,765)	-0.46%	Audit Adjustment
Debt securities issued	1,068,845	1,068,845	-	-	
<b>Total liabilities</b>	<b>151,050,801</b>	<b>152,452,470</b>	<b>(70,147)</b>	<b>-0.05%</b>	
<b>Equity</b>					
Share capital	8,106,863	8,106,863	-	-	
Share premium	238,470	238,470	-	-	
Retained earnings	2,188,038	2,324,151	136,113	6.22%	Audit Adjustment
Reserves	7,100,565	6,955,579	(144,986)	-2.04%	Audit Adjustment
<b>Total equity attributable to equity holders</b>	<b>17,633,936</b>	<b>17,625,063</b>	<b>(8,873)</b>	<b>-0.05%</b>	
<b>Total equity</b>	<b>17,633,936</b>	<b>17,625,063</b>	<b>(8,873)</b>	<b>-0.05%</b>	
<b>Total liabilities and equity</b>	<b>168,684,737</b>	<b>170,077,533</b>	<b>(79,020)</b>	<b>-0.05%</b>	
<b>For the Year ended 31 Ashadh 2076 (16 July 2019)</b>					
Interest income	12,957,538	13,019,444	61,906	0.48%	Due to regrouping
Interest expense	7,320,852	7,320,852	-	0.00%	
<b>Net interest income</b>	<b>5,636,686</b>	<b>5,698,592</b>	<b>61,906</b>	<b>1.10%</b>	
Fee and commission income	1,053,574	1,025,000	(28,574)	-2.71%	Due to regrouping
Fee and commission expense	133,605	133,605	-	0.00%	
<b>Net fee and commission income</b>	<b>919,969</b>	<b>891,395</b>	<b>(28,574)</b>	<b>-3.11%</b>	
Net trading income	306,924	306,924	-	0.00%	Audit Adjustment
Other operating income	101,884	99,537	(2,347)	-2.3%	Audit Adjustment
<b>Total operating income</b>	<b>6,965,463</b>	<b>6,996,448</b>	<b>30,985</b>	<b>0.44%</b>	
mpairment charge/(reversal) for loans and other losses	155,593	136,756	(18,837)	-12.11%	Audit Adjustment
<b>Net operating income</b>	<b>6,809,870</b>	<b>6,859,693</b>	<b>49,823</b>	<b>0.73%</b>	
Personnel expenses	1,606,676	1,653,296	46,621	2.90%	Audit Adjustment
Other operating expenses	702,682	726,833	24,151	3.44%	Audit Adjustment
Depreciation & Amortisation	144,545	127,444	(17,101)	-11.83%	Audit Adjustment
<b>Operating profit</b>	<b>4,355,968</b>	<b>4,352,120</b>	<b>(3,848)</b>	<b>-0.09%</b>	
Non operating income/expense	4,384	4,338	(46)	-1.06%	Audit Adjustment
<b>Profit before tax</b>	<b>4,351,584</b>	<b>4,347,782</b>	<b>(3,802)</b>	<b>-0.09%</b>	
Income tax	1,305,475	1,293,660	(11,815)	-0.91%	Audit Adjustment
<b>Profit /(loss) for the period</b>	<b>3,046,109</b>	<b>3,054,122</b>	<b>8,014</b>	<b>0.26%</b>	
Other comprehensive income	64,293	47,407	(16,887)	-26.26%	Audit Adjustment
<b>Total comprehensive income</b>	<b>3,110,402</b>	<b>3,101,529</b>	<b>(8,873)</b>	<b>-0.29%</b>	
<b>Distributable Profit</b>					
Net profit/(loss) as per profit or loss	3,046,109	3,054,122	8,014	0.26%	
Add/Less: Regulatory adjustment as per NRB Directive	991,734	863,635	(128,100)	-12.92%	Audit Adjustment
<b>Free profit/(loss) after regulatory adjustments</b>	<b>2,054,374</b>	<b>2,190,487</b>	<b>136,113</b>	<b>6.63%</b>	

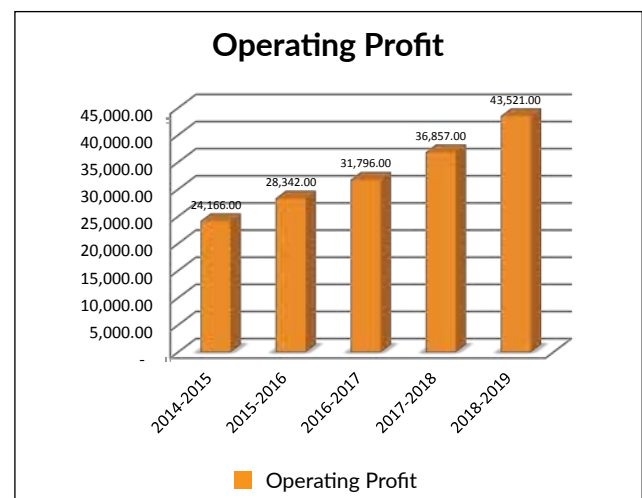
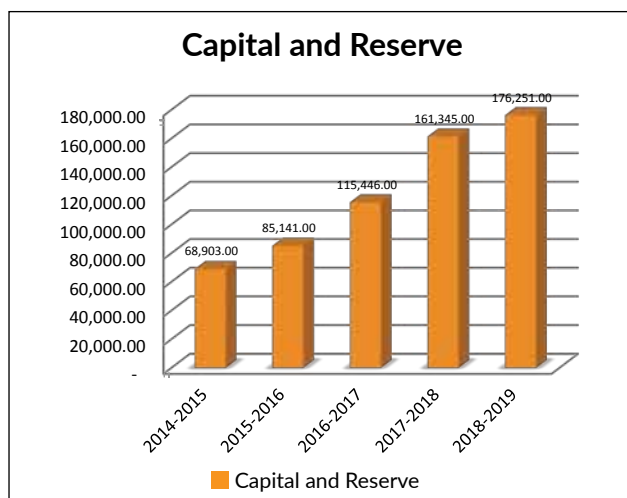
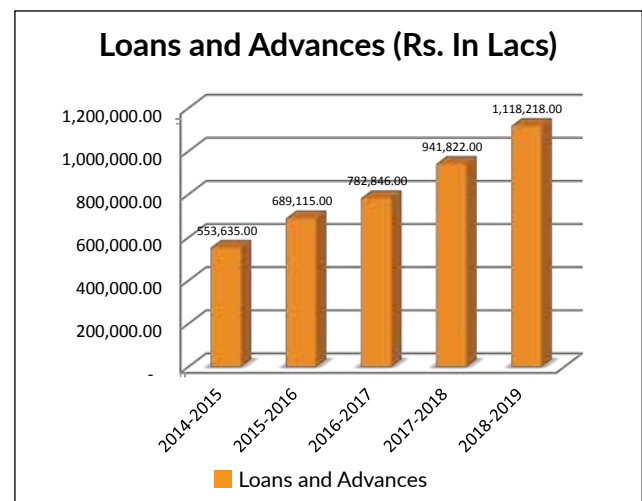
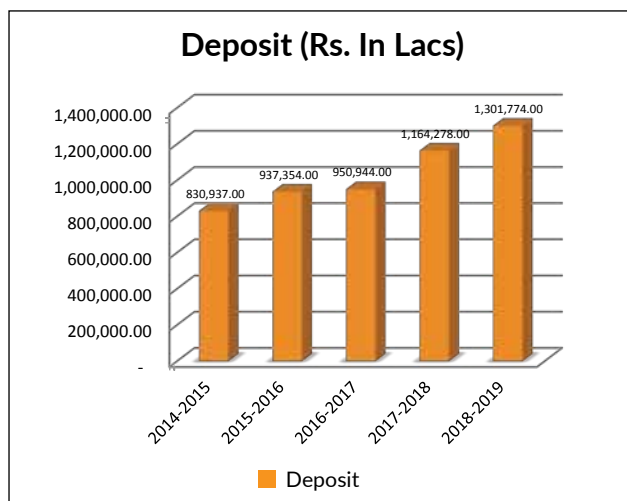
## Main Indicators

S.No.	Particulars	Financial Years					
		As per Previous GAAP		As per NFRS			
		Indicator	2014/15	2015/16	2016/17	2017/18	2018/19
1	Net Profit/Total Income	%	27.20	29.75	26.75	22.86	21.13
2	Earning per share	Rs.	78.04	40.33	32.48	32.78	38.05
3	Market price per share	Rs.	2120	3385	1353	663	666
4	Price/Earning Ratio		27.17	83.94	41.66	20.23	17.50
5	Dividend on share - Bonus share	%	30	70	33	.	5
6	Cash Dividend	%	5	.	.	20	20
7	Interest Income/Loans & advances	%	8.76	6.86	8.13	9.89	10.66
8	Employee expenses/Total operating expenses	%	20.46	29.34	23.96	19.97	16.60
9	Interest expenses on deposit & borrowing	%	2.52	1.93	3.13	4.41	5.53
10	Exchange Income/Total Income	%	.	2.73	1.97	1.36	2.12
11	Staff bonus/Total employee expenses	%	32.69	33.39	32.64	37.76	41.28
12	Net Profit/Loans & advances	%	2.84	2.57	2.65	2.71	2.70
13	Net Profit/Total Assets	%	1.85	1.59	1.83	1.97	1.94
14	Total Loans &advances/Total Deposits	%	66.63	75.14	84.05	81.86	87.01
15	Total operating expenses/Total Assets	%	3.39	3.03	4.15	5.16	5.86
16	Capital Adequacy Ratio:						
	a) Core Capital	%	10.44	10.34	12.58	12.65	12.38
	b) Supplementary Capital	%	2.89	2.33	1.97	1.55	1.36
	c) Total Capital Funds	%	13.33	12.66	14.54	14.20	13.74
17	Cash Reserve Ratio (CRR)	%	24.27	16.61	16.52	17.75	18.56
18	NPAs/Total Loans & advances	%	0.66	0.38	0.25	0.20	0.16
19	Base Rate	%	6.14	4.86	7.68	8.45	8.12
20	Weighted Average Interest Rate Spread	%	4.76	4.89	4.48	4.72	4.29
21	Book Networth (Rs. in Lacs)	Rs.	67704	97256	131275	160545	175451
	Total Shares	Number	20173877	26226041	45264269	80268633	80268633
	Total Employee	Number	696	739	748	836	885
22	Others						
	Per Employee Business (Rs. in Lakh)	Rs.	1989	2223	2342	2533	2751
	Employee expenses/Total Income	%	11.88	16.64	14.69	13.22	11.44

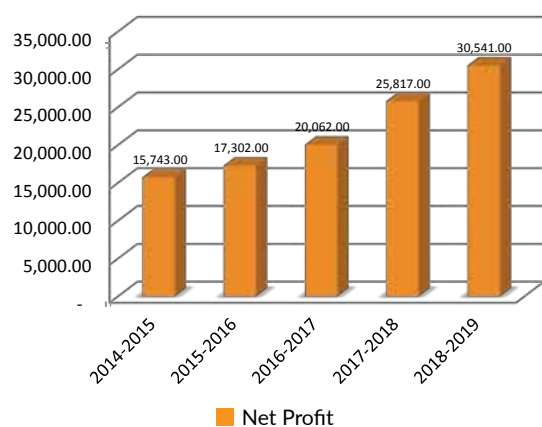
Note: i) CRR have been calculated on the basis of year end figures.

ii) Total Loan and Advances to Total Deposit does not include Core Capital and CCD Ratio as per NRB is 75.07%.

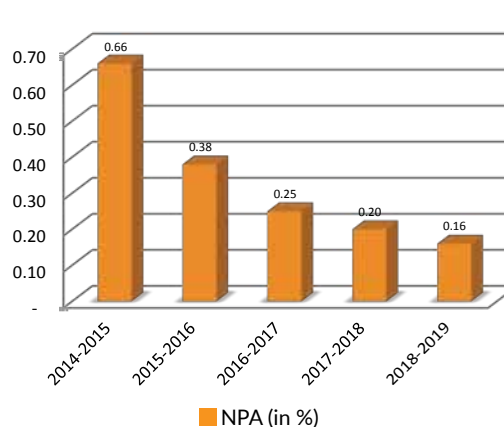
## Key Financial Indicators



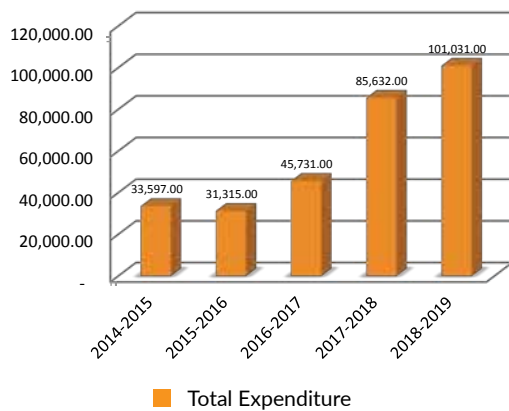
**Net Profit**



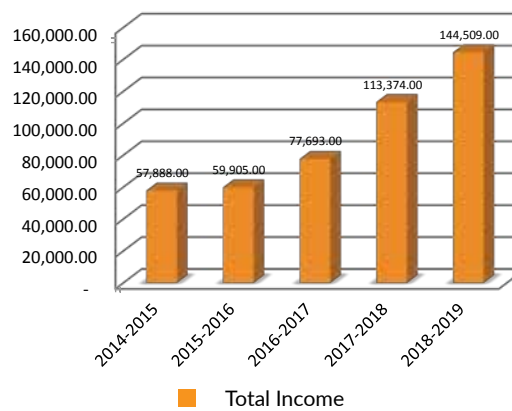
**NPA (in %)**



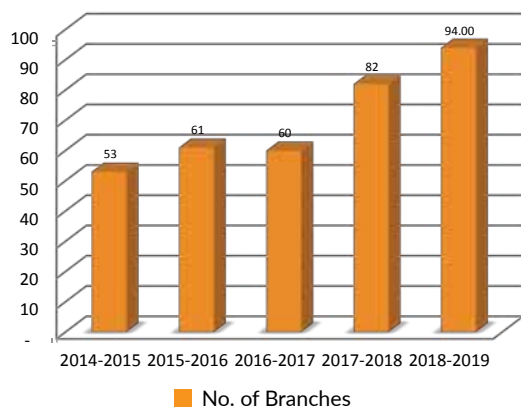
**Total Expenditure**



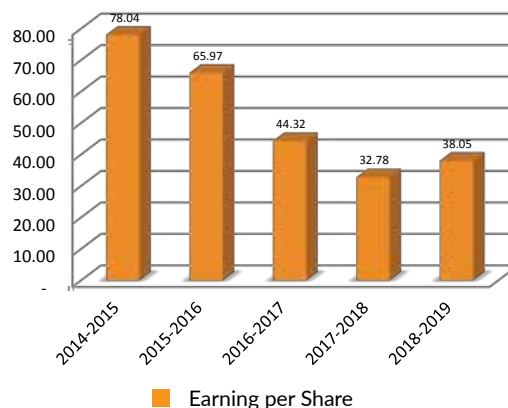
**Total Income**



**No. of Branches**



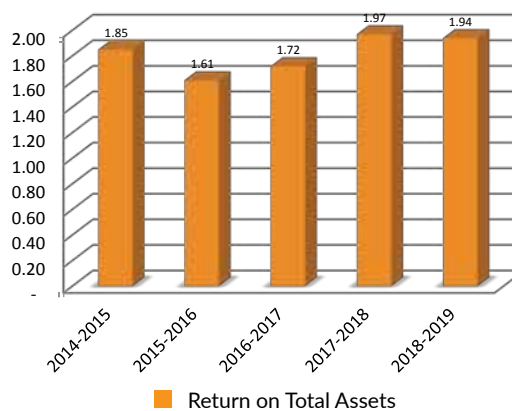
**Earning per Share**



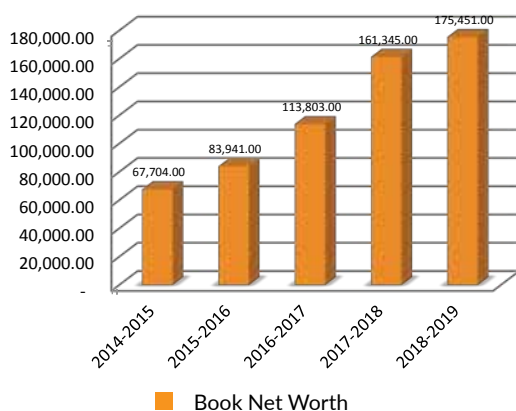
**Price Earning Ratio**



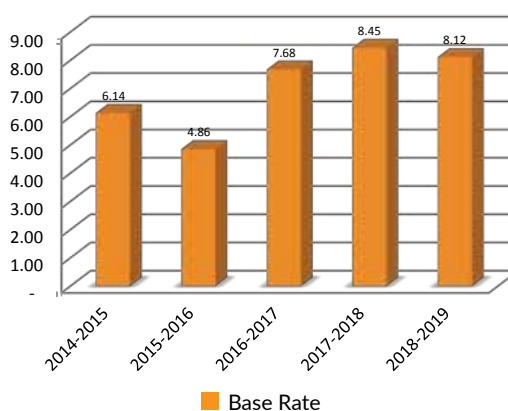
**Return on Total Assets**



**Book Net Worth**



**Base Rate**



## **DEPARTMENT HEADS**



**Santosh Kr. Bhattarai**  
 Chief Manager  
 Credit



**Bijay Kumar Gautam**  
 Chief Manager  
 IT



**Raghunath Pradhan**  
 Chief Manager  
 Compliance



**Anju Sharma**  
 Chief Manager  
 SME



**Anil Kumar Karki**  
 HR & Remittance



**Kalpana Pandey**  
 Retail



**Jamuna Tamrakar**  
 Chief Risk Officer



**Dharma Prasad Gauli**  
 Legal



**Sumit Kumar Amatya**  
 Internal Audit



**Rajan Kayastha**  
 Accounts



**Priti Lama**  
 Operation



**Dev Ranjan Dangal**  
 Planning



**Yadav Bhandari**  
 Treasury



**Puspa Raj Uprety**  
 Marketing



**Madhusudan Shrestha**  
 ATM & Card



**Mahesh Bajracharya**  
 GAD



**Nabin Regmi**  
 Digital Banking

## **PROVINCIAL HEADS**



**Janak Chapagain**  
Province No. 1



**Pranay Pradhan**  
Province No. 2



**Bishnu Gyawali**  
Province No. 3



**Raju Gauli**  
Gandaki Province



**Purna Bahadur Shrestha**  
Province No. 5



**Binod Aryal**  
Province No. 6



**Raj Kumar Shakya**  
Sudur Pashchim Province

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E-mail: eblduh@ebl.com.np

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**Mr. Krishna Chandra Karn**  
**Itahari Branch**  
Itahari, Sunsari  
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**Mr. Bikash Giri**  
**Khandbari Branch**  
Bud Tole-10, Khandbari  
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Fax: 029-561131  
E-mail: khandbari@ebl.com.np

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This image shows a full page of blank, lined paper. It features approximately 20 evenly spaced horizontal grey lines across the entire width of the page, providing a guide for handwriting or typing. The background is a solid off-white color.



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- ☎ Bhojpur ☎ Biratnagar ☎ Biratchowk ☎ Birtamod ☎ Damak ☎ Dharan
- ☎ Duhabi ☎ Fikkal ☎ Itahari ☎ Khandbari ☎ Mahakulung ☎ Okhaldhunga
- ☎ Silichong

## Region No. 2

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

## Region No. 3

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

## Region No. 4

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

## Region No. 5

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

## Region No. 6

- ☎ Rukum ☎ Surkhet

## Region No. 7

- ☎ Attariya ☎ Bajhang ☎ Bauniya ☎ Dhangadhi ☎ Dipayal ☎ Mahendranagar
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