

UNAUDITED FINANCIAL RESULTS (QUARTERLY)

EVEREST BANK LTD.

FOURTH QUARTER ENDED OF FISCAL YEAR 2076/77

Fig in '000

Assets	This Quarter Ending	Immediate Previous year Ending
Cash and cash equivalent	9,646,948	7,759,121
Due from Nepal Rastra Bank	19,972,675	23,304,569
Placement with Bank and Financial Institutions	3,125,200	548,500
Derivative financial instruments	14,537	1,486,215
Other trading assets	-	0
Loan and advances to B/FIs	6,857,500	7,362,981
Loans and advances to customers	112,195,372	104,644,201
Investment securities	28,813,510	21,434,199
Current tax assets	234,114	75,091
Investment in subsidiaries	-	0
Investment in associates	368,845	314,441
Investment property	21,040	21,040
Property and equipment	2,093,440	2,115,995
Goodwill and Intangible assets	45,151	37,770
Deferred tax assets	-	0
Other assets	1,630,476	973,411
Total Assets	185,018,806	170,077,533
Liabilities		
Due to Bank and Financial Institutions	1,182,834	609,215
Due to Nepal Rastra Bank	32,886	1,206,069
Derivative financial instruments	0	1,446,389
Deposits from customers	143,545,475	129,568,153
Borrowing	0	0
Current Tax Liabilities	0	0
Provisions	0	0
Deferred tax liabilities	140,976	92,881
Other liabilities	20,426,683	18,460,917
Debt securities issued	1,068,845	1,068,845
Subordinated Liabilities	0	0
Total liabilities	166,397,700	152,452,470
Equity		
Share capital	8,510,207	8,106,863
Share premium	238,470	238,470
Retained earnings	1,727,527	2,324,151
Reserves	8,144,903	6,955,579
Total equity attributable to equity holders	18,621,107	17,625,063
Non-controlling interest		
Total equity	18,621,107	17,625,063
Total liabilities and equity	185,018,806	170,077,533

Everest Bank Ltd
Condensed Statement of Profit or Loss
For the Year ended 31 Ashad 2077

Fig in '000
Fig in '000

Particulars	Current Year		Previous Year	
	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)
Interest income	3,247,725	13,956,190	3,485,511	13,019,444
Interest expense	2,283,679	8,645,778	1,955,112	7,320,852
Net interest income	964,047	5,310,412	1,530,399	5,698,592
Fee and commission income	260,858	1,144,436	317,466	1,025,000
Fee and commission expense	44,905	128,503	55,950	133,605
Net fee and commission income	215,953	1,015,933	261,516	891,395
Net interest, fee and commission income	1,180,000	6,326,345	1,791,915	6,589,987
Net trading income	69,555	263,566	82,783	306,924
Other operating income	14,565	110,422	15,413	99,537
Total operating income	1,264,120	6,700,333	1,890,111	6,996,448
Impairment charge/(reversal) for loans and other losses	440,787	548,470	16,862	136,756
Net operating income	823,334	6,151,863	1,873,249	6,859,693
Operating expense				
Personnel expenses	315,517	1,636,278	413,168	1,653,296
Other operating expenses	250,284	793,323	222,234	726,833
Depreciation & Amortisation	41,788	149,835	48,139	127,444
Operating Profit	215,744	3,572,426	1,189,708	4,352,120
Non operating income	-	-	-	-
Non operating expense	462	613	3,890	4,338
Profit before income tax	215,282	3,571,814	1,185,817	4,347,782
Income tax expense				
Current Tax	51,639	1,071,820	355,745	1,298,359
Deferred Tax				4,700
Profit for the period	163,643	2,499,994	830,072	3,054,122
Condensed Statement of Comprehensive Income				
Profit/(Loss) for the period	163,643	2,499,994	830,072	3,054,122
Other Comprehensive Income	57,287	112,222	260,926	47,407
Total Comprehensive Income	220,930	2,612,216	1,090,998	3,101,529
Earnings per share				
Basic earnings per share		31.15		38.05
Diluted earnings per share		30.84		36.66
Profit attributable to:				
Equity holders of the Bank	163,643	2,499,994	830,072	3,054,122
Non-controlling interest	-	-	-	-
Total	163,643	2,499,994	830,072	3,054,122

Ratios as per NRB Directive	Current Year		Previous Year
			Corresponding
Particulars	This Quarter	Upto This Quarter (YTD)	Upto This Quarter (YTD)
Capital Fund to RWA		13.32%	13.75%
Non-Performing Loan (NPL) to Total Loan		0.22%	0.16%
Total Loan Loss Provision to Total NPL		682%	714%
Cost of Funds		6.11%	6.21%
Credit to Deposit Ratio (CCD ratio as per NRB)		68.57%	75.07%
Base Rate		8.05%	8.12%
Interest Rate Spread		3.59%	4.29%*
Market Share Price (in Rs.)		675	666
Return on Total Net Assets (Annualized in %)		1.41%	1.94%
Return on Equity (Annualized in %)		13.45%	18.13%
Net Worth Per share (in Rs.)		219.84	219.58
Total Assets Per Share (in Rs.)		2,096.15	2,101.50

*The NIM calculated as per last year's formula where interest rate from investments were included

Notes:

1. During the F/Y 2076-77, Cash Dividend @ 20% per share amounting to total Rs. 161.34 Crores and 5% Bonus Share amounting to total Rs. 40.33 crores from retained earning has been distributed to shareholders as approved in 25th Annual General Meeting held on 23rd Poush 2076.
2. Carve-out has been used to prepare the above financials.
3. The loan and advances includes accrued interest receivable & staff loans and are presented net of impairment loss.
4. Previous year figure has been reclassified and regrouped wherever necessary to make the same comparable with the current year's figure.
5. The above figures are subject to change upon otherwise as per the direction of the Regulators and/ or Statutory Auditor.
6. Employee benefits is done on the actuarial valuation.
7. Detailed interim financial reports has been published in our Bank's website. (www.everestbankltd.com).

**Statement of distributable profit or loss
For the Year ended 31 Ashad 2077
(As per NRB Regulation)**

Particulars	Fig In '000 31 Ashad 2077
Net profit or (loss) as per statement of profit or loss	2,499,994
<u>Appropriations:</u>	
<i>a. General reserve</i>	499,999
<i>b. Foreign exchange fluctuation fund</i>	0
<i>c. Debenture redemption reserve</i>	166,885
<i>d. Corporate social responsibility fund</i>	19,601
<i>e. Employees' training fund</i>	12,359
<i>h. Other</i>	2,800
Profit or (loss) before regulatory adjustment	1,798,351
<u>Regulatory adjustment :</u>	
a. Transfer to Regulatory Reserve	429,819
Opening Retained Earning	304,635
Distributable profit or (loss) as on Ashad End 2077	1,673,167

Segmental Information

A. Information about reportable segments

Particulars	Province 1		Province 2		Bagmati province		Gandaki Province		Province 5		Karnali Province		Sudurpaschim Province		Total	
	Current Quarter	Corresponding Previous Year Quarter	Current Quarter	Corresponding Previous Year Quarter	Current Quarter	Corresponding Previous Year Quarter	Current Quarter	Corresponding Previous Year Quarter	Current Quarter	Corresponding Previous Year Quarter	Current Quarter	Corresponding Previous Year Quarter	Current Quarter	Corresponding Previous Year Quarter	Current Quarter	Corresponding Previous Year Quarter
Revenue from external customers	799,852	1,634,532	828,874	1,003,794	11,049,887	9,023,677	623,239	831,516	1,098,483	1,353,849	99,564	161,639	367,408	544,519	14,867,309	14,553,526
Intersegment revenue	375,748	629,186	334,018	98,316	7,547,153	6,894,904	205,151	4,261	318,396	48,267	79,237	-	205,538	18,414	9,065,241	7,693,348
Gross Revenue	1,175,600	2,263,718	1,162,892	1,102,110	18,597,040	15,918,581	828,390	835,777	1,416,879	1,402,116	178,801	161,639	572,946	562,933	23,932,549	22,246,874
Interest Revenue	1,037,468	2,059,050	921,221	996,579	9,360,244	14,882,388	758,851	778,117	1,209,288	1,268,569	164,201	148,796	504,918	517,386	13,956,190	20,650,885
Interest Expenses	321,462	1,441,475	331,065	509,463	7,053,126	11,594,774	294,558	429,916	471,469	656,557	37,469	84,760	136,735	297,255	8,645,884	15,014,200
Depreciation & Amortisation	15,394	20,512	12,634	13,477	82,534	69,004	12,430	13,166	11,496	11,373	1,890	2,091	13,458	14,922	149,835	144,545
Segment Profit/(Loss)	330,372	593,968	345,095	457,990	2,204,582	2,675,718	206,824	296,474	456,532	588,282	39,092	57,509	118,668	165,153	3,701,165	4,835,094
Impairment of assets	48,957	(5,800)	51,139	16,933	326,694	94,964	30,649	10,976	67,653	23,050	5,793	4,267	17,585	11,204	548,470	155,594
Segment assets	16,515,084	18,945,282	17,251,087	11,634,617	110,205,634	104,590,227	10,338,974	9,637,807	22,821,713	15,691,981	1,954,173	1,873,499	5,932,139	6,311,324	185,018,806	168,684,737
Segment Liabilities	14,852,934	16,964,784	15,514,862	10,418,359	99,114,054	93,656,592	9,298,415	8,630,292	20,524,836	14,051,575	1,757,497	1,677,648	5,335,103	5,651,552	166,397,700	151,050,802

B. Reconciliation of reportable segment profit or loss

i. Revenue	
Particulars	Amount
Total Revenue of reportable segment	23,932,549.49
Other Revenues	607,306.00
Elimination of Intersegment Revenue	(9,065,240.97)
Entity's Revenue	15,474,615
ii. Profit or loss	
Particulars	Amount
Total profit or loss for reportable segment	3,701,164.64
Other profit or loss	
Elimination of Intersegment profit	
Unallocated amounts	
Bonus expenses	(396,868.20)
Other adjustments	267,517.36
Profit Before income tax	3,571,813.80

**Publication of Information as Required by Securities Registration and Issuance Regulation 2073
(Related to Sub Rule (1) of Rule 26)**

1. Financial Statements

A. Statement of Financial Position and Statement of Profit and Loss

Published along with this report

B. Related Party Disclosure

Parties are considered to be related if any one party has the ability to control the other party or exercise the significant influence over the other party in making financial or operation decision.

Punjab National Bank holds 20.03% shares in the bank and has representation in the board of directors of the bank, is considered to be related party to the bank.

The Directors, Chief Executive Officer and other key management personnel are also considered to be related party to the bank. No transaction between bank and KMPs was observed other than as prescribed under service bye-laws of the bank and relating to remuneration.

C. Major Financial Highlights

(i) Earning Per Share	Rs. 31.15	(ii) Liquidity Ratio	39.64%
(iii) Market Value per share	Rs. 675	(iv) ROA/ ROE	1.41% / 13.45%
(v) PE Ratio	Rs. 21.67	(vi) Net Worth per Share	Rs. 219.84

2. Management Analysis

(i) COVID-19 pandemic has resulted in an unprecedented disruption of the economic activity and has put stress on the financial sector too. This has put pressure on the business growth, reserve and profitability of the bank.

(ii) The bank is constantly improvising its IT infrastructure, expanding branches as per management vision as well as regulator requirement and adopting digitization as the ultimate means to achieve competitiveness.

(iii) The bank aims to achieve its financial goals through sustainable profitability and measured growth in balance sheet size. Our business models remain robust and we continue to seek sound growth with a high degree of customers' satisfaction.

(iv) The ongoing pandemic has also affected the banking industry but we are in due course to rationalize the banking services synchronizing the different functions of the bank.

3. Details relating to legal action

Except in the normal course of banking business, no law suits of material nature have been filed by or against the bank/ promoters/directors/on account of violation of prevailing laws or commission of criminal offences or financial crime.

4. Analysis of share transaction and progress of the bank

(i) Management view on share transaction of the bank at securities market – Since price and transaction of the bank’s shares are being determined at Nepal Stock Exchange through open share market operation, management view on this is neutral.

(ii) Maximum, minimum and last share price of the bank including total number of shares traded and days of transaction during the quarter.

Maximum Price: Rs. 693

Minimum Price: Rs. 520

Last Price: Rs. 675

Transaction Volume: 1450 Traded/ 2,25,597 no of shares

Days of transaction: 15

5. Problems and Challenges

Internal

- Increased cost of operations.
- Recruitment and retention of quality human resources.
- Challenges in increasing non-interest revenue.
- Challenges in timely recovery of loans

External

- Adverse impact of global pandemic COVID-19 on various sectors of economy resulting into problem in recovery. Due to this, the default in credit portfolio may increase.
- Remittance inflow has contributed significantly in the country’s GDP. In current crisis, remittance inflow has decreased and the downturn in remittance may create severe impact on overall consumption in the country.
- Cost of deposit/ fund is decreasing in the banking industry
- Cut-throat competition on ROI in banking industry
- Changing regulatory framework and its timely adaptation
- Volatile foreign exchange market.
- Surplus liquidity in the market which may put pressures on yields at least during 1st Half of current Financial Year.

6. Strategy

- Focus on business continuity planning as the COVID-19 may have a far reaching and deep impact on overall economy.
- Better management of assets and liabilities.
- Focus on non-funded business and explore new avenues for investment diversification.
- Capitalizing existing array of services by continuous enhancement of service quality to the customers.
- Closely monitoring internal and external environmental changes and adopting proactive approach.
- Different strategies around marketing, innovation and digital banking.
- Robust risk management framework and Resilient AML/CFT framework.
- Developing human resources through online trainings and motivating them for growth.

7. Corporate Governance

EBL is committed to high standards of corporate governance, business integrity and professionalism in all our activities that assures all stakeholders that the bank is being managed ethically in compliance with best practices and applicable legislation and within predetermined risk parameters, and is also adding value to and protecting their investment. Executive committee (EXCOM) and Asset Liability Management committee (ALCO) are in place to ensure effective and efficient operations of the bank.

8. Declaration by the Chief Executive Officer on the Truthfulness and Accuracy of information

I, as on date, hereby take responsibility for the accuracy of the information and details contained in this report. I also hereby, declare that to the best of my knowledge and belief, the information contained in this report is true, accurate and complete and there are no other matters concealed, the omission of which shall adversely affect the informed investment decision by the investors.

Chief Executive Officer