

# एभरेष्ट बैंक लिमिटेडको १८ औं वार्षिक साधारण-सभा सम्बन्धी सूचना

यस बैंकको मिति २०७९ साल मंसिर २ गते बसेको संचालक समितिको ३४६ औं बैठकको निर्णय अनुसार १८ औं वार्षिक साधारण-सभा देहायको मिति, स्थान र समयमा निम्न प्रस्ताव उपर छलफल गर्न बस्ने भएको हुँदा सबै शेयरधनी महानुभावहरुको जानकारीको लागि यो सूचना प्रकाशित गरिएको छ ।

**सभा हुने मिति : २०७९ साल मंसिर २६ गते सोमबार तदनुसार १२ डिसेम्बर २०२२**

**स्थान : लैनचौर ल्यान्क्वेट, लैनचौर, काठमाडौं**

**समय : बिहान ११:०० बजे**

## बैंकको १८ औं वार्षिक साधारण-सभाको छलफलको बिषयसूची

- संचालक समितिको तर्फबाट अध्यक्षज्यूको प्रतिवेदन ।
- लेखापरीक्षकको प्रतिवेदन सहितको लेखापरीक्षण गरिएको २०७९ साल आषाढ ३२ गतेको वासलात, सो ही मितिमा समाप्त आ.व. २०७८/७९ को नाफा नोक्सान हिसाव तथा सोही अवधिको नगद प्रवाह विवरण छलफल गरी पारित गर्ने,
- मिति २०७९/०७/१८ मा बसेको संचालक समितिको ३४५ औं बैठकले, शेयरधनीहरुलाई निम्न बमोजिम बोनस शेयर तथा नगद लाभांश प्रदान गर्न सिफारिश गरेकोले सो प्रस्ताव छलफल गरी पारित गर्ने,  
(क) १३% का दरले बोनस शेयर जारी गर्ने - विशेष प्रस्ताव,  
(ख) ७.६८% नगद लाभांश (बोनस शेयरमा लाग्ने कर समेत) वितरण गर्न गरेको सिफारिशलाई छलफल गरी पारित गर्ने,
- प्रबन्धपत्र संशोधन सम्बन्धि विशेष प्रस्ताव पारित गर्ने,  
(क) बैंकको अधिकृत पूँजी रु. १००० करोडबाट बृद्धि गरी रु. १५०० करोड पुऱ्याउने भएकोले सोही बमोजिम संशोधन गर्न ।  
(ख) बैंकले मिति २०६४/०३/२० मा २० लाख कित्ता ७% Convertible Preference Share जारी गरे कोमा विवरणपत्र बमोजिम बाँडफाँड गरेको मितिले ३-३ वर्षमा २० प्रतिशत शेयर साधारण शेयर मा परिणत गर्नुपर्ने शर्त बमोजिम मिति २०६७/०६/२७ मा प्रथम पटक, मिति २०७०/०६/३१ मा दोस्रो पटक, २०७३/०६/३० मा तेस्रो पटक, २०७६/०६/०९ मा चौथो पटक परिणत भई पुनः मिति २०७९/०६/१३ मा बाँकी ४ लाख कित्ता पाचौं तथा अन्तिम पटक साधारण शेयरमा परिणत भएपश्चात पूँजी बृद्धि हुने भएकोले सोही बमोजिम संशोधन गर्न ।  
(ग) बैंकले प्रस्तावित बोनस शेयर जारी भएपश्चात पूँजी बृद्धि हुने भएकोले सोही बमोजिम संशोधन गर्न ।
- आ.ब. २०७९/८० को लागि लेखापरीक्षकको नियुक्ति र निजको पारिश्रमिक तोक्ने ।
- विविध

संचालक समितिको आचाले,  
(कम्पनी सचिव)

### शेयर दाखेल खारेज किताब बन्द रहने

साधारण-सभा प्रयोजनको लागि मिति २०७९/०८/१३ गते एक दिन बैंकको शेयरधनी दर्ता किताब बन्द गरिने छ ।

### नोटः

- सभामा उपस्थित हुने शेयरधनी महानुभावहरुले शेयर प्रमाणपत्र वा शेयर अभौतिकरण गरिसकेका शेयर धनीहरुको हकमा हितग्राही (DMAT Account) नम्बर, BOID Statement र आफ्नो परिचय खुल्ने (जस्तै: नागरिकताको प्रमाणपत्र वा अन्य कुनै परिचय पत्र) अनिवार्य रुपमा साथमा लिई आउनु हुन अनुरोध छ ।
- नगद लाभांश सम्बन्धित शेयरधनी महानुभावहरुको बैंक खातामा जम्मा गर्ने प्रयोजनका लागि आफ्नो बैंक खाता हितग्राही (DMAT Account) नम्बर मा अद्यावधिक गरी दिनु हुन शेयरधनी महानुभावहरुलाई अनुरोध गर्दछौं ।
- साधारण सभाको हाजिरी पुस्तिका १०:०० बजे देखी खुल्ला रहने छ र अपराह्न १२:०० बजे बन्द गरिने छ ।

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF EVEREST BANK LIMITED**

**Opinion on the Financial Statements**

We have audited the accompanying financial statements of Everest Bank Ltd. ("the Bank") which comprise the Statement of Financial Position as at 32 Ashadh 2079 corresponding to 16 July 2022, Statement of Profit or Loss, Statement of Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the financial statements referred to above present fairly, in all material respects, the financial position of the bank as of 32 Ashadh 2079 (16 July, 2022), and its financial performances, changes in equity and its cash flows for the year ended on that date in accordance with Nepal Financial Reporting Standards (NFRS) as mentioned under section (b) of Report on Other Legal and Regulatory Requirements (Bank & Financial Institution Act and Company Act)

**Basis of 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 ethical requirement that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide basis for our opinion.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report:

Key Audit Matters	How our Audit addressed the Key Audit Matters
<b>Impairment of Loans and Advances to Customers</b> Total Loans and Advances to Customers: Rs.147,151,441 thousand as on 16 <sup>th</sup> July 2022 (NPR. 129,172,202 thousand as on 15 <sup>th</sup> July 2021) Total Impairment: NPR. 2,275,977 thousand as on 16 <sup>th</sup> July 2022 (NPR. 1,978,024 thousand as on 15 <sup>th</sup> July 2021)	



systems. Appropriate IT general controls and application controls are required to ensure that such IT systems are able to process the data, as required, completely, accurately and consistently for reliable financial reporting. Due to the importance of the impact of the IT systems and related control environment on the Bank's financial reporting process, we have identified testing of such IT systems and related control environment as a key audit matter.

**Investment Valuation, Identification and Impairment**

The Bank's investment portfolio includes Government Bonds, Treasury Bills, Development Bonds, and quoted and unquoted equity instruments. These instruments were valued in accordance with NAS 39 read with NFRS 9 and NRB Directive 8.

Government bond and Treasury bill are measured at amortized cost. Investment in an equity instrument that is not held for trading are measured at fair value through Other Comprehensive Income (FVOCI). Given there are different methods recommended for the treatment of investments based on the nature of cash flow, the business model adopted, complexity of calculation and the significance of amount involved in such investments, same has been considered as



audit-testing regarding the existing system via enquiry, re-performance and inspection to the extent of our knowledge.  
✓ All the core banking activities are fully computerized allowing all the customer transactions as well as internal transactions routed through the computerized system.  
On a sample basis, reviewed the reports generated by the system. On a test basis, we verified interest revenue and expense booking for loans and deposits using the bank's Core Banking System.  
✓ Verification of loan and advance impairment (provision) based on aging on a test check basis.  
✓ The bank has setup its own Disaster Recovery Center with online replication of its core banking system enabling bank to provide basic banking system in shorted possible time.

**Our Result:**  
We considered the IT systems and their relevant controls to be adequate.

Our audit approach regarding verification of process of investment valuation, identification and impairment included:

- ✓ Review of the Bank's investment and its valuation having reference to NFRS and NRB Directive.
- ✓ For investment valued at amortized cost, on test check basis, we checked the effective interest rate (EIR) and amortization schedule.
- ✓ For the investments measured at Fair Value through Other Comprehensive Income (FVTOCI) for quoted investment, we ensured that fair valuation done at the closing transaction rate in NEPSE as on 16<sup>th</sup> July 2022.
- ✓ Income and Bonus received have been verified through DEMAT statement maintained by the Bank



**Auditor's Responsibilities for the Audit of 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 includes our opinion. Reasonable assurance is a high level of 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 aggregate, they could reasonably be expected to influence the economic decisions of 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 detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls 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 internal controls.
- 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 doubt 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 presentation, 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 presentation.

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 (Bank & Financial Institution Act and Company Act)**



Total accrued interest income is NRS. 12,687,658 thousand (NPR. 9,823,538 thousand in FY 2077/78)	We tested the Bank's operating effectiveness of key controls to identify loss events and for determining the extent of provisioning required against non-performing loans & advances. The testing of control included testing of: ✓ Controls over correct identification and classification of non-performing loans and advances on time-based criteria ✓ Control over accurate computation and recording of provisions ✓ Control over statistical model used to calculate the incurred loss in accordance with incurred loss model. ✓ Control over the monitoring of loans and advances to customers with higher risk default ✓ Control over the governance and approval process for provisions including ongoing reassessment by the Bank's Management
Bank's policy for the allowance for impairment of loans and advances to customers have been based on the application of incurred loss model and Nepal Rastra Bank regulations, as applicable. It involves significant management judgement and estimation. In addition, assessment of allowances for impairment is important as carve out provides for higher of the incurred loss model or NRB's directive. The carrying value of the loans & advances to customers can be materially misstating if management's judgement and estimation are inappropriate. In addition to above, interest income of the bank has been recognized on accrual basis as calculated by the Bank's core banking system and following the interest income recognition Guidelines 2019 issued by NRB. Recognition of interest income on non-performing loans and advances involves judgement and estimation on calculating net realizable value of the loans & advances. Therefore, considering the significance of the above matter to the financial statements, we have identified this as a key audit matter.	In carrying out the substantive procedures, we selected sample of loans & advances to customers and checked the repayment schedules and tested the classification of non-performing loans based on overdue period. Assessed the Management's assumption and judgement for classification of loans & advances based on repayment pattern, documentation, assessment of controls over mortgage value of loans & advances, inspection and discussion with management.
<b>Information Technology System</b> The Bank's Information Technology, involving a huge number of independent and interdependent IT systems that are used to process and record a large volume of transactions in the Bank's activities. As a result, the Bank's financial accounting and reporting procedures place a significant level of reliance and rely on such IT	Our audit approach regarding Information Technology of the Bank is based upon the Information Technology Guidelines 2012 issued by NRB and it included: ✓ We conducted the detail understanding
<b>Our Result:</b> We considered the impairment charges on loans & advances to customers and interest recognition to be acceptable.	



Key Audit matter.	wherever applicable. <b>Our Result:</b> We agreed with the Bank's recognition, disclosures, and valuation.
<b>Investment Properties (Non-Banking Assets)</b> Investment Properties 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. Investment property is to be measured at fair value model or cost model.	During the course of audit, we verified the Non-Banking Assets as per Nepal Rastra Bank's Directive. This specific item has been found included under investment property without being mentioning the mode of subsequent measurement.

**Other Information**

The Bank's Management is responsible for the preparation of the other information. The other information comprises the information included in the Management report, Report of the Board of Directors and Chairman's statement but does not include the financial statement and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Management's Responsibility and Those Charged with Governance for the Financial Statements**

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

In preparing the financial statements, the 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.



On examination of the financial statements as aforesaid, we report that:

- We have obtained all information and explanations asked for, which to the best of our knowledge and belief were necessary for the purpose of our examination.
- In our opinion, proper books of account as required by law have been kept by the bank, in so far as appears from our examination of those books of account and the financial statements dealt with by this report are prepared in conformity with the NFRS based format prescribed by Nepal Rastra Bank.
- In our opinion, the returns received from the respective bank's branches are adequate for the audit purpose, though the statements are independently not audited.
- In our opinion and to the best of our information and according to the explanations given to us and from our examination of the books of account of the bank, we have not come across the cases where the Board of Directors or any member thereof or any employee of the bank has acted contrary to the provisions of the law relating to accounts or caused loss or damage to the bank or committed any misappropriation or violated any directive of Nepal Rastra Bank.
- In our opinion, the loans and advances are charged off as per the write off policy and with the approval of the authority concern.
- In our opinion, the business of the bank has been conducted within its authority.

CA. Anika Shrestha  
Partner  
Sundar & Co.,  
Chartered Accountants  
UDIN # 221106CA00225TZHyk



Date: November 6, 2022

Karik 20, 2079



# Statement of Financial Position

As on 32 Ashadh 2079 (16 July 2022)

Assets	32 Ashad 2079	31 Ashad 2078
Cash and cash equivalent	14,024,363,708	9,163,408,289
Due from Nepal Rastra Bank	11,105,032,243	28,838,572,178
Placement with Bank and Financial Institutions	2,875,500,000	2,144,700,000
Derivative financial instruments	15,766,811	-
Loan and advances to B/FIs	9,573,310,676	7,486,023,605
Loans and advances to customers	145,480,529,033	127,687,224,568
Investment securities	35,674,336,981	31,460,033,444
Current tax assets	548,665,100	440,301,707
Investment in associates	713,659,584	502,315,696
Investment property	2,202,745	2,202,745
Property and Equipment	3,635,568,481	3,424,569,598
Goodwill and Intangible assets	23,076,167	32,837,037
Deferred tax assets	111,957,429	-
Other assets	1,597,353,578	1,153,939,649
<b>Total assets</b>	<b>225,381,322,534</b>	<b>212,336,128,516</b>
<b>Liabilities</b>		
Due to Bank and Financial Institutions	733,073,213	678,975,219
Due to Nepal Rastra Bank	2,919,259,377	2,112,184,741
Derivative financial instruments	-	27,925,206
Deposits from customers	172,739,184,905	160,220,256,940
Borrowing	2,556,000,000	-
Deferred tax liabilities	-	196,687,607
Other liabilities	22,313,624,529	27,760,579,785
Debt securities issued	1,325,628,000	468,845,000
<b>Total liabilities</b>	<b>202,586,770,024</b>	<b>191,465,454,498</b>
<b>Equity</b>		
Share capital	9,467,340,209	8,933,717,178
Share premium	238,469,884	238,469,884
Retained earnings	3,877,116,233	2,511,991,875
Reserves	9,211,626,185	9,186,495,082
<b>Total equity</b>	<b>22,794,552,510</b>	<b>20,870,674,018</b>
<b>Total liabilities and equity</b>	<b>225,381,322,534</b>	<b>212,336,128,516</b>
Contingent liabilities and commitment	<b>75,292,268,128</b>	<b>61,300,120,963</b>
Net assets value per share	241.79	232.56

## Statement of Profit or Loss

For the Year ended 32 Ashadh 2079 (16 July 2022)

Particulars	This Quarter	Upto This Quarter (YTD)
Interest income	15,467,180,397	11,515,527,556
Interest expense	10,285,764,016	7,647,886,740
<b>Net interest income</b>	<b>5,181,416,381</b>	<b>3,867,640,816</b>
Fee and commission income	1,294,957,645	978,902,083
Fee and commission expense	263,073,470	210,737,406
<b>Net fee and commission income</b>	<b>1,031,884,175</b>	<b>768,164,677</b>
<b>Net interest, fee and commission income</b>	<b>6,213,300,556</b>	<b>4,635,805,493</b>
Net trading income	299,490,529	367,239,043
Other operating income	294,287,551	214,281,809
<b>Total operating income</b>	<b>6,807,078,637</b>	<b>5,217,326,345</b>
Impairment charge/(reversal) for loans and other losses	325,445,856	262,367,680
<b>Net operating income</b>	<b>6,481,632,781</b>	<b>4,954,958,665</b>
<b>Operating expense</b>		
Personnel expenses	2,045,469,854	1,611,061,794
Other operating expenses	592,220,619	568,290,362
Depreciation & Amortisation	293,187,713	253,127,663
<b>Operating Profit</b>	<b>3,550,754,595</b>	<b>2,522,478,847</b>
Non operating expense	2,513,362	86,688
<b>Profit before income tax</b>	<b>3,548,241,233</b>	<b>2,522,392,159</b>
<b>Income tax expense</b>		
Current Tax Expenses	1,055,443,878	791,021,882
Deferred Tax (Expenses)/Income	(13,396,480)	226,637,773
<b>Profit for the period</b>	<b>2,479,400,875</b>	<b>1,958,008,050</b>
Basic earnings per share	26.30	22.02
Diluted earnings per share	26.19	21.92