

**Everest Bank Ltd**  
**Unaudited Financial Result**  
**4<sup>th</sup> Quarter Ending F/Y 2079/80**

**Unaudited Condensed Statement of Financial Position**  
**As on Quarter Ended 31 Ashad 2080**

<b>Assets</b>	<b>This Quarter Ending</b>	<b>Fig in NPR '000 Immediate Previous year Ending</b>
Cash and cash equivalent	13,803,899	14,024,364
Due from Nepal Rastra Bank	13,433,794	11,105,032
Placement with Bank and Financial Institutions	5,980,975	2,875,500
Derivative financial instruments	-	15,767
Other trading assets	-	-
Loan and advances to B/FIs	8,089,606	9,573,311
Loans and advances to customers	160,210,055	145,480,529
Investment securities	41,689,714	35,674,337
Current tax assets	498,533	548,665
Investment in subsidiaries	-	-
Investment in associates	752,988	713,660
Investment property	-	2,203
Property and equipment	3,369,739	3,635,568
Goodwill and Intangible assets	23,038	23,076
Deferred tax assets	-	111,957
Other assets	2,130,927	1,597,354
<b>Total Assets</b>	<b>249,983,269</b>	<b>225,381,323</b>
<b>Liabilities</b>		
Due to Bank and Financial Institutions	1,219,274	733,073
Due to Nepal Rastra Bank	23,500	2,919,259
Derivative financial instruments	21,313	-
Deposits from customers	197,929,061	172,739,185
Borrowing	2,629,000	2,556,000
Current Tax Liabilities	-	-
Provisions	-	-
Deferred tax liabilities	87,286	-
Other liabilities	18,973,055	22,313,625
Debt securities issued	3,603,663	1,325,628
Subordinated Liabilities	-	-
<b>Total liabilities</b>	<b>224,486,152</b>	<b>202,586,770</b>
<b>Equity</b>		
Share capital	10,698,094	9,467,340
Share premium	238,470	238,470
Retained earnings	4,333,205	3,877,116
Reserves	10,227,349	9,211,626
<b>Total equity attributable to equity holders</b>	<b>25,497,117</b>	<b>22,794,553</b>
<b>Non-controlling interest</b>		
<b>Total equity</b>	<b>25,497,117</b>	<b>22,794,553</b>
<b>Total liabilities and equity</b>	<b>249,983,269</b>	<b>225,381,323</b>

**Unaudited Condensed Statement of Profit or Loss  
For the Quarter Ended 31 Ashad 2080**

**Fig in NPR '000**

Particulars	Current Year		Previous Year	
	This Quarter	Upto This Quarter (YTD)	This Quarter	Corresponding
				Upto This Quarter (YTD)
Interest income	5,945,701	22,438,321	4,964,584	15,467,180
Interest expense	4,084,875	14,990,247	3,288,839	10,285,764
<b>Net interest income</b>	<b>1,860,825</b>	<b>7,448,074</b>	<b>1,675,746</b>	<b>5,181,416</b>
Fee and commission income	418,862	1,347,454	403,712	1,294,958
Fee and commission expense	91,942	271,927	70,008	263,073
<b>Net fee and commission income</b>	<b>326,920</b>	<b>1,075,527</b>	<b>333,704</b>	<b>1,031,884</b>
<b>Net interest, fee and commission income</b>	<b>2,187,746</b>	<b>8,523,601</b>	<b>2,009,450</b>	<b>6,213,301</b>
Net trading income	64,137	182,784	45,044	299,491
Other operating income	70,164	115,640	83,418	294,288
<b>Total operating income</b>	<b>2,322,047</b>	<b>8,822,025</b>	<b>2,137,912</b>	<b>6,807,079</b>
Impairment charge/(reversal) for loans and other losses	183,942	735,441	(88,544)	325,446
<b>Net operating income</b>	<b>2,138,106</b>	<b>8,086,584</b>	<b>2,226,456</b>	<b>6,481,633</b>
<b>Operating expense</b>				
Personnel expenses	526,597	2,165,930	714,875	2,045,470
Other operating expenses	106,263	758,339	(30,296)	592,221
Depreciation & Amortisation	181,081	315,264	157,913	293,188
<b>Operating Profit</b>	<b>1,324,165</b>	<b>4,847,051</b>	<b>1,383,964</b>	<b>3,550,755</b>
Non operating income	249	478	-	-
Non operating expense	-	167	1,899	2,513
<b>Profit before income tax</b>	<b>1,324,414</b>	<b>4,847,362</b>	<b>1,382,064</b>	<b>3,548,241</b>
Income tax expense				
Current Tax	397,324	1,454,209	418,987	1,055,444
Deferred Tax	-	-	-	13,396
<b>Profit for the period</b>	<b>927,090</b>	<b>3,393,154</b>	<b>963,077</b>	<b>2,479,401</b>
<b>Condensed Statement of Comprehensive Income</b>				
Profit/(Loss) for the period	927,090	3,393,154	963,077	2,479,401
Other Comprehensive Income	535,133	164,757	327,789	(156,396)
<b>Total Comprehensive Income</b>	<b>1,462,222</b>	<b>3,557,911</b>	<b>1,290,866</b>	<b>2,323,005</b>
<b>Earnings per share</b>				
Basic earnings per share		31.72		26.30
Diluted earnings per share		31.72		26.19
<b>Profit attributable to:</b>				
Equity holders of the Bank	927,090	3,393,154	963,077	2,479,401
Non-controlling interest	-	-	-	-
<b>Profit for the period</b>	<b>927,090</b>	<b>3,393,154</b>	<b>963,077</b>	<b>2,479,401</b>

# Unaudited Statement of Comprehensive Income

For the Quarter Ending 31 Ashad, 2080

	Current Year			Fig in '000. Previous Year Corresponding Upto This
	This Quarter	Upto This Quarter (YTD)	This Quarter	Quarter (YTD)
Profit for the period	927,090	3,393,154	963,077	2,479,401
<b>Other comprehensive income, net of income tax</b>				
<b>Items that will not be reclassified to profit or loss</b>				
Gains/(losses) from investments in equity instruments measured at fair value	628,255	257,879	272,105	(212,080)
Gains/(losses) on revolution	-			
Actuarial gains/(losses) on defined benefit plans	(22,512)	(22,512)	(11,343)	(11,343)
Income tax relating to above items	(70,610)	(70,610)	67,027	67,027
<b>Net other comprehensive income that will not be reclassified to profit or loss</b>	<b>535,133</b>	<b>164,757</b>	<b>327,789</b>	<b>(156,396)</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>-</b>	<b>-</b>
<b>Share of other comprehensive income of associate accounted as per equited method</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other comprehensive income for the period, net of income tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>	<b>1,462,222</b>	<b>3,557,911</b>	<b>1,290,866</b>	<b>2,323,005</b>
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Bank	1,462,222	3,557,911	1,290,866	2,323,005
Non-controlling interest	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>1,462,222</b>	<b>3,557,911</b>	<b>1,290,866</b>	<b>2,323,005</b>
<b>Earnings per share</b>				
Basic earnings per share		31.72		26.30
Annualized Basic Earnings per share		31.72		26.30
Diluted Earning per Share		31.72		26.19

# Unaudited Condensed Statement of changes in equity

## For the Quarter Ended 31 Ashad 2080

Fig in NPR.'000

	Attributable to equity holders of the Bank											Non- contr olling inter est	Total equity
	Share Capital	Share premium	General reserve	Exchange equalisation reserve	Regulatory reserve	Fair value reserve	Debtenture Redemption Reserve	Revaluation Reserve	Retained earning	Other reserve	Total		
Balance at Shawan 1, 2078	8,933,717	238,470	4,721,032	38,060	942,127	1,425,444	421,965	971,431	2,511,992	666,435	20,870,674	-	20,870,674
Comprehensive income for the Period													
Profit for the period									2,479,401		2,479,401		2,479,401
Other comprehensive income, net of tax											-		-
Total comprehensive income for the period	-	-	-	-	-	(148,456)	-	-	2,479,401	(20,058)	2,310,887		2,310,887
Contributions from and distributions to owners			614,887		76,341	(595,034.56)			(193,645)		(97,451)		(97,451)
Right share issued (Calls in Advance)											-		-
Right share issued											-		-
Share based payments											-		-
Dividends to equity holders											-		-
Bonus shares issued	533,623								(533,623)		-		-
Cash dividend paid											-		-
Dividends to shareholders (ordinary)									(384,209)		(384,209)		(384,209)
Dividends to shareholders (preference)									-		-		-
Total contributions by and distributions	533,623	-	-	-	-	-	-	-	(917,832)	-	(384,209)	-	(384,209)
Balance at Ashad End 2079	9,467,340	238,470	5,335,919	38,060	1,018,468	681,954	421,965	971,431	3,879,916	646,377	22,699,901	-	22,699,901
Balance at Shawan 1, 2079 (Restated)	9,467,340	238,470	5,294,875	51,738	1,018,468	681,954	468,845	971,431	3,714,993	681,219	22,589,333		22,589,333
Comprehensive income for the period													
Profit for the period									3,393,154		3,393,154		3,393,154
Other comprehensive income, net of tax											-		-
Total comprehensive income for the period	-	-	-	-	-	257,879	-	-	3,393,154	(15,759)	3,635,275		3,635,275
Contributions from and distributions to owners			678,631	13,027	96,274	-			(816,698)	28,766	-		-
Share issues											-		-
Share based payments											-		-
Dividends to equity holders											-		-
Bonus shares issued	1,230,754								(1,230,754)		-		-
Cash dividend paid									(727,490)		(727,490)		(727,490)
Dividends to shareholders (ordinary)									-		-		-
Dividends to shareholders (preference)									-		-		-
Total contributions by and distributions	1,230,754	-	-	-	-	-	-	-	(1,958,245)	-	(727,490)	-	(727,490)
Balance at Ashad End 2080	10,698,094	238,470	5,973,506	64,765	1,114,742	939,833	468,845	971,431	4,333,205	694,226	25,497,117	-	25,497,117

**Ratios as per NRB Directive**

<b>Particulars</b>	<b>Current Year</b>		<b>Previous Year</b>	
	<b>Corresponding</b>			
	<b>This Quarter</b>	<b>Upto This Quarter (YTD)</b>	<b>This Quarter</b>	<b>Upto This Quarter (YTD)</b>
Capital Fund to RWA		13.36%		11.89%
Non-Performing Loan (NPL) to Total Loan		0.79%		0.12%
Total Loan Loss Provision to Total NPL		235.64%		1307.52%
Cost of Funds		7.75%		7.31%
Credit to Deposit Ratio		82.32%		86.04%
Base Rate (Ashad)		9.47%		9.67%
Base Rate (Average)		9.92%		8.82%
Interest Rate Spread		3.97%		4.06%
Market Share Price (in Rs.)		563.00		439.00
Return on Total Assets (Annualized in %)		1.48%		1.13%
Return on Equity (Annualized in %)		13.31%		11.76%
Net Worth Per share (in Rs.)		238.33		241.79
Total Assets Per Share		2,144.90		2,380.62

**Statement of distributable Profit or Loss**  
For the Quarter Ended 31 Ashad 2080  
(As per NRB Regulation)

Fig In '000

Bank

	Current Year	Previous Year
<b>Net profit or (loss) as per statement of profit or loss</b>	<b>3,393,154</b>	<b>2,479,401</b>
<b><u>Appropriations:</u></b>		
<i>a. General reserve</i>	678,631	495,880
<i>b. Foreign exchange fluctuation fund</i>	13,027	13,677
<i>c. Capital redemption reserve</i>		46,880
<i>d. Corporate social responsibility fund</i>	18,106	24,794
<i>e. Employees' training fund</i>	10,660	12,172
<i>f. Other</i>		(473,299)
<b>Profit or (loss) before regulatory adjustment</b>	<b>2,672,731</b>	<b>2,359,297</b>
<b><u>Regulatory Adjustment :</u></b>		
<i>a. Interest receivable (-)/previous accrued interest received (+)</i>	(162,144)	(5,141)
<i>b. Short loan loss provision in accounts (-)/reversal (+)</i>	-	
<i>c. Short provision for possible losses on investment (-)/reversal (+)</i>	-	-
<i>d. Short loan loss provision on Non Banking Assets (-)/reversal (+)</i>	-	18,837
<i>e. Deferred tax assets recognised (-)/ reversal (+)</i>	111,957	(59,848)
<i>f. Goodwill recognised (-)/ impairment of Goodwill (+)</i>	-	-
<i>g. Bargain purchase gain recognised (-)/reversal (+)</i>	-	-
<i>h. Actuarial loss recognised (-)/reversal (+)</i>	(15,759)	5,114
<i>i. Other</i>	(30,329)	(35,303)
<b>Net profit for the year end Ashad 2080 Available for distribution</b>	<b>2,576,456</b>	<b>2,282,956</b>
Opening Retained Earning as on Shrawan 1 2079	3,877,116	2,511,992
Adjustment (+/-)	(162,123)	
<b><u>Distribution:</u></b>		
<i>Bonus Shares Issued</i>	(1,230,754)	(533,623)
<i>Cash Dividend Issued</i>	(727,490)	(384,209)
<b>Total Distributable profit or (loss) as on Ashad end 2080</b>	<b>4,333,205</b>	<b>3,877,116</b>
Annualized Distributable Profit/Loss per Share	40.50	41.13

**Unaudited Condensed Statement of Cash Flows  
For the Quarter Ended 31 Ashad 2080**

	<b>Rs. In '000</b>	
	<b>Upto This Quarter</b>	
	<b>Corresponding Previous Year Upto this Quarter</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Interest received	19,339,298	8,681,612
Fees and other income received	1,347,454	891,246
Dividend received	-	-
Receipts from other operating activities	219,864	276,017
Interest paid	(14,211,281)	(6,717,282)
Commission and fees paid	(271,927)	(193,065)
Cash payment to employees	(2,156,213)	(1,275,789)
Other expense paid	(935,024)	(675,764)
<b>Operating cash flows before changes in operating assets and liabilities</b>	<b>3,332,170</b>	<b>986,975</b>
<b>(Increase)/Decrease in operating assets</b>		
Due from Nepal Rastra Bank	(2,328,762)	22,869,918
Placement with bank and financial institutions	(3,105,475)	1,413,000
Other trading assets	-	-
Loan and advances to bank and financial institutions	1,503,247	(2,522,816)
Loans and advances to customers	(15,308,066)	(15,468,165)
Other assets	(344,093)	(281,286)
<b>Increase/(Decrease) in operating liabilities</b>		
Due to bank and financial institutions	486,200	528,272
Due to Nepal Rastra Bank	(2,895,759)	1,768,276
Deposit from customers	25,189,876	1,576,178
Borrowings	73,000	-
Other liabilities	(3,242,204)	(7,201,257)
<b>Net cash flow from operating activities before tax paid</b>	<b>3,360,134</b>	<b>3,669,095</b>
Income taxes paid	(1,403,299)	(671,405)
<b>Net cash flow from operating activities</b>	<b>1,956,835</b>	<b>2,997,690</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investment securities	(5,757,498)	(3,787,727)
Receipts from sale of investment securities	-	629,108
Purchase of property and equipment	(37,375)	(105,461)
Receipt from the sale of property and equipment	-	-
Purchase of intangible assets	-	-
Receipt from the sale of intangible assets	-	-
Purchase of investment properties	-	-
Receipt from the sale of investment properties	2,203	-
Interest received	2,733,099	1,092,607
Dividend received	10,961	1,323
<b>Net cash used in investing activities</b>	<b>(3,048,609)</b>	<b>(2,170,150)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipt from issue of debt securities	2,278,035	-
Repayment of debt securities	-	-
Receipt from issue of subordinated liabilities	-	-
Repayment of subordinated liabilities	-	-
Receipt from issue of shares	-	-
Dividends paid	(727,064)	(382,510)
Interest paid	(732,990)	(280,528)
Other receipt/payment	1,221	-
<b>Net cash from financing activities</b>	<b>819,202</b>	<b>(663,038)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(272,572)</b>	<b>164,502</b>
Cash and cash equivalents at Shawan 1, 2079	14,024,364	9,163,408
Effect of exchange rate fluctuations on cash and cash equivalents held	52,108	55,439
<b>Cash and cash equivalents at Ashad End 2080</b>	<b>13,803,899</b>	<b>9,383,349</b>

## **1. Basis of preparation**

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

## **2. Statement of Compliance**

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

## **3. Use of Estimates, assumptions and judgments**

The preparation of the interim 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.

## **4. Changes in Accounting policies**

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

## **5. Significant Accounting Policies**

### **a. Basis of Measurement**

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

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

### **b. Basis of Consolidation**

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

### **c. 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.



**d. 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.

**e. 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.

**f. 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 of loss are expensed in profit or loss.

**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.

**g. Derecognition**

**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.

**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.

**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.

**h. 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.

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.

**i. 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.

**j. 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.

**k. Goodwill and 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.

**l. Investment Property and Noncurrent Assets held for sale**

**Investment Property**

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

**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.

**m. 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.

**n. 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.

**o. 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

**p. 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.

**(i) Interest income**

Interest income is recognized in the profit or loss as per accrual basis of accounting and as per NRB Circular No. 1 of F/Y 2076-77- Interest Income Recognition.

**(ii) Fees and Commission**

Fees and commission income including management fee, service charges, and syndication fee and forex transaction commission are recognized as the related services are performed.

**(iii) 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.

**(iv) 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.

**(v) 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.

**(vi) 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.

**(vii) Foreign Currency Translation**

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

**q. 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.

## 6. Segmental Information

### A. Information about reportable segments

(Rs. in '000)

Particulars	Koshi Province		Madhesh Province		Bagmati Province		Gandaki Province		Lumbini Province		Karnali Province		Sudurpashchim 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
Revenues from external Customers	1,985,628	1,362,197	1,552,963	1,120,870	16,105,336	11,563,667	1,120,252	834,859	2,157,617	1,494,503	221,638	177,406	941,243	701,708	24,084,677	17,255,210
Intersegment Revenue	73,799	29,643	491,776	239,294	11,334,248	8,643,350	115,938	66,069	166,724	63,532	104	-	49,300	24,301	12,231,889	9,066,189
Gross Revenue	2,059,427	1,391,840	2,044,739	1,360,164	27,439,584	20,207,017	1,236,190	900,928	2,324,341	1,558,035	221,742	177,406	990,543	726,009	36,316,566	26,321,399
Interest Revenue	1,844,736	1,234,802	1,452,032	1,009,001	14,970,825	10,426,731	1,060,090	773,243	2,007,300	1,347,903	210,114	161,986	893,224	653,377	22,438,321	15,607,043
Interest Expenses	756,444	482,638	842,585	581,519	11,182,752	7,768,043	623,927	401,101	1,077,194	678,175	78,312	53,227	327,607	216,363	14,888,821	10,181,066
Net Interest Revenue	1,088,292	752,164	609,447	427,482	3,788,072	2,658,688	436,163	372,142	930,106	669,728	131,802	108,759	565,618	437,014	7,549,500	5,425,977
Depreciation & Amortization	17,836	19,138	13,330	13,811	122,841	98,802	15,024	13,350	26,708	18,320	1,348	1,665	9,616	12,034	206,704	177,120
Segment Profit/(Loss)	570,781	352,356	712,990	375,103	2,910,745	2,644,012	250,966	182,444	631,113	327,373	86,400	31,644	247,871	122,847	5,410,866	4,035,778
impairment of assets	83,162	680,615	82,254	193,621	350,792	1,035,680	37,528	123,861	141,486	242,575	101	25,212	40,118	100,506	735,441	2,402,070
Segment assets	20,617,916	17,792,523	16,125,309	14,640,404	167,230,952	151,040,442	11,632,217	10,904,629	22,403,777	19,520,656	2,301,397	2,317,208	9,773,472	9,165,461	250,085,040	225,381,323
Segment Liabilities	18,514,535	15,993,027	14,480,251	13,159,707	150,170,529	135,764,556	10,445,532	9,801,760	20,118,208	17,546,381	2,066,615	2,082,851	8,776,410	8,238,487	224,572,080	202,586,770

## B. Reconciliation of reportable segment profit or loss

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

Revenue	Rs. In '000	
	Current Quarter	Corresponding Previous Year Quarter
<b>Total revenues for reportable segments</b>	36,316,566	26,321,399
Other revenues	-	-
Elimination of intersegment revenues	(12,231,889)	(9,066,189)
<b>Entity's revenues</b>	<b>24,084,677</b>	<b>17,255,210</b>

b) **Profit or loss**

	Rs. In '000	
	Current Quarter	Corresponding Previous Year Quarter
Total profit or loss for reportable segments	5,410,866	4,035,778
Other profit or loss		
Elimination of intersegment profits		
Unallocated amounts:		
Bonus expenses	(540,872)	(487,538)
Other adjustments	(22,632)	
Profit before income tax	4,847,362	3,548,241

## 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:

#### 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 two expatriates from PNB group under a technical service agreement and three higher level domestic employee of the bank including CEO to oversee the management of the bank's functioning.
- 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

**Rs. In '000**

<b>Particulars</b>	<b>31 Ashad, 2080</b>	<b>32 Ashad, 2079</b>
<b>Directors:</b>		
Director's Sitting Fees	1,665.00	1,530.00
Interest Paid to directors on deposits	289,598.28	205,122.00
<b>Key Management Personnel (KMP):</b>		
Remuneration and benefits paid	57,065.06	35,908.00
Interest on account balances	2,358.00	1,545.00
<b>PNB Group</b>		
TSA Paid	11,390	11,390
Cash Dividend	146,319	76,954
Bonus Share Paid (No of Share.)	2,464,574	1,068,805

**Rs. In '000**

<b>Transactions</b>	<b>31 Ashad, 2080</b>	<b>32 Ashad, 2079</b>	<b>Nature of relationship</b>
Deposit	2,842,933.62	2,557,322.00	Director
Deposit	22,722.89	24,245.00	KMP
Loan	11,588.45	11,333.00	KMP

**8. Issues, repurchases and repayments of debt and equity securities**

None

**9. Events after interim period**

There are no material events after reporting date affecting financial status of the Bank as on Ashad End, 2080.

**10. Effect of changes in the composition of the entity during the interim period including merger and acquisition**

There is no any merger or acquisition effecting the changes in the composition of the entity during the interim period as on Ashad End, 2080.