



# २५ औं वार्षिक प्रतिवेदन आर्थिक वर्ष २०७९/८०



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

दिगो, दरिलो र विश्वासिलो

# EVEREST BANK

## Customer Care Center



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## प्रवेश-पत्र

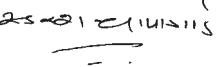
शेयरधनीको नाम: ..... शेयरधनी नं. ....

शेयर संख्या ..... शेयरधनीको दस्तखत:

(मिति २०८० साल आश्विन ३० गते मंगलवारका दिन हुने एभरेष्ट बैंक लिमिटेडको २९ औं वार्षिक साधारण सभामा उपस्थित हुन जारी गरिएको प्रवेश-पत्र)

द्रष्टव्यः

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

  
(सुरेश चौधारी)  
कम्पनी सचिव

## प्रोक्सी फाराम

श्री संचालक समिति

एभरेष्ट बैंक लिमिटेड

विषय: प्रतिनिधि नियुक्त गरेको बारे ।

महाशय,

..... जिल्ला ..... न.पा./गाउँपालिका  
वडा नं. ..... बस्ने म/हामी ..... ले  
त्यस बैंकको शेयरधनीको हैसियतले २९ औं वार्षिक साधारण सभामा उपस्थित भई छलफल तथा निर्णयमा सहभागी  
हुन नसक्ने भएकोले उक्त सभामा भाग लिन तथा मतदान गर्नका लागि .....  
जिल्ला ..... न.पा./गा.पा. वडा नं. ..... बस्ने त्यस बैंकका शेयरधनी  
श्री ..... शेयरधनी नं./BOID No. .....  
लाई मेरो/हाम्रो प्रतिनिधि मनोनयन गरी पठाएको छु/छौ ।

### प्रतिनिधि नियुक्त भएको व्यक्तिको

### निवेदक

दस्तखतः .....

दस्तखतः .....

शेयरधनी नं./BOID No.: .....

नाम: .....

शेयर संख्या: .....

ठेगाना: .....

मिति: .....

शेयरधनी नं./BOID No.: .....

शेयर संख्या: .....

शेयर संख्या: .....

मिति: .....

मिति: .....

कम्पनी सचिवको दस्तखत

बैंकको छाप

द्रष्टव्यः

१) प्रतिनिधि (प्रोक्सी) मुकरर गर्दा शेयरधनी बाहेक अरूलाई गर्न पाइने छैन ।

२) प्रोक्सी फाराम साधारण सभा हुनुभन्दा ४८ घण्टा अगावै निर्वाचन कार्यालयमा दर्ता भएको हुनुपर्नेछ ।



## एभरेष्ट बैंक लिमिटेडको २९ औं वार्षिक साधारण सभा सम्बन्धी सूचना

यस बैंकको मिति २०८० साल आश्विन ७ गते बसेको संचालक समितिको ३५८ औं बैठकको निर्णय अनुसार २९ 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 : २०८० साल आश्विन ३० गते मंगलबार (१७ अक्टोबर २०२३) ।

स्थान : लैनचौर ब्यांकवेट, लैनचौर, काठमाडौं ।

समय : बिहान ११:०० बजे ।

### बैंकको २८ औं वार्षिक साधारण सभाको छलफलको विषयसूची:

१. संचालक समितिको तर्फबाट अध्यक्षज्यूको प्रतिवेदन ।
२. लेखापरीक्षकको प्रतिवेदन सहितको लेखापरीक्षण गरिएको २०८० साल आषाढ ३१ गतेको वासलात, सोही मितिमा समाप्त आ.व. २०७९/८० को नाफा-नोक्सान हिसाव तथा सोही अवधिको नगद प्रवाह विवरण छलफल गरी पारित गर्ने ।
३. मिति २०८०/०५/२७ मा बसेको सञ्चालक समितिको ३५७ औं बैठकले शेयरधनीहरूलाई निम्न बमोजिम बोनस शेयर तथा नगद लाभांश प्रदान गर्न सिफारिस गरेकोले सो प्रस्ताव छलफल गरी पारित गर्ने ।
  - (क) १०% का दरले बोनस शेयर जारी गर्ने - विशेष प्रस्ताव,
  - (ख) १०.५३% नगद लाभांश (बोनस शेयरमा लाग्ने कर समेत) वितरण गर्न गरेको सिफारिसलाई छलफल गरी पारित गर्ने,
४. प्रबन्धपत्र तथा नियमावली संशोधन सम्बन्धी विशेष प्रस्ताव पारित गर्ने,
  - (क) बैंकले प्रस्तावित बोनस शेयर जारी भएपछात पूँजी वृद्धि हुने भएकोले सोही बमोजिम संशोधन गर्ने ।
  - (ख) संचालक समितिको बैठकमा उपस्थित भए बापत संचालकले पाउने बैठक भत्ता वृद्धि गर्ने भएकोले सोही बमोजिम संशोधन गर्ने ।
५. संस्थापक शेयरधनीहरूको तर्फबाट संचालक समितिमा नियुक्त भएका संचालकको नियुक्ति अनुमोदन गर्ने ।
६. आ.व. २०८०/८१ को लागि लेखापरीक्षकको नियुक्ति र निजको पारिश्रमिक तोक्ने ।
७. विविध ।

संचालक समितिको आज्ञाले,  
कम्पनी सचिव

## वार्षिक साधारण सभा सम्बन्धी सामान्य जानकारी

### शेयर दाखिल खारेज किताब बन्द रहने

साधारण सभा प्रयोजनको लागि मिति २०८०/०६/१६ गते एक दिन बैंकको शेयरधनी दर्ता किताब बन्द गरिने छ ।

#### नोट:

- (१) 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 परिचय पत्र) अनिवार्य रूपमा साथमा लिई आउनु हुन अनुरोध छ ।
- (२) नगद लाभांश सम्बन्धित शेयरधनी महानुभावहरूको बैंक खातामा जम्मा गर्ने प्रयोजनका लागि आफ्नो बैंक खाता हितग्राही (DMAT Account) नम्बरमा अद्यावधिक गरिदिनु हुन शेयरधनी महानुभावहरूलाई अनुरोध गर्दछौं ।
- (३) साधारण सभाको हाजिरी पुस्तिका १०:०० बजेदेखि खुल्ला रहने छ र अपरान्ह १२:०० बजे बन्द गरिने छ ।



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## **CHAIRMAN'S STATEMENT**



Warm Greetings to all !

As most countries were struggling to fully recover from the impact of Covid-19, the world again confronted with multiple threats with rising geo-political tensions, supply chain disruptions and rise in commodity prices leading to weakest medium term growth in the F/Y 2022/23 (Nepalese FY 2079/80). The resultant inflationary pressure prompted Central Banks across the world to raise interest rates further stalling the growth.

To contain inflation and restore price stability central banks led by US Federal Reserve embarked on the most aggressive monetary tightening in decades. Nepal has been no exception as Nepal Rastra Bank also raised its bank rate several times to a high of 7.5% from 7%.

Against this backdrop, the World Bank has also projected a slower growth rate for Nepal than what was projected previously due to the impacts of import restrictions last year, monetary

policy tightening, higher inflation, and shrinking government expenditure reflecting lower government revenue. The only sector which has shown some signs of recovery has been remittance. Nepal is a remittance-based economy with remittance inflow amounting to more than a quarter of the country's GDP. After facing a downturn in this most contributing area during COVID times, the country welcomed a recovery in the remittance inflow worth over Rs. 1220.56 billion during FY 79/80 which is 21.20% increment as compared to the previous fiscal year.

Whilst the remittance growth has helped improve our external sector with increased foreign exchange reserves and improved balance of payment situation, decline seen in imports has further widened the shortfall in Government's revenue target restricting its capability on capital expenditure.

To further increase our foreign exchange reserves, export oriented policies can be galvanized and banking and financial institutions should play an active role in augmenting the exports by lending for the resources and infrastructure for the same. This may be a win-win situation for the BFIs and the country both.

The recent endeavour of the Government and NRB through tie

up with neighbouring countries for power purchase along with simultaneous thrust on development of in-house hydro power infrastructure is likely to improve our foreign exchange position.

Nepali Banking industry also has had its own share of problems during the year with depressed business growth and rising non-performing assets. Apart from this, the recent increase in Cash Reserve Ratio and Statutory Liquidity Ratio imposed by NRB may prove little challenging to BFI in the short to medium term. Not only will this no-return bearing funds increase the cost for the BFIs, it will lead to availability of lesser funds to lend which may have further adverse impact on the already suffering economy of the nation. The private credit

growth of meagre 3.43% during the F/Y 79/80 is a matter of concern in terms of country's economic growth.

To add to the challenges of banking sector, NRB has restricted the net interest spread for the commercial banks to a maximum of 4% from start of FY 2080/81, 0.4% lower compared to last year. This would mean lesser or restricted profit for banks. Restricting the profitability of one sector to compensate another sector is not something very encouraging. Spread should have been left to the banks to decide.

As situation gradually returns to normalcy with moderation in commodity prices, improved liquidity, tourist arrival peaking to pre-Covid level, we can safely assume further softening of

interest rate. This should help generate demand for private sector credit growth consequently help improve the overall economy. I am happy to share that our Bank has been able to produce a good and consistent result amidst the economic slowdown country had to face during the year. We were among the few banks with capacity to pay good return to the investors. We have already declared dividend of 20% from last year's profit same as last year. We are confident to continuing with our good performance in future years as well with our vision to be among the top 5 banks.

Wishing you a happy festive season.

**B. K. Shrestha**

Chairman

# BOARD OF DIRECTORS' REPORT

## TO THE 29<sup>th</sup> ANNUAL GENERAL MEETING OF SHAREHOLDERS OF THE BANK

### Ladies and Gentlemen:

It gives me great pleasure to welcome you to the 29<sup>th</sup> Annual General Meeting (AGM) of your Bank. I have the privilege of presenting the Balance Sheet as at 31<sup>st</sup> Ashadh 2080 (16<sup>th</sup> July, 2023), the Profit & Loss Account and Cash Flow Statement of your Bank for the year ending on that date and the Auditors' report made there on.

### Performance Review:

I am happy to share the performance of your bank over a period of last five years. As per the table presented below, core strength of your Bank has consistently improved over the years. Total shareholders' fund has increased significantly during the last five years from **Rs. 1,607.76 crore** to **Rs. 2,537.17 crore** as summarized below:-

### 1. Other Major Performance in business & profitability as belows:

#### a) Business:

Particulars	Rs. In Crore				
	2074/75 (2017/18)	2078/79 (2021/22)	2079/80 (2022/23)	Previous Year %	Increase over Over 5 year's period %
Deposit	11,485.25	17,347.23	19,922.71	14.85	73.46
Loans & Advances (Net)	9,398.53	15,505.38	16,759.21	8.09	78.32

#### b) Profitability:

Particulars	Rs. In Crore				
	2074/75 (2017/18)	2078/79 (2021/22)	2079/80 (2022/23)	Previous Year %	Increase over Over 5 year's period %
Total Income	1,120.56	1,728.50	2,402.51	38.99	114.40
Operating Profit	391.96	347.98	481.63	38.41	22.88
Net Profit after Tax	283.41	242.97	336.21	38.37	18.63

The table clearly reflects the progress made by the Bank over the last five years.

During the year under review, your Bank has earned operating profit of Rs. 481.63 crore which is 38.41% more than last year and has been

(Rs. in crore)

able to post a after tax net profit of Rs. 336.21 crore, which is 38.37% more than the last year.

The total deposits have reached Rs. 19,922.71 crore recording growth of 73.46% in last 5 years. The loans and advances (net) stood at Rs. 16,759.21 crore showing growth of 78.32% in last 5 years.

Particulars	2074/75 (2017/18)	2079/80 (2022/23)
Share capital	810.69	1,069.81
Share premium	23.85	23.85
Retained earnings	292.68	411.05
Statutory general reserve	319.68	600.83
Exchange equalization reserve	3.02	5.82
Corporate social responsibility reserve	3.71	5.02
Capital redemption reserve	-	-
Reserve for Staff Training	1.58	2.81
Regulatory reserve	-	109.45
Investment adjustment reserve	0.15	0.27
Capital Adjustment reserve	4.76	111.64
Assets revaluation reserve	74.71	97.14
Fair value reserve	-	88.48
Dividend equalization reserve	-	-
Actuarial gain	-	(12.08)
Debenture Redemption reserve	64.13	14.28
Other reserve	8.82	8.80
<b>Total Shareholders' Fund</b>	<b>1,607.76</b>	<b>2,537.17</b>

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

During the F/Y 2079/80, the most economies globally witnessed a downturn grappled with rising geopolitical tension primarily due to Russia and Ukraine war, supply chain disruption and volatile commodity prices. The resultant inflationary pressures caused most central banks including Nepal Rastra Bank to raise interest

rates further impacting the growth.

On the domestic front, despite low level of government spending on capital infrastructure projects, overall liquidity remained buoyant throughout 2079/80 owing to increased inward remittances and depressed demand for credit offtake. During the year, aggregate deposits of BFIs deposits grew by about 12.33% to Rs. 5710 billion whereas credit growth remained subdued at 3.8% to Rs. 4797 billion. Apart from reasons stated above, the higher interest rates on the borrowing also pushed demand for credit growth lower. Significant increase in migrant workers remittance inflow and reduced import helped the Gross Foreign Exchange reserves to grow by USD 2201 million year on year basis to USD 11,737 million in 2079/80. As a result, balance of payment improved from negative Rs. 255.3 billion to a positive of Rs. 290.5 billion. Despite the growing macroeconomic challenges our economy proved little resilient with GDP growth improving to 5.61% over 4.84% last year. As seen across most countries, Nepal also witnessed higher level of inflation during the year. However, NRB through series of rate hike was able to contain the average annual inflation at 7.74% though little higher compared to 6.32% last year.

Despite the recovery as seen in the external sector with corresponding easing in liquidity, Nepal Rastra Bank continued with its tighter monetary policy for the F/Y 2080/81 as well. This phenomenon is seen across most Central Banks worldwide. This indicates that credit outflow is likely to remain subdued this year as well. Nonetheless we expect the interest rates to soften further in the coming months. This coupled with efforts put in by the Government, Nepal Rastra Bank and the private sectors, we can expect the economy to improve over coming months.

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

#### a. Operations:

Bank has automated and digitalized many of its internal functions and procedures, which have contributed in improving the service delivery and efficiency, reducing the costs significantly. In process of digitization, Bank has started to maintain the records of its client-base in digital form which has helped to store the clients' information in a secure & controlled environment, coupled with easy and convenient way for the need based retrieval of documents

Besides, in order to streamline and centralize the entire Credit functions of the Bank, a new system called **CreditX** has been implemented. Likewise for the timely reconciliation

process of various accounts, a separate system called **Gokyo** has been implemented which has significantly reduced the time for reconciling the accounts.

Bank is using world class core banking software "Finacle". All the branches of EBL are connected with centralized database, backed by a Disaster Recovery Site, located outside of valley, in a different seismic zone.

With the changing technology, aspiration and requirement of customers, our service delivery channels have also to be updated to align with new technologies. In this endeavor, Bank has taken its strategy to upgrade Bank's existing version of Core Banking System to the higher version i.e. **Finacle 10.x**.

The Information Technology and Digital Banking department serve as a critical catalyst for both enabling and propelling our future expansion. Our strategy involves harnessing technology and digital tools to reinforce the distinctive features that set our bank apart while concurrently establishing a forward-looking Digital Bank. These efforts encompass enhancements in distribution, customer acquisition, engagement, underwriting, and operational processes. We are materializing this strategy through:

**Bank Transformation:**  
Creating new capabilities and platforms.

- **Bank Operations Enhancement:** Modernizing our legacy systems.

The Bank is concentrating on strengthening our line functions by crafting customer-facing neo-banking experiences and seamless journeys, underpinned by a resilient core and a cloud-native infrastructure designed for scalability. While there is still progress to be made, we have already observed the advantages of investing in digital channels through notable achievements such as the successful digital launches of EBL Touch 24, DigitalHub and online lending platforms.

The Merchant Acquiring business serves as the backbone for delivering banking solutions and payment services to our most extensive customer segment, which comprises Small and Medium-sized Enterprises (SMEs). This business is closely knotted with our acceptance and issuance operations. We provide funding for both pre-purchase and post-purchase transactions, leveraging innovative solutions like Buy Now Pay Later (BNPL), digital loans, and more.

In conclusion, our bank's vision for technology and digital innovation plays a pivotal role in steering our future growth trajectory. We remain committed in retaining our leadership position in technological advancements, fostering

an innovative culture, and cultivating the appropriate talents to propel our technology and digital initiatives. By doing so, we are well-positioned for sustained success, enabling us to deliver unparalleled value and experiences to our customers within an increasingly digital landscape.

#### **Major activities:**

- Launched e-Paicho Foneloan (a digital lending platform)
- Embarked Robotic Process Automation Journey.
- Implemented Cloud-ready platform.
- Established Bank's interoperability with Fonepay, NepalPay & Smart QR.
- Digital Friday: An initiative towards staff awareness, interaction and training program.

#### **b. Branch expansion/outreach:**

Currently, the bank has network of total 127 branches in and outside Kathmandu Valley and bank will grow continuously as in previous years. In addition to these, Bank is running additional 32 Government Revenue collection counters.

Bank is providing Branchless Banking (BLB) facility based on internet and Mobile Banking service through the agent as per NRB guidelines.

Besides 127 numbers of branches to facilitate the customers to meet their requirement, Bank has placed ATMs at 162 various locations across the country where the

valued customers of the Bank can get the service of cash withdrawal. The bank is issuing Debit cards in two brands; local SCT brand card co-branded with UPI (Union Pay International) brand and Visa brand cards. The bank is also issuing VISA brand Credit Card to its customers and the growth is encouraging. Bank has made arrangements for acquiring global network cards in EBL ATM network. Concerning to the card base of the Bank, more than 2.60 lakh debit cards are active, 15000 plus credit cards and more than 3,500 USD prepaid cards (including world travel card cards and e-com dollar cards) of the Bank are active and are in circulation which is one of the highest active card bases among the commercial Banks in Nepal. In line of providing value added services to the customers, Bank is providing e-Commerce facility through its Domestic Visa (Debit / Credit) cards and dollar prepaid cards. Banks issued Visa brand cards that are operable in all ATM terminals including all VISA enabled ATM terminals in India for cash withdrawal and Point of Sales (POS) / online transaction towards purchase of merchandise within Nepal and India.

Bank has recently introduced new service where eSewa wallet users can withdraw cash from EBL ATM Terminals through cardless withdrawal. With this facility, more than 6

million eSewa wallet users can be benefited. Further, Bank is working on providing card related services like card activation, block, PIN change, statement / limit of credit / USD prepaid cards in Bank's mobile Banking.

#### **4. Customer Care:**

Bank has dedicated Customer Care Center where the valued customers of the Bank are being facilitated to address their queries/concern/grievances etc. by means of different communication channels. Bank is always with its instinct to provide easy, fast, reliable and hassle free services to its customers and also striving to continuously improve its customers service experience, fulfill the customers' needs through the automation by implementing cutting edge technology.

#### **5. Human Resources Development & Per Employee Business:**

The staff strength of the Bank at the end of the financial year 2079/80 (2022/23) was 1,097 and in the Previous year it was 1,057. Per employee business as at the end of the financial year is as under:

Description	2078/79 (2021/22)		2079/80 (2022/23)		Increase/ Decrease over last year (%)
	Total Amount	Per Employee Amount	Total Amount	Per Employee Amount	
Deposits and Loans & Advances	32,852.61	31.08	36,681.92	33.44	7.58
Operating Profit	347.98	0.33	481.63	0.44	33.36
Net Profit	242.97	0.23	336.21	0.31	33.33

Though, per employee business has remain almost at same level, there is significant year to year growth in per employee operating and net profit.

#### **Human Relation Committee:**

It is considered 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. To upgrade the knowledge base and exposure of the employees of the Bank, training are conducted on regular basis. Bank has formulated a training schedule calendar to all staffs of the bank within and outside Nepal.

#### **6. Compliance Structure & Risk Structure**

- a. A Compliance in conjunction with Risk and Good Governance
- b. Similarly, for developing risk management culture in the

is the top most priority for the Bank. In order to further strengthen the Compliance function in the bank, the bank has set up a separate Compliance Department headed by Head of Compliance Department and also designated a compliance officer for monitoring KYC/AMLCFT specifically.

To enhance compliance function, the Assets Laundering Prevention Committee (ALPC) of the Board has been formed under the chairmanship of Non-Executive Director in line with the provision of Directives of Nepal Rastra Bank. The Committee oversees implementation of Assets (Money) Laundering Prevention Act, 2064, Assets (Money) Laundering Prevention Rules, 2073, NRB Unified Directives and other legal and regulatory requirements related to Money Laundering Prevention. For smooth functioning of the Committee, the bank has also placed the board approved Terms of Reference.

bank, a Risk Management Department (RMD) is in place which is engaged in identifying, measuring, monitoring, mitigating risks in the bank. RMD is headed by a Chief Risk Officer (CRO) who reports to the Risk Management Committee (RMC) of the Board.

RMC formulates risk management policy of the bank which includes Credit, Market and Operational risk. It also formulates risk integration, implementation of best risk management practices and set up risk limits to various function of the bank. The Committee also ensures that action taken by the management are appropriate and elevate the situations to the Board where further action are required.

- c. Audit is the third line of defense in the bank. The bank has established an independent internal audit department which has adopted Risk based internal audit (RBIA) approach and conducting onsite/ offsite as well as concurrent audit of various branches of the bank. For ensuring independence of audit department, it directly reports to Audit Committee of the Board (ACB).

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. It also reviews quarterly financial reports of the Bank and guide the management in preparing yearly Financial Reports in a correct and realistic manner.

## **7. 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.

However, the tax authority in Nepal has stated to disallow such expenses made by the bank toward Corporate Social Responsibility.

## **8. Dividend/Bonus Share:**

The Board in its' 357<sup>th</sup> meeting held on 13<sup>th</sup> September, 2023 (26<sup>th</sup> Bhadra, 2080) has decided to recommend to the forthcoming Annual General Meeting to declare cash dividend **10.53%** (including tax on bonus share) and bonus share **10%** on Paid-up Capital.

Closing balance of disposal profit for FY 2079/80 after distribution of dividend (Cash and Bonus) would be **Rs. 191.46 crores**.

The same is being placed before you for approval.

## **9. Capital Adequacy:**

Under the Basel - III framework, minimum benchmark fixed by Nepal Rastra Bank the Capital Adequacy Ratio is 11%. However, the

NRB has further directed to maintain 11% of CAR after the Cash Dividend Declared. Further, NRB has also implemented the Counter Cyclic Buffer from this FY 2080-81. The Capital Adequacy Ratio of the Bank as at the yearend 16<sup>th</sup> July, 2023 before proposed dividends, stands at 13.30% (Previous Year 11.50%). To maintain the capital adequacy ratio intact, proper capital back up is required. Your bank has managed to put the CAR at comfortable level.

## **10. Board of Directors:**

There was a change in Board of Directors of the Bank during the financial year under review.

Mr. Arun Man Sherchan (Director of the bank) has resigned and Mr. Kiran Krishna Shrestha has joined as new director of the bank.

We heartily thank outgoing Directors for their contribution in the bank and welcome new Board of Directors in the bank.

## **11. 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.

## 12. Employee Relations:

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

## 13. 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 your Bank. Your Bank has complied with the related provisions of related Acts, Rules and Directives issued by Nepal Rastra Bank.

## 14. Appointment of the Statutory Auditors:

The Shareholders are requested to appoint Statutory Auditor of the bank along with the fee for the financial year 2080/81 (2023/24) as per recommendation of Audit Committee of the Board.

## 15. 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, I 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

# N. Amatya & Co.

**Chartered Accountants**

UDIN: 230913CA00209FQ7AY

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

### **Report on the audit of the financial statements**

#### **Opinion**

We have audited the financial statements of Everest Bank Limited (hereinafter referred to as "the Bank"), which comprise the statement of financial position as at Ashadh 31, 2080 (July 16, 2023), the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the bank as at Ashadh 31, 2080 (July 16, 2023), and its financial performance and its cash flows for the year then ended in accordance with Nepal Financial Reporting Standards.

#### **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 code of ethics for professional accountant issued by Institute of Chartered Accountants of Nepal (ICAN) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2063 and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAN's Code of Ethics for professional accountants. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

#### **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 financial year ended on Ashadh 31, 2080 (July 16, 2023). 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.

<b>Key Audit Matters</b>	<b>How our Audit addressed the Key Audit Matters</b>
<b>Impairment of loans and advances to customers including interest income recognition</b>	
(Refer Note 4.35 "Loan impairment allowance charge/(reversal)", Note 4.7.4 and Note 3.4.5 of the financial statements for impairment of loans and advances to customers)	
(Refer Note 4.29 "Interest income" and Note 3.13 of the financial statements for the interest income recognition)	

<b>Key Audit Matters</b>	<b>How our Audit addressed the Key Audit Matters</b>
<p>Allowances for impairment of loans and advances to customers have been made based on incurred loss model. The bank is required to apply its judgement and estimation to determine allowances for impairment. In addition, the assessment of impairment is significant as carve out by ICAN provides for higher of incurred loss model or as per NRB directive for determining the impairment allowance.</p> <p>The carrying value of loans and advances to the customers can be materially misstating if the bank's judgement and estimation are inappropriate.</p> <p>In addition to above, interest income on loans and advances to customers has been recognized on accrual basis and following the interest income recognition guidelines 2019 issued by NRB. Recognition of interest income on non-performing loans and advances involves estimation and judgements.</p> <p>Considering the significance of above matters, we have identified this as a key audit matter for the current year audit.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>We planned and tested the operating effectiveness of key controls established by the bank to identify loss events and for determining the extent of provisioning required against non- performing loans and advances to customers.</li> <li>The testing of controls includes testing of controls over correct identification and classification of non-performing loans and advances to customers on time-based criteria, control over statistical models used to calculate the incurred loss in accordance with incurred loss model; control over monitoring of loans and advances to customers with higher risk default; control over accurate computation and recording of provisions; control over the governance and approval process related to provisions including continuous reassessment by management.</li> <li>We selected a sample of loans and advances to customers, checked installments of repayments and tested classification of non-performing loans and advances to customers based on number of days overdue; evaluated the bank's assessment for classification of loans and advances to customers as performing and non-performing based on repayment pattern, documentation, inspection and thorough discussion with management; assessment of control over mortgage value of loans and advances to customers.</li> <li>We selected sample of loans and advances to customers and independently performed and reassessed whether there was need to classify loans and advances to customers as non- performing and compared our outcome to that prepared by the bank and challenged various assumptions and judgements which were used by management.</li> <li>We assessed the appropriateness and adequacy of disclosures against the relevant accounting standards and NRB requirements relating to allowances and interest recognition, and considered it to be acceptable.</li> </ul>

#### **Information technology system and control impacting financial reporting in relation to the bank**

The bank's information technology environment is complex and involves a large number of independent and inter-dependent information technology systems used in operations of the bank for processing and recording a large volume of transactions at numerous locations. Due to this, there is high degree of reliance and dependency on such information technology systems for the bank's financial reporting process.

Due to the importance of the impact of the information technology systems and related control environment on

Our audit procedures included the following:

- In assessing the integrity of the IT systems, we involved our team to obtain understanding of IT infrastructure and IT systems relevant to bank's financial reporting process.
- Access rights were tested over applications, operating systems, networks and databases, which are relied upon for financial reporting. We also assessed the operating effectiveness of controls over granting, removal and periodic review of access rights.

<p>financial reporting process of the bank, we have identified testing of such information technology system and related control environment as a key audit matter for the current year audit.</p>	<ul style="list-style-type: none"> <li>• We further tested segregation of duties, including preventive controls to ensure that the access to change applications, the operating system or databases were granted only to authorized personnel.</li> <li>• Other areas such as security configurations and controls around the change management were also assessed.</li> <li>• We also evaluated the design and tested the operating effectiveness of the key automated controls within various business processes. This included testing the integrity of system interfaces, the completeness and accuracy of data feeds and automated calculations and considered to be acceptable.</li> </ul>
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#### **Investment valuation, classification and impairment**

(Refer Note 4.8 "Investment Securities", Note 4.11 "Investment in associates", Note 5.3 and 3.4 of the financial statements for investments)

<b>Key Audit Matters</b>	<b>How our Audit addressed the Key Audit Matters</b>
<p>Investment portfolio of the bank consists of Government bonds, NRB Bonds, Treasury bills, Development bonds, units of Mutual Funds and quoted and unquoted equity instruments. These instruments were valued in accordance with NFRS 9 read with NRB Directive 8.</p> <p>Investments in NRB bonds, government bonds and treasury bills are measured at amortized cost whereas investment in equity instruments, other than those held for trading are measured at Fair Value through Other Comprehensive Income.</p> <p>Given the varieties of methods recommended for valuation of investments based on nature of cash flows and the business model adopted, complexity of calculation and the significance of amount involved in such investments, such has been calculated as Key Audit Matter in our audit.</p>	<p>Our audit approach regarding verification of process of investment valuation, classification and impairment included the following:</p> <ul style="list-style-type: none"> <li>• Review of bank's investment and its valuation with reference to NFRS and NRB Directive.</li> <li>• We assessed the expected cash flows of investments as well as business model adopted by the management on the basis of available evidences and ensured that the classification is aligned with nature of cash flows and management intention of holding the investment.</li> <li>• For investments valued at amortized cost, we recalculated and checked the Effective Interest Rate (EIR) and amortization schedule on test basis.</li> <li>• For quoted investments valued at fair value through other comprehensive income, we ensured that the fair valuation has been done at closing transaction price in NEPSE as on Ashadh 31, 2080 (July 16, 2023) and for unquoted investments, net book value per share as per latest available audited data of investee company has been considered.</li> </ul>

#### **Information other than the financial statement and auditor's report thereon**

The management of the bank is responsible for the other information. The other information comprises the information included in the statement of the Board of Directors and Chairman.

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

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 in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is material misstatement of this other information, we are required to report the fact. We have nothing to report in this regard.

### Responsibilities of management and those charged with governance for the financial statements

The management of the bank is responsible for the preparation and fair presentation of the financial statements in accordance with 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, 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.

### Auditor's 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 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 the 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 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 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.

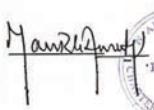
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### Report on other legal and regulatory requirements

We report that:

- a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b. In our opinion, proper books of account as required by law have been kept by the bank, so far as appears from our examination of those books.

- c. The enclosed statement of financial position, statement of profit or loss, statement of other comprehensive income, statement of changes in equity and statement of cash flows have been prepared in conformity with format prescribed by Nepal Rastra Bank and the same are in agreement with the books of account maintained by the bank.
- d. In our opinion, the bank has maintained adequate capital funds and adequate provisions for possible impairment of assets in accordance with the directives of Nepal Rastra Bank.
- e. Instances of misappropriation of funds by employees were identified by the Bank, for which the management has taken all necessary corrective actions and recovered of the total funds misappropriated. Except for the above, to the best of our information and according to explanations given to us and so far, appeared from our examination of the books of account of the bank necessary for the purpose of our audit, we have not come across cases where board of directors or any members thereof or any employee of the bank have acted contrary to the provisions of law relating to the accounts or caused loss or damage to the bank or committed any misappropriation or violated any directive of Nepal Rastra Bank.


Manish Amatya

Partner

For: N. Amatya & Co.

Chartered Accountants

Address: Kathmandu

Date: Bhadra 27, 2080

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## वित्तीय अवस्थाको विवरण (वासलात)

### २०८० साल आषाढ मसान्तको

#### सम्पत्ति

	नोट	यस वर्ष (रु.)	गत वर्ष (रु.)
नगद तथा नगद समान	४.१	९५,३७८,२४७,९६०	९४,०२४,३६३,७०८
नेपाल राष्ट्र बैंकमा रहेको मौज्दात	४.२	१३,९३३,७९४,४९३	११,१०५,०३२,२४३
बैंक तथा वित्तीय संस्थामा रहेको मौज्दात	४.३	५,९८०,९७५,०००	२,८७५,५००,०००
व्युत्पन्न वित्तीय उपकरण सम्पत्ति	४.४	-	१५,७६८,८११
अन्य व्यापारिक सम्पत्तिहरू	४.५	-	-
बैंक तथा वित्तीय संस्थालाई कर्जा तथा सापट	४.६	८,०७६,८८१,२०३	९,५७३,३१०,६७६
ग्राहकलाई कर्जा तथा सापट	४.७	१५९,४७९,२९४,५१३	१४५,४८०,५२९,०३३
धितोपत्रमा लगानी	४.८	४०,२०९,७२५,२८९	३६,१८९,८८३,७४५
चालु आयकर सम्पत्ति	४.९	५२०,८५२,१३२	५६५,३१६,९९५
सहायक कम्पनीमा लगानी	४.१०	-	-
सम्बद्ध कम्पनीमा लगानी	४.११	७२७,८०९,९५२	६८५,४२७,१२०
सम्पत्तिमा लगानी	४.१२	-	२,२०२,७४५
सम्पत्ति तथा उपकरण	४.१३	३,६९९,४०२,७१४	३,५७०,८८७,७२३
ख्याती र अमूर्त सम्पत्ति	४.१४	२४,९४९,१५३	२३,०७६,९६७
स्थगन कर सम्पत्ति	४.१५	-	-
अन्य सम्पत्ति	४.१६	२,१४६,५६०,३००	१,१०७,८००,३९५
<b>कुल सम्पत्ति</b>		<b>२५०,०९०,४९२,६५०</b>	<b>२२५,२११,०५७,३६०</b>

#### दायित्व

	नोट	यस वर्ष (रु.)	गत वर्ष (रु.)
बैंक तथा वित्तीय संस्थालाई तिर्न बाँकी	४.१७	१,२१९,२७३,६९१	७३३,०७३,२१३
नेपाल राष्ट्र बैंकलाई तिर्न बाँकी	४.१८	२३,७६७,०५३	२,९३६,०२१,१३१
व्युत्पन्न वित्तीय उपकरण दायित्व	४.१९	४७,५९७,९०७	-
ग्राहकबाट निक्षेप	४.२०	१९८,००७,८०७,०६६	१७२,७३९,९८४,९०५
तिर्न बाँकी सापट	४.२१	२,६६४,२७७,९६१	२,५७८,१११,७७८
चालु आयकर दायित्व	४.९	-	-
व्यवस्थाहरू	४.२२	-	-
स्थगन कर दायित्व	४.१५	१७३,२०७,३६१	९१,४९७,२१२
अन्य दायित्व	४.२३	१८,९७९,३४०,९५३	२२,२४५,७६५,८५०
निष्काशन गरिएका ऋणपत्र	४.२४	३,६०३,६१३,०००	१,३२५,६२८,०००
सहायक आवधिक दायित्व	४.२५	-	-
<b>कुल दायित्व</b>		<b>२२४,७७८,८२३,३९१</b>	<b>२०२,६४९,८८२,०८९</b>

#### पूँजी

शेयर पूँजी	४.२६	१०,६९८,०९४,४३६	९,४६७,३४०,२०९
शेयर प्रिमियम		२३८,४८९,८८४	२३८,४८९,८८४
संचित मुनाफा		४,११०,४८७,५०६	३,६३२,७५४,८५३
जगेडा तथा कोषहरू	४.२७	१०,३२४,६६७,४३५	९,२२३,२१०,३२६
<b>शेयरधनीहरूलाई बाँडफाँड योग्य पूँजी</b>		<b>२५,३७१,६६९,२६०</b>	<b>२२,५६९,७७५,२७१</b>
<b>गैर नियन्त्रित स्वार्थ</b>		-	-
<b>कुल पूँजी</b>		<b>२५,३७१,६६९,२६०</b>	<b>२२,५६९,७७५,२७१</b>
<b>कुल दायित्व तथा पूँजी</b>		<b>२५०,०९०,४९२,६५०</b>	<b>२२५,२११,०५७,३६०</b>
सभावित दायित्व तथा प्रतिवद्धता	४.२८	७९,५७०,२०८,९३३	७५,२९२,८६८,१२७
प्रति शेयर खुद सम्पत्ति		२३७१६	२३८१६

विजय कुमार शर्मा  
नायव प्रमुख कार्यकारी अधिकृत

सुदेश खालिङ  
प्रमुख कार्यकारी अधिकृत

विष्णु कृष्ण श्रेष्ठ  
अध्यक्ष

हाम्रो सलग्न प्रतिवेदन अनुसार

राजन कायस्थ  
लेखा प्रमुख

डा. बाल गोपाल बैद्य  
संचालक

किरण कृष्ण श्रेष्ठ  
संचालक

राकेश ग्रोवर  
पंजाब नेशनल बैंक संचालक

.....

मनिष अमात्य, एफ.सि.ए

नविन भक्त श्रेष्ठ  
संचालक

उमिला श्रेष्ठ  
संचालक

डा. तारक बहादुर के.सी.  
स्वतन्त्र संचालक

साझेदार

एन. अमात्य एण्ड कं.

स्थान: काठमाडौं, नेपाल  
मिति: २०८० भाद्र २७

चार्टर्ड एकाउन्टेन्ट्स

## नाफा नोक्सान हिसाब

१ आवण २०७८ देखि ३१ आषाढ २०८० सम्म

	नोट	यस वर्ष (रु.)	गत वर्ष (रु.)
ब्याज आमदानी	४.२९	२२,४००,६११,२४१	१५,४६७,१८०,३८७
ब्याज खर्च	४.३०	१४,९८८,१७१,०५५	१०,२८५,७६४,०९६
खुद ब्याज आमदानी		७,४९२,४४०,१८६	५,१८१,४७६,३८१
शुल्क तथा कमिशन आमदानी	४.३१	१,३४७,५२१,४१०	१,२९४,९५७,६४५
शुल्क तथा कमिशन खर्च	४.३२	२७१,९२७,३१०	२६३,०७३,४७०
खुद शुल्क तथा कमिशन आमदानी		१,०७५,५९४,१००	१,०३१,८८४,१७५
खुद ब्याज, शुल्क तथा कमिशन आमदानी		८,४८८,०३४,२८६	६,२१३,३००,५५७
खुद व्यापारिक आमदानी	४.३३	१८२,७८४,१९९	२९९,४९०,५२९
अन्य संचालन आमदानी	४.३४	९४,९८८,१६५	२२३,३२१,५५०
कुल संचालन आमदानी		८,७६५,००६,६५०	६,७२६,११२,६३६
कर्जा तथा अन्य सम्पत्तिमा हानी/नोक्सानीको व्यवस्था/(फिर्ता)	४.३५	७७१,३६०,५०४	३२५,४४३,८५६
खुद संचालन आमदानी		७,९९३,६४६,१४६	६,४९०,६६६,७८०
संचालन खर्च			
कर्मचारी खर्च	४.३६	२,१२९,९३०,१५६	२,०४५,४६९,८५४
अन्य संचालन खर्च	४.३७	७३६,६६८,९६१	५९२,२२०,६१९
ह्रासकटी र परिपोधन	४.३८	३०९,४७५,१६९	२९३,१८७,७१३
संचालन मुनाफा		४,८१७,५७१,०५९	३,४७१,७८८,५९४
गैर संचालन आमदानी	४.३९	-	-
गैर संचालन खर्च	४.४०	१,२८६,१८३	२,५१३,३६२
आयकर अधिको मुनाफा		४,८१६,२८४,८७६	३,४७७,२७५,२३२
आयकर खर्च/(आमदानी)	४.४१		
चालु आयकर		१,४४७,५७४,५३३	१,०५५,४४३,८७१
स्थगन कर		६,५९४,१०५	(७८९,२३२०)
यस वर्षको मुनाफा		३,३६२,११५,४३९	२,४२९,७२४,६७४
नाफा वॉडफाँड			
बैंकको शेयरधनी		३,३६२,११५,४३९	२,४२९,७२४,६७४
गैर नियन्त्रित स्वार्थ		-	-
यस वर्षको मुनाफा		३,३६२,११५,४३९	२,४२९,७२४,६७४
प्रति शेयर आमदानी			
आधारभूत प्रति शेयर आमदानी		३१४३	२५।७७
डाइलूटेड प्रति शेयर आमदानी		३१४३	२५।६६

विजय कुमार शर्मा	सुदेश खालिङ्ग	विष्णु कृष्ण श्रेष्ठ	हाम्रो संलग्न प्रतिवेदन अनुसार
नायब प्रमुख कार्यकारी अधिकृत	प्रमुख कार्यकारी अधिकृत	अध्यक्ष	
राजन कायस्थ	डा. बाल गोपाल बैद्य	किरण कृष्ण श्रेष्ठ	.....
लेखा प्रमुख	संचालक	संचालक	मनिष अमात्य, एफ.सि.ए
नविन भक्त श्रेष्ठ	उर्मिला श्रेष्ठ	डा. तारक बहादुर के.सी.	साझेदार
संचालक	संचालक	स्वतन्त्र संचालक	एन. अमात्य एण्ड कं.
स्थान: काठमाडौं, नेपाल			चार्टर्ड एकाउन्टेण्ट्स
मिति: २०८० भाद्र २७			

## अन्य विस्तृत आमदानीको विवरण

१ अावण २०७८ देखि ३१ आषाढ २०८० सम्म

	यस वर्ष (रु.)	गत वर्ष (रु.)
<b>यस वर्षको मुनाफा</b>		
आयकर पछिको अन्य विस्तृत आमदानी	३,३६२,११५,४३९	२,४२९,७२४,६७४
क) नाफा/(नोक्सान) मा पुनःवर्गीकरण गर्न सकिने बुँदाहरू	२७३,१७४,८५८	(२०९,४५८,९२२)
इक्वीटी उपकरण लगानीलाई फेयर भ्याल्युमा मूल्याङ्कन गरिदा भएका नाफा/(नोक्सान)	-	-
पुनःमूल्याङ्कनबाट भएका नाफा/(नोक्सान)	(२२,५१२,१७०)	(११,३४२,५४०)
परिभाषित लाभ योजनाबाट वीमाझीक नाफा/(नोक्सान)	(७५,१९८,८०६)	६६,२४०,४३९
माथि उल्लेख गरिएका बुँदाको आयकर	१७५,४६३,८८१	(१५४,५६९,०२३)
नाफा/(नोक्सान) मा पुनःवर्गीकरण नगरिएका अन्य खुद विस्तृत आमदानी	-	-
ख) नाफा/(नोक्सान)मा पुनःवर्गीकरण गरिएका वा गर्न सकिने बुँदाहरू	-	-
नगद प्रवाहको हेजिडबाट भएको नाफा/(नोक्सान)	-	-
विदेशी विनियम संचालनको वित्तीय सम्पत्ति विनियमबाट भएको सटही नाफा/(नोक्सान)	-	-
माथि उल्लेख गरिएका बुँदाको आयकर	-	-
नाफा/(नोक्सान) मा वर्गीकरण गरिएका	-	-
नाफा/(नोक्सान) मा पुनःवर्गीकरण गरिएका वा गर्न सकिने अन्य खुद विस्तृत आमदानी	-	-
ग) इक्वीटी तरिकाबाट लेखांकन गरिएको सम्बद्ध संस्थाको अन्य विस्तृत आमदानीमा हिस्सा	(१९४,९७९)	-
<b>यस वर्षको आयकर पछिको अन्य विस्तृत आमदानी</b>	१७५,२६८,९०२	(१५४,५६९,०२३)
<b>यस वर्षको कुल विस्तृत आमदानी</b>	३,५३७,३८४,३४१	२,२७५,१६३,६५०
कुल विस्तृत आमदानीको बाँडफाँड	३,५३७,३८४,३४१	२,२७५,१६३,६५०
बैंकको इक्वीटी शेयरधनी	-	-
गैर नियन्त्रित स्वार्थ	-	-
<b>यस वर्षको कुल विस्तृत आमदानी</b>	३,५३७,३८४,३४१	२,२७५,१६३,६५०

विजय कुमार शर्मा  
नायव प्रमुख कार्यकारी अधिकृत

राजन कायस्थ  
लेखा प्रमुख

नविन भक्त श्रेष्ठ  
संचालक

स्थान: काठमाडौं, नेपाल  
मिति: २०८० भाद्र २७

सुदेश खालिङ  
प्रमुख कार्यकारी अधिकृत

डा. बाल गोपाल बैद्य  
संचालक

उमिला श्रेष्ठ  
संचालक

विष्णु कृष्ण श्रेष्ठ  
अध्यक्ष

किरण कृष्ण श्रेष्ठ  
संचालक

डा. तारक बहादुर के.सी.  
स्वतन्त्र संचालक

हाम्रो सलग्न प्रतिवेदन अनुसार

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मनिष अमात्य, एफ.सि.ए  
साझेदार  
एन. अमात्य एण्ड कं.  
चार्टर्ड एकाउन्टेन्ट्स

**ઇન્ડિયા એપ્પો પરિવહન સંબંધી વિવરણ**  
૨૦૧૦ સાલ આધાર મસાનાનીકો

# इतिहासीय आणको परिवर्तन सलगन्धी विवरण

## २०८० साल आणका मसानवतको

संघर्ष	रेपर	संघर्ष	संघर्ष जारी	संघर्ष समिक्षण	संघर्षी समिक्षण	प्रभाव आम्.	प्रभाव समोजन	आम्. कोष	कुल गोपनीय	शेर लिमिटेस	कुल इमोरीटी
(दर्शी रु.)	(प्रिमियम रु.)	(कोष रु.)	(कोष रु.)	(कोष रु.)	(कोष रु.)	(कोष रु.)	(कोष रु.)	(कोष रु.)	(कोष रु.)	(कोष रु.)	(कोष रु.)
संघर्ष १, २०८० सालको भौतिक	१०,१५,९३,०३,००,०८	२३८,६३५,९७८८	५	५,१३३,७०१०	५,१०८,८५८,४२७	५,१३३,४३,७०१०	५,१०८,८५८,४२७	५,१३३,४३,७०१०	१,१३३,४३,७०१०	२२,४५१,७५५,२७१	२२,४५१,७५५,२७१
गम. वर्षानुसार विवरणत गोपनीय	-	-	-	-	-	-	-	-	-	-	-
समाप्तिकरण	-	-	-	-	-	-	-	-	-	-	-
समाप्तिकरण	-	-	-	-	-	-	-	-	-	-	-
संघर्ष	१०,१५,९३,०३,००,०८	२३८,६३५,९७८८	५	५,१३३,७०१०	५,१०८,८५८,४२७	५,१३३,४३,७०१०	५,१०८,८५८,४२७	५,१३३,४३,७०१०	१,१३३,४३,७०१०	२२,४५१,७५५,२७१	२२,४५१,७५५,२७१
यस वर्षको विवरण अवधिका	-	-	-	-	-	-	-	-	-	-	-
यस वर्षको मुद्रामा	-	-	-	-	-	-	-	-	-	-	-
गम. वर्षानुसार अपर्याप्ति	-	-	-	-	-	-	-	-	-	-	-
विवरण अवधिका	-	-	-	-	-	-	-	-	-	-	-
इतिहासीय उत्तराधिकार लगानीमात्र कुलम	-	-	-	-	-	-	-	-	-	-	-
भागद्वयमा मूलधनकर्ता गोपनीय भागद्वय / लोगोकर्ता	-	-	-	-	-	-	-	-	-	-	-
प्रग. मानवाधिकार भागद्वय ताफ़ / लोगोकर्ता	-	-	-	-	-	-	-	-	-	-	-
परिवारित साथ संघर्षावाट भीतीप्राप्ति नापाल / लोगोकर्ता	-	-	-	-	-	-	-	-	-	-	-
नगद वर्षातहो लोगिकावाट घारको नापाल / लोगोकर्ता	-	-	-	-	-	-	-	-	-	-	-
इतिहासीय उत्तराधिकार लेखाङ्कुर गोपनीय सम्बद्ध संघर्षको	-	-	-	-	-	-	-	-	-	-	-
अन्य विवरण अपर्याप्ति विवा	-	-	-	-	-	-	-	-	-	-	-
यस वर्षको विवरण अवधिका	-	-	-	-	-	-	-	-	-	-	-
कोम्पनी सारिएको रकम	-	-	-	-	-	-	-	-	-	-	-
कोम्पनी प्रिति गरिएको रकम	-	-	-	-	-	-	-	-	-	-	-
विवरण इतिहासीय लेखाङ्कुर गोपनीय संघर्षको कारोबार	-	-	-	-	-	-	-	-	-	-	-
दिक्षिणीयार्थ वेवर आर्थि	-	-	-	-	-	-	-	-	-	-	-
शेवर जारी खर्च	-	-	-	-	-	-	-	-	-	-	-
शेवरामा आगामी भुक्तानी	-	-	-	-	-	-	-	-	-	-	-
शेवरमानीमात्र लगानी	-	-	-	-	-	-	-	-	-	-	-
शेवरमानीमात्र लगानी आगामी भुक्तानी	-	-	-	-	-	-	-	-	-	-	-
कुल गोपनीय र विवरण	१,१३३,४३,७०१०	२३८,६३५,९७८८	५	५,१०८,८५८,४२७	५,१३३,४३,७०१०	५,१०८,८५८,४२७	५,१३३,४३,७०१०	५,१०८,८५८,४२७	१,१३३,४३,७०१०	२२,४५१,७५५,२७१	२२,४५१,७५५,२७१
आणका २०८० को कम्पनी प्रीव्यावरण	१०,१५,९३,०३,००,०८	२३८,६३५,९७८८	५	५,१०८,८५८,४२७	५,१३३,४३,७०१०	५,१०८,८५८,४२७	५,१३३,४३,७०१०	५,१०८,८५८,४२७	१,१३३,४३,७०१०	२२,४५१,७५५,२७१	२२,४५१,७५५,२७१

**विजय कुमार शर्मा**  
नायाक प्रमुख कार्यकारी अधिकारी

राजन भानु भ्रष्ट  
लेखा प्रमुख

नवीन भ्रष्ट  
संचालक

सुदेश खालिङ  
प्रमुख कार्यकारी अधिकारी

तारक बहादुर के.सी.  
स्थानक संचालक

मिति: २०८० भाद्र २९  
स्थान: काठमाडौं, नेपाल

**विजय कुमार शर्मा**  
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मिति: २०८० भाद्र २९  
स्थान: काठमाडौं, नेपाल

**विजय कुमार शर्मा**  
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मिति: २०८० भाद्र २९  
स्थान: काठमाडौं, नेपाल

**विजय कुमार शर्मा**  
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मिति: २०८० भाद्र २९  
स्थान: काठमाडौं, नेपाल

## नगद प्रवाह विवरण

### २०८० साल आषाढ मसान्तको

	यस वर्ष (रु.)	गत वर्ष (रु.)
संचालन गतिविधिबाट नगद प्रवाह		
व्याज प्राप्ति	१९,२९६,२५२,४७७	१३,४४५,५४४,१८६
शुल्क तथा अन्य आमदारी प्राप्ति	१,३४७,५२९,४९०	१,२९४,९५७,६४५
लाभांश प्राप्ति	-	-
अन्य संचालन गतिविधिबाट प्राप्ति	२४६,१४८,११७	२५५,७९८,५१२
व्याज भुक्तानी	(१४,२४४,६८९,५६१)	(९,९४४,६२५,५०१)
कमिशन तथा शुल्क भुक्तानी	(२७,९२७,३१०)	(२६३,०७३,४७०)
कर्मचारीलाई भुक्तानी	(२,१३१,७४५,२८३)	(१,८३६,६४४,२३१)
अन्य खर्च भुक्तानी	(७५२,३७९,८९३)	(४३७,४५३,८४७)
संचालन सम्पत्ति/दायित्वमा परिवर्तन अघिको नगद प्रवाह	३,४८९,९८७,८९७	२,५१४,५०३,२९४
संचालन सम्पत्तिमा कमी/(वृद्धि)		
नेपाल राष्ट्र बैंकमा रहेको मौज्दातमा कमी/(वृद्धि)	(२,८२८,५८२,१७०)	१७,७३३,५३२,९३६
बैंक तथा वित्तीय संस्थाहरूमा रहेको मौज्दातमा कमी/(वृद्धि)	(२,१०५,४७५,०००)	(७३०,८००,०००)
अन्य व्यापारिक सम्पत्तिमा कमी/(वृद्धि)	-	-
बैंक तथा वित्तीय संस्थाहरूलाई दिइएको कर्जा तथा सापटीमा कमी/(वृद्धि)	१,५०३,२४६,५९६	(२,११४,७७९,२०१)
ग्राहकलाई दिइएको कर्जा तथा सापटीमा कमी/(वृद्धि)	(१५,३०८,०६५,७०४)	(१८,१११,३८९,२७६)
अन्य सम्पत्तिमा कमी/(वृद्धि)	(१९९,९९५,२३१)	(१३५,६४०,६९८)
संचालन दायित्वमा कमी/(वृद्धि)		
बैंक तथा वित्तीय संस्थाहरूलाई तिर्न बाँकी रकममा (कमी)/वृद्धि	४८६,२००,४७८	५४,०९७,९९४
नेपाल राष्ट्र बैंकलाई तिर्न बाँकी रकममा (कमी)/वृद्धि	(२,९१२,२५४,०७८)	८०७,०७४,६३६
निवेप दायित्वमा (कमी)/वृद्धि	२५,२६८,६२२,९६१	१२,५१८,९२७,९६५
तिर्न बाँकी सापटमा (कमी)/वृद्धि	८६,१०५,३८३	२,५५६,०००,०००
अन्य दायित्वमा (कमी)/वृद्धि	(३,३२०,८९९,००७)	(५,९४५,४९५,३५०)
आयकर अघिको संचालन गतिविधिबाट खुद नगद प्रवाह	३,१५७,९९९,३२६	९,१४६,११९,३००
आयकर भुक्तानी	(१,४०३,१०९,६७०)	(१,४१८,८२२,०८४)
संचालन गतिविधिबाट खुद नगद प्रवाह	१,७५४,८८९,६५५	७,७२७,२९७,२९६
लगानी गतिविधिबाट नगद प्रवाह		
लगानी उपकरणको खरिद	(३,७४९,२५०,३७०)	(५,२८०,०२३,३२९)
लगानी उपकरणको विक्री	-	८७०,३६६,६०७
स्थिर सम्पत्तिको खरिद	(२९१,०१३,०८९)	(२५७,३५८,३०८)
स्थिर सम्पत्तिको विक्री	३४,१७९,५३०	१,११५,०५५
अमूर्त सम्पत्तिको खरिद	(१५,७०२,८३५)	(३,२६५,३८८)
अमूर्त सम्पत्तिको विक्री	-	-
लगानी सम्पत्तिको खरिद	-	-
लगानी सम्पत्तिको विक्री	३,४२३,४४६	-
व्याज प्राप्ति	२,७३३,०९८,९९९	१,७१५,४८०,२९८
लाभांश प्राप्ति	१,९५८,५५०	१०,४५२,०९८
लगानी गतिविधिमा प्रयोग भएको खुद नगद	(१,२८३,३९३,८५०)	(२,९४३,२३२,९७८)

**वित्तीय गतिविधिवाट नगद प्रवाह**

ऋणपत्र निष्काशनवाट प्राप्त	२,२७५,९८५,०००	८५६,७८३,०००
ऋणपत्रको भुक्तानी	-	-
आवधिक दायित्वको निष्काशनवाट प्राप्त	-	-
आवधिक दायित्वको भुक्तानी	-	-
शेयर निष्काशनवाट प्राप्त	-	-
लाभांश भुक्तानी	(७२७,०६४,४७१)	(४९५,९९७,८९५)
व्याज भुक्तानी	(६९४,४२७,३००)	(४९८,६०३,८३७)
अन्य प्राप्ति/भुक्तानी	-	-
<b>वित्तीय गतिविधिवाट नगद</b>	<b>८५६,४९३,२३०</b>	<b>२२,९८९,३४८</b>
नगद तथा नगद समानमा भएको खुद (घट) / बढ	१,३२८,०६१,०३५	४,८०६,४४५,५८७
श्रावण १ मा रहेको नगद तथा नगद समान	१४,०२४,३६३,७०८	९,९६३,४०८,२८९
नगद तथा नगद समानमा विनिमय दरको उतारचढावको असर	२५,८२३,२३७	५४,७०९,८३२
आषाढ मसान्तमा रहेको नगद तथा नगद समान	१५,३७८,२४७,९८०	१४,०२४,३६३,७०८

**विजय कुमार शर्मा**  
नायब प्रमुख कार्यकारी अधिकृत

**राजन कायस्थ**  
लेखा प्रमुख

**नविन भक्त श्रेष्ठ**  
संचालक  
स्थान: काठमाडौं, नेपाल  
मिति: २०८० भाद्र २७

**सुदेश खालिङ**  
प्रमुख कार्यकारी अधिकृत

**डा. बाल गोपाल बैद्य**  
संचालक

**उमिला श्रेष्ठ**  
संचालक

**विष्णु कृष्ण श्रेष्ठ**  
अध्यक्ष

**किरण कृष्ण श्रेष्ठ**  
संचालक

**डा. तारक बहादुर के.सी.**  
स्वतन्त्र संचालक

**राकेश ग्रोवर**  
पंजाब नेशनल बैंक संचालक

**राकेश ग्रोवर**

**पंजाब नेशनल बैंक संचालक**

हाम्रो सलग्न प्रतिवेदन अनुसार

**मनिष अमात्य, एफ.सि.ए**  
साझेदार  
**एन. अमात्य एण्ड कं.**  
चार्टर्ड एकाउन्टेन्ट्स

# STATEMENT OF FINANCIAL POSITION

As on 31 Ashadh 2080 (16 July 2023)

(FIG IN NPR)

ASSETS	NOTE	31 ASHADH 2080	32 ASHADH 2079
Cash and cash equivalent	4.1	15,378,247,980	14,024,363,708
Due from Nepal Rastra Bank	4.2	13,933,794,413	11,105,032,243
Placement with Bank and Financial Institutions	4.3	5,980,975,000	2,875,500,000
Derivative financial instruments	4.4	-	15,766,811
Other trading assets	4.5	-	-
Loan and advances to B/FIs	4.6	8,076,881,203	9,573,310,676
Loans and advances to customers	4.7	159,479,294,513	145,480,529,033
Investment securities	4.8	40,201,725,289	36,181,863,745
Current tax assets	4.9	520,852,132	565,316,995
Investment in subsidiaries	4.10	-	-
Investment in associates	4.11	727,809,952	685,427,120
Investment property	4.12	-	2,202,745
Property and Equipment	4.13	3,619,402,714	3,570,867,723
Goodwill and Intangible assets	4.14	24,949,153	23,076,167
Deferred tax assets	4.15	-	-
Other assets	4.16	2,146,560,300	1,107,800,395
<b>TOTAL ASSETS</b>		<b>250,090,492,650</b>	<b>225,211,057,360</b>
LIABILITIES	NOTE	31 ASHADH 2080	32 ASHADH 2079
Due to Bank and Financial Institutions	4.17	1,219,273,691	733,073,213
Due to Nepal Rastra Bank	4.18	23,767,053	2,936,021,131
Derivative financial instruments	4.19	47,597,107	-
Deposits from customers	4.20	198,007,807,066	172,739,184,905
Borrowing	4.21	2,664,217,161	2,578,111,778
Current Tax Liabilities	4.9	-	-
Provisions	4.22	-	-
Deferred tax liabilities	4.15	173,207,361	91,497,212
Other liabilities	4.23	18,979,340,953	22,245,765,850
Debt securities issued	4.24	3,603,613,000	1,325,628,000
Subordinated Liabilities	4.25	-	-
<b>TOTAL LIABILITIES</b>		<b>224,718,823,391</b>	<b>202,649,282,089</b>
EQUITY			
Share capital	4.26	10,698,094,436	9,467,340,209
Share premium		238,469,884	238,469,884
Retained earnings		4,110,487,506	3,632,754,853
Reserves	4.27	10,324,617,435	9,223,210,326
<b>TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS</b>		<b>25,371,669,260</b>	<b>22,561,775,271</b>
<b>NON-CONTROLLING INTEREST</b>		-	-
<b>TOTAL EQUITY</b>		<b>25,371,669,260</b>	<b>22,561,775,271</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>250,090,492,650</b>	<b>225,211,057,360</b>
Contingent liabilities and commitment	4.28	79,570,208,933	75,292,268,127
Net assets value per share		237.16	238.31

Vijay Kumar Sharma DCEO	Sudesh Khaling CEO	B. K. Shrestha Chairman	As per our report of even date
Rajan Kayastha Head - Accounts	Dr. Bal Gopal Baidya Director	Kiran Krishna Shrestha Director	Rakesh Grover PNB Nominee Director
Nabin Bhakta Shrestha Director	Urmila Shrestha Director	Dr. Tarak Bahadur K.C. Independent Director	Manish Amatya, FCA Partner, N. Amatya & Co. Chartered Accountants

PLACE: Kathmandu, Nepal  
DATE: SEPT. 13, 2023

# STATEMENT OF PROFIT OR LOSS

(FIG IN NPR)

For the Year ended 31 Ashadh 2080 (16 July 2023)

	NOTE	31 ASHADH 2080	32 ASHADH 2079
Interest income	4.29	22,400,611,241	15,467,180,397
Interest expense	4.30	14,988,171,055	10,285,764,016
<b>Net interest income</b>		<b>7,412,440,186</b>	<b>5,181,416,381</b>
Fee and commission income	4.31	1,347,521,410	1,294,957,645
Fee and commission expense	4.32	271,927,310	263,073,470
<b>Net fee and commission income</b>		<b>1,075,594,100</b>	<b>1,031,884,175</b>
<b>Net interest, fee and commission income</b>		<b>8,488,034,286</b>	<b>6,213,300,557</b>
Net trading income	4.33	182,784,199	299,490,529
Other operating income	4.34	94,188,165	223,321,550
<b>Total operating income</b>		<b>8,765,006,650</b>	<b>6,736,112,636</b>
Impairment charge/(reversal) for loans and other losses	4.35	771,360,504	325,445,856
<b>Net operating income</b>		<b>7,993,646,146</b>	<b>6,410,666,780</b>
<b>Operating expense</b>			
Personnel expenses	4.36	2,129,930,956	2,045,469,854
Other operating expenses	4.37	736,668,961	592,220,619
Depreciation & Amortisation	4.38	309,475,169	293,187,713
<b>Operating Profit</b>		<b>4,817,571,059</b>	<b>3,479,788,594</b>
Non operating income	4.39	-	-
Non operating expense	4.40	1,286,183	2,513,362
<b>Profit before income tax</b>		<b>4,816,284,876</b>	<b>3,477,275,232</b>
Income tax expense	4.41		
Current Tax Expenses		1,447,574,533	1,055,443,879
Deferred Tax Expenses/(Income)		6,594,905	(7,893,320)
<b>Profit for the period</b>		<b>3,362,115,439</b>	<b>2,429,724,674</b>
<b>Profit attributable to:</b>			
Equity holders of the Bank		3,362,115,439	2,429,724,674
Non-controlling interest		-	-
<b>Profit for the period</b>		<b>3,362,115,439</b>	<b>2,429,724,674</b>
<b>Earnings per share</b>			
Basic earnings per share		31.43	25.77
Diluted earnings per share		31.43	25.66

Vijay Kumar Sharma DCEO	Sudesh Khaling CEO	B. K. Shrestha Chairman	As per our report of even date
Rajan Kayastha Head - Accounts	Dr. Bal Gopal Baidya Director	Kiran Krishna Shrestha Director	Rakesh Grover PNB Nominee Director
Nabin Bhakta Shrestha Director	Urmila Shrestha Director	Dr. Tarak Bahadur K.C. Independent Director	Manish Amatya, FCA Partner, N. Amatya & Co. Chartered Accountants

PLACE: Kathmandu, Nepal  
DATE: SEPT. 13, 2023

# STATEMENT OF COMPREHENSIVE INCOME

(FIG IN NPR)

For the Year ended 31 Ashadh 2080 (16 July 2023)

	31 ASHADH 2080	32 ASHADH 2079
<b>Profit for the year</b>	<b>3,362,115,439</b>	<b>2,429,724,674</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	273,174,858	(209,458,922)
• Gains/(losses) on revaluation	-	-
• Actuarial gains/(loss) on defined benefit plans	(22,512,170)	(11,342,540)
• Income tax relating to above items	(75,198,806)	66,240,439
<b>Net other comprehensive income that will not be reclassified to profit or loss</b>	<b>175,463,881</b>	<b>(154,561,023)</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>(194,979)</b>	<b>-</b>
<b>Other comprehensive income for the year, net of income tax</b>	<b>175,268,902</b>	<b>(154,561,023)</b>
<b>Total comprehensive income for the period</b>	<b>3,537,384,341</b>	<b>2,275,163,650</b>
<b>Total comprehensive income attributable to:</b>		
Equity holders of the Bank	3,537,384,341	2,275,163,650
Non-controlling interest	-	-
<b>Total comprehensive income for the period</b>	<b>3,537,384,341</b>	<b>2,275,163,650</b>

Vijay Kumar Sharma DCEO	Sudesh Khaling CEO	B. K. Shrestha Chairman	As per our report of even date
Rajan Kayastha Head - Accounts	Dr. Bal Gopal Baidya Director	Kiran Krishna Shrestha Director	Rakesh Grover PNB Nominee Director
Nabin Bhakta Shrestha Director	Urmila Shrestha Director	Dr. Tarak Bahadur K.C. Independent Director	Manish Amatya, FCA Partner, N. Amatya & Co. Chartered Accountants

PLACE: Kathmandu, Nepal  
DATE: SEPT. 13, 2023

## STATEMENT OF CHANGES IN EQUITY

**For the Year ended 31 Ashadh 2080 (16 July 2023)**

*Fig in NPR*

										Attributable to equity holders of the Bank			Attributable to equity holders of the Bank			
										Capital	Investment	Debtenture	Retained	Other reserve	Total	Non-controlling interest
										Adjustment	Adjustment	Redemption Reserve	earning			
Share Capital	Share premium	General reserve	Exchange equalisation reserve	Regulatory reserve	Fair value reserve	Investment reserve	Capital Adjustment Reserve	Debtenture Reserve	Retained earnings	Other reserve	Total	Non-controlling interest				
Balance at Shrawan 1, 2078	8,933,717,178	238,469,884	4,721,032,205	38,060,443	942,126,916	1,425,444,191	2,762,746	647,562,907	421,965,000	971,430,892	2,511,991,875	16,109,781	20,870,674,018	-	20,870,674,018	
Adjustment/Restatement														(194,685,179)		
Adjusted/Restated balance at Shrawan 1, 2078	8,933,717,178	238,469,884	4,721,032,205	38,060,443	942,126,916	1,437,028,332	2,762,746	647,562,907	421,965,000	971,430,892	2,317,306,695	16,109,781	20,687,572,980	-	20,687,572,980	
Comprehensive income for the year											2,429,724,674	(12,118,160)	2,417,606,514		2,417,606,514	
Profit for the year																
Other comprehensive income, net of tax																
Gains/(Losses) from investments in equity instruments measured at fair value																
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																
Transfer to reserve during the year																
Transfer from reserve during the year																
Transactions with owners, directly recognised in equity																
Right share issued (Calls in Advance)																
Share Issue Expenses																
Share based payments																
Dividends to equity holders																
Bonus shares issued	5,33,623,031															
Cash dividend paid																
Dividends to shareholders (ordinary)																
Dividends to shareholders (preference)																
Total contributions by and distributions	5,33,623,031															
Balance at Ashadh end 2079	9,467,340,209	238,469,884	5,335,919,292	51,737,901 1,018,467,336	693,537,906	2,690,933	647,562,907	468,805,000	971,430,892	3,632,754,852	33,017,559	22,561,775,271	-	22,561,775,271		

**STATEMENT OF CHANGES IN EQUITY**  
For the Year ended 31 Ashadh 2080 (16 July 2023)

	Share Capital	Share premium	General reserve	Exchange equalisation reserve	Regulatory reserve	Fair value reserve	Investment Reserve	Capital Adjustment Reserve	Debt Reserve	Redemption Reserve	Revaluation Reserve	Retained earning	Other reserve	Total	Non-controlling interest	Total equity
Balance at 1 Shrawan 2079	9,467,340,209	238,469,884	5,335,919,292	51,737,901	1,018,467,336	693,537,906	2,690,933	647,562,907	468,845,000	971,430,892	3,632,754,852	33,017,559	22,561,775,271	-	22,561,775,271	
Adjustment/Restatement Adjusted/Restated																
balance at 1 shrawan 2079	9,467,340,209	238,469,884	5,335,919,292	51,737,901	1,018,467,336	693,537,906	2,690,933	647,562,907	468,845,000	971,430,892	3,632,754,852	33,017,559	22,561,775,271	-	22,561,775,271	
Comprehensive income or the year																
Profit for the year																
Other comprehensive income, net of tax																
Gains/(Losses) from investments in equity instruments measured at fair value																
Gain (loss) on revaluation																
Actuary gains/(losses) on defined benefit plans																
Gains/(Losses) on cash flow hedge Share of other comprehensive income of associate accounted 26 per equity method																
Total comprehensive income for the year																
Transfer to reserve during the year																
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)																
Dividends to shareholders (preference)																
Total contributions by and distributions	1,230,754,227		672,423,088	6,455,809	76,007,015	-	191,222,400	-	-	142,797,167	-	3,362,115,439	(194,979)	(194,979)	(194,979)	
Balances at Ashadh end 2080	10,698,094,436	238,469,884	6,008,342,380	58,193,711	1,094,474,950	884,760,307	2,690,933	1,116,407,907	142,797,167	971,430,892	4,110,487,505	45,519,188	(72,490,353)	(72,490,353)	(72,490,353)	
Balances at Ashadh end 2080	10,698,094,436	238,469,884	6,008,342,380	58,193,711	1,094,474,950	884,760,307	2,690,933	1,116,407,907	142,797,167	971,430,892	4,110,487,505	45,519,188	(72,490,353)	(72,490,353)	(72,490,353)	

Vijay Kumar Sharma

DCEO

Sudesh Khaling

CEO

B. K. Shrestha

Chairman

Rakesh Grover

PNB Nominee Director

As per our report of  
even date

Kiran Krishna Shrestha

Director

Manish Amatya, FCA

Partner, N. Amatya & Co.

Chartered Accountants

Dr. Tarak Bahadur K.C.

Independent Director

Dr. Bal Gopal Bairya

Director

Urmila Shrestha

Director

PLACE: Kathmandu, Nepal

DATE: SEPT. 13, 2023

# STATEMENT OF CASH FLOWS

(FIG IN NPR)

For the Year ended 31 Ashadh 2080 (16 July 2023)

	31 ASHADH 2080	32 ASHADH 2079
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Interest received	19,296,252,417	13,445,544,186
Fees and other income received	1,347,521,410	1,294,957,645
Dividend received	-	-
Receipts from other operating activities	246,148,117	255,798,512
Interest paid	(14,244,689,561)	(9,944,625,501)
Commission and fees paid	(271,927,310)	(263,073,470)
Cash payment to employees	(2,131,745,283)	(1,836,644,231)
Other expense paid	(752,371,893)	(437,453,847)
<b>Operating cash flows before changes in operating assets and liabilities</b>	<b>3,489,187,898</b>	<b>2,514,503,294</b>
<b>(Increase)/Decrease in operating assets</b>		
Due from Nepal Rastra Bank	(2,828,762,170)	17,733,539,936
Placement with bank and financial institutions	(3,105,475,000)	(730,800,000)
Other trading assets	-	-
Loan and advances to bank and financial institutions	1,503,246,596	(2,114,779,201)
Loans and advances to customers	(15,308,065,704)	(18,111,389,276)
Other assets	(199,915,231)	(135,640,698)
<b>Increase/(Decrease) in operating liabilities</b>		
Due to bank and financial institutions	486,200,478	54,097,994
Due to Nepal Rastra Bank	(2,912,254,078)	807,074,636
Deposit from customers	25,268,622,161	12,518,927,965
Borrowings	86,105,383	2,556,000,000
Other liabilities	(3,320,899,007)	(5,945,415,350)
<b>Net cash flow from operating activities before tax paid</b>	<b>3,157,991,326</b>	<b>9,146,119,300</b>
Income taxes paid	(1,403,109,670)	(1,418,822,084)
<b>Net cash flow from operating activities</b>	<b>1,754,881,655</b>	<b>7,727,297,216</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investment securities	(3,749,250,370)	(5,280,023,339)
Receipts from sale of investment securities		870,366,607
Purchase of property and equipment	(291,013,089)	(257,358,308)
Receipt from the sale of property and equipment	34,171,530	1,115,055
Purchase of intangible assets	(15,702,835)	(3,265,388)
Receipt from the sale of intangible assets	-	-
Purchase of investment properties	-	-
Receipt from the sale of investment properties	3,423,446	-
Interest received	2,733,098,919	1,715,480,298
Dividend received	1,958,550	10,452,098
<b>Net cash used in investing activities</b>	<b>(1,283,313,850)</b>	<b>(2,943,232,978)</b>

Vijay Kumar Sharma DCEO	Sudesh Khaling CEO	B. K. Shrestha Chairman	As per our report of even date
Rajan Kayastha Head - Accounts	Dr. Bal Gopal Baidya Director	Kiran Krishna Shrestha Director	Rakesh Grover PNB Nominee Director
Nabin Bhakta Shrestha Director	Urmila Shrestha Director	Dr. Tarak Bahadur K.C. Independent Director	Manish Amatya, FCA Partner, N. Amatya & Co. Chartered Accountants

PLACE: Kathmandu, Nepal  
DATE: SEPT. 13, 2023

#### CASH FLOWS FROM FINANCING ACTIVITIES

Receipt from issue of debt securities	2,277,985,000	856,783,000
Repayment of debt securities	-	-
Receipt from issue of subordinated liabilities	-	-
Repayment of subordinated liabilities	-	-
Receipt from issue of shares	-	-
Dividends paid	(727,064,471)	(415,997,815)
Interest paid	(694,427,300)	(418,603,837)
Other receipt/payment	-	-
<b>Net cash from financing activities</b>	<b>856,493,230</b>	<b>22,181,348</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>1,328,061,035</b>	<b>4,806,245,587</b>
Cash and cash equivalents at Shrawan 1	14,024,363,708	9,163,408,289
Effect of exchange rate fluctuations on cash and cash equivalents held	25,823,237	54,709,832
<b>Cash and cash equivalents at Ashadh End</b>	<b>15,378,247,980</b>	<b>14,024,363,708</b>

Vijay Kumar Sharma DCEO	Sudesh Khaling CEO	B. K. Shrestha Chairman	As per our report of even date
Rajan Kayastha Head - Accounts	Dr. Bal Gopal Baidya Director	Kiran Krishna Shrestha Director	Rakesh Grover PNB Nominee Director
Nabin Bhakta Shrestha Director	Urmila Shrestha Director	Dr. Tarak Bahadur K.C. Independent Director	Manish Amatya, FCA Partner, N. Amatya & Co. Chartered Accountants

PLACE: **Kathmandu, Nepal**  
DATE: SEPT. 13, 2023

## Notes Forming part of Financial Statements of Everest Bank Limited

**(Amount in Nepalese Rupees except otherwise stated)**

**For the Year ended 31 Ashadh 2080 (16 July 2023)**

### **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 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, 2023, the Bank had 127 branches (16 July 2022: 117 branches). As at 16 July, 2023, the Bank had 1097 employees (15 July, 2022: 1057 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, 2079.

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 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, 2079.

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. The bank has opted for certain carve outs in application of NFRS which have been briefly described in the Notes to Accounts.

#### **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 357<sup>th</sup> board meeting dated 13<sup>th</sup> September, 2023 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 29<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 Nepalese Rupees has been rounded off to the nearest rupee except where indicated otherwise.

## 2.4 Use of Estimates, assumptions and judgements

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 recognized in the Statement of Financial Position but are disclosed unless it is 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 judgement is exercised in establishing fair values which minimizes 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

Institute of Chartered Accountants of Nepal has issued and made applicable NFRS 9 – Financial Instruments for recognition and measurement of financial assets and financial liabilities with a carve out for impairment of loans and advances for banks and financial institutions. The bank has opted this carve out for measuring impairment of loans and advances together with the provisions prescribed by NRB for measurement of loan loss provision in NRB Directives, 2079. Details of such carve-out has been discussed in Note 2.7.1.

Accordingly, impairment loss on financial assets – loans and advances are measured and recognized at the higher of:

- Loan loss provision amount derived as prescribed in directive no. 02/79 of Nepal Rastra Bank; and
- Impairment loss amount determined as per Incurred Loss Model specified in para 63 of NAS 39.

There arises a need for the Bank's management to apply judgement 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 judgement is an integral part of the impairment assessment process and the Bank exercises its experienced judgement 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 and accumulated impairment, if any. 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, 2058 and amendments thereto, and due to the potential difference, that may exist between the Bank and the Income Tax Authorities with regard to the interpretation of complex tax provisions, management judgement 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. Judgement 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 item 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 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. The new standards issued but not yet effective up to the date of issuance of the financial statements are set out below:

### **IFRS 9 Financial Instruments 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 based on the basis of probability of default (PD) of the remaining maturity period of the instrument (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 judgement. 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.

## 2.7 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 Shrawan 2<sup>nd</sup>, 2079 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.

### **2.7.1 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 2021-22, 2022-23 & 2023-24, "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."

### **2.7.2 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 2021-22, 2022-23 & 2023-24, "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)."

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

As per carve-out prescribed for fiscal year 2021-22, 2022-23 & 2023-24, "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."

## **2.8 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.

### **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.

Accordingly, 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 recognizes 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:

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and
- 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 statement of 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 are 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. Allowance for impairment is recognized when the credit quality of the financial asset has deteriorated significantly since initial recognition.

#### 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 initially 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 un-collectability.

In case of Loans and Advances measured at amortized 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

- the consideration received and
- 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, then 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), is recognized 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. Unobservable inputs include inputs for which market data are not available and that are developed using the best information available to the bank about the assumptions that market participants would use when pricing the asset or liability, with an objective of determining the exit price of the financial instrument at the measurement date.

### 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 instrument, 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 judgments 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 judgement 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 though 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 and Equipment

All Property 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
AP	Furniture & Fixtures - Others	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.

### 3.8.2 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
SW	Software	5

## 3.9 Investment Property and Non-current 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:

- 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
- 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:

- 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
- 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 amortized 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 amortized 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 amortized 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 recognized 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 recognized 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 recognized 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 is recognized in profit or loss using effective interest rate method. Interest expense on all trading liabilities is 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 accounting has been prepared according to IFRS 16. Upon lease commencement the bank has recognized a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the lease liability plus any initial direct costs incurred by the bank. After lease commencement, bank has measured the right-of-use asset using a cost model.

Under the cost model a right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment.

The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the borrowing yield rate of the bank.

#### **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 in the notes to accounts 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:

	<b>31 Ashadh 2080</b>	<b>32 Ashadh 2079</b>
Cash in hand	2,592,332,170	2,783,279,499
Balances with B/FIs	5,657,767,110	4,293,170,909
Money at call and short notice	5,550,000,000	3,300,000,000
Other	-	-
3 months Treasury bills	1,574,348,700	3,647,913,300
Cash In Transit	3,800,000	-
<b>Total</b>	<b>15,378,247,980</b>	<b>14,024,363,708</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:

	<b>31 Ashadh 2080</b>	<b>32 Ashadh 2079</b>
Statutory balances with NRB	7,423,076,651	4,773,646,534
Securities purchased under resale agreement	500,000,000	-
Other deposit and receivable from NRB	6,010,717,761	6,331,385,708
<b>Total</b>	<b>13,933,794,413</b>	<b>11,105,032,243</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:

	<b>31 Ashadh 2080</b>	<b>32 Ashadh 2079</b>
Placement with domestic B/FIs	-	-
Placement with foreign B/FIs	5,980,975,000	2,875,500,000
Less: Allowances for impairment	-	-
<b>Total</b>	<b>5,980,975,000</b>	<b>2,875,500,000</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 categorized as trading unless they are designated as hedging instruments. All derivatives are initially recognized and subsequently measured at fair value, with all revaluation gain or losses recognized 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.

	31 Ashadh 2080	32 Ashadh 2079
<b>Held for trading</b>	-	-
Interest rate swap	-	-
Currency swap	-	-
Forward exchange contract	-	15,766,811
Others	-	-
<b>Held for risk management</b>	-	-
Interest rate swap	-	-
Currency swap	-	-
Forward exchange contract	-	-
Other	-	-
<b>Total</b>	-	15,766,811

#### Note 4.5- Other trading assets

The bank does not have any trading assets.

	31 Ashadh 2080	32 Ashadh 2079
Treasury bills	-	-
Government bonds	-	-
NRB Bonds	-	-
Domestic Corporate bonds	-	-
Equities	-	-
Other	-	-
<b>Total</b>	-	-
Pledged	-	-
Non-pledged	-	-

#### 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.

	31 Ashadh 2080	32 Ashadh 2079
Loans to microfinance institutions	8,196,156,318	9,699,402,914
Other	-	-
Less: Allowances for impairment	119,275,115	126,092,238
<b>Total</b>	<b>8,076,881,203</b>	<b>9,573,310,676</b>

#### Note 4.6.1: Allowances for impairment

	31 Ashadh 2080	32 Ashadh 2079
Balance at Sawan 1	126,092,238	98,600,108
Impairment loss for the year:	-	-
Charge for the year	-	27,492,130
Recoveries/reversal	(6,817,123)	-
Amount written off	-	-
<b>Balance at Asar end</b>	<b>119,275,115</b>	<b>126,092,238</b>

#### Note 4.7- Loans 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.

	<b>31 Ashadh 2080</b>	<b>32 Ashadh 2079</b>
Loan and advances measured at amortized cost	162,533,449,619	147,756,506,511
Less: Impairment allowances		
Collective impairment	2,330,581,499	2,097,253,845
Individual impairment	723,573,606	178,723,634
Net amount	159,479,294,513	145,480,529,033
Loan and advances measured at FVTPL	-	-
<b>Total</b>	<b>159,479,294,513</b>	<b>145,480,529,033</b>

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

Product	31 Ashadh 2080	32 Ashadh 2079
Long Term Loans		37,871,135,834
Personal	14,327,515,249	
Business	32,781,112,350	
Working Capital	5,544,053,958	
Overdraft (Personal)	3,238,855,721	3,549,937,907
Cash Credit Loan	40,659,085,053	37,168,771,314
Trust receipt/Import loans	5,195,904,279	3,947,555,567
Short Term Working Capital/ Demand Loan	17,980,426,448	23,159,241,274
Personal residential loans	22,958,786,585	23,134,463,288
Real estate loans	6,664,777,260	4,233,151,745
Margin lending loans	1,065,451,520	736,878,504
Hire purchase loans	4,070,600,741	3,228,956,349
Deprived sector loans	351,439,729	821,119,007
Bills purchased	-	499,786,660
Staff loans	1,743,308,394	2,294,244,219
Other	5,089,695,977	6,506,199,815
<b>Sub total</b>	<b>161,671,013,263</b>	<b>147,151,441,483</b>
Interest receivable	862,436,356	605,065,028
<b>Grand total</b>	<b>162,533,449,619</b>	<b>147,756,506,511</b>

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

	31 Ashadh 2080	32 Ashadh 2079
Nepalese rupee	161,695,262,040	146,887,190,820
Indian rupee	-	-
United State dollar	838,187,578	869,315,691
Great Britain pound	-	-
Euro	-	-
Japenese yen	-	-
Chinese yuan	-	-
Other	-	-
<b>Total</b>	<b>162,533,449,619</b>	<b>147,756,506,511</b>

**Note 4.7.3: Analysis of loan and advances – By Collateral**

	<b>31 Ashadh 2080</b>	<b>32 Ashadh 2079</b>
<b>Secured</b>		
Movable/immovable assets	152,346,940,515	137,068,005,089
Gold and silver	-	-
Guarantee of domestic B/FIs	-	-
Government guarantee	198,984,079	199,020,923
Guarantee of international rated bank	-	-
Collateral of export document	3,180,153,393	69,081,990
Collateral of fixed deposit receipt	2,448,287,957	2,331,947,356
Collateral of Government securities	68,509,980	71,096,068
Counter guarantee	-	-
Personal guarantee	468,628,916	487,500,564
Other collateral	3,821,944,779	7,529,854,521
<b>Subtotal</b>	<b>162,533,449,619</b>	<b>147,756,506,511</b>
Unsecured	-	-
<b>Grant Total</b>	<b>162,533,449,619</b>	<b>147,756,506,511</b>

**Note 4.7.4: Allowances for impairment**

	<b>31 Ashadh 2080</b>	<b>32 Ashadh 2079</b>
<b>Specific allowances for impairment</b>		
<b>Balance at Shawan 1</b>	<b>178,723,634</b>	<b>114,220,833</b>
Impairment loss for the year:		
Charge for the year	544,849,972	64,502,800
Recoveries/reversal during the year	-	-
Write-offs	-	-
Exchange rate variance on foreign currency impairment	-	-
Other movement	-	-
<b>Balance at Ashadh end</b>	<b>723,573,606</b>	<b>178,723,634</b>
Collective allowances for impairment		
<b>Balance at Shawan 1</b>	<b>2,097,253,845</b>	<b>1,863,802,919</b>
Impairment loss for the year:	-	-
Charge/(reversal) for the year	233,327,654	233,450,926
Exchange rate variance on foreign currency impairment	-	-
Other movement	-	-
<b>Balance at Ashadh end</b>	<b>2,330,581,499</b>	<b>2,097,253,845</b>
<b>Total allowances for impairment</b>	<b>3,054,155,105</b>	<b>2,275,977,478</b>

Impairment loss on Loans and Advances to B/FIs 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:

<b>Particulars</b>	<b>31 Ashadh 2080</b>	<b>32 Ashadh 2079</b>
Loans and advances to B/FIs	-	-
Loans and advances to customers	1,169,213,601	606,443,542
<b>Total Impairment as per para 63 of NAS 39</b>	<b>1,169,213,601</b>	<b>606,443,542</b>
Total impairment as per NRB norms	3,173,430,220	2,402,069,716
<b>Higher of impairment as per para 63 of NAS 39 or NRB Norms</b>	<b>3,173,430,220</b>	<b>2,402,069,716</b>

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	Term Loan	166,823					
	<b>Total</b>	<b>166,823</b>					

#### Note 4.8- Investment 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:

	31 Ashadh 2080	32 Ashadh 2079
Investment securities measured at amortized cost	38,797,664,968	35,100,978,282
Investment in equity measured at FVTOCI	1,404,060,321	1,080,885,463
<b>Total</b>	<b>40,201,725,289</b>	<b>36,181,863,745</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:

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

	31 Ashadh 2080	32 Ashadh 2079
Debt securities	-	-
Government bonds	28,505,538,346	26,529,014,566
Government treasury bills	8,874,574,131	7,199,707,068
Nepal Rastra Bank bonds	-	-
Nepal Rastra Bank deposits instruments	-	-
Other Bond	1,417,552,491	1,372,256,648
Less: specific allowances for impairment	-	-
<b>Total</b>	<b>38,797,664,968</b>	<b>35,100,978,282</b>

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

Investments made by the bank in shares of other companies/institutions and units of mutual fund are presented as follows:

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

	31 Ashadh 2080	32 Ashadh 2079
Equity instruments		
Quoted equity securities	1,348,085,148	1,040,205,791
Unquoted equity securities	55,975,173	40,679,672
<b>Total</b>	<b>1,404,060,321</b>	<b>1,080,885,463</b>

**Note 4.8.3: Information relating to investment in equities**

	31 Ashadh 2080		32 Ashadh 2079	
	Cost	Fair Value	Cost	Fair Value
<b>Investment in quoted equity</b>				
Rural Microfinance Development Centre Limited (496,350 promoter shares of Rs. 100 each 2078-79: 393,929 promoter shares of Rs. 100 each)	70,870,000	253,883,025	70,870,000	162,679,458
Nirdhan Utthan Laghubitta Bittiya Sanstha Limited (246 ordinary shares of Rs. 100 each 1,988,966 promoter shares of Rs. 100 each (2078-79: 207 ordinary shares of Rs. 100 each 1,988,966 promoter shares of Rs. 100 each)	8,676,667	1,004,417,123	8,676,667	861,671,332
Taragaon Regency Hotel (50,000 ordinary shares of Rs. 100 each 2078-79: 50,000 ordinary shares of Rs. 100 each)	5,000,000	39,515,000	5,000,000	15,855,000
<b>Investment in Quoted units of Mutual Fund</b>				
Prabhu Smart Fund (500,000 units of Rs. 10 each)	5,000,000	4,950,000	-	-
Sunrise Focused Equity Fund (1,000,000 units of Rs. 10 each)	10,000,000	9,680,000	-	-
Nibl Growth Fund (1,000,000 units of Rs. 10 each)	10,000,000	10,640,000	-	-
Rbb Mutual Fund 2 (500,000 units of Rs. 10 each)	5,000,000	5,000,000	-	-
Siddhartha Investment Growth Scheme (2,000,000 units of Rs. 10 each)	20,000,000	20,000,000		
<b>TOTAL OF QUOTED INSTRUMENTS</b>	<b>134,546,667</b>	<b>1,348,085,148</b>	<b>84,546,667</b>	<b>1,040,205,791</b>
<b>Investment in unquoted equity</b>				
Nepal Clearing House Ltd. (130,562 ordinary shares of Rs. 100 each 2078-79: 94,610 ordinary shares of Rs. 100 each)	2,500,000	33,262,329	2,500,000	18,384,338
Credit Information Center Ltd. (154,402 ordinary shares of Rs. 100 each 2078-79: 154,402 ordinary shares of Rs. 100 each)	1,235,500	15,440,200	1,235,500	15,440,100
National Banking Training Institute (18,348 ordinary shares of Rs. 100 each 2078-79: 18,348 ordinary shares of Rs. 100 each)	1,834,860	7,272,644	1,834,860	6,855,235
<b>TOTAL OF UNQUOTED SHARE</b>	<b>5,570,360</b>	<b>55,975,173</b>	<b>5,570,360</b>	<b>40,679,673</b>
<b>TOTAL</b>	<b>140,117,027</b>	<b>1,404,060,321</b>	<b>90,117,027</b>	<b>1,080,885,463</b>

**Note 4.9- Current tax assets**

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.

	31 Ashadh 2080	32 Ashadh 2079
<b>Current tax assets</b>		
Current year income tax assets	1,403,109,670	1,435,473,979
Tax assets of prior periods	12,018,383,749	10,582,909,769
<b>Current tax liabilities</b>		
Current year income tax liabilities	(1,447,574,533)	(1,055,443,878)
Tax liabilities of prior periods	(11,453,066,754)	(10,397,622,875)
<b>Total</b>	<b>520,852,132</b>	<b>565,316,995</b>

#### Note 4.10- Investment in subsidiaries

The bank does not have any subsidiary company.

	<b>31 Ashadh 2080</b>	<b>32 Ashadh 2079</b>
Investment in quoted subsidiaries	-	-
Investment in unquoted subsidiaries	-	-
<b>Total investment</b>	-	-
Less: Impairment allowances	-	-
<b>Net carrying amount</b>	-	-

#### 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.

The net effect of gain arise on valuation of the investment amounting to Rs. 8,914,732 (Previous year Rs. 35,303,479) has been transferred to Regulatory Reserve from Retained Earning during the year.

	<b>31 Ashadh 2080</b>	<b>32 Ashadh 2079</b>
Investment in quoted associates	727,809,952	685,427,120
Investment in unquoted associates	-	-
<b>Total investment</b>	-	-
Less: Impairment allowances	-	-
<b>Net carrying amount</b>	<b>727,809,952</b>	<b>685,427,120</b>

#### 4.11.1: Investment in quoted associates

	<b>31 Ashadh 2080</b>		<b>32 Ashadh 2079</b>	
	Cost	Fair Value	Cost	Fair Value
Forward Community Micro Finance Ltd. (2,638,878 Shares @ Rs. 100 each)	50,00,000	727,809,952	50,00,000	685,427,120
[Includes 2,138,878 no. of Bonus Shares]				
<b>Total</b>	<b>50,00,000</b>	<b>727,809,952</b>	<b>50,00,000</b>	<b>685,427,120</b>

#### 4.11.2: Investment in unquoted associates

	<b>31 Ashadh 2080</b>		<b>32 Ashadh 2079</b>	
	Cost	Fair Value	Cost	Fair Value
.....Ltd. .....shares of Rs. .....each	-	-	-	-
.....Ltd. .....shares of Rs. .....each	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

	PERCENTAGE OF OWNERSHIP HELD BY THE BANK	
	31 Ashadh 2080	32 Ashadh 2079
Forward Community Micro Finance Ltd.	25%	25%

#### 4.11.4: Equity value of associates

	<b>31 Ashadh 2080</b>	<b>32 Ashadh 2079</b>
Forward Community Micro Finance Ltd.	727,809,952	685,427,120
<b>Total</b>	<b>727,809,952</b>	<b>685,427,120</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 as on 31 Ashadh 2080. The position of the Non-banking Assets of the bank is as under:

	<b>31 Ashadh 2080</b>	<b>32 Ashadh 2079</b>
<b>Investment properties measured at Cost</b>		
Balance as on Shawan 1	2,202,745	2,202,745
Addition/disposal during the year	(2,202,745)	
Adjustment/transfer		
Accumulated depreciation	-	-
Accumulated impairment loss	-	
Net amount	-	2,202,745
<b>Total</b>	<b>-</b>	<b>2,202,745</b>

#### DETAILS OF NON-BANKING ASSETS

S.N.	Name of the Party/borrower, Address	NBA booked Date	31 Ashadh 2080	32 Ashadh 2079
1	Joshi Food Processing, Mechinagar	27 Jestha 2073	-	2,202,745
	<b>TOTAL</b>		<b>-</b>	<b>2,202,745</b>

**Note 4.13- Property and Equipment**

Details of property & equipment are presented as follow:

Particulars	Land	Building	Leasehold Properties	Computer & Accessories	Vehicles	Furniture & Fixture	Machinery	Equipment & Others	TOTAL	TOTAL
Cost									Asthadh End 2080	Asthadh End 2079
<b>As on Shrawan 1, 2078</b>	<b>1,950,528,252</b>	<b>307,293,955</b>	<b>301,056,535</b>	<b>204,467,605</b>	<b>140,831,842</b>	<b>224,529,987</b>	<b>284,776,074</b>	<b>297,004,347</b>	<b>3,710,488,597</b>	<b>2,988,607,965</b>
Addition during the year										
Acquisition	31,708,244	29,376,845	37,753,862	9,734,900	34,919,910	46,410,399	37,129,496	227,033,654	745,110,800	
Capitalization										
Disposal during the year			(8,311,251)	(368,901)	(2,583,793)	(7,835,066)	(14,147,593)	(33,246,604)	(26,783,698)	3,553,530
Adjustment/Revaluation										
<b>Balance as on Astadh end 2079</b>	<b>1,950,528,252</b>	<b>339,002,198</b>	<b>330,433,380</b>	<b>233,910,216</b>	<b>150,197,841</b>	<b>256,866,104</b>	<b>323,351,406</b>	<b>319,986,249</b>	<b>3,904,275,647</b>	<b>3,710,488,597</b>
Addition during the Year										
Acquisition	3,548,409	44,178,295	25,806,967	21,417,200	42,959,005	48,953,131	35,536,442	222,399,450	227,033,654	
Capitalization										
Disposal during the year	(15,893,702)	(2,361,698)	(19,436,363)	(4,282,027)	(30,062,851)	(3,866,351)	(4,463,750)	(13,463,807)	(93,830,548)	(33,246,604)
Adjustment/Revaluation										
<b>Balance as on Astadh end 2080</b>	<b>1,934,634,550</b>	<b>340,188,910</b>	<b>355,175,312</b>	<b>255,435,157</b>	<b>141,552,190</b>	<b>295,958,759</b>	<b>367,840,788</b>	<b>342,058,883</b>	<b>4,032,844,549</b>	<b>3,904,275,647</b>
Depreciation and Impairment										
<b>As on Shrawan 1, 2078</b>	<b>53,013,716</b>	<b>167,297,229</b>	<b>145,748,979</b>	<b>97,957,916</b>	<b>136,233,642</b>	<b>221,899,148</b>	<b>194,240,071</b>	<b>1,016,390,700</b>	<b>896,153,763</b>	
Depreciation charge for the Year										
Impairment for the year										
Disposals										
Adjustment										
<b>As on Astadh end 2079</b>	<b>68,377,418</b>	<b>188,649,734</b>	<b>161,708,807</b>	<b>112,693,029</b>	<b>157,527,773</b>	<b>241,569,299</b>	<b>217,079,649</b>	<b>1,147,605,709</b>	<b>1,016,390,700</b>	
Depreciation charge for the Year										
Impairment for the year										
Disposals										
Adjustment										
<b>As on Astadh end 2080</b>	<b>84,425,022</b>	<b>192,853,581</b>	<b>185,631,632</b>	<b>96,502,783</b>	<b>182,825,813</b>	<b>269,801,423</b>	<b>245,932,206</b>	<b>1,257,972,459</b>	<b>1,147,605,709</b>	
Capital Work in Progress										
Lease Assets										
Net Book Value										
<b>As on Astadh end 2078</b>	<b>1,950,528,252</b>	<b>254,280,239</b>	<b>133,759,307</b>	<b>58,718,626</b>	<b>42,873,926</b>	<b>88,296,346</b>	<b>62,876,925</b>	<b>102,764,276</b>	<b>3,424,569,598</b>	<b>2,151,054,185</b>
<b>As on Astadh end 2079</b>	<b>1,950,528,252</b>	<b>270,624,780</b>	<b>141,783,646</b>	<b>72,201,409</b>	<b>37,504,811</b>	<b>99,338,331</b>	<b>81,782,108</b>	<b>102,906,601</b>	<b>3,570,867,723</b>	<b>3,424,569,598</b>
<b>As on Astadh end 2080</b>	<b>1,934,634,550</b>	<b>255,763,888</b>	<b>162,321,731</b>	<b>69,803,525</b>	<b>45,049,407</b>	<b>113,132,946</b>	<b>98,039,365</b>	<b>96,126,678</b>	<b>3,619,402,714</b>	<b>3,570,867,723</b>

**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	Purchased Software	Developed	Other	TOTAL Ashadh end 2080	TOTAL Ashadh end 2079
<b>Cost</b>					<b>140,979,465</b>	<b>140,943,465</b>
<b>As on Shrawan 1, 2078</b>						
Addition during the Year					3,265,388	36,000
Acquisition						
Capitalization						
Disposal during the year						
Adjustment/Revaluation						
<b>Balance as on Ashadh end 2079</b>				<b>144,244,853</b>	<b>140,979,465</b>	
Addition during the Year					15,702,835	3,265,388
Acquisition						
Capitalization						
Disposal during the year					(282,500)	(282,500)
Adjustment/Revaluation						
<b>Balance as on Ashadh end 2080</b>				<b>159,665,189</b>	<b>144,244,853</b>	
<b>Amortization and Impairment</b>						
<b>As on Shrawan 1, 2078</b>						
Amortization charge for the year					108,142,428	94,807,008
Impairment for the year					13,026,258	13,335,420
Disposals						
Adjustment						
<b>As on Ashadh end 2079</b>				<b>121,168,687</b>	<b>108,142,428</b>	
Amortization charge for the Year					13,829,849	13,026,258
Impairment for the year						
Disposals						
Adjustment						
<b>As on Ashadh end 2080</b>				<b>134,716,036</b>	<b>121,168,687</b>	
Net Book Value						
<b>As on Ashadh end 2078</b>					<b>32,837,037</b>	<b>46,136,457</b>
<b>As on Ashadh end 2079</b>					<b>23,076,167</b>	<b>32,837,037</b>
<b>As on Ashadh end 2080</b>					<b>24,949,153</b>	<b>23,076,167</b>

**Note 4.15- Deferred tax**

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	NET DEFERRED TAX ASSETS/(LIABILITIES)	31 ASHADH 2080
<b>Deferred tax on temporary differences on following items</b>				
Loan and Advance to B/FIs	-	-	-	-
Loans and advances to customers	-	-	-	-
Interest receivable	-	-	-	-
Investment properties (NBA)	-	-	-	-
Investment securities (Government Bond)	-	-	-	-
Forward Exchange contract	-	(7,746,971)	(7,746,971)	(7,746,971)
Investment securities	-	(379,182,988)	(379,182,988)	(379,182,988)
Investment in associates	-	(203,342,986)	(203,342,986)	(203,342,986)
Properties, Plants & equipment & intangible Assets	7,964,884	-	7,964,884	7,964,884
Employees' defined benefit plan	353,224,518	-	353,224,518	353,224,518
Lease liabilities	55,876,182	-	55,876,182	55,876,182
Provisions	-	-	-	-
Other temporary differences	-	-	-	-
<b>Deferred tax on temporary differences</b>			<b>(173,207,361)</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 2080</b>			<b>(173,207,361)</b>	
Deferred tax(asset)/liabilities as on Shrawan 1, 2079			(91,497,212)	
<b>Origination/(Reversal) during the year</b>			<b>81,710,149</b>	
<b>Deferred tax expense/(income) recognised in profit or loss</b>			<b>6,594,905</b>	
Deferred tax expense/(income) recognised in other comprehensive income			75,115,244	
Deferred tax expense/(income) recognised in directly in equity			-	

	DEFERRED TAX ASSETS	DEFERRED TAX LIABILITIES	NET DEFERRED TAX ASSETS/(LIABILITIES)	32 ASHADH 2079
<b>Deferred tax on temporary differences on following items</b>				
Loan and Advance to B/FIs	-	-	-	-
Loans and advances to customers	-	-	-	-
Interest Receivable	-	-	-	-
Investment properties (NBA)	-	(660,824)	(660,824)	(660,824)
Investment securities (Government Bond)	-	-	-	-
Forward Exchange contract	-	-	-	-
Investment securities (FVTOCI)	-	(297,230,531)	(297,230,531)	(297,230,531)
Investment in associates	-	(190,628,136)	(190,628,136)	(190,628,136)
Properties, Plants & equipment & intangible Assets	4,594,426	-	4,594,426	4,594,426
Employees' defined benefit plan	339,098,306	-	339,098,306	339,098,306
Lease liabilities	49,102,822	-	49,102,822	49,102,822
Provisions	-	-	-	-
Other temporary differences	4,226,725	-	4,226,725	4,226,725
<b>Deferred tax on temporary differences</b>			<b>(91,497,212)</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 2079</b>			<b>(91,497,212)</b>	
Deferred tax(asset)/liabilities as on Shrawan 1, 2078			(408,968,443)	
<b>Origination/(Reversal) during the year</b>			<b>(317,471,231)</b>	
<b>Deferred tax expense/(income) recognised in profit or loss</b>			<b>3,784,021</b>	
Deferred tax expense/(income) recognised in other comprehensive income			(66,240,439)	
Deferred tax expense/(income) recognised in directly in equity			(255,014,813)	

**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:

	<b>31 Ashadh 2080</b>	<b>32 Ashadh 2079</b>
Assets held for sale	-	-
Other non banking assets	3,350,000	-
Bills receivable	-	-
Accounts receivable	237,168,616	59,424,806
Accrued income	60,926,201	10,575,450
Prepayments and deposit	170,107,118	238,244,608
Income tax deposit (For Legal Cases)	214,720,000	104,142,000
Deferred employee expenditure	1,358,792,179	570,298,255
Other assets*	101,496,186	125,115,276
<b>Total</b>	<b>2,146,560,300</b>	<b>1,107,800,395</b>

\* The other assets includes INR 653,000 of the Bank and INR 7,112,500 collected from customers sent to NRB for exchange but the same have not been exchanged by NRB.

**Note 4.17 - Due to Bank and Financial Institutions**

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

	<b>31 Ashadh 2080</b>	<b>32 Ashadh 2079</b>
Money market deposits	-	-
Interbank borrowing	-	-
Other deposits from BFIs	1,219,273,691	733,073,213
Settlement and clearing accounts	-	-
Other deposits from BFIs	-	-
<b>Total</b>	<b>1,219,273,691</b>	<b>733,073,213</b>

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

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

	<b>31 Ashadh 2080</b>	<b>32 Ashadh 2079</b>
Refinance from NRB	23,767,053	2,936,021,131
Standing Liquidity Facility	-	-
Lender of last report facility from NRB	-	-
Securities sold under repurchase agreements	-	-
Other payable to NRB	-	-
<b>Total</b>	<b>23,767,053</b>	<b>2,936,021,131</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.

	<b>31 Ashadh 2080</b>	<b>32 Ashadh 2079</b>
<b>Held for trading</b>	-	-
Interest rate swap	-	-
Currency swap	-	-
Forward exchange contract	47,597,107	-
Others	-	-
<b>Held for risk management</b>	-	-
Interest rate swap	-	-
Currency swap	-	-
Forward exchange contract	-	-
Other	-	-
<b>Total</b>	<b>47,597,107</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:

	<b>31 Ashadh 2080</b>	<b>32 Ashadh 2079</b>
Institutions customers:		
Term deposits	35,436,249,374	32,399,949,975
Call deposits	13,285,471,546	15,406,681,101
Current deposits	14,169,092,108	12,325,031,412
Other	2,601,323,171	4,114,349,631
Individual customers:		
Term deposits	75,505,583,581	55,896,671,331
Saving deposits	56,302,177,546	51,668,797,216
Current deposits	640,865,183	439,175,871
Other	67,044,557	488,528,368
<b>Total</b>	<b>198,007,807,066</b>	<b>172,739,184,905</b>

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

	<b>31 Ashadh 2080</b>	<b>32 Ashadh 2079</b>
Nepalese rupee	194,815,070,750	170,163,198,245
Indian rupee	172,034,377	170,489,460
United State dollar	2,878,897,371	2,281,772,466
Great Britain pound	661,256	568,789
Euro	141,140,716	123,153,439
Japanese Yen	2,595	2,505
Chinese Yuan	-	-
Other	-	-
<b>Total</b>	<b>198,007,807,066</b>	<b>172,739,184,905</b>

#### Note 4.21 Borrowing

	<b>31 Ashadh 2080</b>	<b>32 Ashadh 2079</b>
<b>Domestic Borrowing</b>		
Nepal Government	-	-
Other Institutions	-	-
Other	-	-
<b>Sub total</b>	-	-
<b>Foreign Borrowing</b>		
Foreign Bank and Financial Institutions	2,664,217,161	2,578,111,778
Multilateral Development Banks	-	-
Other Institutions	-	-
<b>Sub total</b>	2,664,217,161	2,578,111,778
<b>Total</b>	2,664,217,161	2,578,111,778

#### Note 4.22 Provisions

Entire provisions for expenses made by the bank are classified under other liabilities.

	<b>31 Ashadh 2080</b>	<b>32 Ashadh 2079</b>
Provisions for redundancy	-	-
Provision for restructuring	-	-
Pending legal issues and tax litigation	-	-
Onerous contracts	-	-
Other	-	-
<b>Total</b>	-	-

#### Note 4.22.1: Movement in provision

	<b>31 Ashadh 2080</b>	<b>32 Ashadh 2079</b>
<b>Balance at Shawan 1</b>		
Provisions made during the year	-	-
Provisions used during the year	-	-
Provisions reversed during the year	-	-
Unwind of discount	-	-
<b>Balance at Asar end</b>	-	-

#### Note 4.23 - Other liabilities

The details of other liabilities are as follows:

	<b>31 Ashadh 2080</b>	<b>32 Ashadh 2079</b>
Liability for employees defined benefit obligations	120,181,740	159,471,300
Liability for long-service leave	420,474,030	402,309,769
Short-term employee benefits	-	-
Bills payable	136,958,308	105,853,031
Creditors and accruals	1,334,182,884	1,427,843,339
Interest payable on deposit	107,624,900	58,570,706
Interest payable on borrowing	-	-
Liabilities on deferred grant income	-	-
Unpaid Dividend	132,307,669	131,881,786
Liabilities under operating Lease	888,031,534	903,734,465
Employee bonus payable	534,925,147	487,537,612
Other		
a) Government Revenue Payable	14,618,483,331	17,887,890,737
b) Agency Account	1,014,841	39,709
c) Branch Adjustment Account	38,683	1,600,000
d) Remittance Payable	204,029,023	260,155,064
e) Audit Fee	1,045,250	395,500
f) Others payables	438,867,418	371,742,245
g) Liability for defined Contribution Plan	41,176,195	46,740,587
<b>Total</b>	<b>18,979,340,953</b>	<b>22,245,765,850</b>

#### Note 4.23.1: Defined benefit obligations

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

	<b>31 Ashadh 2080</b>	<b>32 Ashadh 2079</b>
Present value of unfunded obligations	-	-
Present value of funded obligations	1,304,027,240	1,259,033,080
Total present value of obligations	1,304,027,240	1,259,033,080
Fair value of plan assets	1,183,845,500	1,099,561,780
Present value of net obligations	120,181,740	159,471,300
Recognised liability for defined benefit obligations	120,181,740	159,471,300

#### Note 4.23.2: Plan assets

Plan assets comprise

	<b>31 Ashadh 2080</b>	<b>32 Ashadh 2079</b>
Equity securities	-	-
Government bonds	-	-
Bank deposit	1,183,845,500	1,099,561,780
Other	-	-
<b>Total</b>	<b>1,183,845,500</b>	<b>1,099,561,780</b>

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

	<b>31 Ashadh 2080</b>	<b>32 Ashadh 2079</b>
Defined benefit obligations at Sawan 1	1,259,033,080	1,222,886,190
Actuarial losses	(54,946,110)	(63,694,230)
Benefits paid by the plan	(78,077,520)	(77,094,500)
Current service costs and interest	178,017,790	176,935,620
<b>Defined benefit obligations at Asar end</b>	<b>1,304,027,240</b>	<b>1,259,033,080</b>

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

	<b>31 Ashadh 2080</b>	<b>32 Ashadh 2079</b>
Fair value of plan assets at Sawan 1	1,099,561,780	937,959,640
Contributions paid into the plan	151,854,580	238,696,640
Benefits paid during the year	(78,077,520)	(77,094,500)
Actuarial (losses) gains	(77,458,280)	(75,036,770)
Expected return on plan assets	87,964,940	75,036,770
<b>Fair value of plan assets at Asar end</b>	<b>1,183,845,500</b>	<b>1,099,561,780</b>

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

	<b>31 Ashadh 2080</b>	<b>32 Ashadh 2079</b>
Current service costs	78,506,380	80,043,440
Interest on obligation	99,511,410	96,892,180
Expected return on plan assets	(87,964,940)	(75,036,770)
<b>Total</b>	<b>90,052,850</b>	<b>101,898,850</b>

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

	<b>31 Ashadh 2080</b>	<b>32 Ashadh 2079</b>
Actuarial (gain)/loss	22,512,170	11,342,540
<b>Total</b>	<b>22,512,170</b>	<b>11,342,540</b>

#### Note 4.23.7: Actuarial assumptions

	<b>31 Ashadh 2080</b>	<b>32 Ashadh 2079</b>
Discount rate	8.00%	8.00%
Expected return on plan asset	8.00%	8.00%
Future salary increase	8.00%	8.00%
Withdrawal rate	Till age 35 years-3% Thereafter-1%	Till age 35 years-3% Thereafter-1%

#### Note 4.24 - Debt securities issued

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

- a) 8% Debenture of Rs. 85.68 crores for a period of 8 years and maturing on Falgun 2086 was issued on Falgun 3, 2078.
- b) 10.50% Debenture of Rs. 200 crores for a period of 6 years and maturing on Bhadra 2085 was issued on Bhadra 10, 2079.
- c) 7.50% Energy bond of Rs. 74.683 crores for a period of 10 years and maturing on Magh 2089 was issued on Magh 17, 2079.
- d) The balance of Debenture Redemption Reserve as on Ashadh 31, 2080 is Rs. 14.28 crores (Previous Year Rs. 46.88 crores). Rs. 46.88 Crores of debenture redemption reserve is transferred to Capital adjustment reserve in respect of matured debenture this year.

	<b>31 Ashadh 2080</b>	<b>32 Ashadh 2079</b>
Debt securities issued designated as at fair value through profit or loss	-	-
Debt securities issued at amortised cost	3,603,613,000	1,325,628,000
<b>Total</b>	<b>3,603,613,000</b>	<b>1,325,628,000</b>

#### Note 4.25 - Subordinated Liabilities

	<b>31 Ashadh 2080</b>	<b>32 Ashadh 2079</b>
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 Rs. 20 crores was issued on Aswin 2064, which is convertible into Ordinary Share @ 20% after completion of each third year. On this basis the balance of preference shares pending conversion worth Rs. 4 Crore have been converted into ordinary shares during the year. The balance of Convertible Preference Share as on 31 Ashadh 2080 (July 16, 2023) is Rs. NIL (Previous Year Rs. 4.00 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:

	<b>31 Ashadh 2080</b>	<b>32 Ashadh 2079</b>
Ordinary shares	10,698,094,436	9,427,340,209
Convertible preference shares (equity component only)	-	40,000,000
Irredeemable preference shares (equity component only)	-	-
Perpetual debt (equity component only)	-	-
<b>Total</b>	<b>10,698,094,436</b>	<b>9,467,340,209</b>

#### Note 4.26.1: Ordinary shares

	<b>31 Ashadh 2080</b>	<b>32 Ashadh 2079</b>
<b>Authorized Capital</b>		
15,00,00,000 nos. of Ordinary Shares of Rs. 100 each (Previous 10,00,00,000 nos. of Ordinary Shares of Rs. 100 each)	15,000,000,000	10,000,000,000
<b>Issued capital</b>		
106,980,944 nos. of Ordinary Shares of Rs. 100 each (Previous 9,42,73,402 nos. of Ordinary Shares of Rs. 100 each)	10,698,094,436	9,427,340,209
<b>Subscribed and paid up capital</b>		
106,980,944 nos. of Ordinary Shares of Rs. 100 each (Previous 9,42,73,402 nos. of Ordinary Shares of Rs. 100 each)	10,698,094,436	9,427,340,209
<b>Total</b>	<b>10,698,094,436</b>	<b>9,427,340,209</b>

#### Note 4.26.2: Ordinary share ownership

	<b>31 Ashadh 2080</b>		<b>32 Ashadh 2079</b>	
	Percent	Amount	Percent	Amount
<b>Domestic ownership</b>				
Nepal Government	79.98	8,555,810,836	79.97	7,539,117,209
"A" class licensed institutions				
Other licensed institutions				
Other Institutions	39.14	4,187,627,200	11.47	1,081,200,100
Public	40.83	4,368,183,636	68.50	6,457,917,109
Other				
<b>Foreign ownership</b>	20.02	2,142,283,600	20.03	1,888,223,000
<b>Total</b>	<b>100.00</b>	<b>10,698,094,436</b>	<b>100.00</b>	<b>9,427,340,209</b>

#### 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 F/Y 2074-75, the Bank had issued 15,088,087 right shares at the rate of Rs.100. 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 Rs. 238,469,884.

#### Note 4.27 - Reserves

Following reserves are maintained by the bank.

	<b>31 Ashadh 2080</b>	<b>32 Ashadh 2079</b>
Statutory general reserve	6,008,342,380	5,335,919,292
Exchange Equilisation reserve	58,193,711	51,737,901
Corporate social responsibility reserve	50,211,691	32,416,501
Capital redemption reserve	-	-
Reserve for Staff Training	28,095,041	17,435,103
Regulatory reserve	1,094,474,950	1,018,467,936
Investment adjustment reserve	2,690,933	2,690,933
Capital Adjustment reserve	1,116,407,907	647,562,907
Assets revaluation reserve	971,430,892	971,430,892
Fair value reserve	884,760,307	693,537,906
Dividend equalisation reserve	-	-
Actuarial gain	(120,769,776)	(105,011,257)
Debenture Redemption reserve	142,797,167	468,845,000
Other reserve	87,982,232	88,177,211
<b>Total</b>	<b>10,324,617,435</b>	<b>9,223,210,326</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 Rs. 672,423,088 (Previous year Rs. 614,887,088) 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 appropriated Rs. 6,455,809 (Previous year Rs. 13,677,458) 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.

The bank has revalued the entire class of land property and increased value of land above the cost price has been presented under this account head. The reserve as on 31 Ashadh 2080 is Rs. 971,430,892 (Previous year Rs. 971,430,892).

**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 to Rs. 884,760,307 (Previous year Rs. 691,703,290).

**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 in the next fiscal year as per Corporate Social Responsibility Manual of the Bank.

During the year, CSR Fund of Rs. 33,621,154 (Previous year Rs. 24,794,009) has been appropriated being 1% of net profit and the CSR expenses incurred during the year amounting to Rs. 15,825,965 (Previous year Rs. 12,118,160) has been reversed from CSR fund. Hence, CSR fund during the year has been increased in total by Rs. 17,795,190 (Previous year 12,675,849). The detail of expenses incurred during the period are as follows:

Particulars	31 Ashadh 2080	32 Ashadh 2079
Education, health, natural calamities, environment conservation, cultural promotion, infra development in remote areas	12,407,276	3,162,860
Income generation of socially discarded section, Financial Literacy, Financial Protection	1,980,600	4,510,602
Grant in education and health for ultra-poor or for organization engaged in such activities	157,450	747,878
Expenses incurred in areas specified in SDG	-	-
Expenses incurred for bank's staff on COVID 19 related disease on actual bill basis	229,998	3,696,820
Grant for orphanages, old age home and Balmandir	22,000	-
Amount deposited in Lets open Bank Account Campaign 2076	700	-
Expenditure incurred upto 5% of its CSR Fund in order to promote the contactless payment services like QR code.	1,027,940	-
Others (COVID 19 Related)	-	-
<b>Total</b>	<b>15,825,965</b>	<b>12,118,160</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 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. Rs. 468,845,000 has been transferred to this fund from debenture redemption reserve against the maturity of 8 % EBL Debentures.

The balance as on reporting date is Rs. 1,116,407,907 (Previous year Rs. 647,562,907).

**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 is required to be expended towards employee training and development in the current financial year. The bank has transferred Rs. 10,659,937.41 ((Previous year Rs. 12,171,707) to this reserve for this F/Y year and expended amount during this F/Y Rs. 20,911,110 (Previous year Rs. 17,602,742) has been reversed from 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. There is no change in Investment Adjustment Reserve for this Fiscal Year.

**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, actual loss recognized in other comprehensive income, amount of goodwill recognized under NFRS etc. amount of Rs. 76,007,015 has been transferred from this reserve during the reporting period (Previous year Rs. 36,548,489).

The details of regulatory reserve are presented below:

Particulars	31 Ashadh 2080	32 Ashadh 2079
<b>Net profit or (loss) as per statement of profit or loss</b>	<b>3,362,115,439</b>	<b>2,429,724,675</b>
<b>Appropriations:</b>		
a. General reserve	672,423,088	495,880,175
b. Foreign exchange fluctuation fund	6,455,809	13,677,458
c. Capital redemption reserve	142,797,167	46,880,000
d. Corporate social responsibility fund	17,795,190	24,794,009
e. Employees' training fund	10,659,937	12,171,707
f. Other	-	(473,299,461)
<b>Profit or (loss) before regulatory adjustment</b>	<b>2,511,984,248</b>	<b>2,309,620,787</b>
<b>Regulatory Adjustment :</b>		
a. Interest receivable (-)/previous accrued interest received (+)	(162,143,937)	(5,140,914)
b. Short loan loss provision in accounts (-)/reversal (+)	-	-
c. Short provision for possible losses on investment (-)/reversal (+)	-	-
d. Short loan loss provision on Non Banking Assets (-)/reversal (+)	(1,147,255)	18,837,428
e. Deferred tax assets recognised (-)/ reversal (+)	111,957,428	(59,848,077)
f. Goodwill recognised (-)/ impairment of Goodwill (+)	-	-
g. Bargain purchase gain recognised (-)/reversal (+)	-	-
h. Actuarial loss recognised (-)/reversal (+)	(15,758,519)	5,114,023
i. Other	(8,914,732)	(35,303,479)
<b>Net profit for the year ended Ashadh 31, 2080 Available for distribution</b>	<b>2,435,977,233</b>	<b>2,233,279,768</b>
Opening Retained Earning as on Shrawan 1, 2079	3,632,754,854	2,511,991,879
Adjustment (+/-)	-	(194,685,179)
<b>Distribution:</b>		
Bonus Shares Issued	(1,230,754,227)	(533,623,031)
Cash Dividend Issued	(727,490,353)	(384,208,583)
<b>Total Distributable profit or (loss) as on Year ended Ashadh 31, 2080</b>	<b>4,110,487,506</b>	<b>3,632,754,854</b>
Annualised Distributable Profit/Loss per Share	38.42	38.53

#### Detail of Changes in Regulatory Reserve

FY	Interest receivable	Short Provision on NBA	Actuarial Loss Recognized	Other Investment in Associates	Total
From 74/75 till reporting period	543,334,904	3,350,000	120,769,776	427,020,270	1,094,474,950

#### 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 Rs. 15,758,519 to this reserve (Previous year Rs. 7,939,778 transferred to this reserve). The balance of this reserve as on reporting date is Rs. -120,769,776 (Previous year Rs. -105,011,257).

#### 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 Rs. 4,110,487,506 (Previous Year Rs. 3,632,754,854)

#### Note 4.28- Contingent liabilities

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

	<b>31 Ashadh 2080</b>	<b>32 Ashadh 2079</b>
Contingent liabilities	34,893,016,740	32,452,335,384
Undrawn and undisbursed facilities	44,003,325,220	42,160,069,562
Capital commitment	131,535,260	292,219,441
Lease Commitment	-	-
Litigation	542,331,713	387,643,740
<b>Total</b>	<b>79,570,208,933</b>	<b>75,292,268,127</b>

#### 4.28.1: Contingent liabilities

	<b>31 Ashadh 2080</b>	<b>32 Ashadh 2079</b>
Acceptance and documentary credit	19,641,899,156	20,499,072,214
Bills for collection	4,366,627,778	2,418,142,411
Forward exchange contracts	-	-
Guarantees	10,884,489,806	9,535,120,759
Underwriting commitment	-	-
Other commitments	-	-
<b>Total</b>	<b>34,893,016,740</b>	<b>32,452,335,384</b>

#### 4.28.2: Undrawn and undisbursed facilities

	<b>31 Ashadh 2080</b>	<b>32 Ashadh 2079</b>
Undisbursed amount of loans	13,121,482,477	14,684,557,090
Undrawn limits of overdrafts	14,334,560,186	15,726,710,250
Undrawn limits of credit cards	189,999,389	656,776,462
Undrawn limits of letter of credit	13,462,949,525	8,443,254,862
Undrawn limits of guarantee	2,894,333,643	2,648,770,898
<b>Total</b>	<b>44,003,325,220</b>	<b>42,160,069,562</b>

#### 4.28.3: Capital commitments

	<b>31 Ashadh 2080</b>	<b>32 Ashadh 2079</b>
<b>Capital commitments in relation to Property and Equipment</b>		
Approved and contracted for	131,535,260	292,219,441
Approved but not contracted for	-	-
<b>Sub total</b>	<b>131,535,260</b>	<b>292,219,441</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>131,535,260</b>	<b>292,219,441</b>

#### 4.28.4: Lease commitments

	31 Ashadh 2080	32 Ashadh 2079
Operating lease commitments		
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>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>Grand total</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, 2071-72, 2072-73, 2073-74, 2074-75 and 2075-76 demanding total additional tax of Rs. 54.23 Crores (including VAT, Fine, Interest & TDS)(Previous year is Rs. 38.76 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:

	31 Ashadh 2080	32 Ashadh 2079
Cash and cash equivalent	139,529,456	86,306,249
Due from Nepal Rastra Bank	-	-
Placement with bank and financial institutions	265,678,409	177,504,679
Loan and advances to bank and financial institutions	946,018,982	886,443,860
Loans and advances to customers	18,451,374,694	12,536,985,449
Investment securities	2,441,779,631	1,629,267,164
Loan and advances to staff	156,230,069	150,672,997
Other	-	-
<b>Total interest income</b>	<b>22,400,611,241</b>	<b>15,467,180,397</b>

#### Note 4.30- Interest expenses

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

	31 Ashadh 2080	32 Ashadh 2079
Due to bank and financial institutions	180,379,492	54,958,433
Due to Nepal Rastra Bank	132,591,227	342,046,189
Deposits from customers	14,061,802,400	9,694,114,256
Borrowing	194,747,828	22,111,778
Debt securities issued	319,299,980	67,835,371
Subordinated liabilities	-	-
Other-Lease Liabilities	99,350,128	104,697,989
<b>Total interest expense</b>	<b>14,988,171,055</b>	<b>10,285,764,016</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 follow:

	<b>31 Ashadh 2080</b>	<b>32 Ashadh 2079</b>
Loan administration fees	83,463,284	80,436,739
Service fees	288,455,995	284,841,683
Consortium fees	-	-
Commitment fees	2,955,601	2,349,266
DD/TT/Swift fees Income	30,896,177	22,096,015
Credit card/ATM issuance and renewal fees	203,967,080	191,669,509
Prepayment and swap fees	9,753,209	8,741,111
Investment banking fees	-	-
Asset management fees	-	-
Brokerage fees	-	-
Remittance fees	94,159,493	92,676,880
Commission on letter of credit	140,079,696	130,436,546
Commission on guarantee contracts issued	142,022,024	108,062,826
Commission on share underwriting/issue	-	-
Locker rental	18,839,137	18,288,252
Other fees and commission income	332,929,714	355,358,819
<b>Total fees and Commission Income</b>	<b>1,347,521,410</b>	<b>1,294,957,645</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:

	<b>31 Ashadh 2080</b>	<b>32 Ashadh 2079</b>
ATM management fees	57,842,967	36,372,356
VISA/Master card fees	77,856,476	102,973,573
Guarantee commission	-	-
Brokerage	-	-
DD/TT/Swift fees Expenses	5,575,573	10,337,316
Remittance fees and commission	29,349,758	29,061,199
Other fees and commission expense	101,302,536	84,329,026
<b>Total fees and Commission Expense</b>	<b>271,927,310</b>	<b>263,073,470</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:

	<b>31 Ashadh 2080</b>	<b>32 Ashadh 2079</b>
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	182,784,199	299,490,529
Other	-	-
<b>Net trading income</b>	<b>182,784,199</b>	<b>299,490,529</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:

	<b>31 Ashadh 2080</b>	<b>32 Ashadh 2079</b>
Foreign exchange revaluation gain	25,823,237	54,709,832
Gain/loss on sale of investment securities	-	16,726,607
Fair value gain/loss on investment properties	-	-
Dividend on equity instruments	1,958,550	10,452,098
Gain/loss on sale of property and equipment	15,135,446	1,055,127
Gain/loss on sale of investment property	1,220,700	-
Operating lease income	-	-
Gain/loss on sale of gold and silver	-	-
Locker rent	-	-
Other - Share of Profit of Associates	50,050,231	140,377,886
<b>Total</b>	<b>94,188,165</b>	<b>223,321,550</b>

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

Details presented as follows:

	<b>31 Ashadh 2080</b>	<b>32 Ashadh 2079</b>
Impairment charge/(reversal) on loan and advances to B/FIs	(6,817,123)	27,492,130
Impairment charge/(reversal) on loan and advances to customer	778,177,627	297,953,726
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>771,360,504</b>	<b>325,445,856</b>

**Note 4.36- Personnel Expense**

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

Details presented as follows:

	<b>31 Ashadh 2080</b>	<b>32 Ashadh 2079</b>
Salary	744,686,214	688,429,844
Allowances	421,972,106	363,938,422
Gratuity expense	94,995,122	129,930,883
Provident fund	68,605,365	64,525,642
Uniform	2,445,339	15,445,752
Training & development expense	20,911,111	17,602,742
Leave Expenses	92,357,990	107,506,387
Medical	7,670,500	6,757,000
Insurance	18,577,464	33,177,044
Employees Incentive	-	-
Cash-settled share-based payments	-	-
Pension Expenses	-	-
Finance expense under NFRS	87,258,348	99,942,784
Other expenses related to staff	35,526,249	30,675,741
<b>Subtotal</b>	<b>1,595,005,809</b>	<b>1,557,932,242</b>
Employees bonus*	534,925,147	487,537,612
<b>Grand total</b>	<b>2,129,930,956</b>	<b>2,045,469,854</b>

During the year, the average yield rate for calculation of interest subsidy on staff loan is 9.08% (Previous year 8.26%).

#### Note 4.37 - Other operating expense

Operating expense other than those relating to personnel expense are recognized are presented in this head.

Details presented as follows:

	<b>31 Ashadh 2080</b>	<b>32 Ashadh 2079</b>
Directors' fee	1,020,000	915,000
Directors' expense	783,005	798,231
Auditors' remuneration	1,045,250	1,045,250
Other audit related expense	3,405,440	1,407,655
Professional and legal expense	4,123,832	3,452,352
Office administration expense	678,640,546	558,715,351
Operating lease expense	11,653,731	9,035,114
Operating expense of investment properties	-	-
Corporate social responsibility expense	15,825,965	-
Onerous lease provisions	-	-
Other expenses	20,171,191	16,851,666
<b>Total</b>	<b>736,668,961</b>	<b>592,220,619</b>

#### 4.37.1 Office administration expense

	<b>31 Ashadh 2080</b>	<b>32 Ashadh 2079</b>
Water & Electricity	39,118,241	34,929,958
Repair & Maintenance		
(a) Building	2,026,268	1,825,989
(b) Vehicle	4,154,065	3,733,839
(c) Computer & Accessories	375,193	300,810
(d) Office Equipment and furniture	25,629,541	25,418,714
(e) Other	4,102,775	4,162,660
Insurance Premium	24,583,050	6,263,460
Postage, Telex, Telephone, Fax	50,477,569	46,370,579
Printing and Stationery	37,763,383	29,699,565
News Paper, Books and Journals	504,548	476,418
Advertisement	51,559,781	33,370,264
Donation	-	-
Security Expense	125,344,244	112,779,190
Deposit and loan guarantee premium	61,446,344	49,225,786
Travel allowance and expenses	12,767,996	13,249,652
Entertainment	19,229,982	16,443,445
Annual/Special general meeting expenses	2,909,802	1,146,850
Other		
a) Business Promotion	26,024,361	12,103,857
b) TSA fee and expenses reimbursement	28,993,572	28,462,139
c) Registration/Renewals	16,245,970	13,307,830
d) Fuel & Lubricant	45,168,229	37,609,049
e) Software Contract Expenses	29,553,166	28,445,178
f) Branch Less Banking & Mobile ATM	2,259,336	2,444,471
g) Disaster Recovery Sites	5,584,008	6,257,804
h) Temporary staff wages	48,108,084	43,577,652
i) Miscellaneous	14,711,036	7,110,196
<b>Total</b>	<b>678,640,546</b>	<b>558,715,351</b>

**Note 4.38 - Depreciation & Amortisation**

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, Plant and Equipment and amortization of intangible assets.

Details presented as follows:

	<b>31 Ashadh 2080</b>	<b>32 Ashadh 2079</b>
Depreciation on property, plant and equipment	295,645,320	280,161,454
Depreciation on investment property	-	-
Amortisation of intangible assets	13,829,849	13,026,258
<b>Total</b>	<b>309,475,169</b>	<b>293,187,713</b>

**Note 4.39 - Non operating income**

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

	<b>31 Ashadh 2080</b>	<b>32 Ashadh 2079</b>
Recovery of loan written off	-	-
Other income	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**Note 4.40 - Non operating expense**

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

	<b>31 Ashadh 2080</b>	<b>32 Ashadh 2079</b>
Loan written off	166,823	435,639
Redundancy provision	-	-
Expense of restructuring	-	-
Other non operating expenses	1,119,360	2,077,723
<b>Total</b>	<b>1,286,183</b>	<b>2,513,362</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.

	<b>31 Ashadh 2080</b>	<b>32 Ashadh 2079</b>
<b>Current tax expense</b>	<b>1,447,574,533</b>	<b>1,055,443,879</b>
Current year	1,447,574,533	1,052,267,620
Adjustments for prior years	-	3,176,259
<b>Deferred tax expense</b>	<b>(6,594,905)</b>	<b>7,893,320</b>
Origination and reversal of temporary differences	(6,594,905)	7,893,320
Changes in tax rate	-	-
Restatement Adjustment for lease	-	-
<b>Total income tax expense</b>	<b>1,440,979,629</b>	<b>1,063,337,199</b>

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

	<b>31 Ashadh 2080</b>	<b>32 Ashadh 2079</b>
Profit before tax	4,816,284,876	3,548,241,233
Tax amount at tax rate of 30%	1,444,885,463	1,064,472,370
Add: Tax effect of expenses that are not deductible for tax purpose	50,047	-
Less: Tax effect on exempt income	(587,565)	(3,135,629)
Add/less: Tax effect on other items	(3,368,316)	2,000,458
<b>Total income tax expense</b>	<b>1,440,979,629</b>	<b>1,063,337,199</b>
<b>Effective tax rate</b>	<b>30%</b>	<b>30%</b>

## 5. Disclosure and Additional Information

### 5.1 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 lie 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 Rs.5 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 Rs. 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

### 5.2.1 Capital Structure and Capital Adequacy

Tier 1 capital and a breakdown of its components:

In Rs. '000

#### Core Capital (Tier 1)

a	Paid up Equity Share Capital	22,186,573
b	Proposed Bonus Equity Shares	10,698,094
c	Equity Share Premium	-
d	Irredeemable Non- cumulative preference shares	238,470
e	Statutory General Reserves	-
f	Retained Earnings	6,008,342
g	Reserve for Deferred Tax	4,110,488
h	Un-audited current year cumulative profit	-
i	Debenture Redemption Reserve	-
j	Capital Adjustment Reserve	142,797
k	Capital Redemption Reserve	1,116,408
l	Other Free Reserve	-
m	Calls in Advance	87,982
		-

#### Less :

a	Goodwill and Intangible Assets	(24,949)
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 & unutilized	(70,289)
j	Less: Cash Flow Hedge	-
k	Less: Define Benefit Pension Assets	-
l	Less: Unrecognised Define benefit Pension Liabilities	-
m	Less: Negative balance of reserve accounts	(120,770)
n	Less: other deduction	-
	<b>Adjustments under Pillar II</b>	-
	Less: Shortfall in Provision (6.4 a 1)	-
	Less: Loans and Facilities extended to Related Parties and Restricted lending (6.4 a 2)	-

#### Supplementary Capital (Tier 2)

a	Cumulative and/or Redeemable Preference Share	4,229,401
b	Subordinated Term Debt	-
c	Hybrid Capital Instruments	2,000,000
d	General Loan Loss provision	-
e	Investment Adjustment Reserve	2,152,052
f	Assets Revaluation Reserve	2,691
g	Exchange Equalization Reserve	-
i	Additional Loan Loss Provision	58,194
j	Other Reserves	16,464
	<b>TOTAL CAPITAL FUND (TIER I AND II)</b>	<b>26,415,974</b>

- 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: 216,008 thousand
- Total qualifying capital: 26,415,974 thousand
- Capital adequacy ratio: 13.30%

*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 Rs. 20 crores at a premium of 100% convertible into ordinary share @ 20% on completion of each third year. The total preference share has been converted into ordinary shares during the financial year.

*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 2023, Bank has the following capital structure:

Paid up ordinary capital	Rs. 1,069.81 crores (Previous Year Rs. 942.73 crores)
Convertible preference share	Rs. 0.00 crores (Previous Year Rs. 4 crores fully converted into Ordinary shares of Rs. 100 each)

### 5.2.2 Risk Exposures

- Risk weighted exposures for Credit Risk, Market Risk and Operational Risk.**

Rs. in '000

Particulars	Current year	Previous year
1. Credit Risk	183,321,826	170,264,455
2. Market Risk	742,835	647,188
3. Operational Risk	8,789,601	8,816,570
4. Adjustment under Pillar III	5,785,116	5,074,797
<b>TOTAL</b>	<b>198,639,377</b>	<b>184,803,010</b>

- Risk weighted exposures under each of 11 Categories of Credit Risk.**

Rs. in '000

	Current year	Previous year
1. Claims on other official entities	-	-
2. Claims on banks	5,382,117	4,045,757
3. Claims on Domestic corporate & securities firms	89,270,451	78,856,266
4. Claims on regulatory retail portfolio	19,596,815	17,628,361
5. Claims secured by residential properties	14,468,515	11,227,469
6. Claims secured by commercial real estate	2,237,456	1,844,021
7. Past due claims	746,214	338,366
8. High risk claims	24,988,012	29,259,890
9. Investment in Equity of Institutions	936,343	142,902
10. Other assets	4,687,507	6,084,909
11. Off balance sheet items	21,008,396	20,836,514
<b>Total</b>	<b>183,321,826</b>	<b>170,264,455</b>

- **Total risk weighted exposure calculation table:**  
Enclosed as an Annexure:

- **Amount of NPAs (both Gross and Net)**

Category	Gross	Provision	Rs. in '000
Substandard Loan	488,811	122,203	366,608
Doubtful Loan	482,648	241,324	241,324
Loss Loan	360,047	360,047	-
<b>Total</b>	<b>1,331,506</b>	<b>723,574</b>	<b>607,932</b>

- **NPA Ratios**
  - **Gross NPA to gross advances : 0.79%**
  - **Provision to NPA : >100%**
- **Movement of Non-Performing Assets :**

Particulars	Amount	Rs. In '000
Opening balance	183,712	130,038
Addition during the year	1,982,216	912,793
Recovered during the year	834,422	319,257
<b>Balance as at 16 July 2023</b>	<b>1,331,506</b>	<b>723,574</b>

- **Details of additional Loan Loss Provisions**

Loan Category	Amount	Rs. in '000
a. Substandard	-	-
b. Doubtful	-	-
c. Loan against PG	-	-
d. Deprived Sector Loan	-	-
e. Retail Lending	-	-
f. Other	16,464	16,464
<b>Total</b>	<b>16,464</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 (Rs.)		
	Level 1	Level 2	Level 3
Derivative financial instruments (Liabilities)			47,597,107

##### Previous year

Particulars	Carrying amount (Rs.)		
	Level 1	Level 2	Level 3
Derivative financial instruments (Assets)			15,766,811

#### 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 (Rs.)		
	Level 1	Level 2	Level 3
Treasury bills			10,448,922,831
Government & other bonds			29,923,090,837
Loan and advances to B/FIs			8,196,156,318
Loans and advances to customers			162,533,449,619

##### Previous year

Particulars	Carrying amount (Rs.)		
	Level 1	Level 2	Level 3
Treasury bills			10,847,620,368
Government & other bonds			27,901,271,213
Loan and advances to B/FIs			9,699,402,914
Loans and advances to customers			147,756,506,510

### 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:

Particulars	Carrying amount (Rs.)		
	Level 1	Level 2	Level 3
<b>Investment securities</b>			
<b>Quoted Equity</b>			
Rural Microfinance Development Ltd.		253,883,025	
Nirdhan Utthan Bank Ltd.	188,190	1,004,228,933	
Taragaon Regency Hotel	39,515,000		
<b>Quoted Units of Mutual Funds</b>			
NIBL Growth Fund	10,640,000		
Prabhu Smart Fund	4,950,000		
RBB Mutual Fund 2	5,000,000		
Sunrise Focused Equity Fund	9,680,000		
Siddhartha Investment Growth Scheme 3	20,000,000		
<b>Unquoted Equity</b>			
Nepal Clearing House Ltd.		33,262,329	
Credit Information Center Ltd.		15,440,200	
National banking Training Institute		7,272,644	
<b>TOTAL</b>	<b>89,973,190</b>	<b>1,258,111,958</b>	<b>55,975,173</b>

Particulars	Carrying amount (Rs.)		
	Level 1	Level 2	Level 3
<b>Investment securities</b>			
<b>Quoted Equity</b>			
Rural Microfinance Development Ltd.		162,679,458	
Nirdhan Utthan Bank Ltd.	216,936	861,454,396	
Taragaon Regency Hotel	15,855,000		
<b>Unquoted Equity</b>			
Nepal Clearing House Ltd.		18,384,338	
Credit Information Center Ltd.		15,440,100	
National banking Training Institute		6,855,235	
<b>TOTAL</b>	<b>16,071,936</b>	<b>1,024,133,854</b>	<b>40,679,673</b>

#### 5.4 Prior Period Errors

During the financial year, the bank discovered certain errors of prior periods which have been corrected in the current financial statements. Due to such correction of errors retrospectively, the comparatives and carried forward balances have been restated. The details of such prior period errors corrected and impact of the correction of error in each line item of the financial statement have been presented below:

- Up to previous year, the investment in unquoted equity instruments of other entities were measured and stated at face value. During the year, these investments have been measured and stated at book value of the investee as quoted prices are not available for such investments or similar assets in the active market for a fair presentation of the financial figures. Such measurement has been classified as level 3 valuation in the fair value hierarchy as per NFRS 13.
- During the year ended Ashadh 31, 2080, the bank discovered that an error in measurement of lease liability and right of use assets in the first year of application of NFRS 16 – Leases. The errors have been corrected by restating each of the affected financial statement line items for prior periods.
- The bank has followed equity method of accounting for associate company – Forward Community Lagubitta Bittiya Sanstha Limited as required by NAS 28. The bank has increased its share of profit or loss to the investment value but has not reduced dividend in the investment value as required by the standard. The bank has been recognizing such dividend in the statement of profit or loss. Due to such error, the equity value of the investment has been misstated in the prior years, which has been restated during the current financial year.

Amount in Rs.

**Statement of Financial Position****Impact of correction of error in the beginning of the earliest prior period presented**

Particulars	As reported Shrawan 1, 2078	Adjustments	As restated Shrawan 1, 2078
<b>Assets</b>			
Investment in associates	502,315,696	42,733,537	545,049,233
Investment securities			
Investment in unquoted equity securities	19,154,960	13,927,892	33,082,852
Property and Equipment			
Lease Assets	686,656,963	(64,700,758)	621,956,205
Current Tax Assets	440,301,707	16,651,895	456,953,602
Other Assets			
Others	121,681,850	1,424,807	123,106,657
<b>Total</b>	<b>1,770,111,176</b>	<b>10,037,374</b>	<b>1,780,148,550</b>
<b>Liabilities</b>			
Deferred Tax Liabilities	196,687,607	223,958,177	420,645,784
Other Liabilities			
Liabilities under operating lease	765,834,680	(28,985,147)	736,849,533
<b>Total</b>	<b>962,522,287</b>	<b>194,973,029</b>	<b>1,157,495,317</b>
<b>Equity</b>			
<b>Retained Earnings</b>			
Retained earnings	2,511,991,875	(194,685,179)	2,317,306,695
<b>Reserves</b>			
Fair value reserve	1,425,444,191	9,749,524	1,435,193,716
<b>Total</b>	<b>3,937,436,066</b>	<b>(184,935,655)</b>	<b>3,752,500,411</b>

**Impact of correction of error in the prior period presented**

	As reported Ashadh 32, 2079	Adjustments	As restated Ashadh 32, 2079
<b>Assets</b>			
Investment in associates	713,659,584	(28,232,464)	685,427,120
Current tax assets	548,665,100	16,651,895	565,316,995
Investment properties			
Unquoted equity securities	24,130,900	16,548,773	40,679,673
Property and Equipment			
Lease assets	804,759,151	(64,700,757)	740,058,394
Deferred tax assets/(liabilities)	111,957,429	(203,454,641)	(91,497,212)
Other assets			
Others	123,690,469	1,424,807	125,115,276
<b>Total</b>	<b>2,326,862,632</b>	<b>(261,762,387)</b>	<b>2,065,100,245</b>
<b>Liabilities</b>			
Other Liabilities			
Liabilities under operating lease	932,719,613	(28,985,147)	903,734,465
<b>Total</b>	<b>932,719,613</b>	<b>(28,985,147)</b>	<b>903,734,465</b>
<b>Equity</b>			
<b>Retained Earnings</b>			
Retained earnings	3,877,116,233	(244,361,380)	3,632,754,852
<b>Reserves</b>			
Fair value reserve	681,953,765	11,584,141	693,537,906
<b>Total</b>	<b>4,559,069,998</b>	<b>(232,777,239)</b>	<b>4,326,292,759</b>

### Statement of Profit and Loss and other comprehensive income

<b>Impact of correction of error in the prior period presented</b>			
	<b>As reported</b> <b>Ashadh 32, 2079</b>	<b>Adjustments</b>	<b>As restated</b> <b>Ashadh 32, 2079</b>
<b>Items of statement of Profit &amp; Loss</b>			
<b>Other operating income</b>			
Other - share of profit of associates	211,343,888	(70,966,001)	140,377,886
<b>Income Tax Expenses:</b>			
Current Tax expenses	1,055,443,878	-	1,055,443,878
Deferred Tax Expenses/(Income)	13,396,480	(21,289,800)	(7,893,320)
<b>Total Profit/(Loss)</b>	<b>2,479,400,875</b>	<b>(49,676,201)</b>	<b>2,429,724,674</b>
<b>Items of statement of Other comprehensive income, net of tax</b>			
Gains/(Losses) from investments in equity instruments measured at fair value	(212,079,803)	2,620,881	(209,458,922)
Income tax relating to above terms	67,026,703	(786,264)	66,240,439
<b>Total</b>	<b>(145,053,100)</b>	<b>1,834,617</b>	<b>(143,218,483)</b>
<b>Total Comprehensive income</b>	<b>2,323,005,235</b>	<b>(47,841,584)</b>	<b>2,275,163,651</b>

### Basic & Diluted EPS

<b>Impact of correction of error in prior period presented</b>			
	<b>As reported</b> <b>Ashadh 32, 2079</b>	<b>Adjustments</b>	<b>As restated</b> <b>Ashadh 32, 2079</b>
Basic EPS	26.30	(0.53)	25.77
Diluted EPS	26.19	(0.53)	25.66

### 5.5 - 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	Koshi Province		Madhesh Province		Bagmati Province		Gandaki Province		Lumbini Province		Karnali Province		Sudur Pashchim Province		Total
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	
Revenues from external Customers	1,985,628	1,362,197	1,552,363	1,120,870	16,045,163	11,533,407	1,120,252	834,859	2,157,677	1,494,503	221,638	177,406	941,243	701,708	24,025,105
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
Gross Revenue	2,059,427	1,391,840	2,044,739	1,360,164	27,380,011	20,236,766	1,236,190	900,928	2,324,341	1,558,035	221,742	177,406	990,543	726,009	36,256,394
Interest Revenue	1,844,736	1,254,812	1,452,032	1,009,001	11,946,891	10,426,731	1,060,080	773,243	2,007,300	1,347,903	201,114	161,986	893,224	653,377	19,313,887
Interest Expenses	756,444	482,638	842,585	581,59	11,282,102	7,872,741	673,927	401,101	1,077,194	678,175	78,312	53,227	377,607	216,363	14,988,171
Net Interest Revenue	1,088,292	752,184	609,447	427,482	564,288	2,658,688	438,163	372,142	930,106	689,728	131,802	108,759	555,618	437,014	43,257,716
Depreciation & Amortisation	17,836	19,138	13,330	13,811	225,612	214,869	15,024	13,350	26,708	18,320	1,348	1,665	9,616	12,034	309,475
Segment Profit/(Loss)	570,781	352,356	712,990	375,03	2,852,376	2,575,500	250,986	182,444	631,113	327,373	86,40	31,64	247,871	122,847	5,352,496
Impairment of assets	83,162	680,615	82,254	193,621	350,792	1,035,600	37,528	123,861	141,486	242,575	101	25,212	40,118	100,506	735,441
Segment assets	20,669,490	17,748,491	16,165,646	14,604,174	167,029,449	151,054,148	11,861,315	10,877,643	22,459,89	19,472,348	2,307,154	2,311,474	9,797,920	9,142,779	250,080,493
Segment Liabilities	18,572,572	15,970,437	14,525,642	13,141,119	150,084,049	135,921,455	10,478,275	9,787,915	20,181,272	17,521,597	2,073,033	2,079,909	8,803,921	8,226,850	224,718,823
															202,649,282

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

**a. Revenue**

	NPR in '000	
	Current Year	Previous Year
<b>Total revenues for reportable segments</b>	<b>36,256,994</b>	<b>26,351,139</b>
Other revenues	-	-
Elimination of intersegment revenues	(12,231,889)	(9,066,189)
<b>Entity's revenues</b>	<b>24,025,105</b>	<b>17,284,950</b>

**b. Profit or Loss**

	NPR in '000	
	Current Year	Previous Year
<b>Total profit or loss for reportable segments</b>	<b>5,352,496</b>	<b>3,967,326</b>
Other profit or loss	-	-
Elimination of intersegment profits	-	-
Unallocated amounts:	-	-
Bonus expenses	(534,925)	(487,538)
Other adjustments	-	-
<b>Profit before income tax</b>	<b>4,817,571</b>	<b>3,479,789</b>

**5.6 Share option and share based payment**

The bank doesn't have arrangements of share-based payment and share option as on reporting date.

**5.7 Contingent Liabilities and commitments**

The details of contingent liabilities and commitments has been presented in notes 4.28 above.

**5.8 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 two expatriates seconded from PNB group to oversee the management of the bank's functioning under a technical service agreement and three higher level employees 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) EBL Employee Retirement Fund

**Transactions during the period**

Particulars	31 Ashadh 2080	32 Ashadh 2079
<b>Directors:</b>		
Director's Sitting Fees	1,665,000	1,530,000
Interest Paid to directors on deposits	289,598,277	205,122,489
<b>Key Management Personnel (KMP):</b>		
Remuneration and benefits Paid to CEO	19,223,796	10,169,359
Interest on account balances of CEO	1,108,213	714,050
Remuneration and benefits Paid to Others	34,916,625	1,545,049
Interest on account balances of Others	1,249,790	830,999
<b>PNB Group</b>		
TSA Paid	11,390,400	11,390,400
Dividend Paid	146,319,408	76,953,997
Bonus Share Paid (No. of Share)	2,464,574	1,068,805
<b>Forward Community Microfinance Limited</b>		
Dividend Received	10,555,510	76,62,522
Bonus Share Received (No. of Share)	527,776	547,323

**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 (RS.)	Nature of relationship	Transaction (RS.)	Nature of relationship
Deposit	2,842,933,615	Director	2,557,322,247	Director
Deposit	22,722,893	KMP	24,244,954	KMP
Loan	11,588,452	KMP	11,332,714	KMP

### Details of Directors

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
Chairman	Mr. Bishnu Krishna Shrestha	Mr. Bishnu Krishna Shrestha
Directors	Dr. Bal Gopal Baidya Mr. Arun Man Sherchan Mr. Rakesh Grover Mr. Kiran Krishna Shrestha Mr. Nabin Bhakta Shrestha Mrs. Urmila Shrestha Mr. Tarak Bahadur K.C.	Mr. Arun Man Sherchan Dr. Bal Gopal Baidya Mr. Nabin Bhakta Shrestha Dr. Nirmal Kumar Bista Mrs. Urmila Shrestha Mr. Anil Bansal Mr. Rakesh Grover Mr. Tarak Bahadur K.C.

### Details of Key Managerial Personnel

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
Chief Executive Officer	Mr. Sudesh Khaling	Mr. Sudesh Khaling
Dy. Chief Executive Officer	Mr. Vijay Kumar Sharma	Mr. Vijay Kumar Sharma
Dy. General Manager	Mr. Keshab Raj Paudel Mr. Ashutosh Sharma Mr. Gaurav Kumar	Mr. Keshab Raj Paudel Mr. Ashutosh Sharma Mr. Gaurav Kumar Mr. Sandhir Kumar

#### 5.9 Merger and acquisition

During the reporting period, there is no merger and acquisition.

#### 5.10 Additional disclosures of non-consolidated entities

The bank has no subsidiary for consolidation.

#### 5.11 Dividend

For the year ended Ashadh 31, 2080 (July 16, 2023), the board of directors of the Company have recommended and proposed Bonus issue in the ratio of 1:10 with par value of Rs. 1,069,809,444 and final cash dividend of Rs. 10.53 per share amounting to Rs. 1,126,509,344 (2078-79: Bonus issue in the ratio of 1:13 with par value of Rs. 1,230,754,227 and final cash dividend of Rs. 7.68 per share amounting to Rs. 727,490,353)

#### 5.12 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.

#### 5.13 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.

#### 5.14 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.

#### 5.15 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.

कोभिड-१९ को असर न्यूनीकरण गर्न यस बैंकबाट जारी निर्देशनहरूको पालना गरेको घोषणा र उक्त निर्देशनहरू मार्फत प्रदान भएका **Forbearance/relaxation** सम्बन्धमा टेबल नं. १ को ढाँचामा, पुनर्कर्जा र **Business Continuity** कर्जाको विवरण टेबल नं. २ को ढाँचामा र सहुलियत कर्जाको विवरण टेबल नं. ३ को ढाँचामा संस्थाको वित्तीय विवरणको लेखा सम्बन्धी टिप्पणी (Notes to Accounts) मा उल्लेख (Disclose) गरे/नगरेको तथा उक्त निर्देशनहरूको परिपालना सम्बन्धमा संस्थाको बाह्य लेखापरीक्षकले Long Form Audit Report मा प्रष्ट उल्लेख गरे/नगरेको ।

### टेबल नं. १

Particulars	As of Asadh end 2080	
	No. of Customers	Amount (NRs.)
Accrued Interest Received after Asadh end 2079 till 15 Shrawan 2080	NA	
Additional 0.3% Loan Loss Provision created on Pass Loan Portfolio	NA	
Extension of moratorium period of loan provided to Industry or Project under construction	NA	
Restructured/Rescheduled Loan with 5% Loan Loss Provision	474	2,20,40,47,533.78
Enhancement of Working Capital Loan by 20% to COVID affected borrowers	NA	
Enhancement of Term Loan by 10% to COVID affected borrowers	NA	
Expiry Date of Additional 20% Working Capital Loan (COVID Loan) extended for upto 1 year with 5% provisioning	NA	
Expiry Date of Additional 10% Term Loan (COVID Loan) extended for upto 1 year with 5% provisioning	NA	
Time Extension provided for repayment of Principal and Interest for upto two years as per clause 4l of NRB Directives 2	6	89,02,88,669.23

### टेबल नं. २

Particulars	As of Asadh end 2080	
	No. of Customers	Amount (NRs.)
Refinance Loan	NA	
Business Continuity Loan	2	2,35,00,000.00

### टेबल नं. ३

Particulars	During FY 2079/80	
	No. of Customers	Amount (NRs.)
Subsidized Loan	3084	3,64,67,02,904.60

## CAPITAL ADEQUACY TABLE

(RS. IN '000)

As At 31 Ashadh 2080 (16 July 2023)

	CURRENT YEAR	PREVIOUS YEAR
<b>1.1 RISK WEIGHTED EXPOSURES</b>	<b>192,854,261</b>	<b>179,728,212</b>
a. Risk Weighted Exposure for Credit Risk - Form No. 2	183,321,826	170,264,455
b. Risk Weighted Exposure for Operational Risk -Form No. 5	8,789,601	8,816,570
c. Risk Weighted Exposure for Market Risk	742,835	647,188
Adjustments under Pillar II		
Overall risk management policies and procedures are not satisfactory. Add 2% of RWE (6.4 a 7)	3,857,085	3,594,564
Add RWE equivalent to reciprocal of capital charge of 3 % of gross income. (6.4 a 9)	1,928,030	1,480,233
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>198,639,377</b>	<b>184,803,010</b>
<b>1.2 CAPITAL</b>		
<b>Core Capital (Tier 1)</b>	<b>22,208,288</b>	<b>19,924,143</b>
a Paid up Equity Share Capital	10,698,094	9,427,340
b Equity Share Premium	238,470	238,470
c Irredeemable Non- cumulative preference shares	-	-
d Statutory General Reserves	6,008,342	5,335,919
e Retained Earnings	4,110,488	1,594,160
f Reserve for Deferred Tax	-	-
g Audited current year cumulative profit	-	2,282,956
h Debenture Redemption Reserve	142,797	468,845
i Capital Adjustment Reserve	1,116,408	647,563
j Capital Redemption Reserve	-	-
k Other Free Reserve	87,982	88,177
l Calls in Advance	-	-
Less :		
a Goodwill and Intangible Assets	(24,949)	(23,076)
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	(70,289)	(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	(120,770)	(105,011)
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>4,229,401</b>	<b>2,046,603</b>
a Cumulative and/or Redeemable Preference Share	-	40,000
b Subordinated Term Debt	2,000,000	-
c Hybrid Capital Instruments	-	-
d General Loan Loss provision	2,152,052	1,935,710
e Investment Adjustment Reserve	2,691	2,691
f Assets Revaluation Reserve	-	-
g Exchange Equalization Reserve	58,194	51,738
h Additional Loan Loss Provision	16,464	16,464
i Other Reserves	-	-
<b>Total Capital Fund (Tier I and II)</b>	<b>26,415,974</b>	<b>21,970,746</b>
<b>1.3 CAPITAL ADEQUACY RATIOS</b>		
Tier 1 Capital to Risk Weighted Exposures	11.17	10.78
Tier 1 and Tier 2 Capital to Total Risk Weighted Exposures	13.30	11.89

## RISK WEIGHTED EXPOSURE FOR CREDIT RISK

RS. '000

A. Balance Sheet Exposures	Book Value a	Specific Provision b	Eligible CRM c	Net Value d=a-b-c	Risk Weight e	Risk Weighted Exposures f=d* <sup>e</sup>	Previous Year	
							Current Year	Net Value g
								Risk Weighted Exposures
Cash Balance	2,652,332	-	-	2,562,332	0%	-	2,763,279	-
Balance With Nepal Rastra Bank	13,933,794	-	-	13,933,794	0%	-	11,105,032	-
Gold	-	-	-	-	0%	-	-	-
Investment in Nepalese Government Securities	38,954,461	-	38,954,461	0%	0%	-	36,919,011	-
All Claims on Government of Nepal	200,241	-	200,241	0%	0%	-	1,520,857	-
Investment in Nepal Rastra Bank securities	-	-	-	-	0%	-	-	-
All claims on Nepal Rastra Bank	-	-	-	-	0%	-	-	-
Claims on Foreign Government and Central Bank (ECA 0-1)	-	-	-	-	0%	-	-	-
Claims on Foreign Government and Central Bank (ECA -2)	-	-	-	-	20%	-	-	-
Claims on Foreign Government and Central Bank (ECA -3)	-	-	-	-	50%	-	-	-
Claims on Foreign Government and Central Bank (ECA -4/-6)	-	-	-	-	100%	-	-	-
Claims on Foreign Government and Central Bank (ECA -7)	-	-	-	-	150%	-	-	-
Claims On BIS, IMF, ECB, EC and MDB's recognized by the framework	-	-	-	-	0%	-	-	-
Claims on Other Multilateral Development Banks	-	-	-	-	100%	-	-	-
Claims on Domestic Public Sector Entities	-	-	-	-	100%	-	-	-
Claims on Public Sector Entity (ECA 0-1)	-	-	-	-	20%	-	-	-
Claims on Public Sector Entity (ECA 2)	-	-	-	-	20%	-	-	-
Claims on Public Sector Entity (ECA 3-6)	-	-	-	-	50%	-	-	-
Claims on Public Sector Entity (ECA 7)	-	-	-	-	100%	-	-	-
Claims on domestic banks that meet capital adequacy requirements	16,115,766	-	16,115,766	20%	3,223,153	13,346,752	2,669,350	-
Claims on foreign banks that do not meet capital adequacy requirements	-	-	-	-	100%	-	-	-
Claims on domestic banks that do not meet capital adequacy requirements	8,350,361	-	8,350,361	20%	1,670,072	4,808,165	961,633	-
Claims on foreign bank (ECA Rating 0-1)	49,140	-	49,140	50%	24,570	-	-	-
Claims on foreign bank (ECA Rating 2)	-	-	-	-	100%	-	-	-
Claims on foreign bank (ECA Rating 3-6)	-	-	-	-	150%	-	-	-
Claims on foreign bank (ECA Rating 7)	-	-	-	-	20%	464,321	414,774	-
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	2,321,605	-	2,321,605	50%	-	2,073,868	-	-
Claims on Domestic Corporates (Credit rating score equivalent to AAA)	-	-	-	-	50%	-	-	-
Claims on Domestic Corporates (Credit rating score equivalent to AA+ to AA-)	-	-	-	-	70%	-	-	-
Claims on Domestic Corporates (Credit rating score equivalent to A+ to A-)	-	-	-	-	80%	-	-	-
Claims on Domestic Corporates (Credit rating score equivalent to BBB+ & below)	-	-	-	-	100%	-	-	-
Claims on Domestic Corporates (Unrated)	91,718,739	-	2,446,288	89,270,451	100%	89,270,451	78,856,266	78,856,266
Claims on Foreign Corporates (ECA 0-1)	-	-	-	-	20%	-	-	-
Claims on Foreign Corporates (ECA 2)	-	-	-	-	50%	-	-	-
Claims on Foreign Corporates (ECA 3-6)	-	-	-	-	100%	-	-	-
Claims on Foreign Corporates (ECA 7)	-	-	-	-	150%	-	-	-
Regulatory Retail Portfolio (Not Overdue)	26,129,087	-	26,129,087	75%	19,596,815	23,504,481	17,628,361	-
Claims fulfilling all criterion of regularity/retail except granularity	-	-	-	-	100%	-	-	-
Claims secured by residential properties	21,345,013	-	21,345,013	60%	12,807,008	17,754,602	10,652,761	-
Claims not fully secured by residential properties	-	-	-	-	150%	-	-	-
Claims secured by residential properties (Overdue)	184,717	74,261	110,456	100%	110,456	20,355	20,355	-
Claims secured by Commercial real estate	2,237,456	-	2,237,456	100%	2,237,456	1,844,021	1,844,021	-
Past due claims (except for claims secured by residential properties)	1,146,788	649,313	497,476	150%	746,214	338,366	338,366	-
High Risk claims	15,396,160	-	15,396,160	150%	15,396,160	23,094,240	26,644,522	-
Lending against securities (bonds)	-	-	-	-	100%	-	-	-
Lending against Share (upto Rs. 2.5 Million)	17,864	-	17,864	100%	17,864	-	-	-
Trust Receipt Loans for Trading Firms	1,578,144	-	1,578,144	120%	1,583,773	2,179,473	2,615,368	-
Investments in equity and other capital instruments of institutions listed in stock exchange	2,075,895	1,213,538	882,357	100%	862,357	134,547	134,547	-
Staff loan secured by residential property	55,975	18,561	37,416	150%	56,122	5,570	8,356	-
Interest Re-ivable/Claim on government securities	3,102,101	-	3,102,101	50%	1,551,050	1,108,707	554,353	-
Cash in transit and other cash items in the process of collection	3,800	-	-	0%	-	457,624	457,624	-
Other Assets (as per attachment)	5,659,244	972,497	4,686,747	20%	780	-	-	-
<b>TOTAL</b>	<b>253,181,685</b>	<b>2,928,170</b>	<b>2,446,288</b>	<b>247,792,227</b>	<b>162,313,429</b>	<b>247,792,227</b>	<b>222,496,111</b>	<b>149,427,941</b>

## RISK WEIGHTED EXPOSURE FOR CREDIT RISK

RS. '000

B. Off Balance Sheet Exposures	Current Year					Risk Weighted Exposures fed* <sup>e</sup>	Net Value	Previous Year Risk Weighted Exposures
	Gross Book Value a	Specific Provision b	Eligible CRM c	Net Value d=a+b-c	Risk Weight e			
Revocable Commitments	-	-	-	-	0%	-	-	-
Bills Under Collection	4,366,628	-	-	4,366,628	0%	-	2,418,142	-
Forward Exchange Contract Liabilities	-	-	-	-	-	-	-	-
LC Commitments With Original Maturity Upto 6 months domestic counterparty	11,679,525	-	694,065	10,985,460	20%	2,197,092	11,793,376	2,358,875
Foreign counterparty (ECA Rating 0-1)	-	-	-	-	20%	-	-	-
Foreign counterparty (ECA Rating 2)	-	-	-	-	50%	-	-	-
Foreign counterparty (ECA Rating 3-6)	-	-	-	-	100%	-	-	-
Foreign counterparty (ECA Rating 7)	-	-	-	-	150%	-	-	-
LC Commitments With Original Maturity Over 6 months domestic counterparty	5,442,081	-	500,756	4,981,325	50%	2,490,982	5,312,310	2,656,155
Foreign counterparty (ECA Rating 0-1)	-	-	-	-	20%	-	-	-
Foreign counterparty (ECA Rating 2)	-	-	-	-	50%	-	-	-
Foreign counterparty (ECA Rating 3-6)	-	-	-	-	100%	-	-	-
Foreign counterparty (ECA Rating 7)	-	-	-	-	150%	-	-	-
Bid Bond, Performance Bond and Counter guarantee domestic counterparty	9,795,769	-	2,738,758	7,057,012	40%	2,822,805	7,473,209	2,989,284
Foreign counterparty (ECA Rating 0-1)	-	-	-	-	20%	-	-	-
Foreign counterparty (ECA Rating 2)	-	-	-	-	50%	-	-	-
Foreign counterparty (ECA Rating 3-6)	-	-	-	-	100%	-	-	-
Foreign counterparty (ECA Rating 7)	-	-	-	-	150%	-	-	-
Underwriting commitments	-	-	-	-	50%	-	-	-
Lending of Banks Securities or Posting of Securities as collateral	-	-	-	-	100%	-	-	-
Repurchase Agreements , Assets sale with recourse	-	-	-	-	100%	-	-	-
Advance Payment Guarantee	994,111	41,161	952,950	952,950	100%	952,950	746,629	746,629
Financial Guarantee	94,610	-	94,610	94,610	100%	94,610	-	-
Acceptances and Endorsements	2,480,293	-	2,480,293	2,480,293	100%	2,480,293	1,210,507	1,210,507
Unpaid portion of Party paid shares and Securities	-	-	-	-	100%	-	-	-
Irrevocable Credit commitments (short term)	14,334,560	-	14,334,560	14,334,560	20%	2,866,912	15,726,710	3,145,342
Irrevocable Credit commitments (long term)	13,121,482	-	13,121,482	13,121,482	50%	6,560,741	14,684,557	7,342,279
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	-	-	-	-	20%	-	-	-
Other Contingent Liabilities	542,332	-	542,332	542,332	100%	542,332	387,644	387,644
Unpaid Guarantee Claims	-	-	-	-	200%	-	-	-
<b>TOTAL</b>	<b>62,891,391</b>	<b>3,974,740</b>	<b>58,916,651</b>	<b>21,008,396</b>		<b>59,753,084</b>	<b>20,836,514</b>	
<b>Total RW<sup>E</sup> for credit Risk Before Adjustment (A)+ (B)</b>	<b>316,06,0076</b>	<b>2,928,170</b>	<b>6,423,028</b>	<b>306,708,879</b>		<b>282,249,196</b>	<b>170,264,455</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 credits with recourse (6.4 a 4 )	-	-	-	-	-	-	-	-
<b>Total RW<sup>E</sup> for credit Risk (After Bank's Adjustment of Pillar II)</b>								
						<b>183,321,826</b>	<b>282,249,196</b>	<b>170,264,455</b>

## RISK WEIGHTED EXPOSURE FOR MARKET RISK

(RS. IN '000)

	Current Year	Open Position (FCY)	Open Position (NPR)	Relevant Open Position	Relevant Open Position
	Previous Year				
U.S. Dollar	12	1,631	1,631	1,631	169,078
Euro	17	2,535	2,535	2,535	14,357
Pound Sterling	39	6,776	6,776	6,776	36,240
Swish Frank	1	190	190	190	259
Australian Dollar	634	56,977	56,977	56,977	52,991
Canadian Dollar	0	35	35	35	452
Singapore Dollar	1	113	113	113	25
Japanese Yen	18,372	17,387	17,387	17,387	21,802
Hongkong Dollar	1	20	20	20	-
Chinese Yuan	0	4	4	4	18
Thailand Bhat	3	13	13	13	59
Qatari Rial	2	62	62	62	382
Saudi Rial	3	104	104	104	458
Korean Won	54	6	6	6	2
Malasian Ringget	2	60	60	60	10
UAE Dirham	1,381	49,301	49,301	49,301	11,095
Indian Rupees	936,992	1,499,187	1,499,187	1,499,187	1,116,726
<b>Total Open Position (a)</b>	<b>957,516</b>	<b>1,634,400</b>	<b>1,634,400</b>	<b>1,634,400</b>	<b>1,423,955</b>
<b>Fixed % (b)</b>				<b>5%</b>	<b>5%</b>
<b>Capital Charge for Market Risk c=aXb</b>				<b>81,720</b>	<b>71,198</b>
<b>Risk Weight ( reciprocal of capital requirement of 10% ) in times (d)</b>				<b>9.09</b>	<b>9.09</b>
<b>Equivalent Risk Weight Exposure ( cXd ) = (e)</b>				<b>742,835</b>	<b>647,188</b>

## RISK WEIGHTED EXPOSURE FOR OPERATIONAL RISK

(RS. IN '000)

Particulars	2080 Ashadh End		
	Year 1	Year 2	Year 3
	<b>2076/077</b>	<b>2077/078</b>	<b>2078/079</b>
Net Interest Income	5,310,410	3,867,641	5,181,416
Commission and Discount Income	1,144,657	978,902	1,294,958
Other Operating Income	122,207	214,282	294,288
Exchange Fluctuation Income	263,566	367,239	299,491
Additional Interest Suspense during the period	-	-	-
<b>Gross income (a)</b>	<b>6,840,840</b>	<b>5,428,064</b>	<b>7,070,152</b>
<b>Alfa (b)</b>	<b>15%</b>	<b>15%</b>	<b>15%</b>
<b>Fixed percentage of Gross Income [c=(axb)]</b>	<b>1,026,126</b>	<b>814,210</b>	<b>1,060,523</b>
<b>Capital Requirement for operational risk (d) (average of c)</b>	<b>966,953</b>		
<b>Risk Weight (reciprocal of capital requirement of 10%) in times (e)</b>	<b>9.09</b>		
<b>Equivalent Risk Weight Exposure [f=(d + d1)xe]</b>	<b>8,789,601</b>		

## Unaudited Financial Results (Quarterly)

Fourth Quarter ended of Fiscal Year 2079/80

Rs. in '000'

Statement of Financial Position	This Quarter Ending	Immediate Previous year Ending
Assets		
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>
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>
Equity		
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>-</b>	<b>-</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 FINANCIAL RESULTS (QUARTERLY)

Fourth Quarter ended of Fiscal Year 2079/80

(RS. IN '000)

Statement of Profit Or Loss	Current Year		Previous Year	
		Corresponding		
<b>Particulars</b>	<b>This Quarter</b>	<b>Upto This Quarter (YTD)</b>	<b>This Quarter</b>	<b>Upto This Quarter (YTD)</b>
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>2,187,747</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>2,322,048</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>2,138,107</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>1,324,166</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>1,324,415</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>927,091</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	927,091	3,393,154	963,077	2,479,401
Non-controlling interest	-	-	-	-
<b>Profit for the period</b>	<b>927,091</b>	<b>3,393,154</b>	<b>963,077</b>	<b>2,479,401</b>

## COMPARISON UNAUDITED AND AUDITED FINANCIAL STATEMENTS AS OF FY 2079/80

(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	13,803,899	15,378,248	1,574,349	11.41%	Audit Adjustment
Due from NRB	13,433,794	13,933,794	500,000	3.72%	Audit Adjustment
Placement with Bank and Financial Institutions	5,980,975	5,980,975	-	0.00%	
Derivative financial instruments	-	-	-	0.00%	Audit Adjustment
Loan and advances to B/FIs	8,089,606	8,076,881	(12,725)	-0.16%	Audit Adjustment
Loans and advances to customers	160,210,055	159,479,295	(730,760)	-0.46%	Audit Adjustment
Investments Securities	41,689,714	40,201,725	(1,487,989)	-3.57%	Audit Adjustment
Current tax assets	498,533	520,852	22,319	4.48%	Audit Adjustment
Investment in associates	752,988	727,810	(25,178)	-3.34%	Audit Adjustment
Investment property	-	-	-	-	
Property and Equipment	3,369,739	3,619,403	249,664	7.41%	Audit Adjustment
Goodwill and intangible assets	23,038	24,949	1,911	8.30%	Audit Adjustment
Deferred tax Assets	-	-	-	0.00%	Audit Adjustment
Other assets	2,130,927	2,146,560	15,633	0.73%	Audit Adjustment
<b>Total Assets</b>	<b>249,983,269</b>	<b>250,090,493</b>	<b>107,223</b>	<b>0.04%</b>	
<b>Capital and Liabilities</b>					
Due to Bank and Financial Institutions	1,219,274	1,219,274	-	0.00%	
Due to Nepal Rastra Bank	23,500	23,767	267	1.14%	Audit Adjustment
Derivative financial instruments	21,313	47,597	26,284	123.33%	
Deposits from customers	197,929,061	198,007,807	78,746	0.04%	Audit Adjustment
Borrowing	2,629,000	2,664,217	35,217	1.34%	Audit Adjustment
Deferred tax liabilities	87,286	173,207	85,921	98.44%	Audit Adjustment
Other liabilities	18,973,055	18,979,341	6,286	0.03%	Audit Adjustment
Debt securities issued	3,603,663	3,603,613	(50)	0.00%	
<b>Total liabilities</b>	<b>224,486,152</b>	<b>224,718,823</b>	<b>92,157</b>	<b>0.04%</b>	
<b>Equity</b>					
Share capital	10,698,094	10,698,094	-	-	
Share premium	238,470	238,470	-	-	
Retained earnings	4,333,205	4,110,488	(222,717)	-5.14%	Audit Adjustment
Reserves	10,227,349	10,324,617	97,269	0.95%	Audit Adjustment
<b>Total equity attributable to equity holders</b>	<b>25,497,117</b>	<b>25,371,669</b>	<b>(125,448)</b>	<b>-0.49%</b>	
<b>Total equity</b>	<b>25,497,117</b>	<b>25,371,669</b>	<b>(125,448)</b>	<b>-0.49%</b>	
<b>Total liabilities and equity</b>	<b>249,983,269</b>	<b>250,090,493</b>	<b>(33,291)</b>	<b>-0.01%</b>	
<b>Statement of Profit or Loss</b>					
Interest income	22,438,321	22,400,611	(37,709)	-0.17%	Audit Adjustment
Interest expense	14,990,247	14,988,171	(2,076)	-0.01%	
<b>Net interest income</b>	<b>7,448,074</b>	<b>7,412,440</b>	<b>(35,634)</b>	<b>-0.48%</b>	
Fee and commission income	1,347,454	1,347,521	67	0.00%	Audit Adjustment
Fee and commission expense	271,927	271,927	-	0.00%	
<b>Net fee and commission income</b>	<b>1,075,527</b>	<b>1,075,594</b>	<b>67</b>	<b>0.01%</b>	
Net trading income	182,784	182,784	-	0.00%	
Other operating income	115,640	94,188	(21,452)	-18.55%	Audit Adjustment
<b>Total operating income</b>	<b>8,822,025</b>	<b>8,765,007</b>	<b>(57,019)</b>	<b>-0.65%</b>	
Impairment charge/(reversal) for loans and other losses	735,441	771,361	35,920	4.88%	Audit Adjustment
<b>Net operating income</b>	<b>8,086,584</b>	<b>7,993,646</b>	<b>(92,938)</b>	<b>-1.15%</b>	
Personnel expenses	2,165,930	2,129,931	(35,999)	-1.66%	Audit Adjustment
Other operating expenses	758,339	736,669	(21,670)	-2.86%	Audit Adjustment
Depreciation & Amortisation	315,264	309,475	(5,789)	-1.84%	Audit Adjustment
<b>Operating profit</b>	<b>4,847,051</b>	<b>4,817,571</b>	<b>(29,480)</b>	<b>-0.61%</b>	
Non operating income/expense	311	1,286	975	313.33%	Audit Adjustment
<b>Profit before tax</b>	<b>4,847,362</b>	<b>4,816,285</b>	<b>(30,455)</b>	<b>-0.63%</b>	
Income tax	1,454,209	1,454,169	(39)	0.00%	
<b>Profit /(loss) for the period</b>	<b>3,393,154</b>	<b>3,362,115</b>	<b>(30,416)</b>	<b>-0.90%</b>	
Other comprehensive income	184,757	175,269	10,512	6.38%	Audit Adjustment
<b>Total comprehensive income</b>	<b>3,557,911</b>	<b>3,537,384</b>	<b>(19,904)</b>	<b>-0.56%</b>	
<b>Distributable Profit</b>					
Net profit/(loss) as per profit or loss	3,393,154	3,362,115	(31,038)	-0.91%	
Add/Less: Regulatory adjustment as per NRB Directive	940,051	748,372	(191,679)	-20.39%	Audit Adjustment
<b>Free profit/(loss) after regulatory adjustments</b>	<b>4,333,205</b>	<b>4,110,488</b>	<b>160,640</b>	<b>3.71%</b>	

## Main Indicators of last 5 years

S.No.	Particulars	Indicator	Financial Years				
			2018/19	2019/20	2020/21	2021/22	2022/23
1	Net Profit/Total Income	%	21.13	16.25	13.54	14.29	13.99
2	Per share Earning (after tax income)	Rs.	38.05	29.71	19.91	26.30	31.43
3	Market price per share	Rs.	666	675	738	439	563
4	Price/Earning Ratio		17.50	22.72	37.06	16.69	17.91
5	Dividend on share- Bonus share	%	5.00	5.00	6.00	13.00	10
6	Cash Dividend	%	20.00	5.53	4.32	7.68	10.53
7	Interest Income/Loans & advances	%	10.66	10.51	7.37	8.62	11.45
8	Employee expenses/Total operating expenses	%	16.60	14.50	15.69	15.17	11.55
9	Interest expenses on deposit & borrowing	%	5.53	5.93	4.62	5.79	7.39
10	Exchange Income/total Income	%	2.12	1.81	3.26	1.50	0.25
11	Staff bonus/total employee expenses	%	41.28	31.87	21.32	31.29	33.54
12	Net Profit/Loans & advances	%	2.70	2.08	1.29	1.57	1.97
13	Net Profit/Total Assets	%	1.94	1.42	0.89	1.13	1.41
14	Total Loans & advances/Total Deposits	%	87.01	83.52	85.30	90.77	85.70
15	Total operating expenses/total Assets	%	5.86	6.14	4.85	5.98	7.37
16	Capital Adequacy Ratio:						
	a) Core Capital	%	12.38	11.92	11.24	10.78	11.17
	b) Supplementary Capital	%	1.36	1.46	1.24	1.11	2.13
	c) Total Capital Funds	%	13.74	13.38	12.48	11.89	13.30
17	Cash Reserve Ratio (CRR)	%	18.56	14.43	18.15	6.50	7.11
18	NPAs/Total Loans & advances	%	0.16	0.22	0.12	0.12	0.79
19	Base Rate	%	8.12	8.05	5.99	8.82	9.47
20	Weighted Average Interest Rate Spread	%	4.29	3.59	3.24	4.06	3.97
21	Book Networth (Rs. in Lakh)	Rs.	175451	185974	206436	227546	253717
	Total Shares	Number	80268633	84702068	88937172	94273402	106980944
	Total Employee	Number	885	868	945	1057	1097
22	Others						
23	Per Employee Business (Rs. in Lakh)	Rs.	2751	3060	3129	3131	3372
24	Employee expenses/Total Income	%	11.44	10.63	12.32	11.79	8.87

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

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

39.14%

40.83%

20.03%

Local Promoters

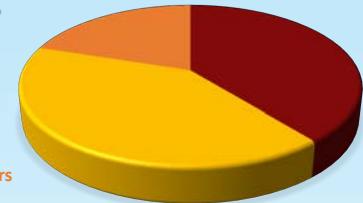
Public Shareholders

Punjab National Bank, India

## SHAREHOLDING PATTERN

 Punjab National  
Bank, India  
20.03%

 Public  
Shareholders  
40.83%

 Local Promoters  
39.14%


## Shareholding Pattern of Everest Bank Ltd.

S.N. Name of Promoter	Total number of shares	% of Total Shares
<b>Promoter Shareholder</b>		
1 PRATIMA SHRESTHA	15,806,111.00	14.77
2 BISHNU KRISHNA SHRESTHA	9,821,511.00	9.18
3 RAVI KRISHNA SHRESTHA	2,012,580.00	1.88
4 KIRAN KRISHNA SHRESTHA	2,012,580.00	1.88
5 SHANTA DEV PATHAK	1,258,082.00	1.18
6 ARUN MAN SHERCHAN	1,011,072.00	0.95
7 HOTEL SNOW LION P. LTD.	9,954,336.00	9.30
<b>Total</b>	<b>41,876,272.00</b>	<b>39.14</b>
<b>Public Shareholder</b>		
<b>Joint Venture- Punjab National Bank</b>	<b>43,681,836.36</b>	<b>40.83</b>
<b>Total</b>	<b>21,422,836.00</b>	<b>20.03</b>
<b>Total</b>	<b>106,980,944.36</b>	<b>100.00</b>

## JOINT VENTURE PARTNER

Punjab National Bank (PNB), joint venture partner (holding 20.03% equity) is the second largest Public Sector Bank in India with Global Gross Business at Rs. 22 lacs crore. 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 total 48,015 delivery channels with a network of 10,080 branches, 2 International branches, 12,820 ATMs & 25,115 Business Correspondents spread all across the India. 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 13 Lakh 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 127 Branches, 7 Province Offices, 162 ATMs, 32 Revenue Collection Counters, 3 Extension Counters & more than 9000 payout agents across the country 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 32 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 Singhadurbar. 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

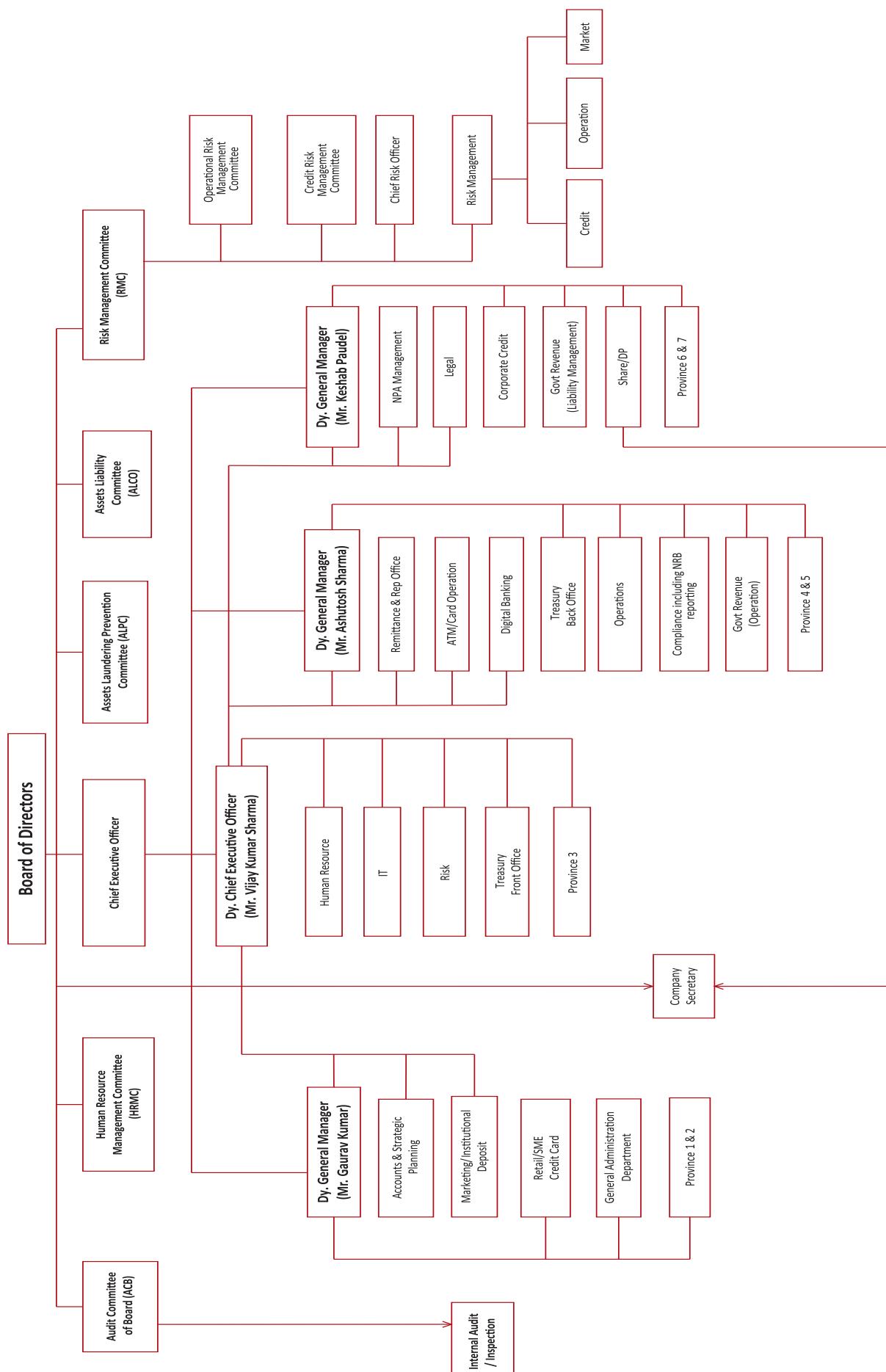


## STRATEGIC FOCUS

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 other financial planning services
- » Provide any other service businesses that NRB prescribes from time to time.

**Everest Bank Limited (Organization Structure)**



## AWARDS and ACHIEVEMENTS

- The Bank was conferred with the "Best Managed Commercial Bank" by NEWBIZ BUSINESS Award 2019.
- The Bank was declared 2<sup>nd</sup> 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

## MAJOR DEPOSIT PRODUCTS

### 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:

- Medical (Hospitalization) Insurance of Rs. 1.00 Lac.
- Accidental Death Insurance of Rs. 5.00 Lac.
- Free ATM Card (Issuance)
- Free mobile banking
- Free DMAT AC Opening Charge
- 50% Dis on Rent of Small Size Locker (One Time)
- 50% Dis on Issuance of Credit Card (One Time)

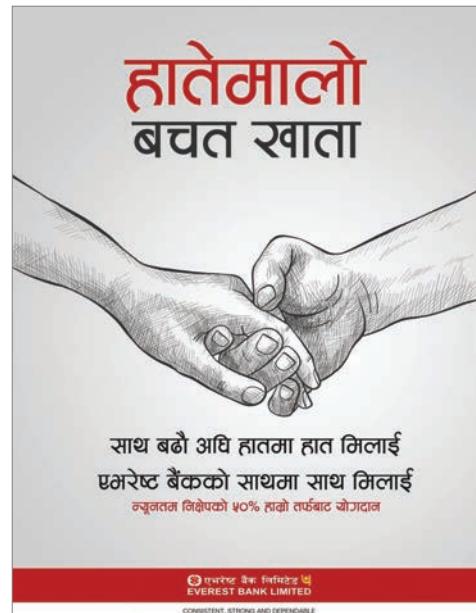


#### 4. HATEMALO SAVINGS ACCOUNTS

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 Individual residing in places other than Metropolitan and sub-Metropolitan cities.

##### Features:

- Highly attractive Interest Rate
- Free issuance of Debit Card (One Time)
- Free Internet and SMS Banking

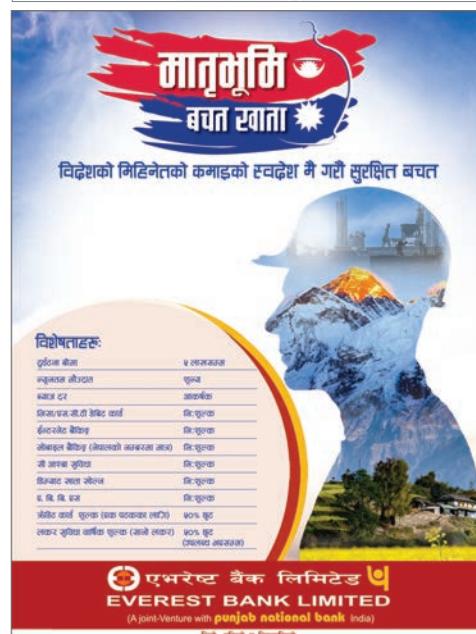


#### 5. MATRI-BHUMI SAVINGS ACCOUNT

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 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)

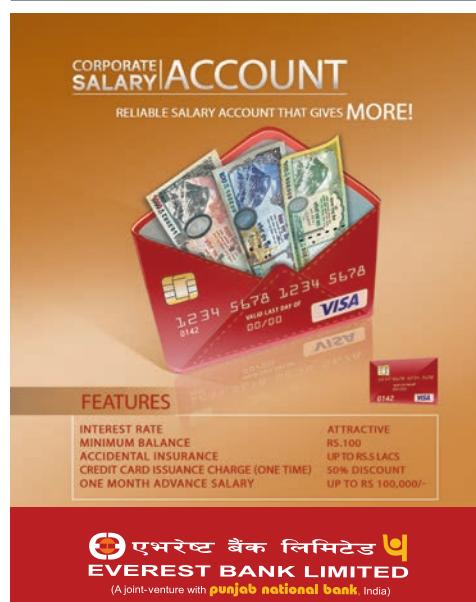


#### 6. EBL CORPORATE SALARY ACCOUNT

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
- 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. EVEREST UNFIXED FIXED DEPOSIT ACCOUNT

Unfixed Fixed Deposit Scheme allows benefits of the higher rate of interest with quarterly compounding while allowing the facility of simultaneous overdraft against 90% of the deposits. Customers get a cheque along with the fixed deposit receipt and they can use their money while earning interest on it. The scheme is suited for all categories of depositors like Individuals, Sole Prop. firm, Trusts and Limited Companies who wish to invest their temporary surpluses in Fixed Deposits, thereby earning higher rate of interest as well as withdraw or repay the amount in between depending upon their needs.



## MAJOR LOAN SCHEMES

### MAJOR RETAIL LOAN

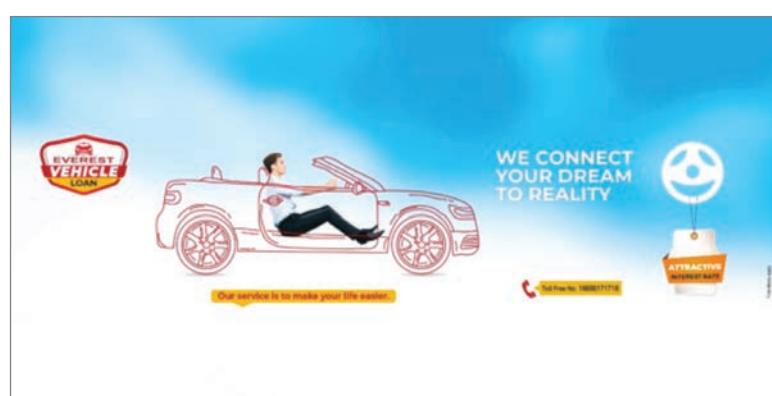
#### 1. HOME LOAN

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

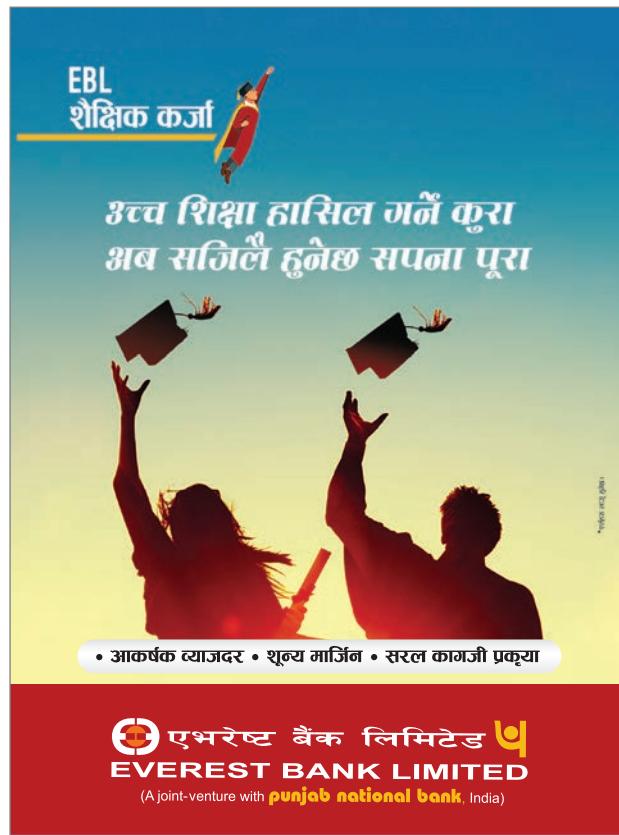
Owning a vehicle has been made easier and convenient with Everest Vehicle Loan. Everest bank aids to purchase car / van / jeep/ Multi Utility Vehicles/ Sports Utility Vehicle (non-commercial purpose only) for individual and business concerns at an attractive interest rate with repayment upto 7 years.



#### 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.

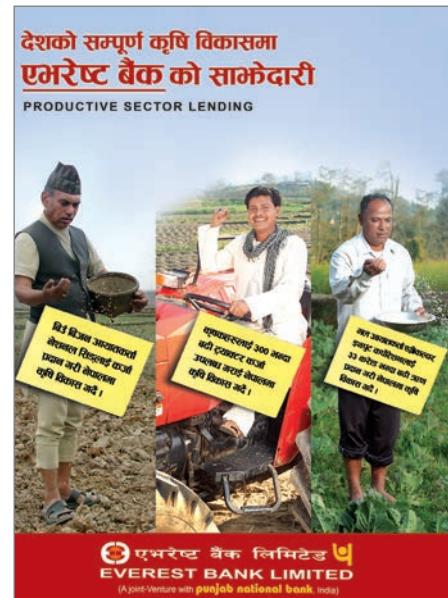
The interest shall be regularly paid on quarterly basis. After the completion of the course, the principal shall be payable in maximum 84 equal monthly installments.



## 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 defined 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, roto 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



## 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. 10.00 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.



## 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.

Bank offers working capital finance to meet short-term fund requirement for managing the day to day operation of the business. Bank's working capital finance is extended to meet the different demands from all segments of industry, trade and the services sector. Assistance is extended by way of Fund based and Non-Fund Based facilities to business entities and public sector undertakings (PSUs). Funded facilities include Overdraft, Demand Loan, Bill Discounting, etc. Non-funded instruments comprise Letters of Credit as well as Bank Guarantees to cover advance payments, bid bonds, performance bond, etc.

### 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.

# तपाईंको पौराख राष्ट्रको गौरव

भूतपूर्व भारतीय सैनिकहरूको लागि  
मुद्दती खातामा पाउनुहोस्

आकर्षक  
ब्याजदर



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

दिगो, दरिलो र विश्वासिलो

## ATM SERVICE

Bank has maintained a network of ATM machines driven by bank's own EBL Switch Solution and the ATMs are located in diversified locations.

- Beside of services of Cash withdrawal, Balance Inquiry, Account Statement and PIN change, EBL is providing specific services to EBL cardholders through its ATM terminals.
- EBL cardholders can generate own PIN number through "GREEN PIN" option available in ATM screen.
- EBL cardholders can draw cash without using physical card by using "CARDLESS WITHDRAWAL" option available in ATM screen.
- Any eSewa Wallet users can withdraw cash from any EBL ATM which is new in the industry.
- Bank is accepting global International networks in its ATMs.

## 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 through POS Outlets or through online transactions (e-commerce transactions) and draw cash from ATM outlets.

The bank is serving two brands of card product, namely **Visa brand Debit Card and SCT – UPI brand Debit Card** to its customers, which can be used at ATM, POS Networks & online payment on e-commerce platform, affiliated with Visa Worldwide & Smart Choice Technologies (SCT) plus Union Pay International (UPI) respectively, scattered throughout Nepal and India.

### Acceptance of Visa brand 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.
- Can be used for payment on online E-commerce platform.

### Acceptance of SCT – UPI brand Debit Card:

- Can be used to withdraw cash from almost all SCT / UPI affiliated ATMs in Nepal and India.
- Accepted as mode of payment at almost all UPI affiliated merchant locations (POS Outlets) within territory of Nepal & India.

### Features of EBL Debit Card:

- 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 or online transactions.
- Easily accessible in any ATMs or POS in India.
- Debit cards are issued free of cost to all Saving Premium account holders.
- Offering of Discount of variable percentages, on shopping from selected stores, restaurants, hotels, hospitals etc. using Debit Card.

## CREDIT CARD

Everest Bank Credit Card is an electronic Cheque, which enable you to pay on purchase of goods and services from merchant outlets / online transactions 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.

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

### Features of EBL Domestic Credit Card

- EBL Credit Card can be used in POS and ATM terminals in Nepal & India.
- Can be used for payment on online E-commerce platform.
- 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.

- Offering of Discount of variable percentages, on shopping from selected stores, restaurants, hotels, hospitals etc.
- 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 25,000 to 5 Lac.
- Cash limit of 10% of Credit Limit.
- Monthly E-Statement in customer's registered e-mail Id

platform outlets for drawing cash and purchasing goods and services. Individuals, who are eligible for foreign currency exchange facility as per guidelines of the bank / regulatory bodies. The cardholders can use dollar cash balance pre-loaded in card accounts, up-to the permitted limits. The privilege of re-loading the balance within the expiry period is also allowed.

The card is of great use to customers, who are visiting to foreign countries (except India), for the purpose of medical treatment, travelling, pilgrimage, business, shopping etc. and residing there for the purpose of pursuing education, employment etc.

## WORLD TRAVEL CARD

Everest Bank's "EBL World Travel Card" is VISA brand US Dollar card for the purpose of using in foreign countries (except India). The card is introduced with objective to enable cardholders to use it worldwide (except Nepal & India), in all Visa networked ATM / POS / E-commerce transactions outlets for drawing cash and purchasing goods and services.

Cardholders can use it worldwide (except Nepal & India), in all Visa networked ATM / POS / E-commerce

## E-COM DOLLAR (PHYSICAL/VIRTUAL) CARD

Everest Bank's "EBL E-Com Dollar (Physical / Virtual) Card" is VISA brand dollar prepaid card for the purpose of using in E-Commerce platform on dollar payments. Cardholders can use it worldwide in E-Commerce platform (i.e. online payments) in Dollar currency. The cardholders can use dollar cash balance pre-loaded in card accounts, up-to the permitted limits.

# Corporate Governance



## 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.

### Director's Profile

#### 1. Mr. Bishnu Krishna Shrestha

Mr. Shrestha has completed MBA from USA. He has more than 42 years of experience in Trading, Manufacturing and Financial Management.

#### 2. Dr. Bal Gopal Baidya

Dr. Baidya holds Ph.D in Economics from Philippines. He is the former member of National Planning Commission and was also the member of Board of Trustee, Poverty Alleviation Fund of Nepal.

#### 3. Mr. Kiran Krishna Shrestha

Mr. Shrestha has completed MBA from Kings College, Kathmandu and Diploma in export marketing and

market research from Helsinki School of Economics, Finland. Currently, Mr. Shrestha is the Team Leader/ Chairperson of Publication Nepalaya Private Limited and Event Nepalaya Private Limited.

#### 4. Mr. Rakesh Grover

Mr. Rakesh Grover is a PNB Nominee Director. Mr. Grover has completed Masters in Business Administration. Mr. Grover is currently the Chief General Manager of Punjab National Bank and has more than 35 years of banking experience at Punjab National Bank.

#### 5. Mr. Nabin Bhakta Shrestha

Mr. Shrestha has completed Bachelor in Commerce from Tribhuvan University and has more than 20 years of experience in Business and Trade sector.

#### 6. Mrs. Urmila Shrestha

Mrs. Shrestha holds Master's Degree in Economics from Tribhuvan University. Mrs. Shrestha was the Promoter/Chairperson of Mahila Sahayatra Laghubitta Bittiya Sanstha Limited.

#### 7. Tarak Bahadur K.C, Ph.D.

Dr. KC holds Ph.D., Master and Diploma in Development Administration from the University of Birmingham, UK; PG Diploma in HRM from IGNOU, India and MA and MPA from Tribhuvan University, Nepal. He started his career as a Civil Servant of Nepal in 1980. He worked in Nepal Administrative Staff College at different capacities since its inception in 1982 and retired as Senior Director of Studies / Deputy Executive Director in October 2017. Besides, he has served as HR Specialist (ADB Grant Project), Agricultural Development Bank Ltd.; Head, HR, Nepal Bank Limited, ICC Consulting, Bank of Scotland (Ireland) Limited, Nepal Bank Limited Restructuring Project, and Executive Director/Member-secretary, National Dairy Development Board. He is a life member of the Public Administration Association of Nepal.

### Composition of Board of Directors:

S.N.	Name of Director	Address	No. of Share	Representation on Board	Date of Appointment
1.	Mr. B.K. Shrestha	Pulchowk, Lalitpur	9,821,511	Chairman	2080/02/29
2.	Dr. Bal Gopal Baidya	Sitapaila, Kathmandu	**	Promoter Director	2080/03/05
3.	Mr. Kiran Krishna Shrestha	Bhaisipati, Lalitpur	2,012,580	Promoter Director	2080/01/08
4.	Mr. Rakesh Grover	India	***	PNB Nominee Director	2079/02/25
5.	Mr. Nabin Bhakta Shrestha	Bolachhen, Bhaktapur	2,561	Public Director	2077/09/27
6.	Mrs. Urmila Shrestha	Sanepa, Lalitpur	2,200	Public Director	2077/09/27
7.	Tarak Bahadur K.C., Ph.D.	Kalanki, Kathmandu	-	Independent Director	2078/10/26

\*\* Dr. Baidya has been representing Hotel Snowlion in the Board. Hotel Snowlion holds 9,954,336 no. of shares of the bank.

\*\*\* Mr. Grover has been representing Punjab National Bank in the Board. Punjab National Bank holds 21,422,836 no. of shares of the bank.

## Details of Board Meeting

Director	No of Meetings
Mr. Bishnu Krishna Shrestha	8
Mr. Arun Man Sherchan	7
Dr. Bal Gopal Baidya	12
Mr. Rakesh Grover	11
Mrs. Urmila Shrestha	12
Mr. Nabin Bhakta Shrestha	12
Tarak Bahadur K.C., Ph.D.	12
Mr. Kiran Krishna Shrestha	5

The Total expenditure on account of meeting fee was incurred Rs. 1,665,000 and other expenses related to Board meetings was Rs. 138,005.12.

## 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 2073

## 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 banks 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 Banks 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 28 meetings during the financial year which can be segregated as below:-

Committee	No of meetings
Audit Committee	12
Human Resource Management Committee	5
Risk Management Committee	6
Assets Laundering Prevention Committee	5
<b>Total</b>	<b>28</b>

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 cognizant 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 Board (ACB)

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 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.

The ACB comprised of the following members for FY 2079/80:

1. Dr. Bal Gopal Baidya (Member Director)	-	Chairman of Committee
2. Head- Accounts Department	-	Member
3. Head-Internal Audit Department	-	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 undertaken 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) 2073.

ACB discuss/review the observations/remarks contained in NRB inspection & Supervision report, audit report of the external/statutory auditors and Internal RBIA (Risk Based Internal audit) reports of Branches and suggest the management to take necessary corrective measures. ACB reviews/prepares RBIA policy, RBIA guideline and Annual audit plan for carrying out effective and adequate internal audit work on yearly basis. 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/statutory auditor to Board.

The ACB reports to the Board progress of RBIA 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:



Overall Performance of Internal Audit Department for the fiscal year 2079-80 is as follows:

### 1. Performance of Internal Audit Department

Department has conducted audit of following offices during the fiscal year.

S. No.	Audit Jobs	Completed/Running
1	RBIA of Branches	97
2	HO Department Audit	6
3	CVC Audit	2
4	LC Audit	21
	<b>Total</b>	<b>126</b>

#### i. RBIA/ Audit Report Status

Out of total Internal Audit performed in the branches, status of report of the branches are as follows:

FY	Total Branches Audited	Report Closed (as on 12.09.2023)	Yet to close
2079/80	97	38	59
Last year due		34	7
<b>Total</b>		<b>72</b>	<b>66</b>

#### ii. Recovery of Revenue Leakage

Position of revenue leakage reported and recovered by the department during the year is as follows:

From On-Site Audit	Amount (Rs. in Lac) (as on 12.09.2023)
a. Reported	79.56
b. Recovered	78.83
c. Remaining	0.72

### 2. Conduct of ACB Meeting

During the FY 2079/80, total 12 ACB meetings were conducted and major highlights are as follows:

- For the Fiscal Year 2079/80, based on evaluation matrix, on merit basis 3 proposals were recommended to the Board to place in the Annual General Meeting for appointment of Statutory Auditor and AGM has selected M/S N. Amatya & Co. as the Statutory Auditor for fiscal year 2079/80.
- Appreciation letters awarded to 15 Branches for closing RBIA Report within Stipulated time period.
- Reviewed reply of Statutory audit report for FY 2079/80.
- Reviewed reply of Nepal Rastra Bank (NRB) onsite Inspection Report for FY 2079/80.
- Finalised Internal Audit Scope/Yearly Audit Planning for FY 2079/80.
- Agreement signed with M/S Bits Kraft P. Ltd. for Development, Installation and Implementation of Risk Based Internal Audit Software (RBIAS).
- Finalised and put up RBIA policy revision to the Board.
- Agreement signed with M/S NBSM & Associates for Revenue audit in 3 Branches (New Baneshwor, New Road and Teku).
- Reviewed and put up renewal of Appointment of Statutory Auditor Policy to Board.
- Reviewed of Bank's 3 quarterly and 1 yearly financial report.
- Review of 83 Branches RBIA report.

### Value Addition

Internal Audit Department has been playing constructive role in compliance/development as well as improvement of the existing system procedure of the bank by providing various suggestions through Audit Committee of Board. Few of those suggestions provided are listed below.

- Record keeping of fixed assets is not up to mark therefore needs improvement.
- Housekeeping of many branches are to be improved.
- Security policy to be reviewed and same security guard should not be posted in same Branch for long time.
- AML/CFT awareness as well as monitoring needs to be improved.
- There are many repeated observations in the report, it needs to be properly analysed and appropriate measures should be taken to avoid the same.
- Branch Cash Vault Duplicate keys are kept in other EBL Branches Instead of keeping it in same place of other Banks. If such duplicate keys are needed for emergency use, it becomes impracticable to obtain necessary support on time resulting in unnecessary delay. Hence, such issue can be resolved if cash vault duplicate keys are kept in other Bank in same place. Therefore Bank guidelines may be reviewed accordingly.
- Information Technology protocols to be reviewed. System to be devised in such a manner that every action is being authorized and verified by other person /offices. Job description of OP user should be properly defined. OP user name must be link with Branch SOL\_ID instead of personal name.

### 2. Assets Laundering Prevention Committee (ALPC)

Assets Laundering Prevention Committee (ALPC) of the Board has been constituted under the chairmanship of a non-executive director in line with the provision of Unified Directives of Nepal Rastra Bank. The Committee oversees implementation of Assets(Money) Laundering Prevention Act, 2064, Assets(Money) Laundering Prevention Rules, 2073, NRB Unified Directives and other legal and regulatory requirements related to Know Your Customer/Anti-Money Laundering (KYC/ AML) and combating financing of Terrorism(CFT).

The members of the ALPC of the Board during the period 17<sup>th</sup> July 2022 to 20<sup>th</sup> December 2022 were as follows:-

1. Mr. Nabin Bhakta Shrestha(Director)	Chairman
2. Mrs. Urmila Shrestha(Director)	Member
3. Ms. Jamuna Tamrakar Head-Risk Management Department	Member
4. Mr. Raju Gauli Head-Compliance Department	Member
5. Mr. Nar Bahadur Rawal Compliance Officer	Secretary

Similarly, the members of the ALPC of the Board during the period 20<sup>th</sup> December 2022 to 16<sup>th</sup> July 2023 are as follows:-

1. Mr. Nabin Bhakta Shrestha(Director)	Chairman
2. Mrs. Urmila Shrestha(Director)	Member
3. Ms. Jamuna Tamrakar Head- Risk Management Department	Member
4. Mr. Nar Bahadur Rawal Head- Compliance Department	Member
5. Mr. Sunil Raj Khanal Compliance Officer	Secretary

The Committee is reconstituted on 6<sup>th</sup> July 2023 after completion of tenure of directors. Accordingly, Dr. Bal Gopal Baidya (Director) has been appointed as the Chairman of ALPC.

The Committee meets at least once in quarter or as per the requirement of the bank. The Committee met five times during the Fiscal Year 2079/2080.

The committee has been provided with Board Approved Terms of Reference (TOR). As per the TOR, the major roles and responsibilities of the committee are as under:

1. Review KYC/AML/CFT related policies and programs put up by the Management and further recommend to the Board for its review/approval as required.
2. Review the quarterly reports placed on implementation status of the KYC/AML/CFT framework in the Bank and appraise at least once in a quarter.
3. Provide recommendations/feedback to the Board and the Management on issues pertaining to KYC/AML/CFT
4. Accomplish any other additional responsibilities that may be entrusted upon the Committee from time to time as per the stipulations of prevailing laws, instructions/directions of the regulatory authority or Board of Directors of the Bank.
5. Discuss the international news and events related to AML/CFT and update the board after making an assessment of risk in the Bank's perspective.
6. Obtain approval of Annual Program and Budget for AML/CFT activities for Fiscal Year 2079/2080 from the Board and place the system to ensure the effective implementation and regular monitoring of Board Approved Annual Program and Budget.
7. Miscellaneous roles and responsibilities in line with related Act, Rules, NRB Directives and Board approved TOR.

The major agendas discussed in the meeting of Assets Laundering Prevention Committee:

1. Annual Review and Revision of KYC/AML/CFT Policy of Everest Bank Limited.
2. Annual Risk Assessment of Bank related to Money Laundering and Financing of Terrorism.

3. Institutional and Sector-wise Risk Assessment of Bank related to Money Laundering and Financing of Terrorism.
4. Review and approval of Annual Program and Budget for AML/CFT activities for Fiscal Year 2079/2080.
5. Quarterly report on Implementation status of KYC/AML and CFT Framework of the Bank
6. Regular follow up with the branches for timely periodic review and customer due diligence.
7. NRB provisions to combat the Trade Based Money Laundering practices.
8. Enforcement Action Taken by NRB, Bank Supervision Department to various Commercial Banks.
9. Monetary Fines imposed for violation of KYC/AML/CFT compliance in Global Context during 2022 AD.
10. KYC/AML/CFT Training provided to the staffs for capacity enhancement

Recommendations of the Committee to the Board:

1. The Committee reviewed KYC and AML/CFT Policy of Everest Bank Limited and recommended the same to the board for approval.
2. The Committee reviewed and approved the Annual Risk Assessment of Bank related to Money Laundering and Financing of Terrorism and apprised the same to the Board.
3. The Committee reviewed and approved the Institutional and Sector-wise Risk Assessment of Bank related to Money Laundering and Financing of Terrorism and apprised the same to the Board.
4. The Committee reviewed and decided to place the Annual Program and Budget for AML/CFT activities for Fiscal year 2079/2080 to the Board for approval.

### 3. Human Resource Management Committee (HRMC)

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. The main objective of HRMC is to formulate Human Resource strategies, policies and planning and provide congenial working environment at the bank. It also recommends and provides suggestions to the management and board whenever required. The composition of HRMC is as under:

#### Composition:

1. Tarak Bahadur K.C., Ph.D. (Independent Director)	Chairperson
2. Chief Executive Officer	Member
3. Head - Human Resource Department	Member Secretary
4. Head - Accounts Department	Member

## Responsibilities:

- **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.
- **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.
- **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.
- **Career Development:** Suggest management to prepare career development plans and placement of staff as per need of the bank.
- **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.
- **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.
- **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 (RMC)

**Risk Management Committee (RMC)** is board level sub-committee chaired by Board of Director and having responsibility for managing the entire risk of the bank. The committee supports the board in formulating risk strategy, policies, including risk tolerance and appetite levels as per requirement in line with Nepal Rastra Bank directives and other statutory bodies/authority. The meeting of the committee is being conducted at least once in a quarter and whenever needed. The proceedings of the meetings

and the key reports discussed in the committee are placed to Board. During FY 2079/80, total of six meetings of Risk Management Committee were conducted.

Mr. Kiran Krishna Shrestha has been appointed as new chairperson of the committee, with effect from 28<sup>th</sup> May 2023 and the Composition of RMC is given hereunder:

Mr. Kiran Krishna Shrestha, Director	Chairman
Mr. Nabin Bhakta Shrestha, Director	Ex-Officio Member
Ms. Priti Lama Head-Operation Department	Member
Ms. Jamuna Tamrakar Chief Risk Officer	Member Secretary

There are three sub-committees for management of risk as under:

- a. Asset Liability Committee (ALCO)
- b. Credit Risk Management Committee (CRMC)
- c. Operational Risk Management Committee (ORMC)

## Responsibilities

- Overall responsibility of formulating policies/procedures and managing all the risks. It adopts integrated approach in managing all the risks.
- Recommend to the Board in regard to the Risk Management Policies (Credit, Market and Operation), risk integration and implementation of best risk management practices.
- Review the level of risk, risk appetite, tolerance and risk management strategies of the bank and report to the board regarding adequacy of the same on periodic basis.
- Oversee the risk management of the bank as a whole in accordance with the bank's existing policies.
- Inform/report to the Board in regard to various risk related matters like stress testing, credit concentration, industry analysis, Internal Capital Adequacy Assessment Process (ICAAP) review, risk limits/ appetite, investment portfolio etc., as deemed necessary.
- Review the fresh and existing policies and recommend to the Board for approval.
- Formulate the fresh, amendment and review the existing loan product papers and recommend to the Board for approval.
- Approve, amendment & validation of existing credit rating model with information to the Board.
- Articulate new credit rating model & review existing credit rating module and recommend to the Board.

# Risk Management



Risk Management in banking is defined as "the logical development and execution of a plan to minimize and mitigate the potential losses". Usually, the focus of the risk management practices in the banking industry is to manage losses or risk of an institution's exposure and protect the value of its assets. Further, Sound Risk Management System enables banks to identify existing gaps and design mechanism to reduce the gap that shall also help the organization to measure their level of achievement of objectives of the Bank. Besides, it enables management to learn about the potential risk inherent in the system and also enables the management to consider the risk as well as mitigate the impact of risk as much as possible.



## 1. SCOPE OF RISK MANAGEMENT

### 1.1 Risk Appetite

In order to control potential risk, bank has formulated and fixed risk appetite for various parameters which is being monitored on regular basis so that breaches are quickly flagged and appropriate counter-measures are taken in time.

Internal Risk Appetite of Everest Bank Ltd., which is approved by the Board, expresses the aggregate level of risk that Bank is willing to undertake in context of achieving business goals and strategic objectives. Risk appetite ensures the appropriate oversight and accountability for the effective management of overall risk. Risk appetite is derived using quantitative criteria in relation to the major risks to which the Bank is exposed and which are being regulated by limits and thresholds.

### 1.2 Risk Governance

Risk governance refers to the structure, rules, processes, and mechanisms by which decisions about potential risks are being taken and implemented.

The risk governance structure is adopted by the Bank based on three lines of defense model whereby each function implements the necessary measures to minimize potential risk or loss to the bank:

- a) **First line of defense**, which includes Business Functions (Branches/Extension Counters/Province Offices/ HO Functional Departments), ensures the conductive control environment throughout their respective business function areas, in the decisions and actions which leads to the corporate growth.

These units have been executing effective internal control in business unit by adopting and following up of bank's as well as NRB and statutory guidelines.

- b) **Second line of defense**, including Integrated Risk Management Department and Compliance Department, have been monitoring and ensuring that all business functions are operating in accordance with the Banks various policies and standard operating procedures. Besides, it also ensures that bank is strictly following up and complying all the regulatory as well as other applicable guidelines.
- c) **Third line of defense**, i.e. Internal Audit Department is the last line of defense and conducts internal audit on regular interval to ensure compliance of all the banks and regulatory guidelines by the branches and departments. Internal Audit Department assigns level of risk based on Risk Based Index and required corrective measures are implemented to mitigate/reduce the level of risk of each functional areas.

### 1.3 Risk Management Framework

#### 1.3.1 Policies, Guidelines and Procedures

Bank has devised different policies and procedures, operational instructions, book of instructions etc. approved by Board which directs/supplements the risk management framework. All the policies are reviewed in timely manner and updated whenever necessary. Different circulars and guidelines that provide directions to implement the policies, which are issued on time and again to incorporate changes made by regulators, to improve the internal control system, to enhance the banks' operational processes etc. Besides, the bank has defined explicit role of each functional/business unit which makes the process simple and robust.

## 1.4 Risk Management Structure

### 1.4.1 Board and Senior Management

Board of Directors has the ultimate responsibility for the risks undertaken by the financial institution, it sets the risk strategies & risk appetite and ensures that it is reflected in business strategies that are cascaded throughout the organization. It is responsible for understanding the nature of risks significant to the institution and for ensuring that management is taking necessary steps to implement those strategies and manage accompanying risks.

The overall responsibility for risk management is recognized to rest with the board of directors, whereas senior management is responsible to transform the strategies into policies, procedures & processes and implement the same for effective risk management. The senior management have an understanding of the risk profile of the bank and regularly informs to the board or board level committee about the risk profile of the bank.

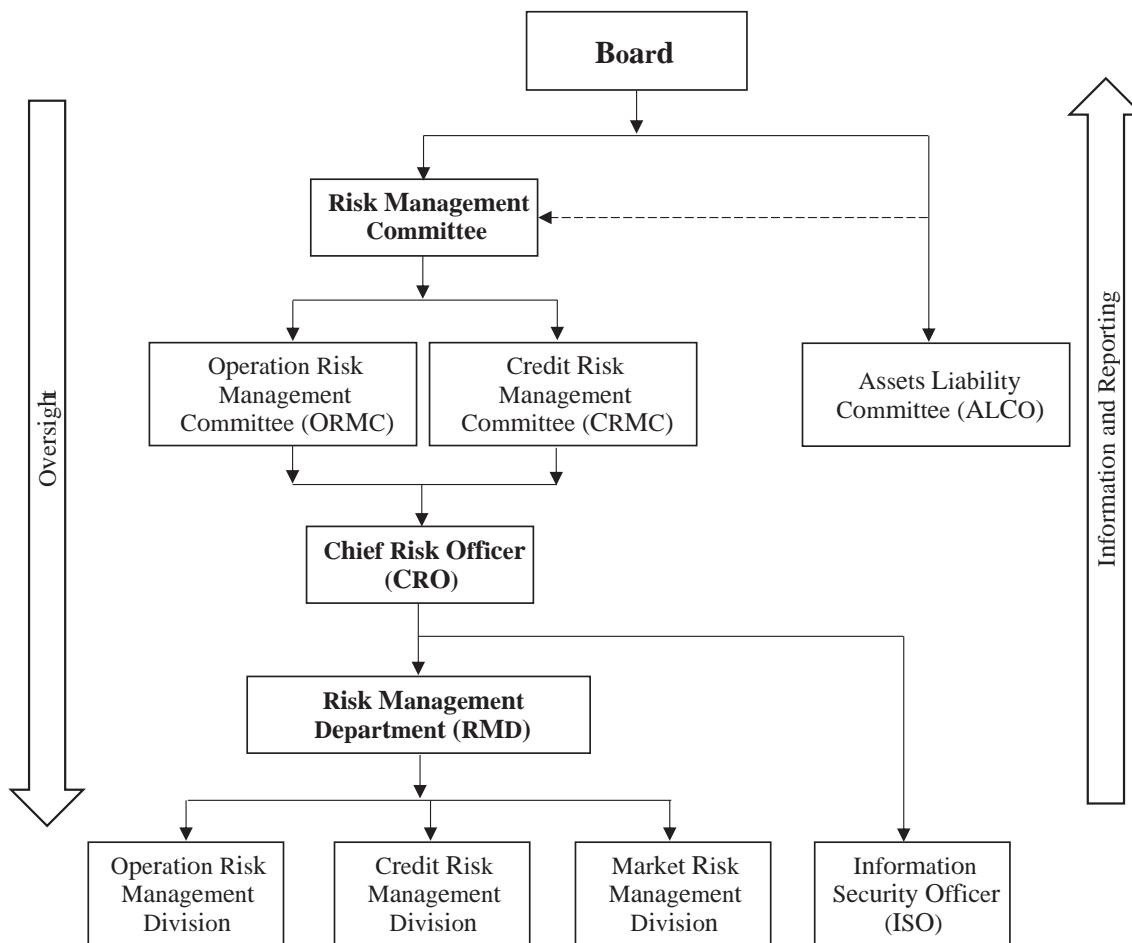
### 1.4.2 Risk Management Department and various Committees

Bank has independent Risk Management Department for identification, assessment, monitoring, and controlling various types of risk. The department has three functional units: Credit Risk, Market Risk and Operational Risk for overseeing & monitoring each key risk areas. The department is headed by Chief Risk Officer(CRO) who is responsible for reporting to Risk Management Committee(RMC).

The functions and responsibilities of RMC, ALCO and Sub-committees under RMC are presented below:

(i) **Risk Management Committee (RMC)** is a four member board level sub-committee chaired by Board of Director having overall responsibility for evaluating and managing the entire risk of the bank. The meeting of the committee is being conducted at least once in a quarter and as and whenever required. The proceedings of the meetings and the key reports discussed in the committee are placed to the Board. Altogether, six RMC meetings were conducted in FY 2079/80.

### Functional structure of the Risk Management



(ii) **Asset Liability Committee (ALCO)** is a sub-committee chaired by CEO which is entrusted with the work of taking all policy decisions related to market and liquidity risk. The committee is responsible for pricing of assets and liabilities as well as taking short/long term strategic decision.

The proceedings of the meetings are placed to RMC as well as Board. Altogether there were 20 ALCO meetings conducted in FY 2079/80.

(iii) **Credit Risk Management Committee (CRMC)** is a subcommittee chaired by DCEO which is entrusted with the following responsibilities:-

- a) Implementation of credit risk policy/strategy approved by the Board.
- b) Monitor credit risk of the bank and ensure compliance of limits approved by the Board.
- c) Recommend to the Board for its approval, policies on standards for presentation of credit proposal, financial covenants, rating standards and benchmarks.
- d) Devise delegation of credit approving powers, prudential limits on large credit exposures, asset concentration, standards for loan collaterals, portfolio management, loan review mechanism, risk concentration, risk monitoring and evaluation, regulatory/ legal compliance etc.

The proceedings of the committee are regularly placed to RMC. Altogether, there were 5 CRMC meetings conducted in FY 2079/80.

(iv) **Operational Risk Management Committee (ORMC)** is a subcommittee chaired by DGM which is entrusted with the following responsibilities

- a) Formulation & Implementation of operational risk management policy/strategies approved by Board.
- b) Better Management of operational risk and monitoring compliance of various policies.
- c) Responsible for establishing, maintaining and reviewing procedures at operational and management level to identify, monitor and mitigate operational risk in accordance with the bank's policies.

The proceedings of the committee are regularly placed to RMC. Altogether 7 ORMC meetings were conducted in FY 2079/80.

## Credit Risk

The Bank has in place "Credit and Credit Risk Management Policy" to guide the credit as well as credit risk management function of the bank. Bank has independent Credit Risk Management Division operating under Risk Management Department. The division is conducting comprehensive credit risk identification, assessment, monitoring and controlling as well as facilitating in credit related decisions through following procedures:

- Development and implementation of credit risk rating models to cover various sectors of business and retail loans. The risk identified through these models are considered during the process of credit appraisal and the possible risk mitigants are addressed accordingly.
- Identifying potential credit risk in a new as well as existing borrower through various credit risk rating models and grading the borrower under Credit Risk Rating System.
- Study the movement of the borrower risk profile of the bank through risk rating migration report (for business credit limit).
- The division conducts stress testing on various scenarios defined by regulator, Board approved additional scenarios along with other additional scenarios in order to check for the possible red flag scenarios on quarterly basis and placing the report to the RMC and Board.
- As a measure to assess and control the credit concentration and portfolio management, the division prepares credit concentration report in terms of economic sector, products, geographical distribution, risk weight wise distribution, group borrower exposure etc. and suggests the measures to curtail the concentration and diversify the portfolio.

## Market Risk

Market Risk Management function of the bank is carried out by Market Risk Management Division which functions as the Treasury Middle Office. Market Risk Management is guided by "Asset Liability Management Policy" and "Investment Policy" which are reviewed annually.

The division is monitoring exposures based on limit set up by the board or the person authorized by the board or NRB including limits, regulatory norms, prudential ceiling and delegation of authorities on Liquidity and Market Risk. The Bank has separate models for setting exposure limits to domestic as well as international counterparties. Further, as a control mechanism, division is monitoring daily transactions of treasury department. In addition, the division is also conducting various analysis as per requirements. The component of market risk is given hereunder:-

#### a) Liquidity Risk

In order to manage the liquidity risk, the division has fixed various risk appetite related to liquidity risk such as CRR, SLR, CD ratio, Liquidity Ratio, investment in shares, Non-Deliverable Forward (NDF), total institutional deposits and single institutional deposits etc., based on the NRB stipulation and the division monitors on daily basis to ensures that these appetite are not breached. Net Liquidity Gap analysis (maturity wise structural liquidity table) is being done on monthly basis and placed in ALCO along with strategies to mitigate the mismatches in cash outflow & inflow.

#### b) Interest Rate Risk

The changes in Interest rate of the industry and peer banks as well as the future liquidity scenarios and its impact on earning and spread are presented and discussed in ALCO. In addition, Bank has implemented bucket wise gap analysis of Rate Sensitive Assets (RSA) and Rate Sensitive Liabilities (RSL) for assessing the impact of change in Interest Rate on its assets and liabilities, which are monitored on monthly basis.

#### c) Foreign Exchange Risk

The Market Risk Management Division has set various risk appetite related to Foreign Exchange Risk such as Net Open FCY Position and Non Deliverable Forward (NDF) exposure. The division monitors the Net Open Position and NDF exposure based on the NRB stipulation on daily basis to ensure that these appetite are not breached.

## Operational Risk

The Operational Risk Management function of the bank is being managed by Operational Risk Management Division, which is guided by "Operational Risk Management Policy". A Composite framework for Operational Risk Events/Internal Loss Data Collection has been developed based on BASEL guidelines for better management and mitigation of the Operational Risk. Besides, various guidelines have been issued and communicated to the risk centers via internal circulars.

## Information System and Technology Risk

Information system of the bank is continuously upgrading and in place to match with the increasing digital avenues as well as to arrest cyber and technology threat to the bank. Information Security Officer (ISO), appointed in the bank is responsible to safeguard the Banks information through identification and assessment of security risk, maintaining the information security standards and procedures in compliance with NRB & IT guidelines and internal policies

& procedures. Besides, security orientation and awareness programs for the staff/management/customers of the bank are conducted from time to time. As a part of assessing IT Risk, ISO has been conducting Vulnerability Assessment and Penetration Test (VAPT) and using other self-assessment tools wherever any risk is observed. Besides, Information Security Audit is being conducted periodically by External Audit Company.

## Environmental and Social Risk

A separate focal person in the division has been entrusted to assess Environmental and Social Risk inherent in the business transaction in accordance with the regulatory guidelines on Environmental and Social Risk Management and ensuring that required mitigants have been implemented as specified in the approval from the concerned government authorities.

## 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 a separate department "Compliance" which oversees the compliance function and the risk associated with it of the bank and develops the policies, guidelines for its mitigation upon approval of the board.

### 1.4.3 Internal Control

Internal Audit and Compliance Department has been reinforcing on the effective implementation of laid down Policies and Procedure for better Internal Control System. Bank is having robust control structure with well-defined control activities at every business level. Duties of officials and staff members are well defined at all level to avoid conflicting responsibilities. Code of Ethics and Conflict of Interest Policy for Board of Directors and staff are in place. These laid down system are being monitored & reviewed periodically to address the areas of potential conflicts of interest to minimize Operational Risk at all level.

Internal Audit Department independently evaluates the adequacy and compliance of the bank's established guidelines for internal control system. Risk Based Internal Audit (RBIA) of the branches is being followed. IT/System Audit is being conducted as per guidelines from expert external agency till the capability buildup of internal personnel and report is submitted to concern Supervision Department of NRB.

#### 1.4.4 Monitoring and Reporting

The bank has placed an adequate system for monitoring and reporting of all the risk events as well as risk exposures that have a significant impact on bank's performance. In addition, during the monitoring and reporting, the department examines the sensitivity of change in any risk scenario and its impact on the bank's performance as well as ensure that the risk exposure remains within the tolerance limit defined in the policies.

The regular monitoring by the control departments ensures that the business activities are executed within the approved threshold/tolerance limits or guidelines, as defined in the internal and regulatory policies.

#### Notice and Information

Following Notice and Information are published during the year 2079/80:

Particulars	Publications	Published Date
Annual General Meeting Notice	Naya Patrika Karoobar Dainik	2080/06/08 2080/06/09
<b>Quarterly Financial Statement</b>		
1 <sup>st</sup> Quarter	Karoobar Dainik	2079/07/07
2 <sup>nd</sup> Quarter	Arthik Aviyan	2079/10/07
3 <sup>rd</sup> Quarter	Arthik Aviyan	2080/01/07
4 <sup>th</sup> Quarter	Nagarik Daily	2080/04/21

#### Details of Senior Management Team:

S.N.	Name	Designation	Qualification	Experience
1.	Sudesh Khaling	Chief Executive Officer	MBA	36 years in different banks
2.	Vijay Kumar Sharma	Dy. Chief Executive Officer	BSC, CAIIB, JAIIB	18 years in Punjab National Bank
3.	Gaurav Kumar	Dy. General Manager	MBA Finance	14 years in Punjab National Bank
4.	Keshab Raj Paudel	Dy. General Manager	MBA	34 years in different banks
5.	Ashutosh Sharma	Dy. General Manager	MBA, MSC	27 years in Everest Bank

# Human Resource Management



Proper management of Human Resources is a key towards strategic success of the organizations. Human Resource Management is concerned with the people dimension in organization. Success of any organization depends on effective and efficient management of human resources. EBL witness a significant progress on the growth and development of its manpower with the help of proper planning and strategies.

Human Resources Department (HRD) plays an essential role in handling the employee-centered activities of an organization. It focuses on recruitment and selection, promotion, reward, transfer and up gradation of skills of the employees to ensure the achievement of organization's mission, vision and goals.

Each organization possesses certain kind of HR risk and for the mitigation of those risks; EBL Human Resource Department is focusing on HR risk management, prioritizing the compliance and regulations. Similarly, various learning and development programs have remarkable impact on the efficiency, capacity and competitiveness of the employees. To enhance human resource quantity and quality, HR

Strategic Plan is prepared which warrants a development of a succession plan of critical positions.

Emphasizing on the workforce diversity, we believe in providing equal employment opportunity to deserving candidates with different backgrounds, education, skills and experiences to become a part of our organization and create a sustainable value for organization.

The main objectives of EBL Human Resources Development policy are:

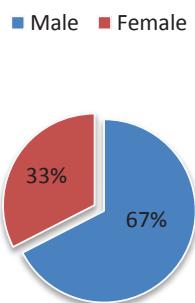
- To prepare and build a team of motivated and committed workforce with high level of work ethics and capable of responding to modern day competitive banking services.
- To assure the development of effective and efficient human resource for the customer satisfaction.
- To develop the staff friendly workplace culture, where staffs are assured of their career and success as per their qualification, experience and commitment so that they can fulfill their responsibilities in a competent manner.

## Composition of the EBL:

The staff strength of the bank as on Ashadh 2080 is presented below:

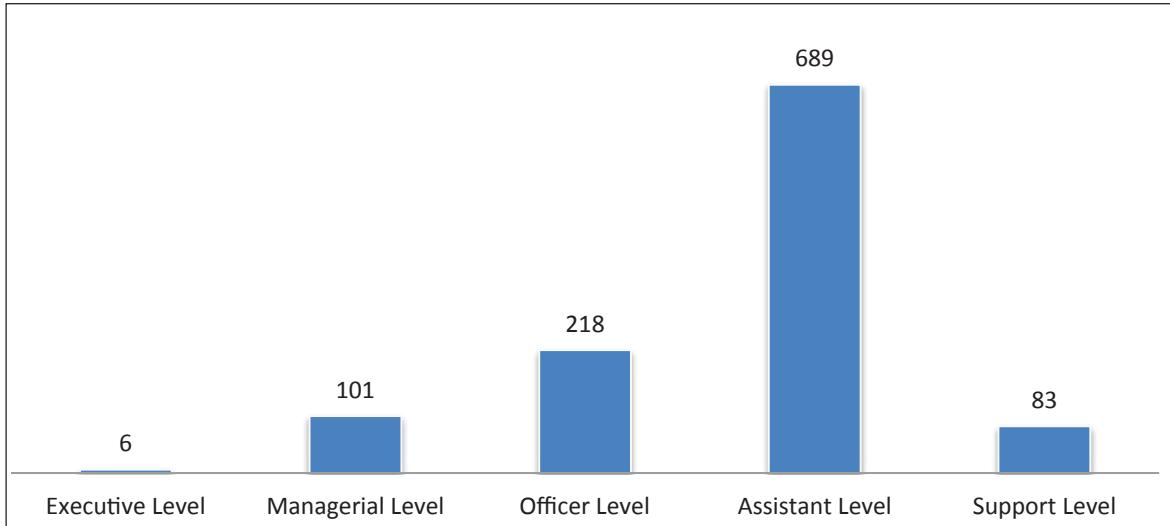
### Gender Wise Composition

**Gender Wise Composition**

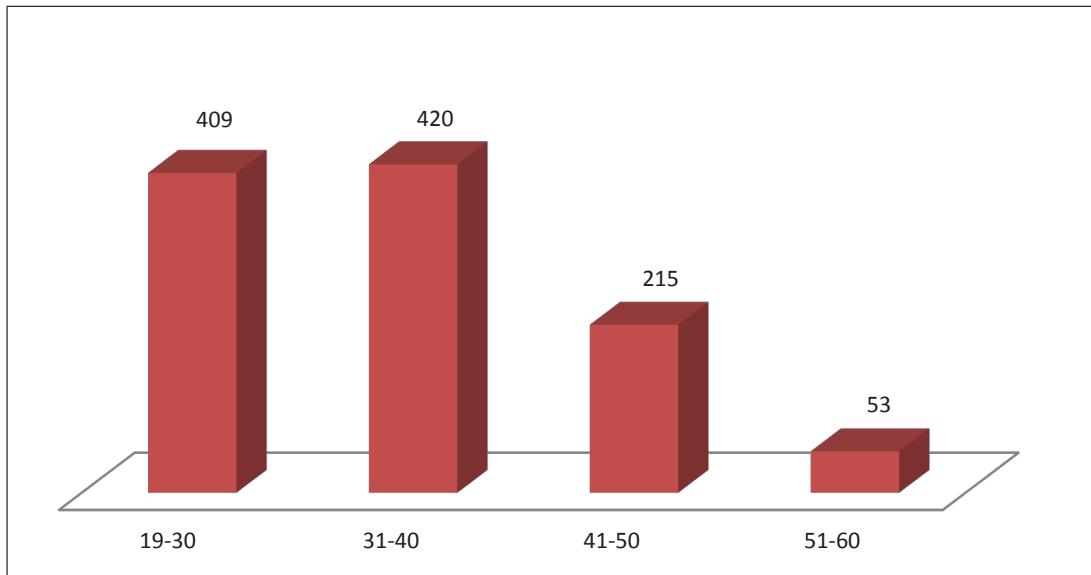


<b>Staffs</b>	<b>No.</b>	<b>Percentage</b>
Female:	<b>357</b>	<b>33%</b>
Male:	<b>740</b>	<b>67%</b>
<b>Total</b>	<b>1097</b>	<b>100%</b>

## Level Wise Composition



## Age Wise Composition



## Learning and Development

Learning and Development encompasses any HR-driven initiatives that foster employee growth, enhance skills and ultimately drive both individual and organizational success. With the aim of developing the workforce's capabilities and driving business results, EBL is aligning the Learning and Development strategy with the bank's business strategy and goals. It is prepared in such a way to close gaps, enhance performance, empower employee's growth and adapt to the changing needs of the organization.

For the process of Learning and Development, also referred as Training and Development, Annual Training calendar is

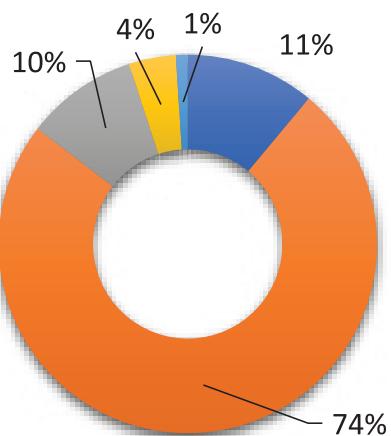
prepared on the basis of the Training Need Analysis and training programs are conducted accordingly.

In FY 2079-80, 199 training programs (In-house, External, Exclusive, International and Certification Courses) were conducted focusing on various areas of banking and essential soft skills with the total number of 4844 employee participants.

Along with the trainings, Everest Bank is also focusing on job rotation, transfer, job enlargement for the knowledge enhancement and development of the employees.

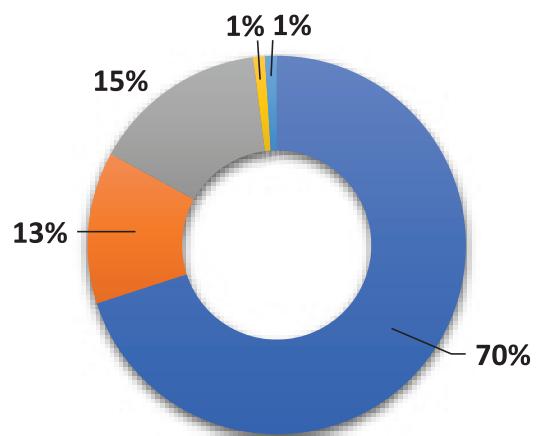
## Trainings

■ Inhouse ■ External ■ Exclusive ■ International ■ Certification Course



## Participants

■ Inhouse ■ External ■ Exclusive ■ International ■ Certification Course



# CORPORATE SOCIAL RESPONSIBILITY (CSR)

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 benefit 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 through its circular has advised for the allocation of 1% of Net Profit towards the CSR activities.

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.

During the year, CSR Fund of NPR 33,621,154 (Previous year NPR 24,794,009) has been appropriated being 1% of net profit. The CSR expenses incurred during the year amounting to NPR 15,825,965 (Previous year NPR 12,118,160) has been charged to statement of profit and loss with corresponding reduction from CSR fund. The detail of expenses incurred during the period are as follows:

NRB has prescribed ten CSR activities areas where the bank has made expenditure during the year as follows:

S.N.	CSR Head	Expenditure in FY 2022/23
1	Social Projects such as education, health, natural disaster, environmental protection, cultural promotion, infrastructural improvements in rural areas, increasing the income earning capacity of socially backward class, consumer protection activities, bus stop waiting shed, street lights, public toilets, etc.	12,407,276
2	Financial literacy: BFIs are required to spend 5 percent of the CSR fund on various financial literacy programs and targeted programs to educate females and backward classes regarding financial services in order to increase financial access.	1,980,600
3	Direct donation to the extremely poor for education and health or organizations related to the extremely poor.	157,450
4	Expenses incurred in areas specified in SDG	-
5	Expenses made for the prevention, control, and treatment of employees against COVID-19 and similar pandemics.	229,998
6	Child Day Care Centre for employees of BFIs.	-
7	Donation to orphanages and old age homes (except to the ones established professionally)	22,000
8	Expense up to Rs. 100 to account holders that remit funds from a foreign land and in Open Bank Account Initiative, 2019	700
9	Expenditure incurred upto 5% of its CSR Fund in order to promote the contactless payment services like QR code.	1,027,940
10	Others (COVID 19 Related)	-
<b>Total Budget/ Expenditure during the year</b>		<b>15,825,965</b>

Further, the bank has also made expenditure as per province wise as follows:

S.N.	Particulars	Expenditure in FY 2022/23
1	KOSHI PROVINCE	1,471,210
2	MADHESH PROVINCE	1,185,560
3	BAGMATI PROVINCE	7,272,435
4	GANDAKI PROVINCE	1,465,217
5	LUMBINI PROVINCE	1,092,659
6	KARNALI PROVINCE	2,506,300
7	SUDURPASCHIM PROVINCE	832,584
<b>Expenses During Year as per Province Wise</b>		<b>15,825,965</b>

## Glimpses of Corporate Social Responsibility (CSR)



# Glimpses of 28<sup>th</sup> Annual General Meeting





Compliance in conjunction with Risk and Good Governance is the top most priority for the Bank. In order to further strengthen the Compliance function in the bank, the bank has set up a separate Compliance Department headed by Head of Compliance Department. It has two wings namely General Compliance Unit under the direct supervision of Head of Compliance Department and KYC/AML/CFT Unit headed by Designated Compliance Officer of the Bank. Further, it has designated compliance officer at all Head Office functional departments, Province Office, each branch office and Representative Office as an extended arm of Compliance Department to ensure meticulous compliance across the Bank. The bank has also in place the board approved Compliance Policy and KYC/AML/CFT Policy which used to be reviewed once in a year or as per the requirement.

Further, the Assets Laundering Prevention Committee of the Board has been formed under the chairmanship of Non-Executive Director in line with the provision of Directives of Nepal Rastra Bank. The Committee oversees implementation of Assets (Money) Laundering Prevention Act, 2064, Assets (Money) Laundering Prevention Rules, 2073, NRB Unified Directives and other legal and regulatory requirements related to Money Laundering Prevention. For smooth functioning of the Committee, the bank has also placed the board approved Terms of Reference. The Committee reviews the quarterly reports on implementation status of the AML/CFT framework in the Bank and place the report to the Board. The Committee met Five times during the fiscal year 2079/80 and discussed the KYC/AML/CFT related status of the bank.



**प्रस्तुत छ एभरेष्ट MOBILE ATM**  
 हात्वा सञ्चान्ध अम्भै नजिक थाएको छ

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

थप जानकारीका लागि  
**९६५००९७९७९७** निःशुल्क डायल गर्नुहोस् ।

दिगो, दरिलो र विश्वासिलो

**MOBILE ATM**  
[www.everestbankltd.com](http://www.everestbankltd.com)

## 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 49 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.

# DIGITAL EVEREST

## BUILDING A FUTURE READY DIGITAL BANK FOR NEPAL

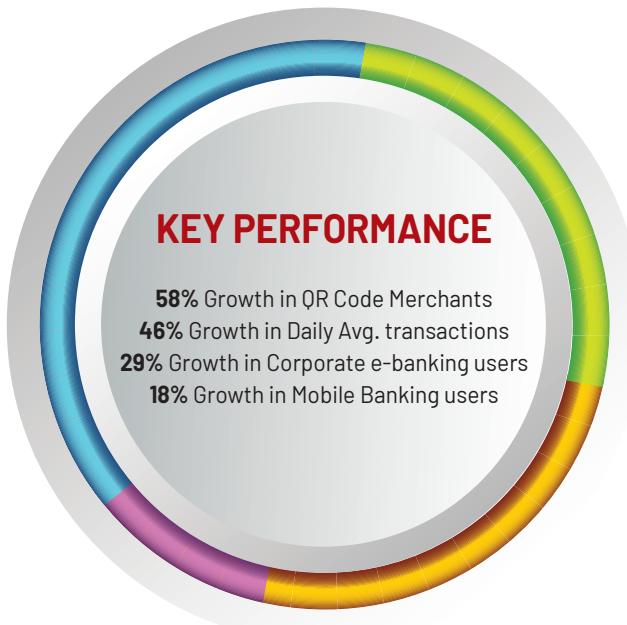
Our Technology and Digital department serve as a critical catalyst for both enabling and propelling our future expansion. Our strategy involves harnessing technology and digital tools to reinforce the distinctive features that set our bank apart while concurrently establishing a forward-looking Digital Bank. These efforts encompass enhancements in distribution, customer acquisition, engagement, underwriting, and operational processes. We are operationalizing this strategy through two key channels:

- **Bank Transformation:** Creating new capabilities and platforms.
- **Bank Operations Enhancement:** Modernizing our legacy systems.

Primarily concentrating on bolstering our line functions by crafting customer-facing neo banking experiences and seamless journeys, underpinned by a resilient core and a cloud-native infrastructure designed for scalability. While there is still progress to be made, we have already observed the advantages of investing in these channels through notable achievements such as the successful digital launches of EBL Touch 24, Digital Hub and Lending platforms.

The Merchant Acquiring business serves as the backbone for delivering banking solutions and payment services to our most extensive customer segment, which primarily comprises Small and Medium-sized Enterprises (SMEs). This business is closely intertwined with our acceptance and issuance operations. We provide funding for both pre-purchase and post-purchase transactions, leveraging innovative solutions like Buy Now Pay Later (BNPL), pre-approved digital loans, and more.

In conclusion, our bank's vision for technology and digital innovation plays a pivotal role in steering our future growth trajectory. We remain committed to retaining our leadership position in technological advancements, fostering an innovative culture, and cultivating the appropriate talent to propel our technology and digital initiatives. By doing so, we are well-positioned for sustained success, enabling us to deliver unparalleled value and experiences to our customers within an increasingly digital landscape.



## WAY FORWARD

Our strategic direction moving forward is centered on several key priorities. We are committed to further expanding our market presence in assets and deposits within the CaSa markets. In pursuit of our customer-centric approach, we envision offering digital solutions to meet all the servicing needs of our customers. This will not only

streamline processes but also reduce the operational and administrative burdens on our branches. Furthermore, we are dedicated to enhancing the efficiency of our back-office operations, optimizing Straight-Through Processing (STP), and continuously improving the overall customer experience.

**DIGITAL EBL**

अब सबै बैंकिङ्ग कारोबार **Digitally**

The advertisement highlights various digital banking services:

- Online Validation
- Internet Banking
- QR Payment
- Online Services
- Mobile Banking

**एभरेष्ट बैंक**  
**EVEREST BANK**

दिगो, दरिलो र विश्वासिलो



## 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, Hong Kong, Australia and Seychelles. 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.



### विदेशबाट पैसा आउँदै छ ?



**एभरेष्ट रेमिट** को भरपर्दो साथ र **एभरेष्ट रेमिट बचत खाता** को  
उच्यतम् प्रतिफलको लाभ आजै उठाउनुहोस्।  
अब रेमिट्यान्स सिधै बैंक खातामा

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

## Arrangement with Exchange Houses for Remittance/Draft

UAE	<p>Al Rostamani International Exchange Co. Dubai, UAE Tel: 00971 4 2951996</p> <p>Al Ahlia 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 Abu Dhabi, United Arab Emirates Tel: 00971 2 622 3228</p> <p>Al Razouki International Exchange Co. Dubai, UAE Tel: 00971 4 3932331</p> <p>LM Exchange Dubai, UAE Tel: 00971 4 3540191</p>
Bahrain	Bahrain Finance Company Manama, Bahrain Tel: 00973-17223501/17228888, 17506103	
Qatar	<p>Al Zaman Exchange Doha, Qatar Tel: 00974 44441448</p> <p>Al Jazeera Exchange Doha, Qatar Tel: 00974 44363595</p>	<p>Eastern Exchange Doha, Qatar Tel: 00974 44412655</p>
Kuwait	Bahrain Exchange Company Safat, Kuwait Tel: 00965 2452057, 1824000	
UK	<p>Punjab National Bank (International) Ltd. London, UK Tel: 0044 2077969600</p> <p>Hums Remit Limited (AYO Remit) London, UK Tel: 0044 7863 900493</p> <p>IFast Global Bank Limited 9th Floor, South Quay Building, 77 Marsh Wall, London, England, E14 9SH Tel: 00442081813670</p>	<p>Transfer To Mobile Financial Services Limited London, UK Tel: 0044 7885536758</p> <p>M A Fastmove Limited (Shpun Remit) The Colmore Building, 20 Colmore Circus, Birmingham, B4 6AT, United Kingdom. Tel: +44 121 328 0011</p>
Oman	Unimoni Exchange LLC Sultanate of Oman Tel: 00968 24794127	
United States	Mastercard Transaction Services (US) LLC 150 Fifth Avenue, N.Y., N.Y. 10011 Tel: 0091 8360823064	
India	Punjab National Bank, New Delhi, India Tel: 23328894/237199094	
Malaysia	Tranglo Sdn. Bhd. Kuala Lumpur, Malaysia. Tel: 00603 2241 4188, 00603 2241 4189	<p>MoneyMatch Sdn. Bhd. Kuala Lumpur, Malaysia. Tel: 00603 2770 0073</p>

Japan	Japan Remit Finance Co. Ltd. Tokyo, Japan Tel: 0081 3 5733 4337	
South Korea	Finshot Inc. Seoul, South Korea Tel: 0082 70 7728 5618	Coinone Transfer Inc. (Cross) Seoul, South Korea Tel: 0082 1670 2624
Hong Kong	Harbour and Hills Financial Services Limited Kowloon, Hong Kong Tel: 00852 35801722, 00852 35807438	
Singapore	Paypal Pte. Ltd. 5 Temasek Boulevard #09-01 Suntec Tower Five Singapore 038985	Tranglo Pte. Ltd. Singapore Tel: +6565497536, +6565497537
Australia	Lumbini Group Pty. Ltd. Sydney, NSW 2000 Tel: 0061 4350 22761	
Syechelles	Cash Plus Co. Pty. Ltd. Victoria, Seychelles Tel: 00248 250 1048	
Global Products	<p>Paypal (Xoom) Market Street Floor, San Francisco Tel: 0014157774800 Please visit <a href="http://www.xoom.com">www.xoom.com</a> for further detail.</p> <p>Xpress Money Services Ltd. F10 Church Lane, Kingsbury London United Kingdom</p> <p>Moneygram International Money Transfer</p>	<p>Transfast Remittance 2000 Purchase St, Purchase NY, 10577, USA Please visit <a href="http://www.transfast.com">www.transfast.com</a> for further detail.</p> <p>Western Union Money Transfer</p> <p>EzRemit Global (BFC Bank Ltd.) Manama, Bahrain Tel: 00973-17201826</p>
Nepal	<p>G.M.E Remit Pvt. Ltd. (GME Remittance) Lainchaur, Kathmandu Tel: 00977 14024069</p> <p>CG Remit Pvt. Ltd. (CG Money) Tripureshwor, Kathmandu Tel: 00977 14252987</p> <p>Prabhu Management Pvt. Ltd. Gairidhara, Kathmandu Tel: 00977 9851117363</p>	<p>City Express Money Transfer Kamaladi, Kathmandu Tel: 00977 14431900</p> <p>Esewa Money Transfer Pvt. Ltd. Pulchowk, Lalitpur Tel: 00977 159700377</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
	SOLUKHUMBU	20		Banke	334
	TAPLEJUNG	18		Dang	156
2	DHANUSA	213		KAPILVASTU	148
	SIRAH	173		BARDIYA	115
	BARA	159		PALPA	86
	SAPTARI	129		GULMI	83
	PARSA	128		PYUTHAN	65
	SARLAHI	126		RUKUM	48
	MAHOTTARI	111		ARGHAKHACHI	40
	RAUTAHAT	110		ROLPA	35
3	KATHMANDU	1806	6	SURKHET	27
	CHITWAN	379		SALYAN	98
	LALITPUR	241		DAILEKH	46
	KAVREPALANCHOWK	124		JAJARKOT	29
	BHAKTAPUR	119		KALIKOT	25
	MAKWANPUR	116		DOLPA	15
	NUWAKOT	87		JUMLA	11
	DHADING	72		MUGU	11
	DOLAKHA	71		HUMLA	7
	SINDHULI	59		7	KAILALI
	SINDHUPALCHOWK	59		KANCHANPUR	162
	RAMECHHAP	41		DOTI	76
	RASUWA	22		ACHHAM	26
				DADELDHURA	23
				BAJHANG	21
				BAJURA	15
				DARCHULA	15
				BAITADI	12
					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-05110011  
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: PUNBINBBDOB  
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.

During the review period, altogether there were 28946 numbers of queries and 5380 numbers of grievances/complaints were lodged in Customer Care Center, Reception Desk, branches and NRB as well. The queries and grievances lodged during Fiscal Year 2079-80 have been resolved on time.

The bank has upgraded and introduced separate portal for "Grievance Hearing" at bank's website during the review period and adopted various other measures to reduce turn around time for grievance resolution and increase customer satisfaction.

This disclosure is as per NRB Unified Directives No. 20, Sub-point 9.

# BANKING OPERATION AND FUNCTION

Banking operation is one of the key functions of the banking industry. Presently, the bank is providing banking services to its customers from 127 branches, 3 extension counters, 162 ATMs and 32 revenue counters all over Nepal. Operation Department at Head Office is monitoring, supervising and looking after the operational affairs of the branches including inter branch coordination on operation issues, streamlining the systems and procedures to reflect the correct picture and to serve as full-fledged guidelines for banking operation.'

Main focus is more on improvement and automation of banking services and processes including digitization. To improve efficiency and reduce operational risk, the bank has established centralization units for Trade Finance, Bank Guarantee and Central Credit Operations for better control and mitigation of operational risks. To enhance customer

service experience, the bank is exploring on addition of cheque deposit machines, cash deposit machines, etc., for self-transactions by the customers even after banking hours exploring implementation of new banking services and products.

In strengthening the banking services and for providing quick response to the customers of the bank, the bank has enhanced the services of Customer Care Center for handling and resolution of customer's queries and grievances on time.

Trainings are being provided to the field functionaries on regular basis to improve customer's experience while banking with EBL.



## नेपाल राष्ट्र बैंक बैंक सुपरिवेक्षण विभाग

प.सं: बै.सु.वि./अफसाइट/एजिएम/ ६४/२०८०-८१

एभरेष्ट बैंक लिमिटेड  
लाजिम्पाट, काठमाडौं।



दरवारमार्ग, काठमाडौं।  
फोन नं.: ४४९९८०५७  
फैक्स नं.: ४४९०९५९  
Site: www.nrb.org.np  
Email: bsd@nrb.org.np  
पोष्ट बक्स: ७३

मिति: २०८०/०६/०४

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 प्रावधानहरू पालना गरेको देखिएको हुँदा, ऐ. ऐनको उपदफा (१) बमोजिम बैंकले सञ्चित मुनाफा रु. ४,९९,०४,८७,५०५।- बाट बैंकको कुल चुक्ता पुँजी रु. ९०,६९,८०,९४,४३६।- को १०.०० प्रतिशतले हुन आउने रु. १,०६,९८,०९,४४४।-वरावरको बोनस शेयर र चुक्ता पुँजीको १०.५३ प्रतिशतले हुन आउने रु. १,१२,६५,०९,३४४।- नगद लाभांश (बोनस शेयरमा लाग्ने करसमेत) गरी कुल रु. २,१९,६३,१८,७८।- (अक्षरेपी दूई अर्व उन्नाइस करोड त्रीसही लाख अठाह जार सात सय अठासी मात्र) अन्य प्रचलित कानूनी व्यवस्थाको समेत पालना गर्ने गरी वार्षिक साधारण सभाबाट स्वीकृत भएको अवस्थामा मात्र वितरण गर्न स्वीकृतिका साथै आ.व. २०७९/८० को वार्षिक हिसाब वार्षिक साधारण सभामा स्वीकृतिको लागि पेश गर्ने प्रयोजनार्थ देहायका निर्देशन सहित सार्वजनिक गर्न सहमति प्रदान गरिएको व्यहोरा निर्णयानुसार जानकारी गराउँदछु।

- लेखापरीक्षण प्रतिवेदनमा उल्लेख गरिएका कैफियतहरू पूर्णरूपले सुधार गर्न तथा त्यस्ता कैफियतहरू पुऱ: दोहोरिन नदिने आवश्यक व्यवस्था मिलाउनुहुन।
- यस बैंकबाट जारी गरिएको एकीकृत निर्देशनको निर्देशन न. १० को बुँदा न. ७ बमोजिम इजाजतपत्रप्राप्त कुनै एक बैंक तथा वित्तीय संस्थाको संस्थापक शेयरमा लगानी गर्दा चुक्ता पुँजीको बढीमा १५ प्रतिशत र अन्य बैंक तथा वित्तीय संस्थाहरूमा चुक्ता पुँजीको बढीमा १ प्रतिशतसम्म मात्र लगानी गर्न सकिने व्यवस्था रहेकोले उल्लिखित सीमाभन्दा बढी शेयर धारण गर्ने संस्थापक शेयरधनीहरू रहेमा ती संस्थापक शेयरधनीहरूले आफ्नो शेयर सो सीमाभित्र नल्याएसम्म प्रस्तावित बोनस शेयर तथा नगद लाभांश वितरण रोकका राख्ने व्यवस्था मिलाउनुहुन।
- बैंक तथा वित्तीय संस्था सम्बन्धी ऐन २०७३ को दफा ११ को उपदफा (३) मा बैंकको चुक्ता पुँजीको २ प्रतिशत भन्दा बढी शेयर धारण गरेका संस्थापकहरूले आफुले धारण गरेको संस्थापक शेयर विक्री तथा धितो बन्धक राख्दा नेपाल राष्ट्र बैंकको स्वीकृति लिनु पर्ने व्यवस्था रहेकोले नेपाल राष्ट्र बैंकको स्वीकृति नलिई आफुले धारण गरेको शेयर धितो बन्धक राख्नी अन्य बैंक तथा वित्तीय संस्थाबाट कर्जा उपयोग गरेका संस्थापक शेयरधनीहरू रहेमा ती संस्थापक शेयरधनीहरूलाई सोको स्वीकृति नलिएसम्म वा शेयर धितो बन्धक राख्नी उपयोग गरेको कर्जा पूर्ण रूपमा चुक्ता गरी शेयर फुकुवा नगरेसम्म प्रस्तावित बोनस शेयर तथा नगद लाभांश वितरण रोकका राख्ने व्यवस्था मिलाउनुहुन।
- विदेशी शेयरधनीहरूलाई लाभांश प्रदान गर्ने सिलसिलामा लाभांश वापतको रकम विदेश पठाउँदा (Repatriation) प्रचलित कानूनी व्यवस्था पालना गर्नु हुन।  
उपरोक्त निर्देशनहरूलाई त्यस बैंकको वार्षिक प्रतिवेदनको छुट्टै पानामा प्रकाशित गर्नु हुन।

भवदीय,

(रोशन दाहाल)  
सहायक-निर्देशक

बोधार्थ :

- नेपाल राष्ट्र बैंक, बैंक तथा वित्तीय संस्था नियमन विभाग।
- बैंक सुपरिवेक्षण विभाग, प्रतिवेदन कार्यान्वयन इकाई, एभरेष्ट बैंक लिमिटेड।
- नेपाल राष्ट्र बैंक, विदेशी विनियम व्यवस्थापन विभाग।



# ICRA Nepal Limited

Ref No.: ICRAN/080/081/RAT-REV/002

Date: September 27, 2023

Mr. Sudesh Khaling  
Chief Executive Officer  
Everest Bank Limited  
Lazimpat, Kathmandu, Nepal

Dear Sir,

**Re: Review of Rating assigned to Everest Bank Limited**

The Rating Committee of ICRA Nepal, after due consideration, has upgraded the rating to [ICRANP-IR] AA- (pronounced ICRA NP Issuer Rating Double A Minus). Issuers/Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such issuers/ Instruments carry very low credit risk.

The aforesaid rating will be valid up to one year of this letter date and due for surveillance any time before September 27, 2024.

With kind regards,

Yours sincerely,  
For ICRA Nepal Limited



Sailesh Subedi  
Assistant Vice-President  
Head-Rating Division  
Email: [sailash@icranepal.com](mailto:sailash@icranepal.com)

Regd. Office :  
Sunrise Bizz Park - 6th Floor,  
Dillibazar, Kathmandu, Nepal

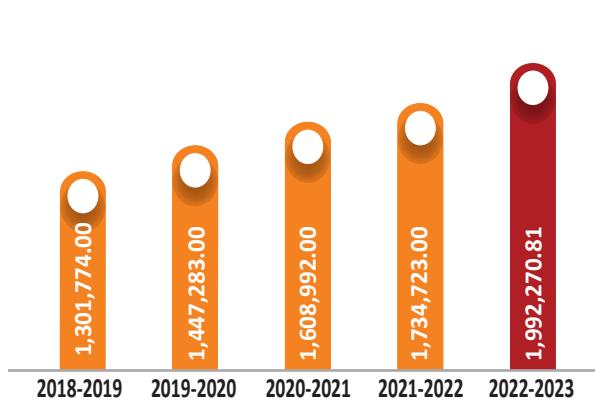
Tel. : +977 1 4419910  
Tel. : +977 1 4419920

Website : [www.icranepal.com](http://www.icranepal.com)  
Email: [info@icranepal.com](mailto:info@icranepal.com)

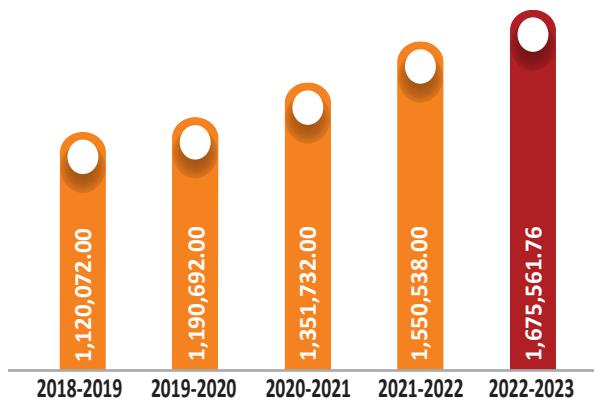
RATING • RESEARCH • INFORMATION

## Key Financial Indicators

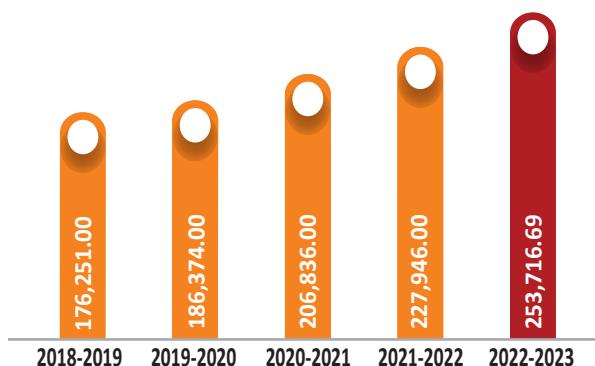
Deposit (Rs. In Lacs)



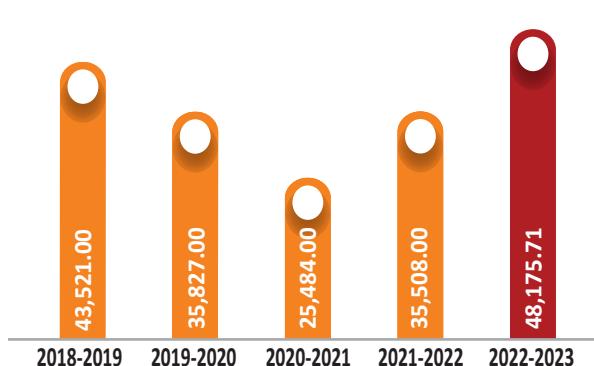
Loans and Advances (Rs. In Lacs)

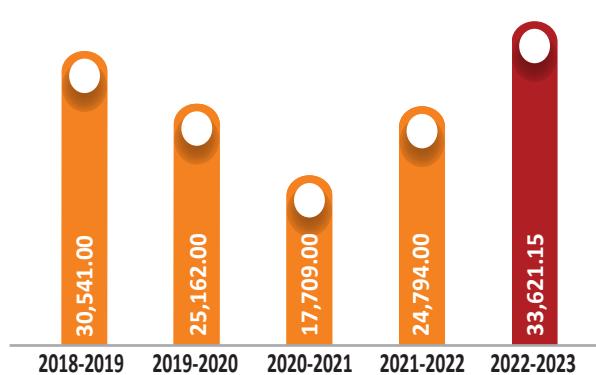
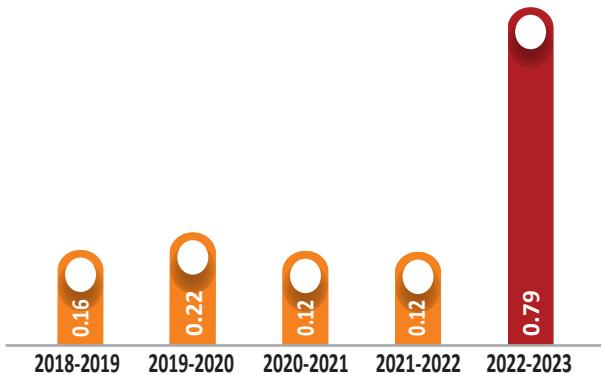
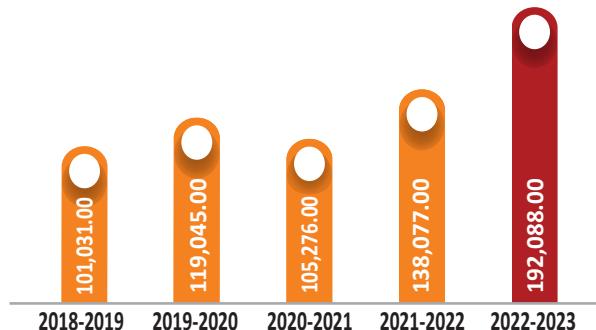
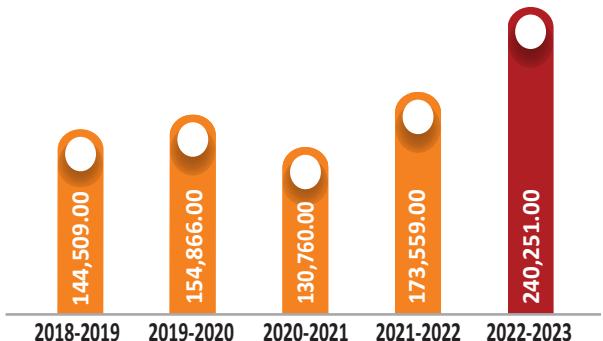


Capital and Reserve (Rs. In Lacs)

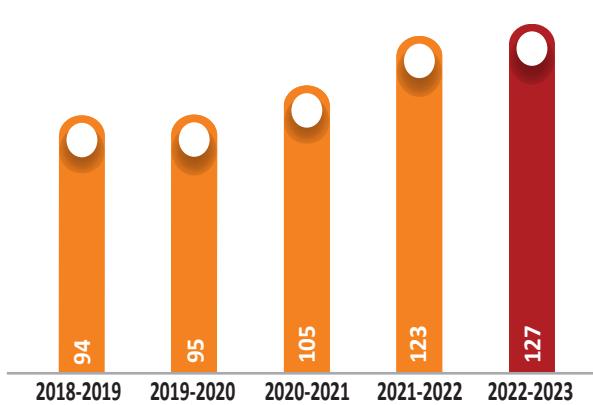


Operating Profit (Rs. In Lacs)

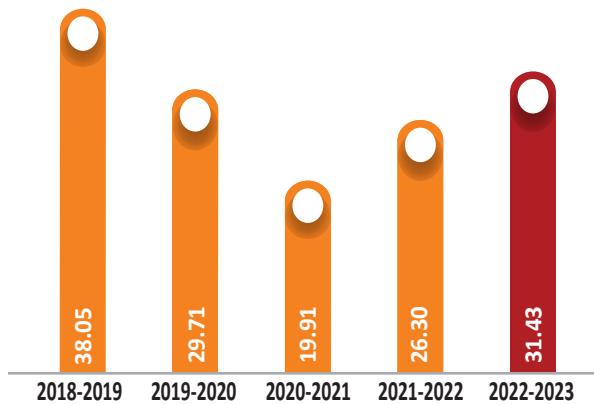


**Net Profit (Rs. In Lacs)****NPA (in %)****Total Expenditure (Rs. In Lacs)****Total Income (Rs. In Lacs)**

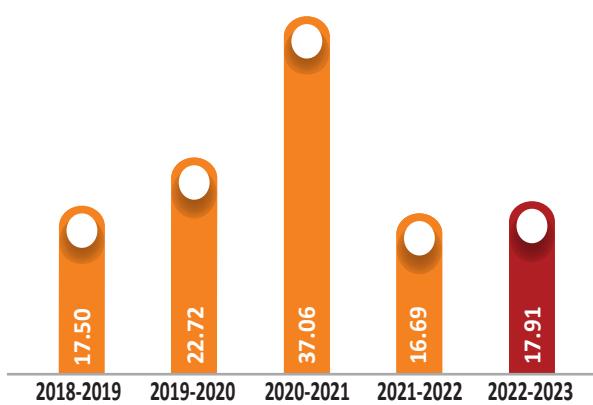
### No. of Branches



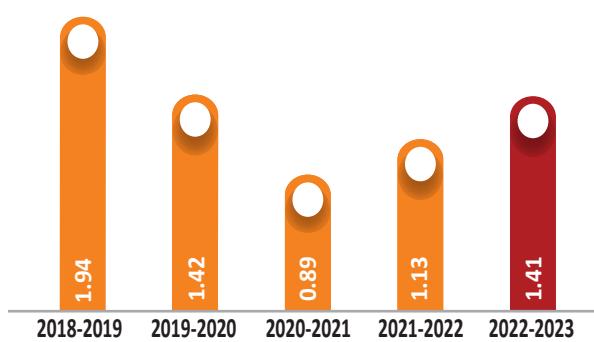
### Earning per Share



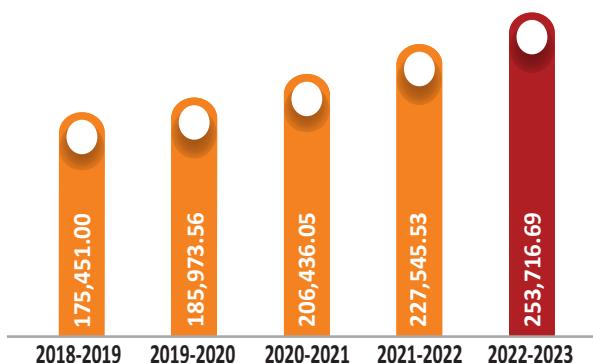
### Price Earning Ratio



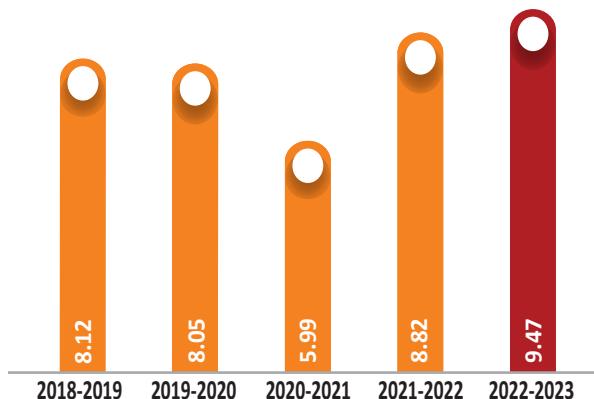
### Return on Total Assets



### Book Net Worth (Rs. In Lacs)



### Base Rate (in %)



## BOARD OF DIRECTORS



**B. K. Shrestha**  
Chairman



**Dr. Bal Gopal Baidya**  
Director  
(Promoter)



**Kiran Krishna Shrestha**  
Director  
(Promoter)



**Rakesh Grover**  
Director  
(Punjab National Bank, India)



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



**Ms. Urmila Shrestha**  
Director  
(Public Shareholders)



**Dr. Tarak Bahadur K.C.**  
Independent Director

**Suresh Chapagain**  
Company Secretary

**Sr. Advocate Shambhu Thapa**  
Legal Advisor

**Auditor**  
**Manish Amatya, FCA**  
Partner, N. Amatya & Co.  
Chartered Accountants

## MANAGEMENT TEAM

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**Sudesh Khaling**  
Chief Executive Officer



**Vijay Kumar Sharma**  
Dy. Chief Executive Officer



**Gaurav Kumar**  
Dy. General Manager



**Keshab Raj Paudel**  
Dy. General Manager



**Ashutosh Sharma**  
Dy. General Manager

## PROVINCIAL HEADS



**Janak Pd Chapagain**  
Koshi Province



**Bibhuti Neupane**  
Madesh Province



**Santosh Kr. Bhattarai**  
Bagmati Province



**Sudhir Gautam**  
Gandaki Province



**Lava Prasad Kuikel**  
Lumbini Province



**Vijay Kumar Singh**  
Karnali Province



**Satish Pratap Singh**  
Sudur Pashchim Province

## DEPARTMENT HEADS



**Bijay Kumar Gautam**  
Chief Manager  
IT



**Bishnu Prasad Gyawali**  
Chief Manager  
Retail & SME



**Anju Sharma**  
Chief Manager  
Credit



**Raju Gauli**  
Internal Audit



**Jamuna Tamrakar**  
Chief Risk Officer



**Dharma Prasad Gauli**  
Legal



**Nar Bahadur Rawal**  
Compliance



**Rajan Kayastha**  
Accounts  
and Strategic Planning



**Priti Lama**  
Operation



**Puspa Raj Upfrey**  
Marketing &  
Institutional Deposit



**Nikhil Shrestha**  
Remittance



**Yadav Bhandari**  
Trade Finance Service



**Mahesh Bajracharya**  
General Administration



**Chesang Lama**  
Human Resource



**Sunil Giri**  
ATM/Card



**Suman Raj Shrestha**  
Central Clearing Cell



**Rishikesh Thapa**  
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**Shanker Pokhrel**  
Digital Banking

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## Note:

## Note:

## Note:



# Everest Bank Branches Network



## Koshi Province

- ⦿ Bhojpur      ⦿ Biratnagar      ⦿ Biratchowk      ⦿ Birtamod      ⦿ Damak      ⦿ Dharan
- ⦿ Duhabi      ⦿ Fikkal      ⦿ Gaighat      ⦿ Inaruwa      ⦿ Itahari      ⦿ Kanchanbari
- ⦿ Khandbari      ⦿ Mahakulung      ⦿ Okhaldhunga      ⦿ Silichong      ⦿ Pathari      ⦿ Dhulabari

## Madhesh Province

- ⦿ Birgunj      ⦿ Chandranigahapur      ⦿ Garuda      ⦿ I.C.D.      ⦿ Janakpur      ⦿ Kalaiya      ⦿ Kanchanpur
- ⦿ Mahendranagar      ⦿ Mirchayi      ⦿ Pipra      ⦿ Rajbiraj      ⦿ Simara      ⦿ Lalbandi      ⦿ Murali Chowk

## Bagmati Province

- ⦿ Bagbazar      ⦿ Bagdol      ⦿ Balaju      ⦿ Banepa      ⦿ Battar      ⦿ Bhaisepati      ⦿ Bhaktapur
- ⦿ Budhanilkantha      ⦿ Chabahil      ⦿ Dhading      ⦿ Dharke      ⦿ Dupcheshwor      ⦿ Golfutar      ⦿ Gongabu
- ⦿ Gwarko      ⦿ Hakimchowk      ⦿ Hetauda      ⦿ Jadibuti      ⦿ Jorpati      ⦿ Kalimati      ⦿ Kirtipur
- ⦿ Lagankhel      ⦿ Lazimpat      ⦿ Maitidevi      ⦿ Narayangarh      ⦿ New Baneshwor      ⦿ New Road      ⦿ Parsa
- ⦿ Pulchowk      ⦿ Sanogaun      ⦿ Satdobato      ⦿ Satungal      ⦿ Sitapaila      ⦿ Tandi      ⦿ Teku
- ⦿ Thamel      ⦿ Naxal (Gairidhara)      ⦿ Jamal      ⦿ Kadaghari      ⦿ Maharajgunj      ⦿ Jarankhu      ⦿ Thimi
- ⦿ Taukhel      ⦿ Sundarbasti      ⦿ Kamalbinayak

## Gandaki Province

- ⦿ Amarsingh      ⦿ Baglung      ⦿ Beshishahar      ⦿ Biruwa      ⦿ Damauli      ⦿ Gorkha      ⦿ Kawasoti
- ⦿ Kushma      ⦿ Lekhnath      ⦿ Pokhara      ⦿ Syangja      ⦿ Birauta

## Lumbini Province

- ⦿ Bansgadhi      ⦿ Bhairahawa      ⦿ Butwal      ⦿ Chandrauta      ⦿ Gulariya      ⦿ Ghorahi      ⦿ Kohalpur
- ⦿ Krishna Nagar      ⦿ Lamahi      ⦿ Lumbini      ⦿ Nepalgunj      ⦿ Sandhikharka      ⦿ Taulihawa      ⦿ Bardaghat      ⦿ Tulsipur
- ⦿ Yogikuti      ⦿ Khaireni      ⦿ Murgiya      ⦿ Jeetpur      ⦿ Manigram      ⦿ Parasi      ⦿ Rajapur      ⦿ Daldale

## Karnali Province

- ⦿ Rukum      ⦿ Surkhet

## Sudur Pashchim Province

- ⦿ Attariya      ⦿ Bajhang      ⦿ Bauniya      ⦿ Dhangadhi      ⦿ Dipayal      ⦿ Jhalari
- ⦿ Lamki      ⦿ Mahendranagar      ⦿ Shikhar      ⦿ Sukhad      ⦿ Surma      ⦿ Talkot      ⦿ Tikapur

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## एमरेष्ट बैंक लिमिटेड

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फ्याक्स नं. ०१-४४४४३१६०