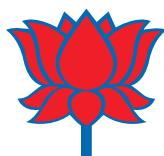


**ANNUAL
REPORT 2017**



**EXPANDING
HORIZONS**



**नेपाल इन्वेष्टमेण्ट बैंक लि.
NEPAL INVESTMENT BANK LTD.**



नेपाल इन्वेष्टमेण्ट बैंक लि. NEPAL INVESTMENT BANK LTD.

Our Vision

To be the most preferred provider of financial services in Nepal.

Mission Statement

We aspire to be the leading Nepali bank, delivering world class services through a blend of state-of-the-art technology and visionary management in partnership with competent and committed staff, to achieve sound financial health with sustainable value addition to all our stakeholders. We are committed to fulfilling this mission while ensuring the highest levels of ethical standards, professional integrity, corporate governance and regulatory compliance.



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CORPORATE GOVERNANCE



Sound corporate governance is particularly important for banks. The rapid changes brought about by globalization, deregulation and technological advances are increasing the risks in banking systems.

24

RISK MANAGEMENT



Risk management includes risk identification and measurement and assessment, and its objective is to minimize negative effects that risks can have on the financial result and capital of a bank.

28

CSR



Corporate social responsibility (CSR) is a business approach that contributes to sustainable development by delivering economic, social and environmental benefits for all stakeholders.

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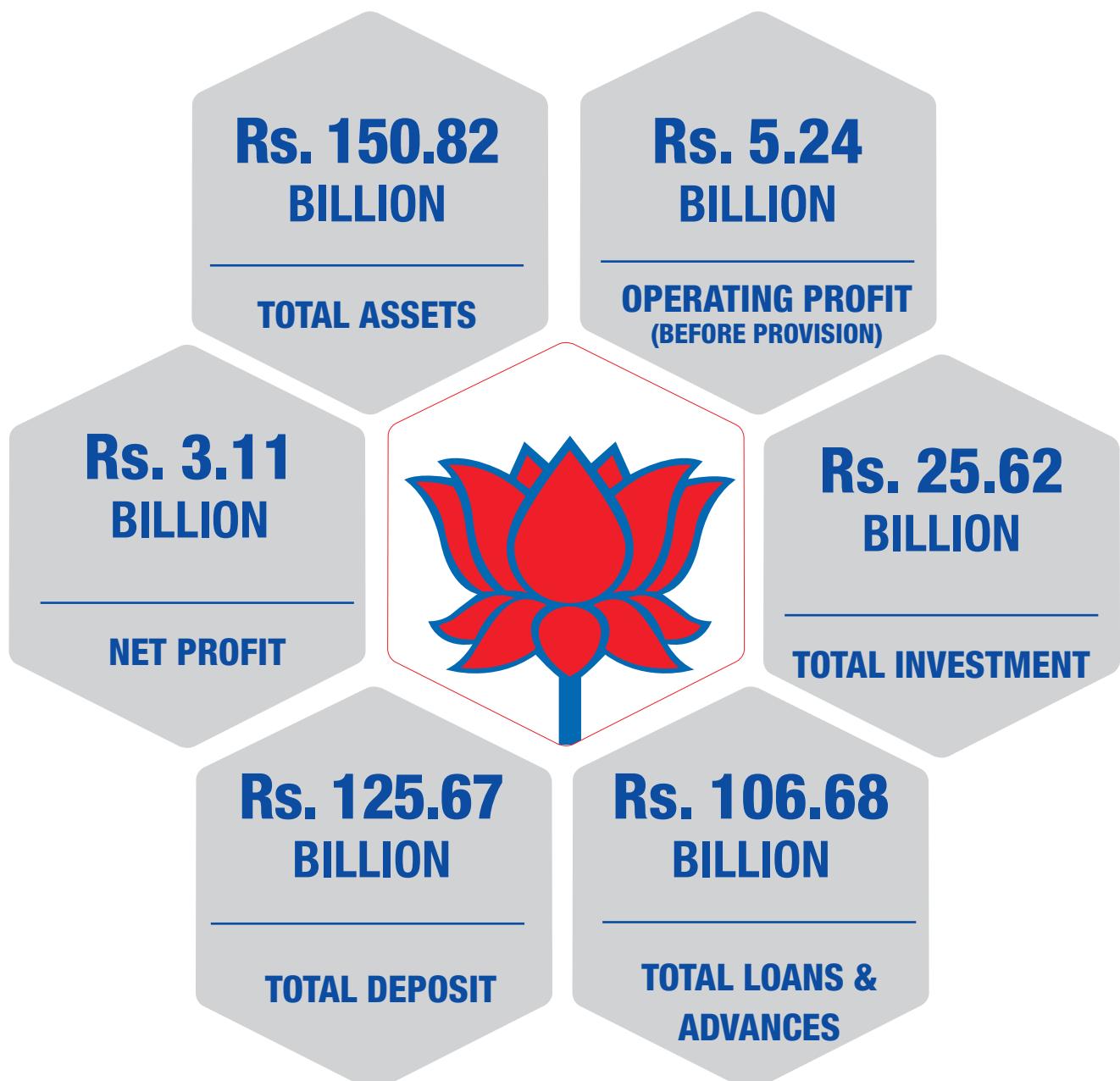
FINANCIAL STATEMENTS

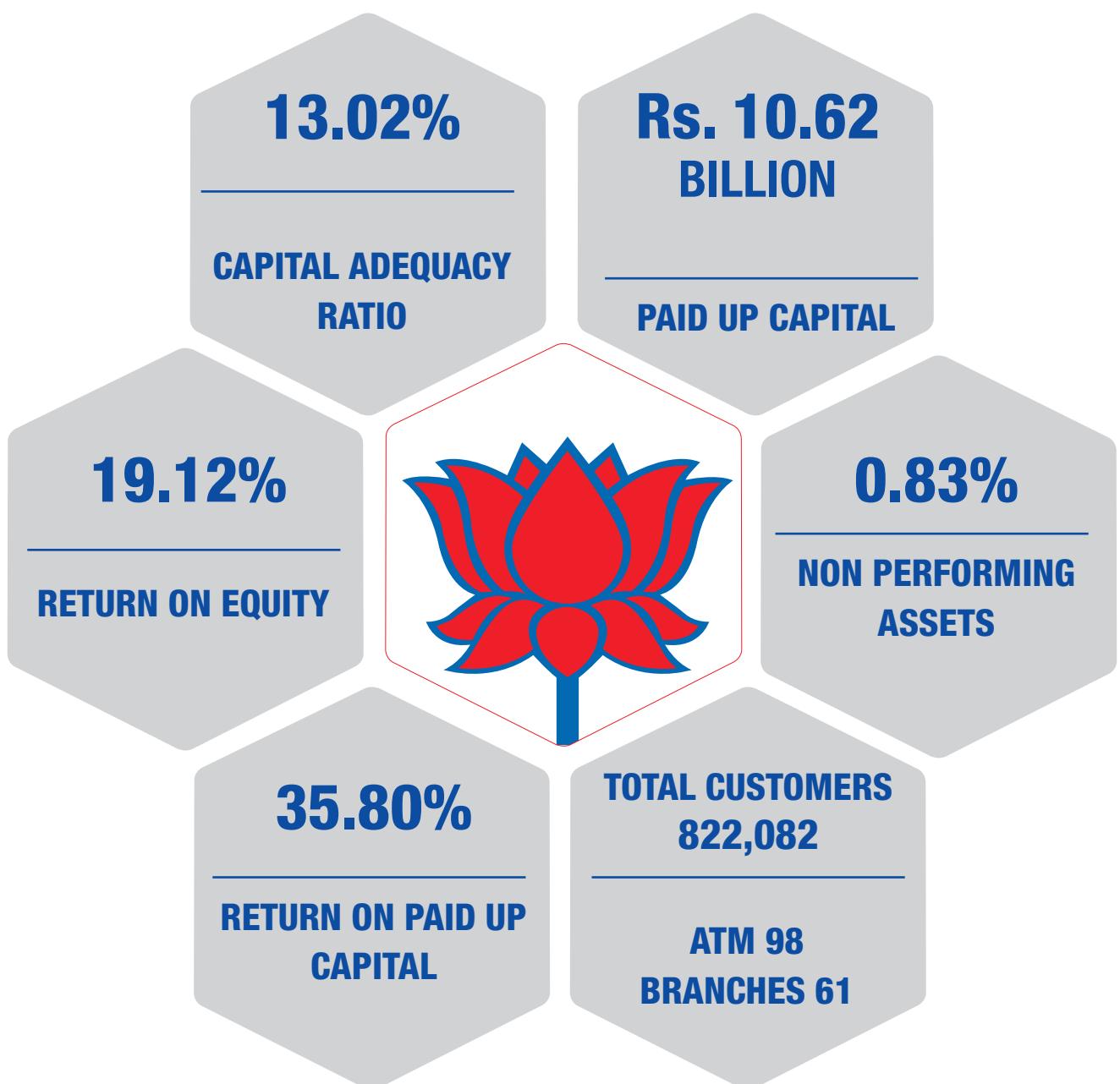


We now have the highest paid up capital, highest shareholders' fund and the highest capital adequacy ratio amongst all private commercial banks in Nepal.

NEPAL INVESTMENT BANK AT A GLANCE

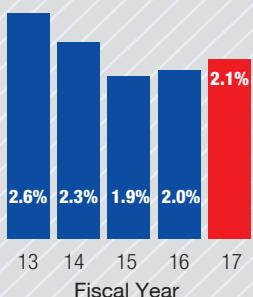
Nepal Investment Bank is a leading commercial Bank in Nepal offering a comprehensive range of products and services through multichannel delivery networks. With its state of the art technology, wide range of distribution channels and energetic work force, the Bank continues to stay ahead of competition.



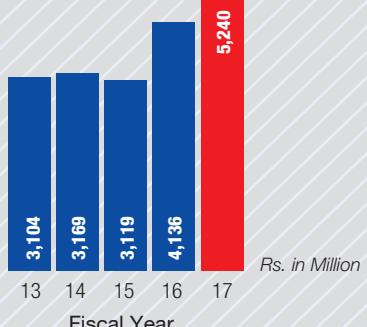


FINANCIAL HIGHLIGHTS

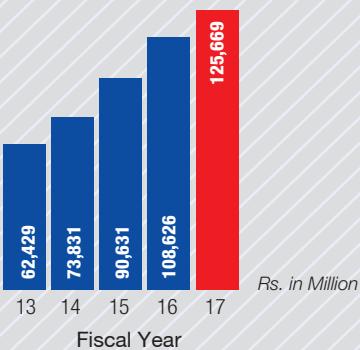
RETURN ON ASSETS



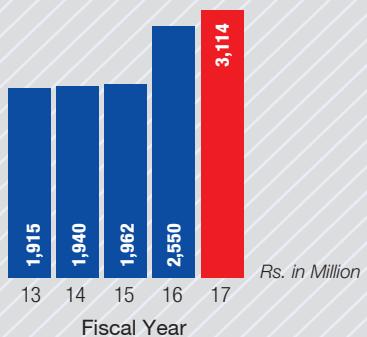
OPERATING PROFIT (BEFORE PROVISION)



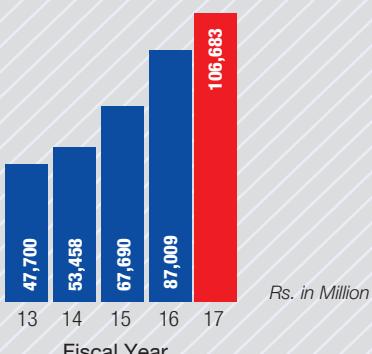
DEPOSIT



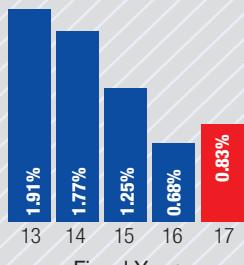
NET PROFIT

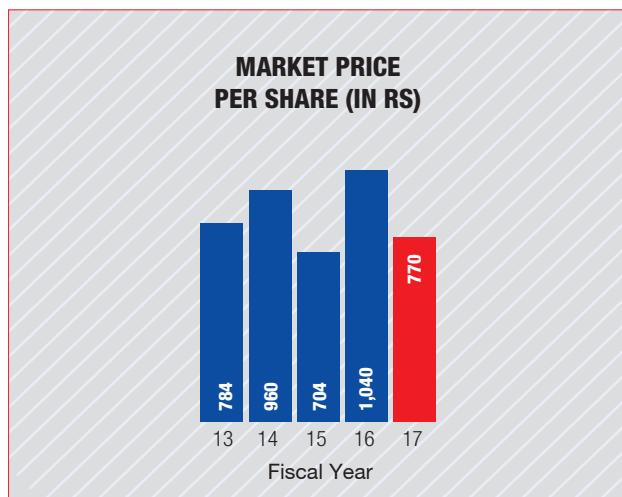
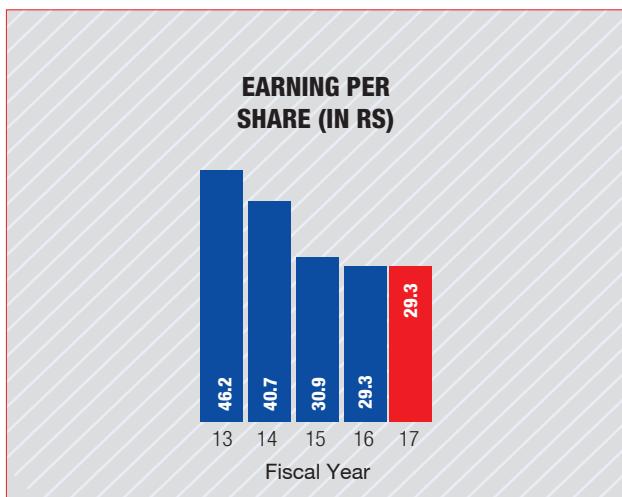
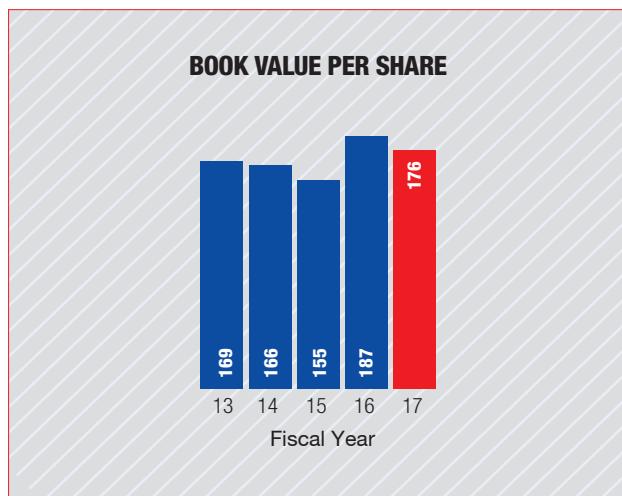
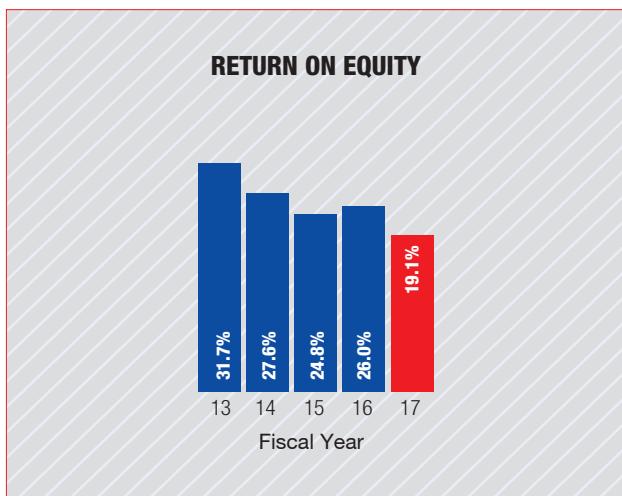
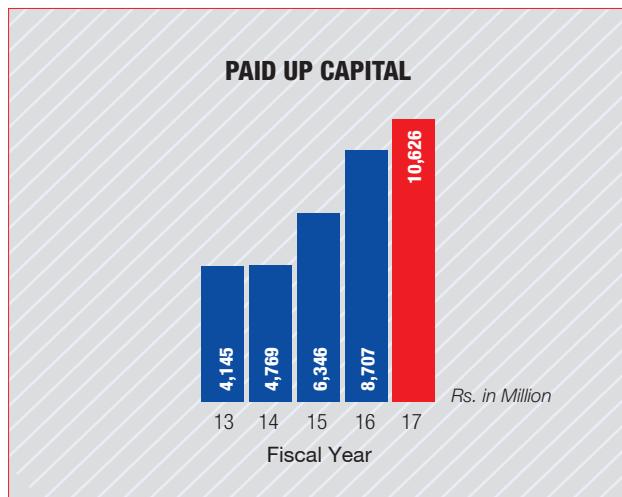
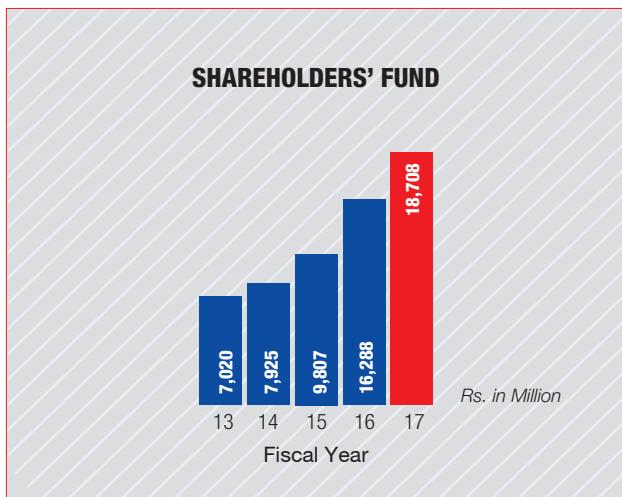


LENDING



NON PERFORMING ASSETS





CHAIRMAN'S STATEMENT



Dear Shareholders,

I am pleased to report yet another year of good performance results of your Bank. I am confident that the strategic decisions that we have made over the years will create long term value for our shareholders and customers. With more than three decades of experience in the industry, we will continually strive to meet the expectations of our customers for fast, secure and convenient services. Pursuing our vision of being the most preferred provider of financial services, the bank has steadily advanced into the leading position in the industry. Our paid up capital has reached NPR 10.6 billion, the highest amongst the private sector banks. This has added to the stability of the bank by increasing our capacity to absorb potential risks, thus, augmenting investor's confidence in us.

We have been able to deliver sustainable returns to our shareholders with a Return on Equity (ROE) of 19.1 %. For the fifth time, we were the recipient of The Banker, Bank of the Year 2016 for Nepal by the Financial Times London. We were also rated "A" by the credit rating agency ICRA, reflecting our consistent track record for prudential banking.

The acquisition of Ace Development Bank was part of our strategic long term choice to propel growth and increase market presence. The time and cost for setting up new branches being relatively high, it is our corporate strategy to take advantage of the operational and financial synergies derived from acquisitions to support our market expansion drive. This year, our customer base increased by over 17.9% to reach 8,22,082. Currently, we have 61 branches, 3 extension counters and 98 ATMs across the country.

The acquisition of Ace Development Bank was part of our strategic long term choice to propel growth and increase market presence.

We continued to make steady progress in the growth of our earnings against the backdrop of a transient political environment and a lackluster economy. The tight liquidity situation impacted the market of the banking sector and it was exacerbated by low capital spending by the government and a reduction in remittance inflows. In the FY 2016/17 our deposits increased by 15.7%, reaching NPR 125.6 billion. Similarly, lending increased by 22.6%, reaching NPR 106.6 billion. We delivered a double digit growth of 26.7% in operating profit amounting to NPR 5.2 billion. The Bank reported a net profit of NPR 3.1 billion which is an increment of 22.1% from the previous year. The Non-Performing Asset (NPA) ratio stood at 0.83%, a slight increase from 0.68% last year. Our performance is the result of our strategic actions, avidly pursuing business opportunities with a disciplined approach, and managing risk.

With advances in digital technology and increased penetration of internet especially among the youth in Nepal, our Bank has continued to expand its multi-channel delivery of customer experience with the usage of online banking, credit/ debit cards and mobile payments. We will continue to increase the efficiency of our systems to make faster and reliable payment and settlement. We are also aware of the increasing trend in cyber-crimes and we have implemented proper safeguards to make our networks more secure. We have maintained an efficient and empowered risk management department that closely oversees financial, operational and market risks. Similarly, our compliance team is in place to ensure that increased regulatory requirements especially in KYC/AML are strictly adhered to.

NIBL Capital, our auxiliary company has been working with a goal to create new value proposition in equity investments for its clients and it has been complementary to our core business. NIBL Capital has helped attract capital in the financial market by offering various services like managing public issue of organizations, handling portfolios and rendering expert guidance to its clients to make sound investments.

Through our microfinance operations targeting retired army personnel and their families, we have enabled access for credit to mainly under-served rural areas. In this fiscal year, we extended 18,517 deprived sector loans amounting to NPR 3.0 billion that promoted agriculture and other income generating activities in rural areas. Keeping in mind the difficult geographical terrain of Nepal, we have as many as 60 branchless banking counters across the country that facilitate fund transfers, utility payment, cash deposit/withdrawals via cards and bio-metric thumbprint reading machines. Loan disbursement and repayments can be made from these counters and this has aided financial inclusion and literacy.

Nepal is a labor exporting country and remittances play a big role in supporting livelihoods. Tapping into the remittance based economy like ours, we have been serving a huge workforce who work abroad to facilitate payments through formal institutional channels. To reach out to remittance beneficiaries in remote rural areas, we have almost 8,000 agents across the country.

Our diverse range of CSR initiatives include causes that we deeply care about, that mainly include supporting Nepali arts & heritage, sports, education and disaster relief efforts. Our Bank has provided financial support towards preservation and restoration of various national heritage sites that were damaged in the recent earthquakes. We have also supported organizations that promote arts and literary activities which encourage local talent and increase civic participation. Our philanthropic activities represent our commitment to contribute back to the society in which we operate.

Attracting and retaining productive human resource is vital to the success of our Bank. Our bank will continue to invest in the development of our staff and motivate them to achieve our organizational goals. We have established a team based culture in which our human resources are developed and enabled with the right skills and knowledge to maximize our growth opportunities and enhance our competitive advantage. With the acquisition of Ace Development Bank, we have realigned HRM practices to integrate our cultures that foster learning and teamwork that is a determinant for staff involvement, productivity, and commitment.

Our paid up capital has reached NPR 10.6 billion, the highest amongst the private sector banks. This has added to the stability of the bank by increasing our capacity to absorb potential risks, thus, augmenting investor's confidence in us.

I would like to thank all our customers, board members, management team, staff members and the regulators for their overwhelming support that helped add value to our Bank and attain sustainable returns to the shareholders. Reflecting the Bank's financial resilience, we are committed to deliver sustainable results and optimize our performance as expected of a leading bank.

Sincerely,
Prithivi B. Pandé
Chairman

BOARD OF DIRECTORS



From left standing

Bhuwaneshwar Prasad Shah
Public Director

Kabi Kumar Tibrewala
Director

Niranjan Lal Shrestha
Public Director

Prajanaya Rajbhandary
Director

Mohan Madan Budhathoki
Professional Director

From left sitting

Surya Prakash Lal Shrestha
Director

Prithivi B. Pandé
Chairman

Binod Kumar Guragain
Director

Prithivi B. Pandé

Chairman

Mr. Pandé has over thirty years experience in the field of banking in Nepal with both the public and private sectors. After obtaining a degree in Chartered Accountancy from India in 1978, he worked at various departments of Nepal Rastra Bank (Central Bank of Nepal) till 1990, during which time, he was seconded to the IMF head-office in Washington for two years.

In 1990, he was appointed General Manager of Rastriya Banija Bank – the largest commercial bank in Nepal. After financial liberalization started in 1994, Mr. Pandé established Himalayan Bank, a private sector commercial bank in Nepal and a joint venture with Habib Bank. He served as a stakeholder and Executive Director for a period of 10 years propelling it to the top tier of Nepali banks.

In 2001, leading a diverse private equity group, he took on management responsibilities from the Credit Agricole Group of Nepal Indosuez Bank to manage Nepal Investment Bank which has resulted in the Bank's remarkable growth in capital, assets and profit.

Prajanaya Rajbhandary

Director

Mr. Prajanaya Rajbhandary is an Industrialist who holds an engineering degree from Punjab University. He has held directorships at National Structures, Everest poultry and Enviroplast. Mr. Rajbhandary has actively served in organizations like Nepal Jaycees, Rotary and FNCCI in various capacities.

Binod Kumar Guragain

Director

Mr. Guragain holds Master of Science in Business Administration (MSBA), from University of Illinois at Urbana-Champaign, USA, Masters of Public Administration, Bachelor of Education and Bachelor of Law from Tribhuwan University.

Mr. Guragain has served for the Government of Nepal as Executive Director at Youth and Small Entrepreneur Self Employment Fund, Ministry of Finance. He has worked in Rastriya Banija Bank, one of the mainstream bank in Nepal, especially in Business and Strategic Planning, Human Resource Management, Accounting, Auditing and Training & Development. In addition to his full time career, he has contributed to various non-state agencies such as World Bank, ADB, PTA, RIDA, CPReC and NEAT as a consultant.

Bhuwaneshwar Prasad Shah

Public Director

Mr. Bhuwaneshwar Prasad Shah holds a MBA degree from Delhi University, India. Mr. Shah has more than 30 years of experience in various industries in high level position with more than 15 years of experience in Financial Sector.

Surya Prakash Lal Shrestha

Director

Mr. Shrestha holds PhD (Management), University of Bath, UK, MA (Organizational Behaviour), University of Lancaster, UK and MBA, University of Delhi, India.

Mr. Shrestha has over 35 years of work experience in the field of development, civil service reforms, public management, institutional development, governance and capacity development working for the Government of Nepal, the Asian Development Bank (ADB) and various donor agencies. Mr. Shrestha has contributed to ADB's public management and governance strategic agenda in the Asia Pacific region by implementing and reviewing governance assessments in line with ADB's Governance and Anti-Corruption Action Plan II. He has engaged in capacity development of civil servants and improvements in management systems and practices of public institutions as a senior director of the Nepal Administrative Staff College. He has taught courses in MBA programs and worked as director of NIBL Capital Markets Ltd. and ICRA Nepal.

Mohan Madan Budhathoki

Professional Director

Mr. Mohan Madan Budhathoki has 39 years of experience in various departments within Nepal Rastra Bank. He holds a Master degree in Commerce from Tribhuvan University and an MBA from University of Birmingham, UK. Mr. Budhathoki served as a director for Kankai Development Bank after retiring from service in Nepal Rastra Bank as Director of Foreign Exchange Management Department. He specializes on the issue of Note Issuance, Accounts and Expenditure, Price Division, Debt Recovery, among others.

Niranjan Lal Shrestha

Public Director

Mr. Niranjan Lal Shrestha is appointed as director of NIBL from September 27, 2016 representing Public Shareholders. Mr. Shrestha holds M. Sc. Degree in engineering and has experience in different business sector. He is currently, associated with Nikitani Traders, Shrestha Woollen Mills Pvt. Ltd. and Shuva Industries Pvt. Ltd.

Kabi Kumar Tibrewala

Director

Mr. Kabi Kumar Tibrewala is appointed as Director of NIBL from September 17, 2017. Mr. Tibrewala holds MBA degree in Investment Banking and Wealth Management from S.P. Jain Center of Management Dubai-Singapore.

Mr. Tibrewala has experience in different businesses and currently is Chairman at Shree Siddhi Management Pvt. Ltd. and Daily Grocery Pvt. Ltd., director at MB Petroleum Industries Pvt. Ltd. and Cash way Money Transfer Pvt. Ltd., Proprietor and Executive director at Scion Trading and Vice Chairman at Scion Holdings Company Pvt. Ltd.

Mr. Tibrewala is life member of Nepal Red Cross Society and Treasurer at Nepal Vietnam Chamber of Commerce and Industry.

BOARD OF DIRECTORS' REPORT

presented by the Chairman to the 31st Annual General Meeting

Respected Shareholders,

It is our great pleasure to welcome you at this 31st Annual General Meeting of Nepal Investment Bank Ltd (NIBL).

The presented report is as per the Companies Act, Bank and Financial Institutions Act and the policies and directives issued by the Nepal Rastra Bank.

We are very grateful to you all for the continued trust and support you have bestowed upon us for more than thirty years. The Bank has been able to maintain a high level of professional excellence and customer satisfaction.

With the view of further strengthening and consolidating the banking and financial sector of Nepal, Nepal Rastra Bank issued a directive to all the class "A" banks to increase their paid-up capital four-fold to a minimum of Rs. 8 billion by July 15, 2017.

In compliance with the directive, Nepal Investment Bank has become the first bank to achieve the milestone of attaining the minimum paid-up capital of Rs. 8 billion.

We believe the acquisition will lead to further strengthening of NIBL's capital structure, further expansion of its branch network, more effective banking services to the clients, better returns to the shareholders through expansion of business and investment in new areas, and make further positive contribution to the nation's economic development through easier mobilization of financial resources.

Nepal Rastra Bank has adopted the policy of encouraging merger and acquisitions between existing financial institutions to make them stronger and bigger. In support of the policy, NIBL had signed a Memorandum of Understanding (MOU) with Ace Development Bank Limited on August 5, 2016, to acquire the latter. After receiving the approval in principle (letter of intent) for the acquisition from the Nepal Rastra Bank on December 16, 2016, special general meetings were held by both institutions on April 7, 2017, which endorsed the acquisition process with a swap ratio of 0.41. After receiving the final approval from Nepal Rastra Bank on June 15, 2017, and the approval from the Office of the Company Registrar on July 4, 2017, the Bank has successfully commenced joint operations from July 13, 2017.

We believe the acquisition will lead to further strengthening of NIBL's capital structure, further expansion of its branch network, more effective banking services to the clients, better returns to the shareholders through expansion of business and investment in new areas, and make further positive contribution to the nation's economic development through easier mobilization of financial resources. After the acquisition, NIBL now has 61 branch offices in total with 23 branch offices inside the valley and 38 branches outside the valley along with 3 extension counters and 98 ATMs.

As per the Swap Ratio of 0.41 for the acquisition, NIBL issued shares worth Rs. 490 million to the shareholders of Ace Development Bank for their paid-up capital of Rs. 1.20 billion. The difference (saving) amount of Rs. 710 million has been accounted in the Acquisition Reserve. After the acquisition, NIBL's paid-up capital reached Rs. 10.62 billion (including the proposed bonus shares of Rs. 1.38 billion) which is the highest among the private banks in Nepal. Similarly, the Bank's Reserve & Surplus has increased to Rs. 8.08 billion whereas the Shareholder's Fund has reached Rs. 18.70 billion. We are proud to inform you that both the paid-up capital and the shareholder's fund of this bank are the highest among the private sector banks in Nepal. This will support the capital adequacy ratio of the bank along with providing a distinct advantage over other banks in terms of business expansion and revenue maximization. We firmly believe that banks must have a strong capital base and only those banks which are well capitalized will be able to achieve sustainable growth creating value for all stakeholders.

Now, I would like to present to you the Bank's activities, Balance Sheet, Profit & Loss account and other financial statements for the fiscal year 2016/17.

1. Review of Bank's performance for Fiscal Year

The fiscal year 2016/17 was a challenging one for the bank. Rapid contraction in the deposit availability in the banking sector in a short period of time led to a sharp increase in the cost of deposit which has adversely affected the net interest earnings of the bank. As a result, the net interest income increased by just NPR 863.0 million or 22% and reached NPR 4.78 billion against previous year's figure of NPR 3.92 billion.

Despite cut-throat competition in fee-based business, the Bank made remarkable growth in fee-based income. Fee and commission income which was NPR 909.4 million in the previous year increased by NPR 290.6 million (+31.9%) to reach NPR 1.20 billion.

Similarly, exchange income also posted a satisfactory growth. In the review period, it grew by NPR 88.1 million (+16.5%) to reach NPR 621.4 million. It was NPR 533.2 million the previous year. On the operating cost side, there has been a normal increase in line with the market conditions. In this fiscal year, the staff expenses increased by NPR 96 million (+16.9%) to reach NPR 665.8 million. Similarly, in the same period, the other operating expenses increased by NPR 41.7 million (+6.3%) to reach NPR 699.6 million. As a result, the overall operating profit of the Bank increased by NPR 1.1 billion (+26.7%) to reach NPR 5.24 billion. It was NPR 4.13 billion the previous year.

During the year, the bank provided NPR 510.2 million as provision for loss and has written back NPR 96.1 million from the provision for loss. The net effect is the Bank provided NPR 414.1 million for net additional loan loss provision this year. Last year the net additional loss provision was NPR 77.7 million. Overall, the net profit of the Bank has increased by NPR 563.2 million (+22.1%) to reach NPR 3.11 billion. It was NPR 2.55 billion the previous year.

On the balance sheet side, the total assets of the bank grew remarkably by NPR 21.03 billion or 16.2 percent during the year to reach 150 billion. It was NPR 129 billion in the previous year. Similarly, the Bank's total deposits and total loans and advances grew by 15.7% and 22.6% respectively

An overview of the bank's performance during the review year is presented hereunder:

NPR in Million					
S. No.	Particulars	FY 2015-16 (FY 2072-73)	FY 2016-17 (FY 2073-74)	Growth in NPR	Growth in %
1.	Total Assets	129,782	150,818	21,036	16.2
2.	Total Deposit	108,626	125,669	17,042	15.7
3.	Total Loans and Advances (Gross)	87,009	106,683	19,674	22.6
4.	Total Investments	29,226	25,615	(3,611)	(12.3)
5.	Total Operating Profit (before provision for possible loss)	4,136	5,240	1,103	26.7
6.	Total Net Profit	2,550	3,114	564	22.1
7.	Non-performing Assets (in %)	0.68	0.83		15
8.	Capital Adequacy Ratio (in %)	14.92	13.02	-	(1.9)
9.	CD Ratio (LCY Deposit with equity %)	76.8	77.6	-	0.85
10.	Return on Paid-up Capital (in %)*	40.2	35.8	-	(4.4)
11.	Return on Shareholders' Fund (in %)*	26.0	19.1	-	(6.9)
12.	Total Customer Base (in Nos.)	697,009	822,082	125,073	17.9
13.	Market Share in Deposit (in %)	6.1	6.0	-	(0.1)
14.	Market Share in Lending (in %)	6.2	6.2	-	0.0

* On opening

to reach 125 billion and 106 billion respectively. The total investments, however, have decreased by 12.3% to reach NPR 25.61 billion.

In the review period, the Non-Performing Assets (NPA) ratio of the bank has slightly increased. NPA ratio increased to 0.83% in this fiscal year against 0.68% last year. We will continue our efforts to keep the NPA at a minimal level in coming years.

The capital adequacy ratios of the bank have strengthened significantly. Our core capital (Tier I) now stands at 11.58% against the required minimum core Capital (Tier I) of 7.0% as per Basel III. Likewise, the total capital fund ratio stands at 13.02% against the minimum requirement of 11.0% prescribed by Basel III.

The CD ratio (LCY deposits +Equity) too is maintained at a comfortable level. It is at 77.6% against the maximum NRB permissible of 80%.

Return on paid-up capital and return on shareholders' fund are at satisfactory levels. In the review period, the return on paid-up capital stands at 35.8% whereas the return on shareholders' fund is at 19.1%. Our market share in deposit and lending stand at 6.0% and 6.2% respectively.

2. Impact, if any, of the National and International Situation upon the Business of the Company

According to International Monetary Fund (IMF), the world economy grew by 3.1 percent in 2016 and is expected to grow by 3.5 percent and 3.6 percent in 2017 and 2018 respectively. India's economy had grown by 6.8 percent in 2016 and is expected to grow by 7.2 percent and 7.7 percent in 2017 and 2018 respectively. Similarly, China's economy grew by 6.7 percent in 2016 and is expected to grow by 6.6 percent and 6.2 percent in 2017 and 2018 respectively. Developing countries like Nepal are expected to benefit from the improvement in the economic growth rate of the world economy. However, the low increment in productivity and the inward-looking development policies of the developed countries is expected to affect the emerging economies and the least developed economies adversely.

In the fiscal year 2016/17, the Gross Domestic Product (GDP) of Nepal is estimated to have grown by 6.9 percent (at basic prices). Due to the improvements in the activities of the agriculture, industry, and service sector, the GDP growth of Nepal is expected to be slightly higher than the initial target of 6.5 percent. Favourable weather conditions, ease of importing agricultural inputs and expansion of forest products has led to the increase in the growth rate of the agricultural sector. The supply of electricity and improvement in the investment climate has also led to a high growth rate in the non-agricultural sectors.

The projected annual average inflation for 2016/17 was 7.5 percent. In fiscal year 2016/17, average consumer price inflation was limited to 4.5 percent. The average consumer price inflation for the previous year was 9.9 percent. Impact of the basic prices and the improvement in the supply provisions led to the low rate of inflation during the review period.

The government of Nepal (GoN) had announced total budget of Rs. 1.049 trillion for 2016/17. Of total expenditure, the estimates of capital spending and current spending were Rs. 312 billion and Rs. 617 billion respectively. In the fiscal year 2016/17, the cash-flow based Capital spending stood at 63.8 percent and current spending at 37.6 percent.

In the fiscal year 2016/17, the government revenue collection increased by 26.4 percent to reach NPR 609.17 billion which is 107.7 percent of the annual target of NPR 565.90 billion. At the end of the review year, the cash balance of the Government amounted to Rs. 127.69 billion as a result of low expenditure compared to resource mobilization.

In the Fiscal Year 2016/17, the total product export increased by 4.3 percent to reach NPR 73.05 billion whereas the total product import increased by 28 percent to reach NPR 990.11 billion. As a result, the total trade deficit increased by 30.4 percent to reach NPR 917.06 billion in the review period. In the previous year, the trade deficit had increased by 2 percent.

In the review year, the remittance inflow has grown by 4.6 percent to reach NPR 695.45 billion. In the previous year, it had increased by 7.7 percent. The ratio of remittance inflow to Gross Domestic Product for the review period is 26.8 percent against 29.6 percent the previous year.

The number of Nepalese citizens going abroad for employment (except labor permit renewal) has decreased. The number of Nepalese taking the final work permit for foreign employment has decreased by 4.7 percent in the review year. The number had decreased by 18.4 percent in the previous year. In the review year, the number of workers bound for Malaysia, United Arab Emirates, and Kuwait has increased whereas the number of workers bound for Saudi Arabia and Qatar has decreased.

In the review period, the total deposit in banks and financial institutions increased by 14 percent. The total deposit had increased by 19.4 percent in the previous year. Similarly, the total loan and advances provided to the private sector increased by 18.2 percent in the review period. The rate of growth was 23.7 percent in the previous year.

The weighted average interest rate of the 91 days Treasury Bills which was 0.05 percent in mid-June 2016 has reached 0.71 percent in mid-June 2017 whereas, the weighted average interest rate for an interbank transaction between commercial banks which was 0.69 percent in mid-June 2016 has reached 0.64 percent in mid-June 2017.

The weighted average interest rate spread between bank lending and deposit has decreased to 5.2 percent in mid-June 2017 from 5.6 percent a year ago. The average base rate of commercial banks has increased to 9.9 percent in mid-June 2017 from 6.5 percent a year ago. The current account which had a surplus of NPR 140.42 billion last year had decreased to a deficit of NPR 10.13 billion in the review period due to the high rate of imports in the period. The Balance of Payment (BOP) surplus has decreased to NPR 82.15 billion in the review period from NPR 188.95 billion the previous year.

The total foreign exchange reserves have increased by 3.9 percent from NPR 1.03921 trillion in mid-June 2016 to NPR 1.07952 trillion in mid-June 2017. On the basis of the imports trend during the fiscal year 2016/17, the existing level of reserves in the banking sector is sufficient for financing merchandise imports of 13.2 months, and merchandise and services imports of 11.4 months.

Nepalese currency vis-à-vis the USD appreciated by 3.8 percent in mid-July 2017 from the level of mid-July 2016. It had depreciated by 5.2 percent in the previous year. The exchange rate per USD stood at Rs. 102.86 on mid-July 2017 compared to Rs. 106.73 in mid-July 2016.

3. Current year's (2017/18) achievement until the date of preparation of Report and Board of Directors' view on future activities of the Company

The total deposits and lending of the Bank reached to NPR 128 billion and NPR 107 billion respectively as of mid-September 2017. Future action plans have been discussed under point number 25 (b) of this report.

4. Industrial and Professional Relations of the Company

The Bank has established a cordial and professional relationship with all the stakeholders. We believe this cordial relationship with all the stakeholders developed on the basis of professionalism and transparency will be fruitful, and prove to be a successful medium for the future progress of the Bank.

5. Changes made in the Board of Directors, and reasons thereof

Mr. Binod Guragain representing the promoter shareholders from the Rastriya Banijya Bank group and Mr. Bhuwaneshwor Prasad Shah and Mr. Nirajan Lal Shrestha representing the public shareholders have been elected to the Board of Directors by the 30th Annual General Meeting of the Bank held on September 27, 2016.

Similarly, in compliance with the provision of by Banks and Financial Institutions Act 2073 which makes any incumbent officials of insurance business organizations ineligible to be in the Board of Directors of a bank, Mr. Bir Bikram Rayamajhi who represented the promoter shareholder Rastriya Beema Company has resigned from the board. Mr. Kabi Kumar Tibrewala has been nominated in his place w.e.f September 17, 2017.

Similarly, in the review period, director Mr. Deepak Man Sherchan nominated to the board from the promoter group resigned on September 17, 2017 (2074/06/01) due to his personal reasons. We would like to thank the outgoing directors for their contribution to the development of the bank and welcome the newly elected directors and wish them well for their successful tenure.

Similarly, in compliance to the provision of the Banks and Financial Institutions Act 2073 requiring BFIs to have seven board of directors, a proposal has been submitted to this general meeting to amend the Articles of Association of the Bank in order to reduce the number of BOD members representing promoter shareholders from six to four.

6. Main Factors Affecting the Business

The main risk and other factors affecting the Bank's business are:

- Risks resulting from extending funded and non-funded facilities to customers.
- Risks arising from sudden volatility in liquidity position in the banking sector and challenges resulting in asset liability and interest rate management.

- Risks arising from changes in exchange rates while doing foreign exchange transactions.
- Risks arising from changes in the fiscal, monetary and economic policy of the country.
- Risks arising from upheavals in international financial markets and global economy affecting Nepalese economy.
- Challenge to provide continuous high returns to the shareholders in the context of increased capital as required by the regulator and the constrained income sources.
- Lack of alternative investment avenues.

In the review period, the total deposit in banks and financial institutions increased by 14 percent. The total deposit had increased by 19.4 percent in the previous year. Similarly, the total loan and advances provided to the private sector increased by 18.2 percent in the review period. The rate of growth was 23.7 percent in the previous year.

7. Any remarks and observation stated in the Independent Auditors' Report and Board of Directors' response thereon

There are no adverse remarks in the audit report except comments on routine matters arising in the normal course of business. The Board of Directors has taken note of such comments and recommendations and has initiated requisite steps to regularize the same.

8. The Amount Recommended for Distribution as Dividend

The 482nd meeting of the Board of Directors of the Bank has proposed 25% cash dividend (NPR 2,310,094,717) and 15% stock dividend (NPR 1,386,056,830) from the profits of the Bank on the Bank's paid up capital.

9. Details of shares forfeited (number of shares, face value, the amount received by the Company prior to forfeiture, the amount received by the Company after putting such forfeited shares into subscription and amount refunded on account of forfeited shares)

During the year, no shares have been forfeited.

10. Review of the progress made by the Company and its subsidiary(s) in the last fiscal year and the position of the same at the end of fiscal year

NIBL has incorporated a merchant banking subsidiary company named "NIBL Capital Markets Limited" with an authorized capital of NPR 500 million and Issued capital of NPR 145 million. Of the total issued capital, NIBL has subscribed 70% (i.e. NPR 101.50 million) as its equity

participation and the remaining 30% is set aside for the public. The scope of the said subsidiary is Merchant Banking, Depository Participant, Mutual Fund, Portfolio Management, Private Equity and Advisory services.

In the review period, NIBL Capital acted as an issue manager for 5 companies and also expanded its merchant banking services. It now provides Share Registrar services to 30 companies. It is also providing portfolio management services to its clients with optimum investment returns until the review period. It has obtained a license from Security Exchange Board of Nepal and CDS and Clearing House Ltd. to act as a Depository Participant. It has entered into an agreement with Nepal Investment Bank Ltd. to provide services related to depository participant across Nepal from its offices and all the branches of the latter. NIBL Capital has opened 71,931 beneficiary accounts in the review period and now serves a total of 101,178 beneficiary accounts.

NIBL Capital Ltd. manages NIBL Samriddhi Fund – 1, which is a mutual fund scheme worth NPR 1 billion under NIBL Mutual Fund. In the review period, the NAV of the Scheme stands at NPR 14.94. The Scheme made a net income of NPR 195.1 and has proposed to distribute 18 percent dividend to its unitholders for the review period.

A second mutual fund scheme called NIBL Pragati Fund has commenced under NIBL Mutual Fund this year. The fund is worth NPR 750 million and has the NAV of NPR 10.05 and the net profit of NPR 3.49 million.

In the previous fiscal year, NIBL Capital had earned a net profit of NPR 52.3 million whereas, in the review year, the company's profit has increased significantly to NPR 100.8 million. The company has proposed a stock dividend of 97 percent and a cash dividend of 25 percent on the paid-up capital for the fiscal year 2016/17.

With the acquisition of Ace Development Bank, its subsidiary company Ace Capital Limited has also become our subsidiary company. In the review period, Ace Capital Limited has made a net profit of NPR 37.3 million. Its profit for the previous year stood at NPR 9.16 million. The company has proposed a cash dividend of 52 percent on paid-up capital for the fiscal year 2016/17.

Necessary work is being carried out to complete the merger process between Ace Capital Limited and NIBL Capital Limited within the fiscal year 2017/18.

11. Main Transactions Between the Company and its Subsidiary Company During the Financial Year and Important Changes, if any, therein

NIBL Capital Markets Ltd. held deposits of NPR 13.3 million in various accounts in the Bank as of July 15, 2017 (Ashad

end 2074). The Bank paid NPR 23.4 million as interest on the said deposits during the year. Similarly, in the same period, Ace Capital Limited held deposits of NPR 178.4 million in various accounts in the Bank as of July 15, 2017 (Ashad end 2074). The Bank paid NPR 57,000 as interest on the said deposits during the year.

A staff from the Bank has been deputed as CEO of NIBL Capital Markets Ltd. During the year, total allowance of NPR 1.26 million was paid by the Company.

The Bank has entered into a Service Level Agreement (SLA) with the company for the provision of management services as well as other ancillary support. The Bank receives a fee of NPR 600,000 from the company for the SLA.

The Bank has appointed NIBL Capital markets Ltd. as its Share Registrar for which the Bank pays a fee of NPR 500,000 per annum to the latter. A staff from the bank has been deputed to the company for assisting in share registrar services. The salary cost of such staff is reimbursed by the company to the Bank.

The Bank has invested NPR 140 Million in NIBL Mutual Fund NIBL Samriddhi Fund -1 as Seed Capital. Similarly, the Bank has invested NPR 102.5 million in NIBL Mutual Fund NIBL Pragati Fund -1.

The Bank received NPR 19.2 million as the dividends from NIBL Capital Market Ltd. Similarly, the Bank has received NPR 4.54 million as service fees for providing various banking services pertaining to the share issues managed by the subsidiary.

All transactions between the Holding Company and NIBL Capital Markets Ltd. are on an arm's length basis.

The Bank has an equity investment of NPR 8.28 million in Flexiterm Pvt. Ltd. and NPR 29.8 million in M Nepal Pvt. Ltd. for mobile banking business. It has also invested NPR 25 million in National Microfinance Company Ltd for microfinance business.

12. Information Furnished to the Company by its Basic Shareholders During the Previous Financial Year

None

13. Particulars of the shareholding taken by the Directors and Officers of the Company in the Previous Financial Year and, in the event of their involvement in share transaction of the Company, details of information received by the Company from them in that respect

None.

14. Particulars of Information Furnished by any Director/ Close Relative about his Personal Interest in any Agreement Signed by the Company During the Previous Financial Year

There is no any such agreement and consequently, no disclosure in this respect has been made.

15. Particulars of Buy-Back of Shares, if any, the reasons for such Buy-Back, number, and the face value of such shares, and amount paid by the Company for such Buy-Back

There was no buy-back of shares during the year under review.

16. Whether or not there is an Internal Control System, and if there is any such System, Details thereof

The Board of Directors has constituted Audit Committee, Risk Management Committee, Human Resource Development Committee, and Anti-Money Laundering Committee as per the guidelines of Nepal Rastra Bank and the provisions of the Companies Act. The committees meet periodically and discharge their functions as per the laid guidelines and provision.

The Bank has an independent Internal Audit Department headed by an experienced auditor. The Department performs its functions under the direct supervision and control of the Audit Committee and submits its reports directly to the latter. To supplement the in-house internal audit department, the Bank, whenever necessary, outsources audit service to independent audit firms to review specific areas of operation. In addition, the Bank has also constituted a separate Compliance Department which ensures compliance with internal as well as external rules and regulations.

The Bank has established a Risk Management Department to identify and minimize risks in the Bank. The Bank has also formulated a number of policies, procedures, and guidelines in each of the risk areas to provide effective internal controls across the organization. In every risk areas, 'check and balance' systems have been implemented. Such policies, procedures, and guidelines are subject to periodic review and evaluation to ensure that they are up-to-date and effective to identify and mitigate risks.

i) Risk Management Committee:

The Committee is chaired by non-executive director Mr. Bhuvaneshwar Prasad Shah and comprises of Director, Mr. Mohan Madan Budathoki (Chairman- Audit Committee), Mr. Prajanaya Rajbhandary (Director), Mr. Bijendra Suwal (Head-Operations), and Ms. Sujata Joshi (Head-Risk Management) as its members. The Committee is responsible for overseeing the risk governance structure and reviewing and monitoring the effectiveness of risk management systems in the Bank.

ii) Employee service and Facilities Committee:

The Committee has been formed with an objective of formulating policies and plans related to human resources of the Bank in the convenorship of non-executive director Mr. Prajanaya Rajbhandari. The other members of the committee include Mr. Surya Prakash Lal Shrestha (Director), Ms. Dina Lama (Acting Head-HR) and Mr. Sachin Tibrewal (Head- Accounts & Finance). The Committee is responsible for formulating appropriate human resource policies for the Bank and reviews them periodically to ensure that it is commensurate with industry standards.

iii) Audit Committee:

The functions and composition of the Committee are dealt in Point No. 18 below.

iv) Anti-Money Laundering Committee:

With the major objective of monitoring prevention of money laundering activities by drafting required policies and rules, an Anti-Money Laundering Committee has been formed under the convenorship of non-executive director Mr. Surya Prakash Lal Shrestha, Mr. Prajanaya Rajbhandary (Director), Ms. Sujata Joshi (Head-Risk Management) and Ms. Bandana Thapa (Head-Compliance) are its other members.

17. Particulars of the Total Management Expenses of the Previous Financial Year

Employee Expenses during the Previous FY:	NPR 665.8 million
Administrative Expenses during the Previous FY:	NPR 699.7 million
Total:	NPR 1,360 million

18. Names of the Members of the Audit Committee, Remuneration, Allowances and Facilities being Received by them and Functions Discharged/ Suggestions Made by the Committee

In the review period, the Bank's Audit Committee, under the chairmanship of a non-executive director, Mr. Madan Mohan Budathoki, comprised of Mr. Nirajan Lal Shrestha (Director) and Mr. Amir Bhattarai, the Bank's Head of Internal Audit, as its Member Secretary.

The Committee regularly reviews the Bank's financial condition, its internal control and risk management systems, statutory and regulatory compliances, audit programs etc. After a detailed discussion on the findings of the internal audit as well as external audit/NRB inspection reports, the Committee provides necessary suggestions to the Board of Directors on regular basis.

During the review period, fifteen such meetings were held. The Chairman and the member Directors are paid NPR 12,000 each, per meeting, by way of Audit Committee meeting allowance.

Following matters were chiefly discussed in the Audit Committee meetings during the FY 2016/17 (FY 2073/74):

1. Review and discussion of the internal audit reports of branches/departments along with the branch managers'/ department heads' reply and compliance status;
2. Analysis of quarterly financial position of the bank;
3. Review and discussion of internal audit department's programs;
4. Physical verification report of cash and cash equivalent present in head office and all branches;
5. Discussion and follow-up on the external auditor's report and NRB inspection report; and
6. Other matters.

19. Payments due, if any, to the Company from any Director, Managing Director, Executive Chief or Basic Shareholder of the Company, or their Close Relatives, or their Related Entities

No such payments are due to the Company.

20. Amount paid as Remuneration, Allowances, and Facilities to the Directors, the Executive Chief, and other Office-bearers

As per Annexure "A".

21. Dividend yet to be collected by Shareholders:

Dividends declared by the Bank but not claimed by shareholders till the end of FY 2016/17 (FY 2073/74) stood at NPR 188,820,807.

22. Details of properties purchased or sold as per Section 141 of Companies Act 2063

There was no any purchase or sale of properties during the year.

23. Details of Transactions carried on between the associated companies pursuant to Section 175

Please refer to Point No.11 above.

24. Any other matters required to be set out in the report of Board of Directors under this Act and the prevailing Law

The required matters have been dealt with at relevant places of this report.

25. Any Other Matters

- a. Details of employment status at least at an officer's level, if any, of any Director or of their close relatives at Nepal Rastra Bank, Office of the Company Registrar or Security Board of Nepal:

None.

b. New Branches, Products, and Services during FY 2016/17 (FY 2073/74):

- Branch Network: In this fiscal year, the Bank has opened two new branches each at Dipayal, Doti, and Mangalsen, Achham. After the successful acquisition of Ace Development Bank, the Bank has now 61 branches and three extension counters including 12 branches and one extension counter of Ace Development Bank by the end of FY 2016/17 (2073/74). Similarly, the Bank now has 98 ATMs including 12 ATMs acquired from Ace Development Bank.
- Debit/Credit Card: From this year, the Bank has started Master Card service in its card network which enables to use the card in both ATM and POS machines. This has further expanded our card network and provided with more facilities to our customers. Similarly, Nepal Bank Ltd. and Muktinath Development Bank have joined our Visa Associate Network as members. With this addition, our Visa members have reached to 11. In the card business, we have received the globally renowned data security standard -Payment Card Industry Data Security Standard (PCI DSS) 3.2, which has made our card data further secure. Similarly, we have started 24-hours help desk services to make our card related service more efficient, fast and effective.
- Revenue Collection: With an objective of providing the general population with easier service in terms of government revenue collection, in the mentioned FY, the Bank has established its counters in 11 Transport Management Office and started new services related to collecting revenue of such offices to efficiently collect the government revenue.
- Electricity Bill Payment: With an objective of providing the customers with more facilities, the Bank has entered into an agreement with Nepal Electricity Authority for the purpose of collecting electricity bill amounts, to start the payment of bill payment through the Bank.
- Remittances: For the purpose of bringing remittances to the country, we have signed agreements with Xoom Remittance (Paypal Inc.) USA and Alsultan Exchange, Kuwait. By July 15, 2017 (end of Ashad, 2074) our distribution agents have reached 8,670 including 1,670 direct agents and 7,000 indirect agents.
- Credit Rating: As in the preceding years, in this year too, ICRA Nepal has assigned "[ICRANP-IR] A" credit rating to the Bank. The "A" rating demonstrates our strong creditworthiness and has provided additional transparency for our shareholders and regulators.

c. Future Plans & Strategy

- In the following years, the Bank with the purpose of expanding the Bank's services even to the remotest areas has planned to expand its branch network by opening branches even in the rural areas after conducting feasibility study, and provide the general public with easy

and accessible services, and expand its branches to the provinces in the required number as per the direction set forward by the regulatory agency.

- We have planned to start new services and products according to the demand of banking and business sectors, which, as we expect, to help us increase the deposit in the Bank in low cost while also supporting to improve the economic condition of the country.
- We have started to strengthen and upgrade our risk management system and practices related to mitigating risks related to credit, liquidity, and operation.
- Diversify our customer portfolio through a financial inclusion plan incorporating the rural population.
- Increase the capacity, productivity, and skill of our human resource by providing them with more training, team building exercises, and motivating them towards capacity building.
- Identify new streams of revenue to increase fee-based income.
- Add new value-added services through ATMs, e-banking, mobile banking, POS machines and other delivery channels.
- Lastly, I would like to assure that the Bank is working towards building a greater image in the banking industry by providing quality services and is pursuing a strategy of growth to become the topmost bank in the country.

d. Human Resources

We understand that effective management of human resource is a prerequisite for proving unmatched services to the customer and realizing the Bank's objectives. Competent, capable and well-trained employees are priceless assets of the Bank. Since the capability and intelligence of the employees impact the effectiveness of the overall organization, the Bank has been investing into the development of capable human resource.

We have a total of 1,187 vibrant staff members committed towards the values, norms, and vision of the Bank, of which, 45% are female staff. With the aim of providing our customers with the fast and reliable services, they have been carrying out work in a harmonious environment. The number of staffs who have completed more than ten years of service in the Bank has reached 379. We have developed a culture wherein our human resource can work in a friendly and supportive environment.

It becomes imperative to have continuous study and capacity building programs to achieve business growth in a dynamic and competitive market. In the review period, a total of 1,131 employees participated in 101 workshops and training programs for professional capacity development, which mainly included subjects such as KYC/AML compliance, customer relationship management, integrated treasury management, secure loan and loan recovery, electronic transactions and IT security, banking operations, Microsoft Excel, currency note

examination, challenges and issues related to the banking sector, and UCPDC 600. Further, other programs on yoga and sports were also organized.

We believe that any investment made in improving quality of human capital is directed towards achieving organizational goals and creating value for shareholders. From this year, NRB has implemented a provision requiring banks to spend 3% of the total staff expenses incurred previous year, on training and capacity development of employees. Consequently, this year, a total of NPR 8.91 million has been spent on training activities for the employees and the remaining NPR 8.182 million rupees as according to the provision of NRB has been allocated to be developed as a trust fund.

e) Corporate Social Responsibility (CSR)

Corporations have a responsibility towards the society where they are located. We believe that service to the community can be accomplished by contributions to social educational institutions, charitable institutions, hospitals, sports and other social welfare institutions. Besides this, a company is expected to participate in social issues like poverty alleviation, illiteracy, pollution, environmental degradation, and participating in solving unemployment problem, preservation and conservation of art and heritage. Considering this fact, this Bank has been involved in social and community works since its establishment.

The Bank's initiative for the conservation of National Heritage Sites continued this year as well. In this FY, the Bank donated NPR 5 million out of NPR 10 million allocated for the reconstruction of the Jagannath Temple and Gopinath Temple situated at Hanuman Dhokha Durbar Square. The temples, which are also enlisted as world heritage site, were severely damaged in the earthquake of 2015.

With an objective of reconstructing and repairing the Mahasnan Ghar under the Pashupati Area Development Trust as Pashupati Museum in three years, the Bank donated NPR 10 million out of 30 million allocated for the same. Pashupati Area is registered as World Heritage site and conservation and development of this area will help to maintain its status of world heritage site and will also help to attract tourists which will aid in the development of our tourism industry. As in the previous year, this year too, under the corporate social responsibility of supporting the cultural sector, we donated NPR 1 million to Bhai Dega Temple situated in Patan, Lalitpur which is also one of the World Heritage Sites.

Undoubtedly, today's youths are the future and development mainstay for the country and hence their education plays a huge role in the country's development. Thus, as a small effort in this sector, we supported a few youths for an amount equal to NPR 1.2 million to help them pursue their Bachelors' Degree education.

With an objective to help solve the problems including unemployment by attracting youths outside of Kathmandu Valley towards rural enterprises, the Bank has provided a rural enterprise in Palpa with NPR 1 million.

Women are emerging as competitive candidates in every field of today's world. Realizing the fact that without the development of women the development of the future generation would be difficult and with an objective of motivating Nepalese women to become self-reliant, the Bank has been providing with various financial and in-kind support to various foundations.

With an objective of supporting Nepal Art Council, the organization that has been relentlessly promoting Nepalese art and artists, to work in the various fields of Nepalese art, progress and achieve the highest standards, NPR 250,000 has been provided. Similarly, in order to support the cultural sector, NPR 800,000 has been provided to Alliance Francaise Center – the center that has been established with the effort of our friendly nation France.

In order to alleviate the inequality prevailing in the education sector and to provide schools with quality education through the efforts of graduated youths from universities and to motivate them for the same, NPR 800,000 has been provided to an organization – Teach for Nepal.

The Bank has also tried to realize its corporate social responsibility objectives by sponsoring national volleyball and also by providing financial support in organizing skill development training for the members of currently serving and retired army personnel to help them support in increasing their incomes. Similarly, financial support has been provided to develop positive perceptions towards the persons with a lower level of mental capacity and an environment wherein they can exhibit their veiled skills and capacity.

Such support from the Bank not only helps to achieve its CSR goals but also helps promote Bank's name.

f. Good Corporate Governance

The success of any company largely depends on Good Corporate Governance practices followed by that company. We at NIBL are aware of this fact and have been following directives issued by Nepal Rastra Bank, provisions of Bank & Financial Institutions Act 2073, Companies Act 2063, and Securities Transactions Act, 2063.

g. KYC and Anti-Money Laundering

The Bank complies with the provisions of Nepalese Money Laundering Prevention Act, 2008 and regulations made thereunder as well as guidelines issued by Nepal Rastra Bank regarding anti-money laundering. In addition, the Bank has its own policies and procedures related to AML. Regular training is organized by the Bank to update staff on issues related to KYC and AML. The Bank has been requesting its customers, to update their KYC details, if not up-to-date, at regular intervals.

26. Acknowledgments

On behalf of the Board, we wish to thank the external auditors for their timely completion of audit and professional suggestions. We also extend sincere thanks to our shareholders for their continued support and encouragement. We sincerely convey our thanks to the Government of Nepal, Ministry of Finance and Nepal Rastra Bank and Securities Exchange Board of Nepal (SEBON) for their continued support and guidance. We would also wish to thank the Management and Staff of Nepal Investment Bank Ltd. for their dedication and hard work.

Lastly, we thank all our customers for giving the Bank an opportunity to serve them and without whose support, the development of the Bank and growth in business would not have been possible

Thank you,

Prithivi B. Pandé
Chairman

Bhuwaneshwar P. Shah
Director

Date: September 18, 2017 (Aswin 2, 2074)

ANNEXURE A

A) Amount Paid as Remuneration, Allowances, and Facilities to the Directors, the Executive Chief, and Other Office-bearers.

a) Directors

i) Mr. Prithivi B. Pandé	Chairman
ii) Mr. Prajanaya Rajbhandary	Director
iii) Mr. Surya Lal Prakash Shrestha	Director
iv) Mr. Kabi Kumar Tibrewala	Director
v) Mr. Binod Kumar Guragain	Director
vi) Mr. Bhuvaneshwar Prasad Shah	Director
vii) Mr. Niranjan Lal Shrestha	Director
viii) Mr. Mohan Madan Budathoki	Director

The Directors have been provided with the remuneration, allowances and other facilities as stated below

- i) The amount received by the Chairman of the Board of Directors as meeting allowance and other facilities: NPR 497,500.
- ii) The amount received by the other members of the Board of Directors as meeting allowance and other facilities: NPR 3,426,000.

b) Annual Salary, Allowances and other facilities provided to Chief Executive and other Executives /Managers

Rs. In Thousand			
S.N.	Particulars	Chief Executive	Other Executives/ Managers
1	Salary	9,978	52,030
2	Allowances	10,912	74,578
3	Dashain Allowances	1,740	11,030
4	Provident Fund	997	3,812
5	Total No.	1	70

Besides Salary and Allowances, the following facilities were provided to Chief Executive and Other Executives/ Managers:

- i) Water/ Electricity/Telephone Bills are reimbursed as per actual to Chief Executive.
- ii) A vehicle with driver, fuel and repair and maintenance is provided to Chief Executive. For other Executives and Managers, facilities are provided as per Human Resource Policy of the Bank.
- iii) Bonus - as per Bonus Act.
- iv) Gratuity- as per Human Resource Policy of the Bank.
- v) Accident Insurance, Medical Insurance, Life Insurance - as per Service Regulations and Human Resource Policy of the Bank.
- vi) Books & periodicals are provided to Chief Executive.
- vii) Three security guards are provided to Chief Executive.

SENIOR EXECUTIVES



From Left

Rabin Sijapati
Assistant General Manager

Bikash Thapa
Assistant General Manager

Jyoti P. Pandey
Chief Executive Officer

Bijendra Suwal
Deputy General Manager

**Rabin Sijapati**

Assistant General Manager

Mr. Rabin Sijapati completed Chartered Accountancy in 1998. He has been working in the banking industry for the past 18 years. He has worked in Nepal Rastra Bank (Central Bank of Nepal) as a Deputy Director for over six years. Mr. Sijapati joined Nepal Investment Bank as Department Head of Internal Audit Department. Currently, he is working as a Regional Branch Manager.

Jyoti P. Pandey

CEO

After completing his MBA in India, Mr. Pandey joined Nepal Indosuez Bank in 1988 and became Head of the International Banking Department. In 1992, he joined Himalayan Bank and worked as the Head of Marketing, Branch Manager and Head of the Credit Department over a period of nine years. In 2002, Mr. Pandey joined Nepal Investment Bank as its Deputy General Manager and is now leading the Bank as a CEO since 2012.

Bikash Thapa

Assistant General Manager

Mr. Bikash Thapa holds a Masters Degree in Corporate and Public Communication, from The United States of America. He has been working in the banking industry for the past 18 years. He has worked in Himalayan Bank for 6 years and worked as Head of Card and Remittance at NIBL and currently, working as Head of Marketing.

Bijendra Suwal

Deputy General Manager

Mr. Suwal has experience in banking, card and financial technology software and hardware. He has a Masters degree in Business Administration (Executive). He started his banking career by joining Nabil Bank in 1992 and headed the Systems Department for four years. He joined the then Nepal Indosuez Bank in 2000 as an IT Manager. Now, he is working as Deputy General Manager looking after Information Technology, Card, Remittance and Product Development Departments at Nepal Investment Bank.

CORPORATE GOVERNANCE

Sound corporate governance is particularly important for banks. The rapid changes brought about by globalization, deregulation and technological advances are increasing the risks in banking systems. Moreover, unlike other companies, most of the funds used by banks to conduct their business belong to their creditors, in particular to their depositors. Linked to this is the fact that the failure of a bank affects not only its own stakeholders, but may have a systemic impact on the stability of other banks. All the more reason therefore to try to ensure that banks are properly managed.

Board Structure and Members

While the day-to-day running of banks should certainly be left in the hands of the management, the board must play a leadership role in approving the objectives, strategy and business plans of the bank, monitoring the performance of management and ensuring that the internal control and risk management systems of the bank are effective. The board must also make sure that the bank conducts its affairs with integrity and in accordance with high ethical standards.

Currently, the Bank's Board of Directors comprises of Mr. Prithvi Bahadur Pandé, Mr. Prajanya Rajbhandari, Mr. Surya Prakash Lal Shrestha, Mr. Bhuwaneshwar Prasad Shah, Mr. Kabi Kumar Tibrewala, Mr. Niranjan Lal Shrestha and Mr. Mohan Madan Budhathoki. Among these, Mr. Mohan Madan Budhathoki is an independent Board member and Mr. Bhuwaneshwar Prasad Shah and Niranjan Lal Shrestha represents the public shareholders. Mr. Prithvi B. Pandé is the Chairman of the Bank's Board.

Internal Control Mechanism and various Committees

The bank has constituted Audit Committee, Risk Management Committee, Employee Management and Service Facilities Committee and Anti Money Laundering (AML) Committee in pursuant to Section 7 of NRB Unified Directive No. 6 Besides these, any other committee can be constituted for specific purpose and for specified time period only.

The bank's Internal Audit Department is an independent department which performs its functions under the direct supervision and control of the Audit Committee and submits its report directly to the committee. The committee reviews the Bank's financial condition, its internal control and risk management systems, statutory and regulatory compliance etc. After detailed discussion on the findings of the internal auditors, external auditors and NRB offsite inspection reports,

the committee recommends the Board for initiating necessary corrective actions. Currently, Director Mr. Mohan Madan Budhathoki is the Coordinator and Director Mr. Surya Prakash Lal Shrestha is member of the Audit Committee. Bank's Head of Internal Audit is the Member Secretary of the Committee.

The Risk Management Committee oversees overall risk governance framework of the Bank. It ensures that proper risk management policy and procedures are in place and effectively practiced at all levels within the Bank. It reviews the effectiveness of Management Information System and Internal Control Systems of the Bank. The Committee defines and reviews risk appetite of the bank in relation to overall business risk with specific focus on credit risk, market risk, operation risk and liquidity risk. RMC advises the Board on the overall risk tolerance levels of the bank. Director Mr. Bhuwaneshwar Prasad Shah is the Coordinator of the committee.

The AML committee is responsible for formulation of policies and procedures related to Anti Money Laundering. The committee's primary objective is to review that the policies related to Anti Money Laundering have been followed effectively. The AML committee is formed under the coordination of director Mr. Prajanya Rajbhandari.

The bank also has a separate Compliance Department which reviews and ensures compliance with both internal and external rules, regulation, policies and procedures.

Name of the Committees	Members
Audit Committee	Mr. Mohan Madan Budhathoki - Coordinator Mr. Surya Prakash Lal Shrestha - Member Dept. Head-Internal Audit -Member Secretary
Employee Service and Facilities Committee	Mr. Surya Prakash Lal Shrestha - Coordinator Chief Executive Officer - Member Dept. Head- Accounts - Member Dept. Head- HR - Member Secretary
Risk Management Committee	Mr. Bhuwaneshwar Prasad Shah - Coordinator Mr. Mohan Madan Budhathoki - Member DGM Operation - Member Dept. Head- Risk Management - Member Secretary
AML Committee	Mr. Prajanya Rajbhandary - Coordinator Mr. Niranjan Lal Shrestha - Member Mr. Kabi Kumar Tibrewala - Member Dept. Head-Risk Management -Member Dept. Head-Compliance - Member Secretary

Sound corporate governance is particularly important for banks. The rapid changes brought about by globalization, deregulation and technological advances are increasing the risks in banking systems. Moreover, unlike other companies, most of the funds used by banks to conduct their business belong to their creditors, in particular to their depositors.





The risk management system ensures that the Bank takes well calculated business risks while safeguarding the Bank's capital, its financial resources and profitability. The Bank's primary business activity is commercial banking whereby substantial risk comprises of credit risk.

RISK MANAGEMENT

Risk management includes risk identification and measurement and assessment, and its objective is to minimize negative effects that risks can have on the financial result and capital of a bank. Risk management strategies include the transfer of risk, avoidance of risk, reduction of the negative effect of the risk and acceptance of the consequences of a particular risk. The design of our risk management system depends on parameters such as size, capital structure, complexity of functions, technical expertise, and quality of Management Information System (MIS) and is structured to address both banking as well as non-banking risks to efficiently maximize shareholder value.

The risk management system ensures that the Bank takes well calculated business risks while safeguarding the Bank's capital, its financial resources and profitability. The Bank's primary business activity is commercial banking whereby substantial risk comprises of credit risk. To a lesser extent, commercial banking activities also expose the Bank to market risk arising from re-pricing, maturity and currency mismatches of assets and liabilities. These mismatches give rise to interest rate risk, liquidity risk and foreign exchange risk. The Board of Directors of NIBL recognizes that a critical factor in the Bank's continued growth, profitability and stability, lies in its effective risk management capabilities and risk-return trade-off. In this respect, the Bank ensures its risk management capabilities and promotes proactive risk management in the Bank.

Operational Risk Management

Operational risk is the risk of loss resulting from inadequate internal processes, people, and systems, or from external events. Operational risk itself is not a new concept, and banks have been addressing it in their internal controls and corporate governance structures. However, applying an explicit regulatory capital charge against operational risk is a relatively new and evolving idea. Basel II requires banks to hold capital against the risk of unexpected loss that could arise from the failure of operational systems. The most important types of operational risk involve breakdowns in internal controls and corporate governance. Such breakdowns can lead to financial losses through error, fraud or failure to perform in a timely manner or cause the interests of the Bank to be compromised in some other way, for example, by its dealers, lending officers or other staff exceeding their authority or conducting business in an unethical or risky manner.

Other aspects of operational risk include major failure of information technology systems or events such as major fires or other disasters. The failure to properly manage operational risk can result in a mis-statement of an institution's risk/return profile and expose the institution to significant losses. Gross income, used in the Basic Indicator Approach, is only a proxy for the scale of operational risk exposure of a bank and, in some cases, can underestimate the need for capital. NIBL has developed

a framework for managing operational risk and evaluating the adequacy of capital covering the Bank's appetite and tolerance for operational risk, as specified through the policies for managing this risk, including the extent and manner in which operational risk is transferred outside the Bank. It also includes policies outlining the Bank's approach of identifying, assessing, monitoring, controlling and mitigating the risk.

Credit Risk Management

Credit risk is the major risk that banks are exposed to during the normal course of lending and credit underwriting. Within Basel III, there are two approaches for credit risk measurement: the standardized approach and the internal ratings based (IRB) approach. Due to various inherent constraints within the Nepali banking system, the standardized approach in its simplified form, Simplified Standardized Approach (SSA), has been prescribed in the initial phase. Credit risk is the probability that a Bank's borrower or counterparty will fail to meet its payment obligations in accordance with the terms of approval of the credit. This includes non-repayment of capital and/or interest within the agreed time frame, at the agreed rate of interest and in the agreed currency. The goal of credit risk management is to maximize a bank's risk-adjusted rate of return by maintaining credit Risk Management Nepal Investment Bank Ltd risk exposure within acceptable parameters. The effective management of credit risk is a critical component of a comprehensive approach to risk management and is essential to the long-term success

The effective management of credit risk is a critical component of a comprehensive approach to risk management and is essential to the long-term success of any banking organization.

of any banking organization. For most banks, loans are the largest and most obvious source of credit risk; however, other sources of credit risk exist throughout the activities of a bank, including in the banking book and the trading book, and both on and off the balance sheet. Banks increasingly face credit risk in various financial instruments other than loans, including acceptances, interbank transactions, trade financing, foreign exchange transactions, and in the extension of commitments and guarantees and the settlement of transactions. NIBL has developed methodologies to assess the credit risk involved in exposures to individual borrowers or counterparties as well as at the portfolio level. The credit review assessment of capital adequacy, at a minimum, covers risk rating systems, portfolio analysis/aggregation, large exposures and risk concentrations. Internal risk ratings are an important tool in monitoring credit risk and supporting the identification and measurement of risk from all credit exposures, and are integrated into our overall analysis of credit risk and capital adequacy. The ratings system provides detailed ratings for all assets, not only for problem assets.

Our various branches are the business units of our bank. Each branch forwards business proposals to the head of Credit Division, Head Office. The Credit Division critically analyzes the proposal from different perspectives in line with statutory, regulatory and internal guidelines. Thereafter, if the business proposal is found to be creditworthy, it is placed in the Credit Committee. The Credit Committee is comprised of seasoned bankers who evaluate credit proposals. The Committee analyzes in depth, financial as well as non-financial information regarding the borrower such as business history, market situation, future prospects of the market, managerial capabilities and cash flow, and then declines or recommends approval of the designated credit authorities. To ensure proper and adequate risk analysis and timely customer service, our Credit Policy and Procedures Guide (CPPG) provides various layers in the credit approval process. The CPPG has conferred specific discretion ranging from the General Managers/CEO to the Management and the BOD.

Important Risk Measurement measures of the bank to address Credit Risk includes:

- Adoption of international standards via our in-house Credit Policy and Procedures Guide.
- Formation of Integrated Risk Management Department for monitoring the quality of credit, both at the account level and portfolio level.
- Regular review of the credit portfolio by the senior management with periodic reporting to the Board of Directors.
- Separate independent audit and inspection of borrowers by internal auditors in addition to audit and inspection by statutory auditors.
- Strict adherence to the guidelines of the Central Bank on Loan Classification, Interest Recognition, Asset Classification, Single Obligor Limit, Sectoral Exposure, etc.
- Establishing suitable exposure limits for borrowers and sectors and monitoring the limits on a regular basis.
- Risk mitigation steps with a special emphasis on collateral.
- Setting counter party limits based on their financial strength.
- Training of lending and legal officers on documentation and professional valuations.
- Developing skills and expertise of lending officers to scientifically assess project viability and customer integrity.
- Educating the staff on provisions in the Banks and Financial Institutions Act and other relevant statutes and the regulatory guidelines of the Central Bank.
- Seeking external legal opinion and advice.
- Identifying Early Warning Signals (EWS) and taking prompt action thereon.
- Constant post-sanction monitoring with special independent team for verification of current assets.

Market Risk Management

Market risk is defined as the risk of losses in on-balance sheet and off-balance sheet positions arising from adverse movements in market prices. The major constituents of market risks are:

- a) The risks pertaining to interest rate related instruments.
- b) Foreign exchange risk (including gold positions) throughout the Bank.
- c) The risks pertaining to investment in equities and commodities.

Market risk is also the uncertainty in the future value of the Bank's on-balance sheet and off-balance sheet financial items resulting from interest rates, foreign currency, equity and commodity risks. The Asset Liability Management Committee (ALCO) serves as the primary oversight and decision making body that provides strategic directions for the Bank's management of market risk. The key elements in the market risk management framework are principles and policies, risk limits and risk measures. The prescribed approach for the computation of capital charge for market risk is very simple and thus may not be directly aligned with the magnitude of risk. Likewise, the approach only incorporates risks arising out of adverse movements in exchange rates while ignoring other forms of risks like interest rate risk and equity risks. NIBL has taken measures to address these various forms of risks and at the same time performs stress tests to evaluate the adequacy of capital using internal models for the measurement of market risk.

Important Risk Management measures of the Bank to address Market Risk includes:

- A proactive Asset Liability Management Committee (ALCO) that meets on a weekly basis.
- Review of ALCO decisions by top management and Board of Directors.
- Conduction of gap analysis, timely re-pricing of products and hedging of exposures.
- Risk management via forward contracts, swaps and currency options.
- Daily monitoring of Credit to Deposit (CD) ratio.
- Maintaining the Liquid Assets Ratio with a contingency buffer.
- Constant monitoring of dealer, broker, counterparty, transaction, product and currency exposure limits.
- Regular monitoring of competitor behavior and building competitor intelligence.
- Maintaining strong relationships with correspondent banks.
- Enhancing fee based income to reduce dependence on fund based income.
- Non-engagement in large scale transactions on a speculative basis.
- Separation of front and back offices at the Treasury Department

Foreign Exchange Risk Management

Foreign exchange rate risk arises from exchange rate movements which affect the profit of the Bank from its foreign exchange open positions. Because of a bank's exposure to foreign currency, foreign exchange risk management is a fundamental component in market risk management of the Bank. It involves prudent management of foreign currency positions in order to control, within set parameters, the impact of changes in exchange rates on the financial position of the Bank. The frequency and direction of rate changes, the extent of the foreign currency exposure and the ability of counterparties to honor their obligations to the Bank are significant factors in foreign exchange risk management.

This risk is managed by setting pre-determined limits on open foreign positions, the monitoring of the open positions against these limits and the setting and monitoring of our stop-loss mechanism. In order to manage the foreign exchange risk and protect the Bank's financial position, the Bank follows the following procedures:

- Establish and implement sound and prudent foreign exchange risk management policies.
- Develop and implement appropriate and effective foreign exchange risk management and control procedures.

Liquidity Risk Management

Liquidity is crucial to the ongoing viability of any financial institution. The capital positions can have a telling effect on an institution's ability to obtain liquidity, especially in a crisis. NIBL has adequate systems for measuring, monitoring and controlling liquidity risk. We evaluate the adequacy of capital given their own liquidity profile and the liquidity of the markets in which they operate. We also make use of stress-testing to determine their liquidity needs and the adequacy of capital. The objective of liquidity management is to ensure that the bank has sufficient funds to meet its contractual and regulatory financial obligations at all times. Liquidity risk is the probability of loss arising from a situation where (1) there will not be enough cash and/or cash equivalents to meet the needs of depositors and borrowers, (2) sale of illiquid assets will yield less than their fair value, or (3) illiquid assets will not be sold at the desired time due to a lack of buyers. Liquidity risk relates to the ability of the bank to maintain sufficient liquid assets at a reasonable cost to meet its financial obligations as and when they fall due. Liquidity risk arises from situations in which a party interested in trading an asset cannot do it because nobody in the market wants to trade that asset. Liquidity risk becomes particularly important to parties who are about to hold or currently hold an asset, since it affects their ability to trade. The Bank's liquidity policy is to ensure that all contractual commitments can be met by readily available sources of funding. In addition, liquid assets are maintained in relation to cash flows to provide further sources of funding in the event of a crisis. The Bank also has excellent access to financial markets to ensure the availability of funds.

Monitoring and Reporting

The Bank has established an adequate system for monitoring and reporting risk exposures and assessing how the Bank's changing risk profile affects the need for capital. The Bank's senior management and/or Board of Directors receives on a regular basis, reports on the Bank's risk profile and capital needs. These reports allow senior management to:

- Evaluate the level and trend of material risks and their effect on capital levels;
- Evaluate the sensitivity and reasonableness of key assumptions used in the capital assessment measurement system;
- Determine that the Bank holds sufficient capital against the various risks and is in compliance with established capital adequacy goals; and
- Assess its future capital requirements based on the Bank's reported risk profile and make necessary adjustments to the Bank's strategic plan accordingly.
- NIBL conducts periodic reviews of its risk management process to ensure its integrity, accuracy and reasonableness. Key areas that are reviewed include:
- Appropriateness of the Bank's capital assessment process given the nature, scope and complexity of its activities.
- Identification of large exposures and risk concentrations.
- Accuracy and completeness of data inputs into the Bank's assessment process.
- Reasonableness and validity of scenarios used in the assessment process.
- Stress testing and analysis of assumptions and inputs.

Supervisory Review

Nepal Rastra Bank regularly reviews the process by which a bank assesses its capital adequacy, risk positions, resulting capital levels and quality of capital held by NIBL. Supervisors also evaluate the degree to which NIBL has in place a sound internal process to assess capital adequacy. The emphasis of the review is on the quality of the Bank's risk management and controls. The periodic review can involve any or a combination of:

- On-site examinations or inspections.
- Off-site review.
- Discussions with bank management.
- Review of work done by external auditors (provided it is adequately focused on the necessary capital issues).
- Periodic reporting.

Corporate social responsibility (CSR) is a company's sense of responsibility towards the community in which it operates. NIBL is committed in the broad range of CSR activities which include areas of art and heritage, culture, sports, education, support for disaster relief programs etc.



CORPORATE SOCIAL RESPONSIBILITY (CSR)

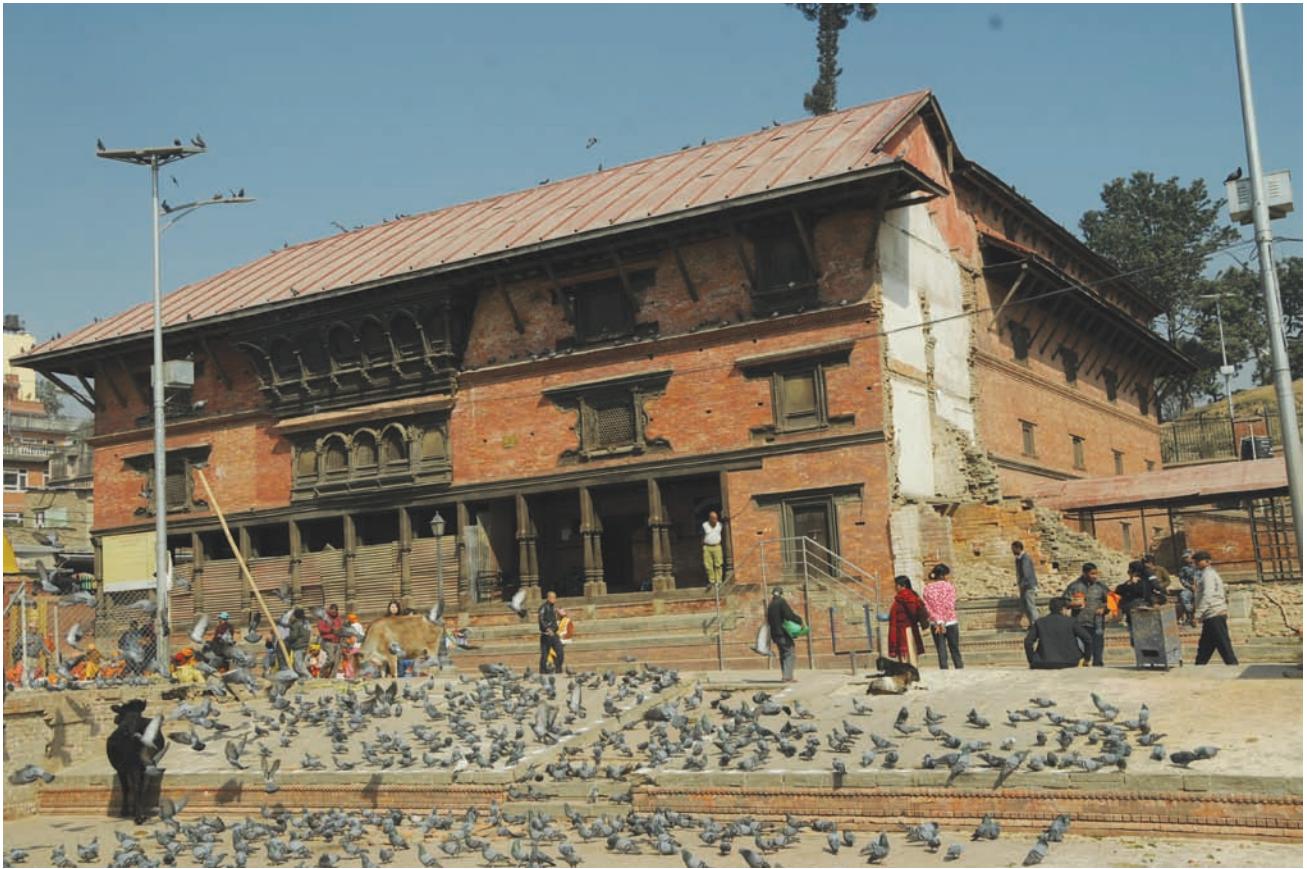


We value our relationship with our community. Our Bank has been involved in supporting various social activities that are linked to the welfare of our local and national communities. NIBL is committed in the broad range of CSR activities which include areas of art and heritage, culture, sports, education, support for disaster relief programs etc. We have taken the responsibility to ensure that the outreach of our product and services are inclusive that provide financial access to rural communities of the country. Through our microfinancing programs we have reached out to a largely unbanked community of retired army personnel and their families to provide them loans to start up sustainable business. We will continue to engage in long term relationship at the grassroots and endeavor to make a positive impact in the society through our CSR collaborations.

- As per our commitment to support the preservation of our national heritage sites, NIBL made a donation of Rs. Five Million from the fund of Rs. Ten Million allocated for reconstruction of Jagannath and Gopinath Temple located at Hanumandhoka Durbar Square. The temples, included in the list of World Heritage Sites, were severely damaged during the 2072 earthquake.
- Our Bank collaborated with Pashupati Area Development Trust (PADT) under “People’s Involvement and Development” program towards the reconstruction Mahasan Ghar (The Great Bathhouse) located at Pashupatinath area. As per the three-year plan to develop the area as a museum, the Bank provided NPR 10 Million this year out of the total commitment of NPR 30 million allocated for the project. We believe the fund will contribute

in the preservation of this area as a World Cultural Heritage Site and, also, give an impetus for tourism in this place of historical significance. (photo)

- We are also engaged in an ongoing effort to support the restoration of BHAI DEGA TEMPLE, a 16th century temple dedicated to Lord Shiva located at Patan Durbar Square, Lalitpur. This year the Bank made a donation NPR One Million to help in the resurrection of this ancient temple, listed in the UNESCO World Heritage Site, to its original form.
- We are aware that the youth of our country need the right opportunities to make a sustainable contribution towards the development of our society in the future. With an aim to support their skill development and capacity building activities, the Bank has given financial aid of NPR 1.2 million to some of the deserving students to pursue higher education. Likewise, the Bank also provided financial support to an institution ‘Teach For Nepal’ that offers employment opportunities to teach in public schools with an aim of making a positive impact in the quality and accessibility of education for all. The Bank also provided financial support to Palpa Cottage Industry to help alleviate youth unemployment in rural areas and encourage them towards agriculture and cottage industries.
- Our Bank will continue support institutions that promote art, culture and literature. We helped fund programs of Nepal Art Council, a non for profit institution that provides a platform to showcase local talent and creativity. Our aim is to encourage local talent on the inherent value of art & culture in societies. Likewise, we have supported



programs of Alliance Francaise which promote inter-cultural exchange between the two countries through their diverse array of cultural events which witness wide international and national participation.

- We recognize the need to enable women for wider economic participation by empowering them in their societal roles. The Bank has supported many such organizations that are working to promote women's empowerment through programs like leadership & capacity building, generating awareness on gender equity issues etc.
- Our Bank supported skill development programs for retired army personnel and their families with an aim to make them self-sufficient and improve their livelihoods. Such initiatives also prepare our veterans, who have served the country, with necessary skills for civilian employment opportunities. Likewise, we have been supporting various sports events which we believe, not only promote active and healthy lifestyle, but, also enhance cohesive participation of youth in the community by inculcating values like self-discipline, teamwork and fair play.
- Over the years, our country witnessed unprecedented number of natural disasters like earthquakes and flooding and NIBL has been forefront in helping support disaster relief efforts. NIBL made a financial donation of NPR 1.1

Million to Kantipur Flood Victims Relief Fund in support of recent widespread flooding that devastated the Terai region causing several loss of lives and displaced thousands of people.



MICROFINANCING / DEPRIVED SECTOR LENDING

The Bank has taken initiatives to extend micro credit facilities to low income rural segments of our country with an objective to facilitate productive economic activities especially in areas agriculture, livestock farming and horticulture. In accordance with the vision of Nepal Government to integrate rural and disadvantaged group into banking system and inculcate financial literacy, our Bank in collaboration with Nepalese Army Welfare Board, launched a deprived sector loan scheme targeting retired army personnel and family members of in-service and retired army staff.

The beneficiaries of Nepalese Army Welfare Board, spread across remote rural areas of the country traditionally lack access to finance and insurance. Our Bank provided effective delivery channels and extension services essential for promoting sustainable development for these rural families who have inadequate earning and savings. Our micro credit facilities have helped finance economically viable farming and other income generating activities. The Bank disbursed a total of 18,517 deprived sector loans to army personnel and their families. The total loan amount disbursed stands at NPR 3.04 billion. The Bank has also supported skills development

and capacity building programs for single women, retired and in service army personnel enabling grassroots to enhance their livelihoods. We have partnered with the Army Welfare Board to award six best entrepreneurs to encourage banking habits and promote rural investments.

The rural population are entrapped in the vicious cycle of low level of savings mobilization, lack of access to productive assets and a lack of infrastructure to inter link their products to viable markets. Our microfinance programs will have a positive impact on rural economic development as we extend productive solutions to facilitate higher level of investments in rural areas. In collaboration with Nepal Army Welfare Board, we have provided access to customized and sustainable short/medium term finance ranging from rupees one to four lakhs per beneficiary with an interest of 4.5% without any collateral. The Bank also helps facilitate insurance of the business/commodity for which the beneficiaries have availed credit facilities. Our micro finance programs, characterized by flexible loan amounts and terms, will help uplift socio economic status of rural livelihoods by reaching financial services and promoting banking in remote areas.



SENIOR MANAGEMENT TEAM



From Left Standing

Sachin Tibrewal
Head-Accounts & Finance

Ujwol Manandhar
Head-Information Technology

Barun Shrestha
Head-Branch Co-ordination Cell

Deepak Shrestha
Head-Legal

Deepak K Shrestha
Head-Trade Finance

Bhaskar N. Joshi
B.M. Kalimati

From Left Sitting

Shova Shrestha
B.M. Lagankhel

Nikita Maskey
B.M. Pulchowk

Bandana Thapa
Head-Compliance

Sujata Joshi
Head-Risk Management

DEPARTMENT HEADS

Sanjeev Karki	Cash & Transfer
Tul Jung Pandey	Reconciliation
Dina Lama	Human Resource
Sammit Bhattarai	Credit Administration
Amir Bhattarai	Internal Audit
Usha Pandey	General Service Department
Reena Chand	Card Department
Srijana Pandey	Corporate Department
Pramod Shah	Loan Administration Department
Prabir SJB Rana	Research and Development Department

BRANCH MANAGERS

Ramraj Upadhyay	Regional Manager Bhairahawa
Aman Hada	Seepadole Branch
Roshan Bhakta Shrestha	Birjgunj Branch
Prakash Raj Subedi	Putalisadak Branch
Lok Deep Bhochibhoya	Banepa Branch
Sajan Shah	Jeetpur Branch
Nikita Maskey	Pulchowk Branch
Kailash Raman Acharya	Biratnagar Branch
Alok Mishra	Butwal Branch
Dhiraj Thapa	Pokhara Branch
Suraj Ram Bhandari	Newroad Branch
Bibhu Shrestha	Narayangarh Branch
Kundan Kausik	Janakpur Branch
Sunil Shah	Nepalgunj Branch
Dipta Shrestha	Thamel Branch
Bhaskar N. Joshi	Kalimati Branch
Sunil Sitaula	Birtamod Branch
Tina Bajracharya	Battisputali Branch
Rajendra Bahadur Singh	Dhangadi Branch
Nripesh Karki	Gongabu Branch
Krishna Raj Joshi	Surkhet Branch
Eka Raj Mahat	Jumla Branch
Sapna R. Thapa	Boudha Branch
Niraj Bhatta	Hetauda Branch
Baburam Kandel	Palpa Branch
Ganesh Lama	Lukla Branch
Bidur Kumar Thapa	Naya Baneshwor Branch
Krishna Raj Pandey	Dhumbarahi Branch
Sunil Kumar Shrestha	Bhotahity Branch
Roshan Acharya	Tulsipur Branch

Pramod Basnyet	Tripureshwor Branch
Mahesh Thapa	Damauli Branch
Rakesh Mally	Krishnanagar Branch
Vijaya Kumar Shah	Gaighat Branch
Ira Subedi	Lazimpat Branch
Nabin Simkhada	Parsa Branch
Sharmistha Dawadi	Maharajgunj Branch
Jeetendra Shrestha	Lalbandi Branch
Shobha Shrestha	Lagankhel Branch
Ujjal Shrestha	Waling Branch
Shanta Shrestha	Pokhara Branch (Lake Side)
Ramesh Raj Subedi	Manthali Branch
Pawan Kumar Sah	Barahathawa Branch
Krishna Poudel	Itahari Branch
Dharma Dhungana	Patihani Branch
Bishnu Rana	Timure Branch
Rahim Singh	Dipayal Branch
Manoj Mani Nepal	Mangalsen Branch
Som Prasad Adhikari	Narayanchour Branch
Krishna Ram Shrestha	Kirtipur Branch
Supriya Shrestha Joshi	Jawalakhel Branch
Sunil Sharma	Chanauli Branch
Manoj Subedi	Urlabari Branch
Roshan Pandey	Chabahil Branch
Arun Pandit	Daldale Branch
Shivaji Pandey	Newroad II Branch
Bohd Raj Pant	Pyuthan Branch
Arun Kumar Shrestha	Khandbari Branch
Jaya Ram Shrestha	Kaushaltar Branch

GLOBAL NETWORK



Westpac Banking Corporation, Sydney
Royal Bank of Canada, Toronto
Commerzbank, Frankfurt
Danske Bank, Copenhagen
Commerz bank, Frankfurt A.M.
Credit Agricole, Paris

Standard Chartered Bank, Frankfurt
Bayerische Hypo-Und Vereins, Hamburg
Habib Allied International Bank Plc, London
Standard Chartered Bank, London
Standard Chartered Bank, Mumbai
Standard Chartered Bank, Kolkatta



COMMERZBANK





HDFC, Mumbai

ICICI Bank, Mumbai

AXIS Bank, Silguri

Bank of Baroda, Mumbai

Standard Chartered Bank, Tokyo

Bank of Tokyo, Mitsubishi

Svenska Handelsbanken, Stockholm, Sweden

Standard Chartered Bank, Singapore

Standard Chartered Bank, New York

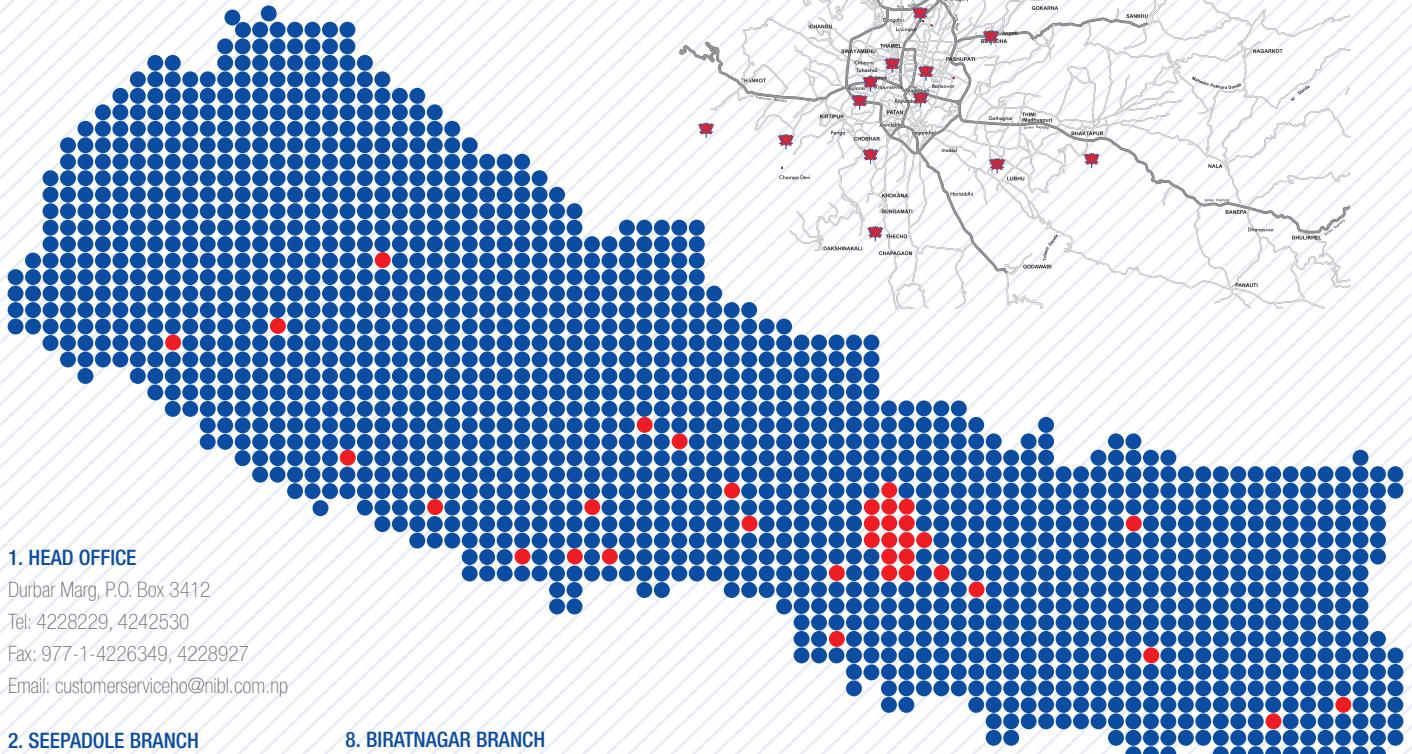
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25. HETAUDA BRANCH TCN Road, Hetauda Tel: (057) 526001, 525946 Fax: (057) 526005 Email: customerservicehtd@nibl.com.np	35. GAIGHAT BRANCH Gaighat, Udayapur Tel: (035) 420952, 420953 Fax: (035) 420954 Email: customerservicegh@nibl.com.np	45. ITAHARI BRANCH Itahari, Sunsari Tel: (025)588241,588242 Fax: (025)588244 Email: customerserviceih@nibl.com.np	55. URLABARI BRANCH Urlabari Bazar, Urlabari - 4, Morang Tel: 021 - 541701 Fax: 021 - 541703 Email: customerserviceUR@nibl.com.np
26. PALPA BRANCH Tansen, Palpa Tel: (075) 520832,520833 Fax:(075)-520891 Email: customerservicepl@nibl.com.np	36. LAZIMPAT BRANCH Lazimpat, Kathmandu Tel:4005058, 4005069, 4005068 Fax:4005065 Email: customerservicela@nibl.com.np	46. PATIHANI BRANCH Patihani, Chitwan Tel: (056)411080 Fax: (056)411081 Email: customerservicecpt@nibl.com.np	56. CHABAHIL BRANCH Chabahil, Chuchhepati Tel: 4484632 Fax: 4485317 Email: customerserviceCA@nibl.com.np
27. LUKLA BRANCH Chaurikharka, Lukla Tel:(038) 550120 Fax: (038) 550220 Email: customerservicel@nibl.com.np	37. PARSA BRANCH Parsa, Chitwan Tel: (056) 583623, 583624 Fax: (056) 583625 Email: customerservicepr@nibl.com.np	47. TIMURE BRANCH Manengawa, Rasuwa Tel: (010)543054, (010)543055, 016200532 Fax: (010)543053 Email: customerservicetimure@nibl.com.np	57. DALDALE BRANCH Daldale,Navalparasi Tel: 078575549 Fax: 078575513 Email: customerserviceDL@nibl.com.np
28. NAYA BANESHWOR BRANCH Naya Baneshwor, Kathmandu Tel:4785529,4782289,4782520 Fax: 4785537 Email: customerservicebs@nibl.com.np	38. MAHARAJGUNJ BRANCH Maharajgunj, Kathmandu Tel:4016151, 4016152 Fax:4016155 Email: customerservicemg@nibl.com.np	48. DIPAYAL BRANCH Dipayal, Doti Tel: (094) 412248,412247 Fax: (094) 412249 Email: customerservicedp@nibl.com.np	58. NEWROAD BRANCH Munchha House, 22, Kathmandu Tel: 4224255, 4225353 Fax: 4225352 Email: customerserviceNE@nibl.com.np
29. DHUMBARAHI BRANCH Pipalbot Chowk, Kathmandu Tel: 4009006, 4009007 Fax: 4009009 Email: customerservicedr@nibl.com.np	39. LALBANDHI BRANCH Lalbandhi, Sarlahi Tel: (046) 501583, 501584 Fax:(046) 501585 Email: customerserviceld@nibl.com.np	49. MANGALSEN BRANCH Mangalsen, Achham Tel: (097)620096 Fax: (097)620065 Email: customerservicem@nibl.com.np	59. PYUTHAN BRANCH Bijuwar Bazaar, Pyuthan District Tel: 086-460462 Fax: 086-460461 Email: customerservicePY@nibl.com.np
30. BHOTAHITI BRANCH Bhotahiti, Kathmandu Tel: 4230797, 4230788 Fax: 4230771 Email: bhotahity_csd@nibl.com.np	40. LAGANKHEL BRANCH Lagankhel, Lalitpur Tel: 5552980,5522557 Fax: 5552990 Email: customerservicelg@nibl.com.np	50. NARAYANCHOUR BRANCH Naxal, Kathmandu Tel: 4441110 Fax: 4445554 Email: customerserviceNC@nibl.com.np	60. KHANDBARI BRANCH Khandbari - I, Sankhuwasabha District 22 Tel: 029 - 056972/ 73 Fax: 029 - 560971 Email: customerserviceKH@nibl.com.np
31. TULSIPUR BRANCH Tulsipur, Dang Tel:(082)521613,521614 Fax: 521615 Email: customerservicedn@nibl.com.np	41. WALING BRANCH Waling, Syangja Tel: (063) 440573, 440574 Fax: (063) 440575 Email: customerservicewl@nibl.com.np	51. NIJGADH BRANCH Opening soon	61. KAUSHALTAR BRANCH Kaushaltar, Bhaktapur District Tel: 6639265, 6639268 Fax: 6639270 Email: customerserviceKU@nibl.com.np
32. TRIPURESHWOR BRANCH Tripureshwor, Kathmandu Tel: 4259780, 4259980, 4260105 Fax: 4260324 Email: customerservicets@nibl.com.np	42. POKHARA BRANCH (Lake Side) Lake Side, Pokhara -6 Tel: (061)466872, 466873, 466874, Fax: (061)466875 Email: customerservicels@nibl.com.np	52. KIRTIPUR BRANCH Naya Bazar, Kirtipur Tel: 4336123, 4336456 Fax: 4336444 Email: customerserviceKI@nibl.com.np	53. JAWALAKHEL BRANCH Lalitpur Branch, JwalaLakhel Tel: 5551100, 5555756 Fax: 5555757 Email: customerserviceJA@nibl.com.np
33. DAMAULI BRANCH Safasadak, Damouli Tel:(065) 562500,562600 Fax: (065) 562700 Email: customerservicedm@nibl.com.np	43. MANTHALI BRANCH Manthali, Ramechap Tel: (048)540438 Fax: (048)540004 Email: customerservicemn@nibl.com.np		

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF NEPAL INVESTMENT BANK LTD**

Report on the Financial Statements

We have audited the accompanying financial statements of Nepal Investment Bank Ltd, which comprise the balance sheet as at 31st Ashadh 2074 corresponding to 15th July 2017 and the profit & loss account, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management based on the prevailing Acts and laws is responsible for the preparation and fair presentation of these financial statements in accordance with Nepal Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Nepal Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the bank's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion

Report on Other Legal and Regulatory Requirements (Bank & Financial Institution Act and Company Act)

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

- a. We have obtained all information and explanations asked for, which to the best of our knowledge and belief were necessary for the purpose of our examination.



- b. In our opinion, proper books of account as required by law have been kept by the bank, in so far as appears from our examination of those books of account and the financial statements dealt with by this report , prepared in the format prescribed by Nepal Rastra Bank, are in agreement with the books of accounts.
- c. In our opinion, the returns received from the respective branches are adequate for the audit purpose, though the statements are independently not audited.
- d. In our opinion and to the best of our information and according to the explanations given to us and from our examination of the books of account of the Bank, we have not come across the cases where the Board of Directors or any member thereof or any employee of the Bank has acted deliberately contrary to the provisions of the law relating to accounts or caused loss or damage to the Bank or committed any misappropriation or violated any directive of Nepal Rastra Bank or acted in a manner to jeopardize the interest and security of the Bank and its depositors.
- e. In our opinion, adequate capital fund and provisions for losses have been made and the business of the Bank has been conducted within its authority.

Opinion on the Financial Statements

- a. In our opinion and to the best of our information and according to the explanations given to us, the said financial statements referred to above, read together with the notes attached thereon give a true and fair view of the financial position of the bank as of Ashadh 31, 2074 (July 15th, 2017), and of the results of its financial performances and its cash flows for the year then ended.
- b. As the financial statements of the Bank have not been prepared in compliance with the Nepal Financial Reporting Standards issued by The Institute of Chartered Accountants of Nepal, no opinion is expressed on the same.

Sundar Man Shrestha, FCA
 Chartered Accountant
 Partner
 Sundar & Co.



Date: 2074/05/21

BALANCE SHEET

As at Ashad end 2074 (July 15, 2017)

Capital & Liabilities	Schedule	Current Year Rs.	Previous Year Rs.
1. Share Capital	1	10,626,435,695	8,706,611,760
2. Reserve & Fund	2	8,081,448,401	7,581,139,857
3. Debentures and Bonds	3	1,550,000,000	1,550,000,000
4. Borrowings	4	241,324,234	250,479,530
5. Deposits Liabilities	5	125,669,354,732	108,626,641,994
6. Bills Payable	6	143,862,303	139,315,187
7. Proposed Dividend		2,310,094,717	1,523,657,058
8. Income Tax Liabilities		-	-
9. Other Liabilities	7	2,195,513,472	1,404,859,928
Total Liabilities		150,818,033,554	129,782,705,314

Assets	Schedule	Current Year Rs.	Previous Year Rs.
1. Cash Balance	8	2,478,216,237	2,285,799,877
2. Balance with NRB	9	11,382,513,194	7,767,322,794
3. Balance with Banks/ Financial Institution	10	4,036,860,740	2,972,709,294
4. Money at Call and Short Notice	11	40,000,000	149,380,000
5. Investments	12	25,615,645,263	29,226,761,943
6. Loan, Advances & Bills Purchased	13	104,624,807,710	85,461,050,976
7. Fixed Assets	14	1,304,305,089	1,050,445,762
8. Non-Banking Assets	15	-	-
9. Other Assets	16	1,335,685,321	869,234,668
Total Assets		150,818,033,554	129,782,705,314

Contingent Liabilities	Schedule 17
Directors' Declaration	Schedule 29
Statement of Capital Fund	Schedule 30
Statement of Risk Weighted Assets	Schedule 30 (A)
Principal Indicators	Schedule 31
Principal Accounting Policies	Schedule 32
Notes to Accounts	Schedule 33

Schedules 1 to 17 form integral parts of the Balance Sheet.

Prithivi Bahadur Pandé Chairman	Jyoti P. Pandey Chief Executive Officer	Sachin Tibrewal Head- Accounts & Finance	As per attached report of even date
Prajanaya Rajbhandary Director	Surya Prakash Lal Shrestha Director	Bhuwaneshwar Prasad Shah Director	Auditor Sundar Man Shrestha, FCA Partner Sundar & Company Chartered Accountants
Niranjan Lal Shrestha Director	Mohan Madan Budathoki Director		

PROFIT & LOSS ACCOUNT

As at Ashad end 2074 (July 15, 2017)

Particulars	Schedule	Current Year Rs.	Previous Year Rs.
1. Interest Income	18	9,248,698,650	6,776,754,762
2. Interest Expenses	19	(4,464,551,946)	(2,855,650,146)
Net Interest Income		4,784,146,704	3,921,104,616
3. Commission and Discount	20	814,827,008	604,400,337
4. Other Operating Income	21	385,187,340	305,046,076
5. Exchange Profit	22	621,431,590	533,264,928
Total Operating Income		6,605,592,642	5,363,815,957
6. Staff Expenses	23	(665,839,174)	(569,749,255)
7. Other Operating Expenses	24	(699,685,191)	(657,913,103)
8. Exchange Loss	22	-	-
Operating Profit Before Provision for Possible Loss		5,240,068,277	4,136,153,599
9. Provision for Possible Losses	25	(510,285,473)	(436,464,847)
Operating Profit		4,729,782,804	3,699,688,752
10. Non-operating Income/ Loss	26	79,878,885	19,433,128
11. Loss Provision Written Back	27	96,120,292	358,690,484
Profit from Regular Operations		4,905,781,981	4,077,812,364
12. Profit/ Loss from extra-ordinary activities	28	20,273,465	378,627
Net Profit after considering all activities		4,926,055,446	4,078,190,991
13. Provision for Staff Bonus		(447,823,222)	(370,744,636)
14. Income Tax Provision		(1,364,101,084)	(1,156,562,792)
- Current Year		(1,335,359,026)	(1,109,654,693)
- Upto Previous Year		(35,757,019)	(47,371,345)
- Deferred Tax Income / (Expense)		7,014,961	463,246
Net Profit/ Loss		3,114,131,140	2,550,883,563

Schedules 18 to 28 form integral part of this Profit & Loss Account.

Prithivi Bahadur Pandé Chairman	Jyoti P. Pandey Chief Executive Officer	Sachin Tibrewal Head- Accounts & Finance	As per attached report of even date
Prajanaya Rajbhandary Director	Surya Prakash Lal Shrestha Director	Bhuwaneshwar Prasad Shah Director	Auditor Sundar Man Shrestha, FCA Partner
Niranjan Lal Shrestha Director	Mohan Madan Budathoki Director		Sundar & Company Chartered Accountants

PROFIT & LOSS APPROPRIATION ACCOUNT

for the period July 16, 2016 to July 15, 2017 (Shrawan 1 2073 to Ashad 31 2074)

Particulars	Current Year Rs.	Previous Year Rs.
Income		
1. Accumulated Profit up to last year	246,582,194	50,043,672
2. This year's profit	3,114,131,140	2,550,883,563
3. Transfer from Share Premium	1,386,056,830	1,451,101,960
4. Retained Earning of Ace Development Bank Ltd.	125,900,667	-
Total	4,872,670,831	4,052,029,195
Expenses		
1. Accumulated loss up to last year	-	-
2. This year's Loss	-	-
3. General Reserve Fund	(622,826,228)	(510,176,713)
4. Contingent Reserve	-	-
5. Institutional Development Fund	-	-
6. Dividend Equilization Fund	-	-
7. Employee Welfare Funds	-	-
8. Proposed Dividend	(2,310,094,717)	(1,523,657,058)
9. Proposed Issue of Bonus Shares	(1,386,056,830)	(1,451,101,960)
10. Special Reserve Fund	-	-
11. Exchange Fluctuation Reserve	(938,988)	(4,392,798)
12. Capital Adjustment Fund	(27,856,675)	(94,689,901)
13. Debenture Redemption Fund	(221,428,570)	(221,428,571)
14. Investment Adjustment Reserve	-	-
15. Corporate Social Responsibility (CSR) Fund	(31,141,312)	-
Total	(4,600,343,320)	(3,805,447,001)
Accumulated Profit/ Loss	272,327,511	246,582,194

Prithivi Bahadur Pandé Chairman	Jyoti P. Pandey Chief Executive Officer	Sachin Tibrewal Head- Accounts & Finance	As per attached report of even date
Prajanaya Rajbhandary Director	Surya Prakash Lal Shrestha Director	Bhuwaneshwar Prasad Shah Director	Auditor Sundar Man Shrestha, FCA Partner Sundar & Company Chartered Accountants
Niranjan Lal Shrestha Director	Mohan Madan Budathoki Director		

CASH FLOW STATEMENT

for the period July 16, 2016 to July 15, 2017 (Shrawan 1 2073 to Ashad 31 2074)

Particulars	Current Year Rs.	Previous Year Rs.
(a) Cash Flow from Operating Activities	12,990,856,783	(5,591,197,448)
1. Cash Receipts	10,749,860,562	7,995,694,572
1.1 Interest Income	8,946,764,459	6,544,331,186
1.2 Commission and Discount Income	757,512,019	604,481,899
1.3 Exchange Gain	621,431,590	533,264,928
1.4 Recovery of Loan Written Off	24,140,200	378,627
1.5 Other Income	400,012,294	313,237,932
2. Cash Payments	(6,982,573,391)	(5,038,673,299)
2.1 Interest Expenses	(4,351,003,735)	(2,821,782,565)
2.2 Staff Expenses	(667,656,838)	(569,749,255)
2.3 Office Overhead Expenses	(538,144,887)	(507,683,394)
2.4 Income Tax Paid	(1,435,767,931)	(1,139,458,085)
2.5 Other Expenses	-	-
Cash Flow Before Changes in Working Capital	3,767,287,171	2,957,021,273
Increase/(Decrease) of Current Assets	(7,955,352,742)	(25,942,387,170)
1. (Increase)/Decrease in Money at Call and Short Notice	109,380,000	(149,380,000)
2. (Increase)/Decrease in Short-term Investment	11,606,437,230	(7,098,381,399)
3. (Increase)/Decrease in Loan and Bills Purchase	(19,340,226,224)	(19,075,753,523)
4. (Increase)/Decrease in Other Assets	(330,943,728)	381,127,752
Increase/(Decrease) of Current Liabilities	17,178,922,354	17,394,168,449
1.Increase/(Decrease) in Deposits	17,042,712,738	17,995,155,229
2.Increase/(Decrease) in Certificate of deposits	-	-
3.Increase/(Decrease) in Short-Term Borrowings	(9,155,296)	(12,636,702)
4.Increase/(Decrease) in Other Liabilities	145,364,912	(588,350,078)
(b) Cash Flow from Investing Activities	(8,356,149,504)	(786,005,209)
1.(Increase)/Decrease in Long-term Investment	(7,995,396,265)	(665,792,800)
2.(Increase)/Decrease in Fixed Assets/ NBA	(425,807,170)	(131,453,681)
3.Interest from Long-term Investment	-	-
4.Dividend Income	65,053,931	11,241,272
(c) Cash Flow from Financial Activities	(1,330,562,053)	5,087,986,356
1.Increase/(Decrease) in Long-term Borrowings (Bond, Debentures etc.)	-	-
2. Increase/(Decrease) in Share Capital	40,300,740	909,809,145
3.Increase/(Decrease) in Share premium	-	4,543,763,388
4.Increase/(Decrease) in Refinance/facilities received from NRB	-	-
5. Dividend Expenses	(1,370,862,793)	(365,586,177)
(d) Cash flow from Merger & Acquisition activities	1,567,612,980	
(e) Income/Loss from change in exchange rate in cash and bank balances		-
(f) Current Year's Cash Flow from All Activities	4,871,758,206	(1,289,216,301)
(g) Opening Balance of Cash and Bank Balances	13,025,831,965	14,315,048,266
(h) Closing Balance of Cash and Bank Balances	17,897,590,171	13,025,831,965

Prithivi Bahadur Pandé
Chairman

Jyoti P. Pandey
Chief Executive Officer

Sachin Tibrewal
Head- Accounts & Finance

As per attached report of
even date

Prajanaya Rajbhandary
Director

Surya Prakash Lal Shrestha
Director

Bhuwaneshwar Prasad Shah
Director

Auditor
Sundar Man Shrestha, FCA

Partner
Sundar & Company
Chartered Accountants

Niranjan Lal Shrestha
Director

Mohan Madan Budathoki
Director

STATEMENT OF CHANGES IN EQUITY

F.Y. 2073/74 (FY 2016/17)

Particulars	Share Capital	Accumulated Profit/(Loss)	General Reserve	Capital Reserve	Share Premium	Exchange Fluctuation Fund	Other Reserves	Debenture Redemption Fund	Capital Adjustment Fund	Investment Adjustment Reserve	Acquisition Reserve	Employee Training Fund	CSR Fund	Total
Opening Balance (as at 16 July 2016)	8,706,641,760	246,582,194	3,205,828,703	-	3,104,510,850	74,405,596	31,500	685,714,285	94,689,901	169,376,628	-	-	-	16,287,751,617
Prior Period adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus on Revaluation of properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deficit on Revaluation of Investment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Currency translation differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-
"Net Gains & Losses not recognised in the income statement"	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net profit for the period	-	3,114,131,140 (622,826,228) (2,310,094,717)	-	-	-	-	-	-	-	-	-	-	-	3,114,131,140 (2,310,094,717) 40,300,740
Transfer to General Reserve	-	-	622,826,228	-	-	-	-	-	-	-	-	-	-	40,300,740
Declaration of Dividend (proposed)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issue of Share Capital	40,300,740	-	-	-	-	-	-	-	-	-	-	-	-	-
Issue of Bonus Shares (Proposed)	1,386,056,830	(1,386,056,830)	-	-	-	-	-	-	-	-	-	-	-	-
Deficit on revaluation of currencies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus on Revaluation of Investment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to Exchange Fluctuation Fund	-	(938,988)	-	-	-	-	-	-	-	-	-	-	-	-
Transfer from Debenture Redemption Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to Debenture Redemption Fund	-	(221,428,570)	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to Capital Adjustment Fund	-	(27,856,675)	-	-	-	-	-	-	-	-	-	-	-	-
Transfer from Share Premium	1,386,056,830	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment Adjustment Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Addition from Acquisition	493,466,365	125,900,667	224,539,964	-	1,388,146	-	-	6,652,631	1,979,592	710,110,135	2,008,342	8,182,336	-	1,567,612,980 8,182,336
Transfer to Employee Training Fund	-	(31,141,312)	-	-	-	-	-	-	-	-	-	-	-	31,141,312
Transfer to CSR Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing Balance (as at 15 July 2017)	10,626,435,695	272,327,511	4,053,194,895	-	1,718,454,020	76,732,730	31,500	907,142,855	129,199,207	171,356,420	710,110,135	10,190,678	32,708,450	18,707,884,096

SHARE CAPITAL & OWNERSHIP

(As at July 15, 2017)

SCHEDULE 1

Particulars	Current Year Rs.	Previous Year Rs.
1. Share Capital		
1.1 Authorized Capital		
A) 150,000,000 Ordinary Shares of Rs. 100 each	15,000,000,000	10,000,000,000
1.2 Issued Capital		
A) 92,403,788.65 Ordinary Shares of Rs. 100 each (of which 13,562,684 Right Shares, 64,237,053 bonus shares, 9,069,388 FPO shares & 4,934,663.65 shares issued for acquisition)	9,240,378,865	7,255,509,800
1.3 Paid Up Capital		
A) 92,403,788.65 Ordinary Shares of Rs. 100 each (of which 13,562,684 Right Shares, 64,237,053 bonus shares, 9,069,388 FPO shares & 4,934,663.65 shares issued for acquisition)	9,240,378,865	7,255,509,800
1.4 Proposed Bonus Shares	1,386,056,830	1,451,101,960
1.5 Calls in Advance	-	-
Total	10,626,435,695	8,706,611,760

SHARE OWNERSHIP

(As at July 15, 2017)

Particulars	%	Current Year Rs.	Previous Year Rs.	%
1. Local Ownership	100.00%	9,240,378,865	7,255,509,800	100.00%
1.1 Nepal Government	0.00%	-	-	0.00%
1.2 "Ka" Class Licensed Institutions	0.00%	-	-	0.00%
1.3 Other Licensed Institutions	18.95%	1,750,692,400	1,444,182,600	19.91%
1.4 Other Institutions	43.40%	4,010,645,700	3,239,031,200	44.64%
1.5 Public	31.02%	2,866,034,767	2,176,653,000	30.00%
1.6 Others (Promoter individuals)	6.63%	613,005,998	395,643,000	5.45%
2. Foreign Ownership		-	-	-
Total	100.00%	9,240,378,865	7,255,509,800	100.00%

Details of Shareholders holding 0.5 percent or above shares are mentioned below:

	%	Amount (Rs. In '000)		%	Amount (Rs. In '000)
Rastriya Beema Company Ltd	12.42%	1,148,032	Rastriya Beema Sansthan Ltd.	1.16%	107,476
Maha Laxmi Investment P. Ltd.	7.31%	675,665	Mercantile Investment P. Ltd.	1.06%	97,913
Chhaya Investment P. Ltd.	6.79%	627,833	Life Insurance Corporation (Nepal) Limited	0.94%	87,036
K.U.P. Investment P. Ltd.	6.47%	597,931	National Life Insurance Company Limited	0.77%	71,337
Sophia Investment P. Ltd.	6.15%	568,038	Singhe Carpets P. Ltd	0.66%	61,382
Citizen Investment Trust	2.69%	248,471	Apollo Investment P. Ltd.	0.65%	59,805
Annapurna Investment P. Ltd.	1.36%	125,545	P Shanghai Investment P. Ltd.	0.65%	59,794
Prestine Investment P. Ltd	1.36%	125,545	R Shanghai Investment P. Ltd	0.65%	59,794
Surya Infosys P. Ltd	1.36%	125,545	Panchakanya Investment P. Ltd.	0.65%	59,794
Kamala Investment P. Ltd.	1.29%	119,588	Shrestha Brothers Investment P. Ltd	0.65%	59,794
Noble Investment P. Ltd.	1.29%	119,588	Shakya Investment P. Ltd.	0.56%	51,650
Lotus Investment P. Ltd.	1.20%	110,839			

RESERVE FUNDS

(As at July 15, 2017)

SCHEDULE 2

Particulars	Current Year Rs.	Previous Year Rs.
1. General Reserve Fund	4,053,194,895	3,205,828,703
2. Capital Reserve Fund (Share Premium)	1,718,454,020	3,104,510,850
3. Debenture Redemption Reserve	907,142,855	685,714,285
4. Capital Adjustment Fund	129,199,207	94,689,901
5. Other Reserve Fund	924,397,183	169,408,328
a. Contingent Reserve	-	-
b. Institution Development Fund	-	-
c. Dividend Equalization Fund	-	-
d. Special Reserve Fund	31,500	31,500
e. Assets Revaluation Reserve	-	-
f. Deferred Tax Reserve	-	-
g. Acquisition Reserve	710,110,135	-
h. Investment Adjustment Reserve	171,356,420	169,376,828
i. Employee Training & Development Fund	10,190,678	-
j. Corporate Social Responsibility Fund	32,708,450	-
k. Other Reserves	-	-
6. Accumulated Profit/ Loss	272,327,511	246,582,194
7. Exchange Fluctuation Reserve	76,732,730	74,405,596
Total	8,081,448,401	7,581,139,857

DEBENTURES AND BONDS

(As at July 15, 2017)

SCHEDULE 3

Particulars	Current Year Rs.	Previous Year Rs.
12 % Debentures of Rs. 1000 each issued on 13.07.2011 (29.03.2068) and maturing on 12.07.2018 (28.03. 2075)	300,000,000	300,000,000
Outstanding Balance of Redemption Reserve Rs. 300,000,000		
8 % Debentures of Rs. 1000 each issued on 21.07.2013 (06.04.2070) and maturing on 20.07.2020 (05.04. 2077)	500,000,000	500,000,000
Outstanding Balance of Redemption Reserve Rs.285,714,284		
8 % Debentures of Rs. 1000 each issued on 27.07.2014 (11.04.2071) and maturing on 26.07.2021 (10.04. 2078)	750,000,000	750,000,000
Outstanding Balance of Redemption Reserve Rs.321,428,571		
Total	1,550,000,000	1,550,000,000

BORROWINGS

(As at July 15, 2017)

SCHEDULE 4

Particulars	Current Year Rs.	Previous Year Rs.
A. Local		
1. Nepal Government	-	-
2. Nepal Rastra Bank (Refinance)	-	-
3. Repo Obligation	-	-
4. Inter Bank and Financial Institutions	241,324,234	250,479,530
5. Other Financial Institutions	-	-
6. Others	-	-
Total	241,324,234	250,479,530
B. Foreign		
1. Banks	-	-
2. Others	-	-
Total		
Total (A+B)	241,324,234	250,479,530

DEPOSITS

(As at July 15, 2017)

SCHEDULE 5

Particulars	Current Year Rs.	Previous Year Rs.
1. Non-Interest bearing accounts		
A. Current Deposits	14,023,175,777	13,871,208,103
1. Local Currency	9,756,030,545	8,668,682,936
1.1 Nepal Government	676,370,284	-
1.2 "Ka" Class Licensed Institutions	663,947,579	714,908,823
1.3 Other Licensed Institutions	393,323,649	610,142,468
1.4 Other Organized Institutions	6,603,941,012	5,945,878,379
1.5 Individuals	219,436,078	358,285,237
1.6 Others	1,199,011,943	1,039,468,029
2. Foreign Currency	4,267,145,232	5,202,525,167
2.1 Nepal Government	-	-
2.2 "Ka" Class Licensed Institutions	32,588,225	44,084,835
2.3 Other Licensed Institutions	3,389,664,130	4,425,641,389
2.4 Other Organized Institutions	297,362,880	353,215,883
2.5 Individuals	344,057,294	267,262,483
2.6 Others	203,472,703	112,320,577
B. Margin Deposits	2,406,160,218	1,587,594,359
1. Employees Guarantee	-	-
2. Guarantee Margin	511,975,758	346,999,779
3. Letters of Credit Margin	1,894,184,460	1,240,594,580
C. Others	-	-
1. Local Currency	-	-
1.1 Financial Institutions	-	-
1.2 Other Organized Institutions	-	-
1.3 Individuals	-	-
2. Foreign Currency	-	-
2.1 Financial Institutions	-	-
2.2 Other Organized Institutions	-	-
2.3 Individuals	-	-
Total Non-Interest Bearing Accounts	16,429,335,995	15,458,802,462

DEPOSITS contd.....

(As at July 15, 2017)

SCHEDULE 5

Particulars	Current Year Rs.	Current Year Rs.
2. Interest bearing accounts		
A. Savings Deposits	36,419,924,109	39,423,304,212
1. Local Currency	35,358,404,312	38,301,225,301
1.1 Organized Institutions	-	-
1.2 Individuals	35,358,404,312	38,301,225,301
1.3 Others	-	-
2. Foreign Currency	1,061,519,797	1,122,078,911
2.1 Organized Institutions	-	-
2.2 Individuals	1,061,519,797	1,122,078,911
2.3 Others	-	-
B. Fixed Deposits	53,692,553,760	26,485,129,893
1. Local Currency	50,498,557,760	25,945,227,893
1.1 Organized Institutions	29,865,425,292	19,895,068,722
1.2 Individuals	18,190,035,273	5,409,689,039
1.3 Others	2,443,097,195	640,470,132
2. Foreign Currency	3,193,996,000	539,902,000
2.1 Organized Institutions	3,186,800,000	533,500,000
2.2 Individuals	7,196,000	6,402,000
2.3 Others	-	-
C. Call Deposit	19,127,540,868	27,259,405,427
1. Local Currency	17,381,042,428	20,898,469,328
1.1 "Ka" Class Licensed Institutions	-	-
1.2 Other Licensed Institutions	2,268,781,676	3,478,001,788
1.3 Other Organized Institutions	13,176,761,837	13,824,358,340
1.4 Individual	169,442,786	342,234,745
1.5 Others	1,766,056,129	3,253,874,455
2. Foreign Currency	1,746,498,440	6,360,936,099
2.1 "Ka" Class Licensed Institutions	-	534,501
2.2 Other Licensed Institutions	-	-
2.3 Other Organized Institutions	1,207,661,392	5,919,266,346
2.4 Individual	23,723,388	23,152,130
2.5 Others	515,113,660	417,983,122
D. Certificate of Deposit	-	-
2.1 Organized Institutions	-	-
2.2 Individuals	-	-
2.3 Others	-	-
Total Interest Bearing Accounts	109,240,018,737	93,167,839,532
Total Deposit	125,669,354,732	108,626,641,994

BILLS PAYABLE

(As at July 15, 2017)

SCHEDULE 6

Particulars	Current Year Rs.	Previous Year Rs.
1. Local Currency	138,191,125	134,134,992
2. Foreign Currency	5,671,178	5,180,195
Total	143,862,303	139,315,187

OTHER LIABILITIES

(As at July 15, 2017)

SCHEDULE 7

Particulars	Current Year Rs.	Previous Year Rs.
1. Pension/ Gratuity Fund	2,242,482	3,926,850
2. Employees Provident Fund	-	-
3. Employees Welfare Fund	-	-
4. Provision for Staff Bonus	447,823,222	370,744,636
5. Interest Payable on Deposits	188,270,450	74,707,163
6. Interest Payable on Borrowings	71,010,180	71,025,256
7. Unearned Discount & Commission	170,828,598	113,513,609
8. Sundry Creditors	324,672,558	241,845,543
9. Branch Adjustment Account	-	-
10. Deferred Tax Liabilities	4,912,062	11,927,023
11. Dividend Payable	188,820,807	36,026,542
12. Calls in Advance	-	-
13. Others	796,933,113	481,143,306
13.1 Matured Time Deposit	123,327,644	21,191,549
13.2 Auditor's Fee	2,260,000	2,260,000
13.3 L/C Payable	569,237,053	385,247,940
13.4 Provision for Balance in Call deposit	5,449,323	-
13.5 Provision for Staff bonus - Ace	21,620,625	-
13.6 Others	75,038,468	72,443,817
Total	2,195,513,472	1,404,859,928

CASH BALANCE

(As at July 15, 2017)

SCHEDULE 8

Particulars	Current Year Rs.	Previous Year Rs.
1. Local Currency (including coin)	2,347,596,542	2,119,561,581
2. Foreign Currency	130,619,695	166,238,296
Total	2,478,216,237	2,285,799,877

BALANCE WITH NEPAL RASTRA BANK

(As at July 15, 2017)

SCHEDULE 9

Particulars	Local Currency	Foreign Currency in Rs.			Current Year Rs.	Previous Year Rs.
		Indian Rs.	Conv. F.C.	Total		
1. Nepal Rastra Bank	10,934,634,153	-	447,879,041	447,879,041	11,382,513,194	7,767,322,794
a. Current Account	10,934,634,153	-	447,879,041	447,879,041	11,382,513,194	7,767,322,794
b. Other Account					-	-

Note : Total Balance as per the confirmations received from Nepal Rastra Bank is Rs. 11,572,352,502

BALANCE WITH BANKS/FINANCIAL INSTITUTIONS

(As at July 15, 2017)

SCHEDULE 10

Particulars	Local Currency	Foreign Currency in Rs.			Current Year Rs.	Previous Year Rs.
		Indian Rs.	Conv. F.C.	Total		
1. Local Licensed Institutions	611,457,429	-	17,342,861	17,342,861	628,800,290	234,301,663
a. Current Account	611,457,429	-	17,342,861	17,342,861	628,800,290	234,301,663
b. Other Account					-	-
2. Foreign Banks		- 977,313,829	2,430,746,621	3,408,060,450	3,408,060,450	2,738,407,631
a. Current Account		- 977,313,829	2,430,746,621	3,408,060,450	3,408,060,450	2,738,407,631
b. Other Account					-	-
Total	611,457,429	977,313,829	2,448,089,482	3,425,403,311	4,036,860,740	2,972,709,294

Note : Total Balance as per the confirmations received from respective Banks is Rs. 3,045,700,475.

MONEY AT CALL AND SHORT NOTICE

(As at July 15, 2017)

SCHEDULE 11

Particulars	Current Year Rs.	Previous Year Rs.
1. Local Currency	40,000,000	-
2. Foreign Currency	-	149,380,000
Total	40,000,000	149,380,000

INVESTMENTS

(As at July 15, 2017)

SCHEDULE 12

Particulars	Trading	Purpose	Current Year Rs.	Previous Year Rs.
		Others		
1. Nepal Government Treasury Bills	-	3,803,934,700	3,803,934,700	9,084,035,100
2. Nepal Government Bond	-	8,481,900,000	8,481,900,000	700,000,000
3. Nepal Government Other Securities	-	-	-	-
4. Nepal Rastra Bank Bonds	-	-	-	3,400,000,000
5. Foreign Bonds	-	-	-	-
6. Local Licensed Institutions	-	3,289,600,000	3,289,600,000	2,774,200,000
7. Foreign Banks	-	9,283,868,000	9,283,868,000	12,725,429,115
8. Corporate Shares	-	751,734,410	751,734,410	538,363,860
9. Corporate Bonds and Debentures	-	-	-	-
10. NRB Deposit Collection	-	-	-	-
11. Other Investment (Swift)	-	4,733,868	4,733,868	4,733,868
Total Investment	-	25,615,770,978	25,615,770,978	29,226,761,943
Provision	-	125,715	125,715	-
Net Investment	-	25,615,645,263	25,615,645,263	29,226,761,943

INVESTMENT IN SHARES DEBENTURES AND BONDS

(As at July 15, 2017)

SCHEDULE 12 (A)

Particulars	Current Year Rs.			Previous Year Cost Price Rs.
	Cost Price	Market Price	Provision Rs.	
1. Investment in Shares				
1.1 Nepal Grameen Bikash Bank 48,598 Ordinary	4,500,000	36,254,108	-	4,500,000
Shares of Rs.100 paid up				
1.2 Rural Micro Finance Development Centre Ltd. 450,011 Ordinary	33,810,000	348,758,525	-	33,810,000
Shares of Rs.100 paid up, of which 111,911 are bonus shares				
1.3 Swabalamban Bikas Bank 2,64,245 Ordinary	12,490,500	478,019,205	-	12,490,500
Shares of Rs.100 paid up, of which 139,340 are bonus shares				
1.4 Credit Information Centre Ltd. 89,407 Ordinary	3,705,600	Unlisted	-	1,611,100
Shares of Rs.100 paid up, of which 52,351 are bonus shares				
1.5 Taragaon Regency Hotel Ltd. Ordinary 150,000	15,000,000	39,150,000	-	15,000,000
Shares of Rs.100 paid up				
1.6 Nepal Clearing House Ltd. Ordinary 50,000	5,000,000	Unlisted	-	2,500,000
Shares of Rs.100 paid up				
1.7 NIBL Capital Markets Ltd. Ordinary 1,015,000	101,500,000	Unlisted	-	101,500,000
Shares of Rs. 100 paid up				
1.8 ICRA Nepal Ltd. Ordinary 7,600	760,000	Unlisted	-	760,000
Shares of Rs. 100 paid up				
1.9 Flexiterm Pvt. Ltd. Ordinary 82,886	8,288,600	Unlisted	-	8,288,600
Shares of Rs. 100 paid up				
1.10 M Nepal Pvt. Ltd. Ordinary 298,500	29,850,000	Unlisted	-	25,000,000
Shares of Rs. 100 paid up				
1.11 Nabil Mutual Fund- Balanced Scheme 1,143,683	11,436,830	22,530,555	-	11,436,830
Units of Rs. 10 paid up				
1.12 National Life Insurance Co. Ltd. Ordinary 759,655	102,237,590	1,747,206,500	-	102,237,590
Shares of Rs.100 paid up, of which 469,655 are bonus shares				
1.13 National Micro Finance Bittiya Sansthan Ltd. Ordinary 250,000	25,000,000	428,500,000	-	25,000,000
Shares of Rs. 100 paid up				
1.14 Siddhartha Equity Oriented Scheme 3,538,646	35,386,460	41,968,342	-	35,386,460
Units of Rs. 10 paid up				
1.15 NMB Sulav Investment Fund - I 1,304,998	13,049,980	16,312,475	-	13,049,980
Units of Rs.10 paid up				
1.16 NIBL Samriddhi Fund- I 14,000,000	140,000,000	165,900,000	-	140,000,000
Units of Rs. 10 paid up				
1.17 Jalabidhyut Lagani Tatha Bikas Co. Ltd -89,788 Ordinary	8,978,800	17,688,236	-	5,792,800
Shares of Rs. 100 paid up				
1.18 NMB Hybrid Fund- I 1,261,921	12,619,210	12,543,495	(75,715)	-
Units of Rs. 10 paid up				
1.19 Nabil Equity Fund 1,126,504	11,265,040	11,265,040	-	-
Units of Rs. 10 paid up				
1.20 NIBL Pragati Fund 10,250,000	102,500,000	102,500,000	-	-
Units of Rs. 10 paid up				
1.21 Ace Capital Ltd. Ordinary 700,000	70,000,000	Unlisted	-	-
Shares of Rs. 100 paid up				

INVESTMENT IN SHARES DEBENTURES AND BONDS contd...

(As at July 15, 2017)

SCHEDULE 12 (A)

Particulars	Current Year Rs.			Previous Year Cost Price Rs.
	Cost Price	Market Price	Provision Rs.	
1.22 General Insurance Co. Ltd. Ordinary 500 Shares of Rs. 100 paid up	50,000	Unlisted	(50,000)	-
1.23 National Banking Institute 12,000 Shares of Rs. 100 paid up	1,200,000	Unlisted	-	-
1.24 Nepal Stock Exchange Ltd. Ordinary 50 Shares of Rs. 100 paid up	5,000	Unlisted	-	-
1.25 Nepal Life Insurance Co. Ltd. Ordinary 2,176 Shares of Rs. 100 paid up	3,100,800	4,674,048	-	-
2. Investments in Debentures and Bonds	-	-	-	-
Total Investment	751,734,410	3,473,270,528	(125,715)	538,363,860
3. Provision for Loss 3.1 Up to Previous year 3.2 Adjustments this year	50,000 75,715	-	-	-
Total Provision	125,715	-	-	-
Net Investment	751,608,695	-	-	538,363,860

Notes:

- Following Company has not declared and distributed dividend for the last three years:
 - Taragaon Regency Hotel Ltd.
 - Flexiterm Pvt. Ltd.
 - M Nepal Ltd.

INVESTMENTS (HELD FOR TRADING)

(As at July 15, 2017)

SCHEDULE 12.1

S.No.	Particulars	Cost Price Rs.	Previous Market Price Rs.	Current Market Price Rs.	Current Year Profit/ (Loss) Rs.	Previous Year Profit/ (Loss) Rs.	Remarks
1	Nepal Government Treasury Bills						
2	Nepal Government Savings Bond						
3	Nepal Government Other Securities						
4	Nepal Rastra Bank Bonds						
5	Foreign Bonds						
6	Local Licensed Institutions' Shares						
7	Local Licensed Institutions' Debentures & Bond						
8	Local Organized Institutions' Shares, Debentures & Bonds						
9	Foreign Bank Placements						
10	Inter Bank Lending						
11	Other Investment						
Total Investments							

INVESTMENTS (HELD TO MATURITY)

(As at July 15, 2017)

SCHEDULE 12.2

S.No.	Particulars	Cost Price Rs.	Amount Impaired till Previous Year Rs.	Amount Impaired till date Rs.	Current Year Profit/(Loss) Rs.	Previous Year Profit/(Loss) Rs.	Remarks
1	Nepal Government Treasury Bills	3,803,934,700					
2	Nepal Government Savings Bond	8,481,900,000					
3	Nepal Government Other Securities	-					
4	Nepal Rastra Bank Bonds/deposit collection	-					
5	Foreign Bonds	-					
6	Local Licensed Institutions' Shares	-					
7	Local Licensed Institutions' Debentures & Bond	-					
8	Local Organized Institutions' Shares, Debentures & Bonds	-					
9	Foreign Bank Placements	9,283,868,000					
10	Other Investment	3,294,333,868					
Total Investments		24,864,036,568	-	-	-	-	

INVESTMENTS (AVAILABLE FOR SALE)

(As at July 15, 2017)

SCHEDULE 12.3

S.No.	Particulars	Cost Price Rs.	Previous Market Price Rs.	Current Market Price Rs.	Current Year Adjustment In Investment Reserve Rs.	Previous Year Profit/(Loss) Rs.	Remarks
1	Nepal Government Treasury Bills						
2	Nepal Government Savings Bond						
3	Nepal Government Other Securities						
4	Nepal Rastra Bank Bonds						
5	Foreign Bonds						
6	Local Licensed Institutions' Shares	75,800,500	1,269,581,990	1,291,531,838	-	-	
7	Local Licensed Institutions' Debentures & Bond						
8	Local Organized Institutions' Shares, Debentures & Bonds	675,933,910	2,266,144,536	2,181,738,690	-	-	
9	Foreign Bank Placements						
10	Other Investment						
Total Investments		751,734,410	3,535,726,526	3,473,270,528	-	-	

CLASSIFICATION OF LOANS, ADVANCES AND BILLS PURCHASE AND PROVISIONING

(As at July 15, 2017)

SCHEDULE 13

Particulars	Advances		Bills Purchased/ Discounted		Current Year Rs.	Previous yearRs.
	Domestic					
	Deprived Insured	Other Un-insured	Total	Domestic	Foreign	Total
1. Performing Loan	-	5,233,118,691	96,956,246,902	1,435,149,346	103,624,532,939	321,299,828
Pass Loan	-	5,157,026,340	91,922,537,983	1,427,151,506	98,506,755,829	321,299,828
Watch List Loan	-	76,092,351	5,033,726,919	7,997,840	5,117,817,110	-
2. Non Performing Loan	-	58,840,905	829,320,451	-	888,161,356	-
2.1 Restructure/ Reschedule	-	-	-	-	-	-
2.2 Substandard	-	24,143,151	49,914,852	-	74,058,003	-
2.3 Doubtful	-	18,639,703	169,765,937	-	188,405,640	-
2.4 Loss	-	16,058,051	609,639,662	-	625,697,713	-
(A) Total Loan	-	5,291,959,596	97,785,585,353	1,435,149,346	104,512,694,295	321,299,828
3. Loan Loss Provision	-	-	-	-	-	-
3.1 Pass	-	51,570,264	976,712,428	14,271,516	1,042,554,208	3,212,999
3.2 Watch List	-	3,804,618	251,686,346	399,892	255,890,856	-
3.3 Restructured	-	-	-	-	-	-
3.4 Substandard	-	6,035,788	12,478,713	-	18,514,501	-
3.5 Doubtful	-	9,319,852	85,380,323	-	94,700,175	-
3.6 Loss	-	16,058,051	609,639,662	-	625,697,713	-
(B) Total Loan Provision	-	86,788,573	1,935,897,472	14,671,408	2,037,357,453	3,212,999
4. Provisioning up to P/Y	-	-	-	-	-	-
4.1 Pass	-	38,646,937	775,029,984	12,543,587	826,220,508	1,067,945
4.2 Watch List	-	1,454,235	146,197,727	367,551	148,019,513	-
4.3 Restructured	-	-	-	-	-	-
4.4 Substandard	-	3,254,823	1,532,980	-	4,787,803	-
4.5 Doubtful	-	4,193,796	2,611,681	-	6,805,477	-
4.6 Loss	-	5,074,026	555,156,463	-	560,230,489	-
(C). Total P/Y Provision	-	52,623,817	1,480,528,835	12,911,138	1,546,063,790	1,067,945
(C.1) Provision Acquired from Ace	-	-	-	-	-	-
(D) Written Back Provision	-	-	-	-	-	-
(E) This Year's Addition Provision	-	-	-	-	-	-
Changes in this Year*	-	34,164,756	455,368,637	1,760,270	491,293,663	2,145,054
Net Loan (A-B)	-	5,205,171,023	95,849,687,881	1,420,477,938	102,475,336,842	318,086,829
						1,831,384,039
						2,149,470,868
						104,624,807,710
						85,461,050,976

SECURITIES AGAINST LOAN, ADVANCES AND BILLS PURCHASED

(As at July 15, 2017)

SCHEDULE 13 (A)

Particulars	Current Year Rs.	Previous Year Rs.
(A) Secured	106,683,876,991	87,009,791,973
1. Collateral of Movable/Immovable Assets	89,480,629,086	71,830,909,791
2. Local Licensed Institutions Guarantee	-	-
3. Government Guarantee	-	-
4. Internationally rated Foreign Banks Guarantee	509,795,262	3,312,415,000
5. Export Documents	-	-
6. Fixed Deposit Receipts	-	-
(a) Own FDR	260,569,258	116,951,637
(a) FDR of other Licensed Institutions	-	-
7. Government Bonds	3,678,971	10,760,201
8. Counter Guarantee	-	-
9. Personal Guarantee	1,068,309,857	1,003,782,247
10. Other Securities	15,360,894,556	10,734,973,097
(B) Unsecured	-	-
Total	106,683,876,991	87,009,791,973

FIXED ASSETS
(As at July 15, 2017)

SCHEDULE 14

PARTICULARS	Assets				Others	Current Year Total	Previous Year Total
	Building	Vehicles	Machinery	Office Equipment			
1. At Cost							
A. Previous Year's Balance	190,075,063	355,426,997	-	339,830,279	852,234,751	1,737,567,090	1,627,603,657
B. Addition during the Year (+)	-	107,774,035	-	25,625,483	67,199,953	200,599,471	144,598,165
C. Revaluation / Written back during the Year (+/-)	-	-	-	-	-	-	-
D. This Year Sold (-)	-	(77,951,282)	-	(988,750)	(2,195,789)	(81,135,821)	(34,634,732)
E. This Year Written off (-)	-	-	-	-	-	-	-
F. Addition from Acquisition	62,675,290	14,306,898	-	44,675,506	61,713,078	183,370,772	-
TOTAL GROSS VALUE (A+B+C-D-E)	252,750,353	399,556,648	-	409,142,518	978,951,993	2,040,401,512	1,737,567,090
2. DEPRECIATION							
A. Previous Year's Balance	41,426,562	168,249,811	-	211,043,350	679,890,935	1,100,610,658	986,961,470
B. Depreciation during the Year (+)	3,811,804	50,865,447	-	28,725,453	59,796,878	143,199,582	135,139,436
C. Depreciation on Revaluation/ Written back	-	-	-	-	-	-	-
D. Total Depreciation on Sold / Written Off Assets (-)	-	(60,120,900)	-	(988,749)	(2,195,782)	(63,305,431)	(21,490,248)
E. Depreciation on Acquired Assets	20,391,530	10,804,922	-	29,939,540	51,658,911	112,794,903	-
TOTAL DEPRECIATION (A+B-C-D)	65,629,896	169,799,280	-	268,719,594	789,150,942	1,293,299,712	1,100,610,658
3. REMAINING BOOK VALUE (1-2)	187,120,457	229,757,368	-	140,422,924	189,801,051	747,101,800	636,956,432
4. Land						527,795,517	413,489,330
5. Capital Construction						29,407,772	-
6. LEASEHOLD ASSETS						-	-
TOTAL BOOK VALUE (3+4+5+6)	187,120,457	229,757,368	-	140,422,924	189,801,051	1,304,305,089	1,050,445,762

NON-BANKING ASSETS
(As at July 15, 2017)

SCHEDULE 15

Name of Borrower or Party	Address	Date of acquisition of Non Banking Assets	Total Amount of Non-Banking Assets	Loss Provision	In %	In amount	Net Non Banking Assets Rs.	Total Amount	Loss Provision	Previous Year Rs.
	Address									
Bijaya Budha Magar	Lalitpur, Ward No.4 Chha, Kusnati	13-Aug-14	3,925,677	100%	3,925,677	-	3,925,677	3,925,677	-	-
Jaya Janta Polyclinic and Research Center Pvt. Ltd.	Gothatar VDC-7	3-Jun-17	24,076,000	100%	24,076,000	-	-	-	-	-
Rakesh Bikram Shahi	Gothatar VDC-7	3-Jun-17	9,882,000	100%	9,882,000	-	-	-	-	-
Ram Adhikari	Ka.Ma.Na.Pa.-03, Maharaigunj	20-Nov-14	4,393,591	100%	4,393,591	-	-	-	-	-
Raju Thapa Magar	Damak -04 Ka, Jhapa	27-Jun-16	6,657,500	100%	6,657,500	-	-	-	-	-
Radha Structure & Engineering	Natuwa -3, Morang	7-Apr-16	5,508,000	100%	5,508,000	-	-	-	-	-
Grand Total			54,442,768	-	54,442,768	-	3,925,677	3,925,677	-	-

OTHER ASSETS

(As at July 15, 2017)

SCHEDULE 16

Particulars	Current Year		Previous Year	
	Rs.	Total	Rs.	Total
1. Stock of Stationery		15,369,088		19,722,917
2. Income Receivable on investments		132,340,688		43,144,926
3. Accrued Interest on Loan	594,515,755		408,100,713	
Less: Interest Suspense amount	(594,515,755)	-	(408,100,713)	-
4. Receivable Commission		-		-
5. Sundry Debtors & Advances	113,929,432		8,066,166	
Less : Provision	-	113,929,432	-	8,066,166
6. Staff Loan and Advances		397,974,762		238,035,427
7. Prepayments		27,087,688		21,214,175
8. Cash in Transit		-		-
9. Other Transit items (including cheques)		-		-
10. Drafts Paid without Notice		-		-
11. Expenses Not Written off	237,855,206		197,763,158	
Less: Amortization	(175,441,251)	62,413,955	(148,220,817)	49,542,341
12. Branch Adjustment account		-		-
13. Deferred Tax Assets		-		-
14. Others		586,569,708		489,508,716
14.1 Receivable from Nepal Rastra Bank		7,907,832		39,225,743
14.2 Insured amount receivable against Staff Housing Loan		204,118,129		179,547,827
14.3 Advance Income Tax net of provision		149,967,176		85,315,290
14.4 Premium Paid on Government Bonds		1,926,380		-
14.5 Others		222,650,191		185,419,856
Total		1,335,685,321		869,234,668

OTHER ASSETS (ADDITIONAL STATEMENT)

(As at July 15, 2017)

SCHEDULE 16 (A)

Particulars	Current Year Rs.				Previous Year Rs.	
	Up to 1 Year	1 to 3 Years	Above 3 Years	Total	Total	
1. Accrued Interest on Loan	184,488,211	43,016,657	367,010,887	594,515,755	408,100,713	-
2. Drafts Paid without Notice						-
3. Branch Adjustment A/c						-

CONTINGENT LIABILITIES

(As at July 15, 2017)

SCHEDULE 17

Particulars	Current Year Rs.	Previous Year Rs.
1. Claims on Institution but not accepted by the Institution	-	-
2. Letters of credit (full amount)	20,676,169,614	16,615,596,586
(a) Less than 6 months maturity	11,358,981,250	8,516,623,804
(b) More than 6 months maturity	9,317,188,364	8,098,972,782
3. Rediscounted Bills	-	-
4. Unmatured Guarantees/ Bonds	9,656,965,682	7,532,215,353
(a) Bid Bonds	965,358,866	891,589,313
(b) Performance Bonds	6,417,170,801	4,467,390,014
(c) Other Guarantee/ Bonds	2,274,436,016	2,173,236,026
5. Unpaid Shares in Investment	93,355,322	173,355,322
6. Forward Exchange Contract Liabilities	7,903,347,180	5,838,134,436
7. Bills under Collection	1,098,262,922	588,585,581
8. Acceptance and Endorsements	9,974,713,253	6,253,457,413
9. Underwriting Commitments	-	-
10. Irrevocable Loan Commitments	6,541,527,018	8,071,476,756
11. Guarantee issued against counter guarantee of Internationally Rated Banks	7,343,125,933	6,694,285,668
12. Advance Payment Guarantee	5,313,449,291	3,444,000,226
13. Financial Guarantee	-	-
14. Contingent Liabilities on Income Tax	32,349,264	-
15. Others	-	-
Total	68,633,265,748	55,211,107,343

INTEREST INCOME

for the period July 16, 2016 to July 15, 2017

SCHEDULE 18

Particulars	Current Year Rs.	Previous Year Rs.
A. On Loan, Advances and Overdrafts	8,786,563,686	6,552,171,672
1. Loan and Advances	6,923,238,509	5,133,078,294
2. Overdraft	1,863,325,177	1,419,093,378
B. On Investment	208,607,003	102,535,161
1. Nepal Government Securities	208,549,123	69,276,160
a. Treasury Bills	98,829,677	57,547,050
b. Development Bonds	109,719,446	11,729,110
c. National Savings Certificates	-	-
2. Foreign Securities	-	-
3. Nepal Rastra Bank Bonds/Instruments	57,880	33,259,001
4. Debenture and Bonds	-	-
a. Banks & Financial Institutions	-	-
b. Other Organization	-	-
5. Interest on Inter Bank Lending	-	-
C. On Agency Balances	13,306,461	6,191,283
1. Local Banks & Financial Institutions	-	-
2. Foreign Banks	13,306,461	6,191,283
D. On Money At Call and Short Notice	155,616,004	68,323,307
1. Local Banks & Financial Institutions	-	-
2. Foreign Banks*	155,616,004	68,323,307
E. On Others	84,605,496	47,533,339
1. Certificate of Deposits	-	-
2. Inter-Bank/ Financial Institutions Loan	12,489,184	8,087,794
3. Others	72,116,312	39,445,545
Total	9,248,698,650	6,776,754,762

*Interest received on investment (placements) made in foreign banks is shown under this heading

INTEREST EXPENSES

for the period July 16, 2016 to July 15, 2017

SCHEDULE 19

Particulars	Current Year Rs.	Previous Year Rs.
A. On Deposit Liabilities	4,319,100,208	2,717,381,488
1. Fixed Deposits	2,856,512,569	1,239,600,247
1.1 Local Currency	2,836,272,695	1,237,616,479
1.2 Foreign Currency	20,239,874	1,983,768
2. Savings Deposits	711,373,668	695,484,098
1.1 Local Currency	708,618,977	692,411,462
1.2 Foreign Currency	2,754,691	3,072,636
3. Call Deposit	751,213,971	782,297,143
1.1 Local Currency	704,322,426	755,597,166
1.2 Foreign Currency	46,891,545	26,699,977
4. Certificate of Deposits	-	-
B. On Borrowings	145,451,738	138,268,658
1. Debenture and Bonds	136,000,000	136,000,000
2. Loan from Nepal Rastra Bank (Refinance)	-	-
3. Inter Bank/ Financial Institutions Borrowing	9,451,738	2,268,658
4. Other Corporate Body	-	-
5. Other Loans	-	-
C. On Others	-	-
Total	4,464,551,946	2,855,650,146

COMMISSION AND DISCOUNT

for the period July 16, 2016 to July 15, 2017

SCHEDULE 20

Particulars	Current Year Rs.	Previous Year Rs.
A. Bills Purchase and Discount	5,653,254	7,960,155
1. Local	5,636,219	7,922,296
2. Foreign	17,035	37,859
B. Commission	772,194,983	556,265,194
1. Letters of Credit	252,567,670	134,227,074
2. Guarantees	169,715,901	127,395,959
3. Collection Fee	-	-
4. Remittance Fee	34,864,053	39,862,604
5. Credit Cards/ Debit Cards	175,636,895	158,025,068
6. Share Underwriting/ Issues	-	-
7. Government Transactions	-	-
8. Agency Commission	139,209,828	96,634,831
9. Exchange Fee	200,636	119,657
C. Others	36,978,771	40,174,988
Total	814,827,008	604,400,337

OTHER OPERATING INCOME

for the period July 16, 2016 to July 15, 2017

SCHEDULE 21

Particulars	Current Year Rs.	Previous Year Rs.
1. Rental on Safe Deposit Lockers	28,610,456	24,249,436
2. Issue and Renewals of Credit Cards	4,476,166	4,223,295
3. Issue and Renewals of ATM Cards/ Debit Cards	87,958,697	68,950,495
4. Telex/ T.T.	78,431,079	56,424,686
5. Service Charges	109,293,648	84,832,946
6. Renewal Fees	64,279,937	57,091,415
7. Others	12,137,357	9,273,803
Total	385,187,340	305,046,076

EXCHANGE GAIN/LOSS

for the period July 16, 2016 to July 15, 2017

SCHEDULE 22

Particulars	Current Year Rs.	Previous Year Rs.
(A) Revaluation Gain/ (Loss)	3,755,951	17,571,189
(B) Trading Gain (except Exchange Fee)	617,675,639	515,693,739
Total Income/ (Loss)	621,431,590	533,264,928

EXPENSES RELATING TO EMPLOYEES

for the period July 16, 2016 to July 15, 2017

SCHEDULE 23

Particulars	Current Year Rs.	Previous Year Rs.
1. Salary	218,668,749	194,933,494
2. Allowances	352,235,542	287,969,827
3. Contribution to Provident Fund	16,923,974	15,930,631
4. Training Expenses	17,092,478	5,667,870
a) Training expenses	8,910,142	5,667,870
b) Employee training & development fund	8,182,336	-
5. Uniform	1,749,036	1,565,870
6. Medical	351,947	55,749
7. Insurance	19,980,650	18,067,979
8. Pension and Gratuity Fund	23,726,554	28,978,761
9. Others	15,110,244	16,579,074
a. Leave Compensation	1,076,015	876,537
b. Staff Lunch	11,506,751	10,871,964
c. Other incentives	2,527,478	4,830,573
Total	665,839,174	569,749,255

OTHER OPERATING EXPENSES

for the period July 16, 2016 to July 15, 2017

SCHEDULE 24

Particulars	Current Year Rs.	Previous Year Rs.
1. House Rent	83,883,607	77,483,338
2. Electricity and Water	29,746,930	21,350,155
3. Repair and Maintenance	14,397,697	15,225,530
(a) Building	8,079,476	8,992,050
(b) Vehicles	3,515,926	3,893,170
(c) Others	2,802,295	2,340,310
4. Insurance	46,189,040	38,531,454
5. Postage, Telex, Telephone, Fax, SMS	30,712,490	30,140,257
6. Office Equipment, Furniture and Repair	13,647,786	9,586,417
7. Travelling Allowances and Expenses	7,535,221	7,632,340
8. Stationery and Printing	52,651,172	36,332,507
9. Periodicals and Books	935,685	687,131
10. Advertisements & Business Promotion	44,403,054	45,681,951
11. Legal Expenses	523,720	2,457,326
12. Donations	175,133	77,805
13. Expenses Relating to Board of Directors	4,394,579	2,440,369
(a) Meeting Fees	3,975,000	2,215,000
(b) Other Expenses	419,579	225,369
14. Annual General Meeting Expenses	4,315,936	1,236,345
15. Expenses Relating to Audit	2,260,000	2,260,000
(a) Audit Fees	2,260,000	2,260,000
(b) Other Expenses	-	-
16. Commission on Remittances	-	-
17. Depreciation on Fixed Assets	143,199,581	135,139,436
18. Amortization of Expenses(Software)	18,340,723	15,090,273
19. Share/Debenture expenses	7,796,578	64,272,326
20. Technical Services Fee	-	-
21. Entertainment	14,370,770	11,619,182
22. Written Off Expenses	-	-
23. Security Expenses	39,725,417	36,955,644
24. Credit Guarantee Premium	-	-
25. Commission and Discount	-	-
26. Others	140,480,072	103,713,317
(a) Fees for Services	71,830,972	54,495,278
(b) Running expense of Vehicle/Generator	21,643,267	30,380,322
(c) Losses shortages written off	-	-
(d) Vehicle Renewal and other taxes	10,970,032	10,010,529
(e) Membership Fee	3,511,903	3,546,003
(f) Office Cleaning & Maintenance	2,719,289	2,412,189
(g) CSR expenses	26,282,900	-
(h) Misc. Expenses	3,521,709	2,868,996
Total	699,685,191	657,913,103

PROVISION FOR POSSIBLE LOSS

for the period July 16, 2016 to July 15, 2017

SCHEDULE 25

Particulars	Current Year Rs.	Previous Year Rs.
1. Increase in Loan Loss Provision	481,461,496	436,464,847
2. Increase in Provision for Loss on Investment	75,715	-
3. Provision for Non Banking Assets	28,748,262	-
4. Provision for Other Assets	-	-
Total	510,285,473	436,464,847

NON-OPERATING INCOME/LOSS

for the period July 16, 2016 to July 15, 2017

SCHEDULE 26

Particulars	Current Year Rs.	Previous Year Rs.
1. Profit (Loss) on Sale of Investment	-	-
2. Profit (Loss) on Sale of Assets	14,824,954	8,191,856
3. Dividend	65,053,931	11,241,272
a. Commercial Banks		
b. Grameen Banks	10,021,247	7,663,222
c. Financial Institutions		
d. Other Organized Institutions		
(1) Subsidiary Companies	19,285,000	
(2) Others	35,747,684	3,578,050
4. Subsidies Received from Nepal Rastra Bank		
a. Reimbursement of losses of specified branches		
b. Interest Subsidy		
c. Exchange Counter		
5. Others	-	-
Total Non-Operating Income /(Loss)	79,878,885	19,433,128

LOSS PROVISION WRITTEN BACK

for the period July 16, 2016 to July 15, 2017

SCHEDULE 27

Particulars	Current Year Rs.	Previous Year Rs.
1. Loan Loss Provision Written Back	96,120,292	358,690,484
2. Provision against Non Banking Assets Written Back	-	-
3. Investment Provision Written Back	-	-
4. Provision Against Other Assets Written Back	-	-
Total	96,120,292	358,690,484

PROFIT/ LOSS FROM EXTRA ORDINARY ACTIVITIES

for the period July 16, 2016 to July 15, 2017

SCHEDULE 28

Particulars	Current Year Rs.	Previous Year Rs.
1. Recovery of written off Loan	24,140,200	378,627
2. Voluntary Retirement Scheme Expenses	-	-
3. Loan Write-Offs (28 (A))	(3,866,735)	-
4. Other Expenses/ Income	-	-
Total	20,273,465	378,627

STATEMENT OF LOAN WRITTEN-OFF
for FY 2073/74 (2016/17)

SCHEDULE 28 (A)

S.N.	Types of Credit	Written Off Amount	Types of Security & Amount In NPR	Basis of valuation of Collateral	Loan Approving Officer/Level	Initiations made for recovery	Remarks
1	Personal Loan(Foreign Employment)	2,067,002	Personal Guarantee	2,475,000	NA	SGM	Regular Followup, Letter Issued For Recovery, Public Notice Published in Various Newspapers
2	Hire Purchase Loan	635,749	Vehicle, Personal guarantee	2,459,357	Purchase Price	HOC/GM	
3	Credit Card	768,049	Personal gurantee		NA	HOC/GM	
4	Credit Card	354,332	Personal gurantee		NA		
5	Credit Card	31,022	Personal gurantee		NA		
6	Credit Card	10,581	Personal gurantee		NA		
Grand Total		3,866,735					

**STATEMENT OF LOANS AND ADVANCES EXTENDED TO DIRECTORS/
CHIEF EXECUTIVE/ PROMOTER/ EMPLOYEES AND SHAREHOLDERS
HOLDING MORE THAN 1 PERCENT SHARES.**

(As at July 15, 2017)

SCHEDULE 29

The Statement of amount, included under total amount of Bills Purchased and Discounted, Loans, Advances and Overdraft, provided to the Directors, Chief Executive, Promoters, Employees, Shareholders and to the individual members of their undivided family OR against the guarantee of such persons OR to the organizations or companies in which such individuals are managing agent, are as follows:

Name of Promoter/Director/ Chief Executive	Last Years Balance		This Year Recovery		This year Addition	Balance as of Ashad end	
	Principal	Interest	Principal	Interest		Principal	Interest
(A) Directors	-	-	-	-	-	-	-
The Leaf Hospitality P. Ltd.						250.63	Regular
Pratime Pande						7.35	Regular
Chhaya Devi Colony						39.63	Regular
(B) Chief Executive	-	-	-	-	-	-	-
(C) Promoters	-	-	-	-	-	-	-
(D) Employees	-	-	-	-	-	15.41	Regular
(E) Shareholders	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-

Note: The above loans were disbursed by Ace Development Bank Ltd. prior to acquisition by NIBL.

FORM NO.1 CAPITAL ADEQUACY TABLE

As at Ashad end 2074 (July 15, 2017)

SCHEDULE 30 (A)

			Rs. in '000
		Current Year	Previous Year
1.1 RISK WEIGHTED EXPOSURES			
a Risk Weighted Exposure for Credit Risk		144,429,063	111,780,681
b Risk Weighted Exposure for Operational Risk		6,894,047	6,141,048
c Risk Weighted Exposure for Market Risk		447,659	328,313
Adjustment under Pillar II			
Add:2% of the total RWE as per Disclosure Requirement(6.4 a 10)		3,035,415	2,365,001
Add:3% Capital Charge For Operational Risk		1,642,276	1,252,306
Add:Capital Charge For ALM			
Add: % of the total deposit due to insufficient liquid assets(6.4 a 6)			
Total Risk Weighted Exposures(After Bank's adjustment of Pillar II)		156,448,460	121,867,349
1.2 CAPITAL		Current Year	Previous Year
Core Capital (Tier 1)		18,115,418	15,901,649
a Paid up Equity Share Capital		9,240,379	7,255,510
b Irredeemable Non-cumulative preference shares		-	-
c Share Premium		1,718,454	3,104,511
d Proposed Bonus Equity Shares		1,386,057	1,451,102
e Statutory General Reserves		4,053,195	3,205,829
f Retained Earnings till last year		-	-
g Retained Earning till This year		272,328	246,582
h Acquisition Reserve		710,110	-
i Capital Adjustment Fund		129,199	94,690
j Dividend Equalization Reserves		-	-
k Debenture Redemption Reserve		907,143	685,714
l Deferred Tax Reserve		-	-
m Other Free Reserve		-	-
n Less.Goodwill		-	-
o Less.Fictitious assets		(62,414)	-
p Less. Investment in equity in licensed Financial Institutions		-	-
q Less. Investment in equity of institutions with financial interests		(209,639)	(134,789)
r Less. Investment in equity of institutions in excess of limits		-	(7,500)
s Less. Investments arising out of underwriting commitments		-	-
t Less. Reciprocal crossholdings		-	-
u Less. Other Deductions		(29,394)	-
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)		-	-
Supplementary Capital (Tier 2)		2,251,785	2,280,895
a Cumulative and/or Redeemable Preference Share		-	-
b Subordinated Term Debt		1,550,000	1,550,000
Less : 20% discount value to 5YTM Bond/ Debenture		(650,000)	(340,000)
c Hybrid Capital Instruments		-	-
d General loan loss provision		1,060,765	827,081
e Exchange Equalization Reserve		76,733	74,406
f Investment Adjustment Reserve		171,356	169,377
g Assets Revaluation Reserve		-	-
h Other Reserves		42,931	32
Total Capital Fund (Tier I and Tier II)		20,367,203	18,182,544
1.3 CAPITAL ADEQUACY RATIOS		Current Year	Current Year
Core Capital to Total Risk Weighted Exposures (Tier I)		11.58%	13.05%
Total Capital Fund to Total Risk Weighted Exposures (Tier I & Tier II)		13.02%	14.92%

FORM NO.2 RISK WEIGHTED EXPOSURE FOR CREDIT RISK

SCHEDULE 30 B

	Current Year						Previous year	
	" Book Value a"	" Specific Prov- ision b "	" Eligible CRM c "	" Net Value d=a-b-c "	Risk Weight	" Risk Weighted Exposures f=d*e "	" Net Value " " "	Previous Year RWE
Cash Balance	2,478,216	-	-	2,478,216	0%	-	2,285,800	-
Balance With Nepal Rastra Bank	11,382,513	-	-	11,382,513	0%	-	7,767,323	-
Gold	-	-	-	-	-	-	-	-
Investment in Nepalese Government Securities	12,285,835	-	-	12,285,835	0%	-	9,784,035	-
All Claims on Government of Nepal	-	-	-	-	-	-	-	-
Investment in Nepal Rastra Bank securities	-	-	-	-	-	-	3,400,000	-
All Claims on Nepal Rastra Bank	11,386	-	-	11,386	0%	-	39,226	-
Claims on Foreign Government and Central Bank (ECA rating 0-1)	-	-	-	-	-	-	-	-
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 on Multilateral Development Banks (MDB's) recognized by the framework	-	-	-	-	-	-	0%	-
Claims On Other Multilateral Development Banks	-	-	-	-	-	-	100%	-
Claims on Public Sector Entity (ECA 0-1)	-	-	-	-	-	-	20%	-
Claims on Public Sector Entity (ECA 2)	-	-	-	-	-	-	50%	-
Claims on Public Sector Entity (ECA 3-6)	2,109,260	-	-	2,109,260	100%	2,109,260	-	1,193,922
Claims on Public Sector Entity (ECA 7)	-	-	-	-	-	-	150%	-
Claims on domestic Banks that meet capital adequacy requirements	3,952,965	-	-	3,952,965	20%	790,593	3,139,668	627,934
Claims on domestic Banks that do not meet capital adequacy requirements	5,435	-	-	5,435	100%	5,435	18,213	18,213
Claims on foreign bank (ECA Rating 0-1)	4,165,204	-	-	4,165,204	20%	833,041	7,000,173	1,400,035
Claims on foreign bank (ECA Rating 2)	5,615,466	-	-	5,615,466	50%	2,807,733	2,828,599	1,414,299
Claims on foreign bank (ECA Rating 3-6)	-	-	-	-	-	-	100%	-
Claims on foreign bank (ECA Rating 7)	-	-	-	-	-	-	150%	-
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	2,911,259	-	-	2,911,259	20%	582,252	5,635,065	1,127,013
Claims on Domestic Corporates	83,886,608	225,429	816,317.5	82,844,861	100%	82,844,861	68,667,468	68,667,468
Claims on Foreign Corporates (ECA 0-1)	-	-	-	-	20%	-	-	-

Contd.

	" Book Value a "	" Specific Prov- ision b "	" Eligible CRM c "	" Net Value d=a-b-c "	Risk Weight	" Risk Weighted Exposures f=d*e "	" Net Value d=a-b-c "	" Risk Weighted Exposures f=d*e "
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)	5,235,598	4,520	243,707.2	4,987,371	75%	3,740,528	3,450,819	2,588,114
Claims fulfilling all criterion of regulatory retail except granularity	-	-	-	-	100%	-	-	-
Claims secured by residential properties	-	-	2,079,154	60%	1,247,492	-	1,182,841	709,705
Claims not fully secured by residential properties	2,082,387	3,233	-	178,066	150%	267,099	244,824	367,236
Claims secured by residential properties (Overdue)	178,425	359,771	-	50,523	100%	50,523	44,044	44,044
Claims secured by Commercial Real Estate	95,475	44,953	-	4,301,975	100%	4,301,975	4,340,953	4,340,953
Past due claims (except for claim secured by residential properties)	4,323,266	21,291	-	266,971	150%	400,457	264,856	397,284
High Risk Claims	962,298	695,327	-	7,807,368	150%	11,711,051	2,912,422	4,368,634
Investment in equity and other capital instruments of institutions listed in the Stock exchange	7,810,559	3,191	-	529,449	100%	529,449	392,911	392,911
Investment in equity and other capital instruments of institutions not listed in the Stock exchange	529,524	76	-	-	-	-	-	-
Staff Loan Secured by residential property	226,944	209,639	-	17,305	150%	25,958	15,398	23,097
Interest receivable/Claim on government securities	298,349	-	-	298,349	60%	179,009	159,826	95,896
Cash in Transit & other cash items in the process of Collection	100,634	-	-	100,634	0%	-	26,039	-
Other Assets (as per attachment)	-	-	-	-	20%	-	-	-
Total	162,659,916	11,053,120	1,060,025	150,546,771		114,593,924	126,489,014	89,471,346
B. Off Balance Sheet Exposures								
Revocable Commitments	-	-	-	-	0%	-	-	-
Bills Under Collection	1,098,263	-	-	1,098,263	0%	-	588,586	-
Forward Exchange Contract Liabilities	7,903,347	-	-	7,903,347	10%	790,335	5,838,134	583,813
LC Commitments With Original Maturity Up to 6 months	-	-	-	-	-	-	-	-
domestic counterparty	11,358,981	-	1,497,985	9,860,997	20%	1,972,199	7,727,964	1,545,593
foreign counterparty (ECA Rating 0-1)	-	-	-	-	-	-	-	-
foreign counterparty (ECA Rating 2)	-	-	-	-	-	-	-	-
foreign counterparty (ECA Rating 3-6)	-	-	-	-	-	-	-	-
foreign counterparty (ECA Rating 7)	-	-	-	-	-	-	-	-

contd.

L C Commitments With Original Maturity Over 6 months													
domestic counterparty	9,317,188	-	275,810	9,041,379	50%	4,520,689	7,690,810	-	-	-	-	3,845,405	-
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	17,000,092	-	4,121,034	12,879,057	50%	6,439,529	10,356,217	-	-	-	-	5,178,108	-
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 Bank's Securities or Posting of Securities as collateral	-	-	-	-	-	100%	-	-	-	-	-	-	-
Repurchase Agreements, Assets sale with recourse	-	-	-	-	-	100%	-	-	-	-	-	-	-
Advance Payment Guarantee	5,313,449	-	111,050	5,202,399	100%	5,202,399	3,365,446	-	-	-	-	3,365,446	-
Financial Guarantee	-	-	498,736	9,475,978	100%	9,475,978	6,003,319	-	-	-	-	6,003,319	-
Acceptances and Endorsements	-	-	-	93,355	100%	93,355	173,355	-	-	-	-	173,355	-
Unpaid portion of Party paid shares and Securities	-	-	-	6,541,527	20%	1,308,305	8,071,477	-	-	-	-	1,614,295	-
Irrevocable Credit Commitments (short term)	-	-	-	-	-	-	-	-	-	-	-	-	-
Irrevocable Credit Commitments (long term)	-	-	-	32,349	50%	32,349	32,349	-	-	-	-	-	-
Other Contingent Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-
Unpaid Guarantee Claims	-	-	-	-	-	200%	-	-	-	-	-	-	-
Total	68,633,266	-	6,504,614	62,128,652	29,835,139	49,815,308	22,309,335	-	-	-	-	144,429,063	176,304,321
Total RWE for Credit Risk Before Adjustment (A)+(B)	231,293,182	11,053,120	7,564,639	212,675,423	144,429,063	176,304,321	111,780,681	-	-	-	-	144,429,063	176,304,321
Adjustments under Pillar II	-	-	-	-	-	-	-	-	-	-	-	-	-
Add: 10% of the loan and facilities in excess of Single Obligor Limits(6.4 a 3)	-	-	-	-	-	-	-	-	-	-	-	-	-
Add: 1% of the Contract(sale) value in case of the sale of Credit with recourse(6.4 a 4)	-	-	-	-	-	-	-	-	-	-	-	-	-
Total RWE for Credit Risk (After Bank's Adjustment of Pillar II)	231,293,182	11,053,120	7,564,639	212,675,423	144,429,063	176,304,321	111,780,681	-	-	-	-	144,429,063	176,304,321

FORM NO.3 ELIGIBLE CREDIT RISK MITIGANTS

SCHEDULE 30 C

Rs. in '000

Contd.

SCHEDULE 30 C

Claims on Foreign Corporates (ECA 0-1)	-
Claims on Foreign Corporates (ECA 2)	-
Claims on Foreign Corporates (ECA 3-6)	-
Claims on Foreign Corporates (ECA 7)	-
Regulatory Retail Portfolio (Not Overdue)	240,028
Claims fulfilling all criterion of regulatory retail except granularity	-
Claims secured by residential properties	-
Claims not fully secured by residential properties	-
Claims secured by residential properties (Overdue)	-
Claims secured by Commercial real estate	-
Past due claims (except for claim secured by residential properties)	-
High Risk claims	-
Investments in equity and other capital instruments of institutions listed in the stock exchange	-
Investments in equity and other capital instruments of institutions not listed in the stock exchange	-
Other Assets (as per attachment)	-

Claims on Foreign Corporates (ECA 0-1)	-
Claims on Foreign Corporates (ECA 2)	-
Claims on Foreign Corporates (ECA 3-6)	-
Claims on Foreign Corporates (ECA 7)	-
Regulatory Retail Portfolio (Not Overdue)	243,707
Claims fulfilling all criterion of regulatory retail except granularity	-
Claims secured by residential properties	-
Claims not fully secured by residential properties	-
Claims secured by residential properties (Overdue)	-
Claims secured by Commercial real estate	-
Past due claims (except for claim secured by residential properties)	-
High Risk claims	-
Investments in equity and other capital instruments of institutions listed in the stock exchange	-
Investments in equity and other capital instruments of institutions not listed in the stock exchange	-
Other Assets (as per attachment)	-

Contd.
SCHEDULE 30 C

	Deposits with Bank (a)	Deposits with other banks/FI (b)	Gold (c)	Govt. & NRB Secu- rities (d)	Govt. of Nepal (e)	Sec/Gtee of Other Sovereigns (f)	Govt. of do- mestic banks (g)	Sec/Gtee of MDBs (h)	Sec/ Gtee of Foreign Banks (i)	Total	Previous Period Total
Off Balance Sheet Exposures											
Forward Exchange Contract Liabilities											
LC Commitments With Original Maturity Up to 6 months											
domestic counterparty	1,497,985									1,497,985	788,660
foreign counterparty (ECA Rating 0-1)	-									-	-
foreign counterparty (ECA Rating 2)	-									-	-
foreign counterparty (ECA Rating 3-6)	-									-	-
foreign counterparty (ECA Rating 7)	-									-	-
LC Commitments With Original Maturity Over 6 months											
domestic counterparty	275,810									275,810	408,163
foreign counterparty (ECA Rating 0-1)	-									-	-
foreign counterparty (ECA Rating 2)	-									-	-
foreign counterparty (ECA Rating 3-6)	-									-	-
foreign counterparty (ECA Rating 7)	-									-	-
Bid Bond, Performance Bond and Counter guarantee											
domestic counterparty	22,580									6,862,727	4,121,034
foreign counterparty (ECA Rating 0-1)	-									-	-
foreign counterparty (ECA Rating 2)	-									-	-
foreign counterparty (ECA Rating 3-6)	-									-	-
foreign counterparty (ECA Rating 7)	-									-	-
Underwriting commitments											
Lending of Bank's Securities or Posting of Securities as Collateral											
Repurchase Agreements, Assets sale with recourse											
Advance Payment Guarantee	111,050									111,050	78,554
Financial Guarantee	-									-	-
Acceptances and Endorsements	498,736									498,736	250,138
Unpaid portion of Party paid shares and Securities	-									-	-
Irrevocable Credit commitments	-									-	-
Other Contingent Liabilities	-									-	-

The total amount of Eligible CRM shall be adjusted for the supervisory haircuts and floors. In this regard banks should disclose the total value of eligible collateral in the respective column of type of CRM and while summing up the total value necessary adjustments have to be made.

RISK WEIGHT EXPOSURE FOR OPERATIONAL RISK

As at July 15, 2017

SCHEDULE 30 D

Particulars	Rs. in '000			
	(F/Y 70/71) 2013/14	(F/Y 71/72) 2014/15	(F/Y 72/73) 2015/16	Previous Period
Net Interest Income	2,995,804	2,978,799	3,921,105	
Commission and Discount Income	478,608	497,300	604,400	
Other Operating Income	211,346	237,469	305,046	
Exchange Fluctuation Income	460,227	458,418	533,265	
Additional Interest Suspense during the period	(6,498)	2,367	110,437	
Gross Income (a)	4,139,487	4,174,353	5,474,253	
Alfa (b)	15%	15%	15%	
Fixed Percentage of Gross Income (c) =(a)*(b)	620,923	626,153	821,138	
Capital Requirement for operational risk (d) (average of c)	689,405			614,105
Risk Weight (reciprocal of capital requirement of 10%) in times (e)	10			10
Equivalent Risk Weight Exposure (f)=(d)*(e)	6,894,047			6,141,048
PILLAR -II ADJUSTMENTS				
Capital Requirement for operational Risk (2% of f) (g)	-			-
Equivalent Risk Weight Exposures (h=f+g)	6,894,047			6,141,048

MARKET RISK

As at July 15, 2017

SCHEDULE 30 E

S.No.	Currency	Current Period			Previous Period	
		Open Position (FCY)	Open Position (NPR)	Relevant Open Position (NPR)	Relevant Open Position (NPR)	
1	AED	151,135	4,062,509	4,062,509		10,493,748
2	AUD	53,389	4,218,773	4,218,773		1,342,286
3	BHD	20	5,426	5,426		0
4	CAD	45,747	3,677,574	3,677,574		605,853
5	CHF	10,790	1,140,160	1,140,160		302,081
6	CNY	84,747	1,256,798	1,256,798		4,601,141
7	DKK	206,691	3,224,382	3,224,382		1,024,215
8	EUR	(46,848)	(5,468,519)	5,468,519		6,243,395
9	GBP	7,180	952,038	952,038		819,591
10	HKD	18,350	239,835	239,835		606,128
11	INR	477,348,609	763,757,775	763,757,775		535,028,856
12	JPY	4,877,396	4,396,972	4,396,972		13,288,893
13	KRW	5,000	453	453		302,232
14	KWD	0	-	-		-
15	MYR	63,499	1,468,732	1,468,732		5,469,855
16	QAR	7,161	194,063	194,063		760,607
17	SAR	115,607	3,126,013	3,126,013		2,281,390
18	SEK	70,616	861,518	861,518		193,103
19	SGD	91,769	6,836,772	6,836,772		5,672,934
20	THB	307,780	929,496	929,496		5,790,318
21	USD	(870,629)	(89,500,687)	89,500,687		61,799,974
Total Open Position (a)				895,318,493		656,626,601
Fixed Percentage (b)				5.00%		5.00%
Capital Charge for Market Risk [c=(axb)]				44,765,925		32,831,330
				10		10
Equivalent Risk Weight Exposure [e=(cxd)]				447,659,247		328,313,300
Equivalent Risk Weight Exposure in '000				447,659		328,313

5 YEARS PRINCIPAL INDICATORS

SCHEDULE 31

Particulars	Indicators	(F/Y 069/70)	(F/Y 070/71)	(F/Y 071/72)	(F/Y 072/73)	(F/Y 073/74)
1. Percent of Net Profit/ Gross Income	Percent	28.3	27.8	28.1	31.0	28.1
2. Earning Per Share	Rs.	46.2	40.7	30.9	29.3	29.3
3. Market Value Per Share	Rs.	784	960	704	1,040	770
4. Price Earning Ratio	Ratio	17.0	23.6	22.8	35.5	26.3
5. Dividend (including bonus) on share capital	Percent	35.0	40.0	34.7	41.0	40.0
6. Cash Dividend on Share Capital	Percent	25.0	25.0	1.7	21.0	25.0
7. Interest Income/ Loan & Advances	Percent	12.3	10.8	9.0	8.4	9.0
8. Staff Expenses/ Total operating Expenses	Percent	42.4	44.8	45.6	46.4	48.8
9. Interest Expenses on Total Deposit and Borrowings	Percent	4.8	4.0	3.4	2.8	3.7
10. Exchange Gain/ Total Income	Percent	5.3	6.6	6.6	6.5	5.6
11. Staff Bonus/ Total Staff Expenses	Percent	72.1	63.2	58.7	65.1	67.3
12. Net Profit/Loan and Advances (Gross)	Percent	4.0	3.6	2.9	2.9	2.9
13. Net Profit/Total Assets	Ratio	2.6	2.3	1.9	2.0	2.1
14. Total Credit/Deposit	Percent	76.4	72.4	74.7	80.1	84.9
15. Total Operating Expenses**/ Total Assets	Percent	1.22	1.13	1.01	0.95	0.91
16. Adequacy of Capital Fund on Risk Weighted Assets						
a. Core Capital	Percent	10.01	9.52	9.54	13.05	11.58
b. Supplementary Capital	Percent	1.97	1.75	2.36	1.87	1.44
c. Total Capital Fund	Percent	11.49	11.27	11.90	14.92	13.02
17. Liquidity (CRR)	Percent	16.0	19.2	12.0	7.2	10.5
18. Non-performing credit/ Total credit	Ratio	1.91	1.77	1.25	0.68	0.83
19. Base Rate	Percent	-	6.9	6.5	5.1	8.4
20. Weighted Average Interest Rate Spread	Percent	5.5	4.8	4.6	4.7	4.3
21. Book Net-worth	Rs. in '000	7,020,644	7,925,479	9,806,953	16,287,752	18,707,884
22. Total Shares (incl. proposed bonus shares)	No.	41,448,085	47,687,136	63,457,007	87,066,118	106,264,357
23. Total Staffs	No.	910	942	969	1,005	1,187
24. Book Value Per Share	Rs.	169	166	155	187	176
25. CD Ratio (LCY Deposit with Equity)	Percent	74.8	71.9	72.8	76.8	77.6
26. Return on Paid-Up Capital (opening)	Percent	50.8	46.8	41.1	40.2	35.8
27. Return on Shareholders' Fund (Opening)	Percent	31.7	27.6	24.8	26.0	19.1
28. Market Capitalization (in Billion)	Rs.	32.5	45.8	44.7	90.5	81.8
29. Total number of Branches	No.	44	44	46	46	61
30. Total number of ATMs	No.	73	80	82	82	98

** Total Operating Expenses = Staff Expenses+ Office Operating Expenses

PRINCIPAL ACCOUNTING POLICIES

1. GENERAL INFORMATION

- a. Nepal Investment Bank Ltd. (NIBL), previously Nepal Indosuez Bank Ltd., was established in 1986 as a joint venture public limited company between Nepali and French partners as per the then Companies Act 1964. The French partner (holding 50% of the capital) was Credit Agricole Indosuez, a subsidiary of one of the largest banking groups in the world. When Credit Agricole Indosuez decided to divest, a group of companies comprising of bankers, professionals, industrialist and businessmen acquired 50% of the holdings of Credit Agricole Indosuez in Nepal Indosuez Bank in April 2002. The name of the Bank was then changed to Nepal Investment Bank Ltd. upon approval from the Bank's Annual General Meeting, Nepal Rastra Bank (central bank of Nepal) and Company Registrar's Office.
- b. During the year, the Bank acquired Ace Development Bank Ltd., a "B" class financial institution licensed by Nepal Rastra Bank, at a swap ratio of 1:0.41 (i.e. 41 shares of NIBL for every 100 shares of Ace Development Bank Ltd.). The resolution for acquisition was approved by respective extraordinary general meetings held on 2074/12/25. The final approval for acquisition from Nepal Rastra Bank and Company Registrar's Office was obtained on 2074/03/01 and 2074/03/20 respectively. Joint operations along with integration of books of account of both banks commenced from 2074/03/29.
- c. NIBL is a "A" class licensed institution licensed under the Bank and Financial Institution Act, 2073. The registered office of the Bank is located at Durbar Marg, Kathmandu.
- d. Its ordinary shares are listed in the Nepal Stock Exchange for public trading.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

- a. The financial statements have been prepared in accordance with Nepal Accounting Standards except as otherwise stated, generally accepted accounting principles, Companies Act 2063, Bank & Financial Institution Act, 2073 and Nepal Rastra Bank Directives. The statements are not based on Nepal Financial Reporting Standards which have become effective from fiscal year 2072/73, as per the notification issued by the Institute of Chartered Accountants of Nepal.
- b. The financial statements are prepared on historical cost convention except where otherwise stated.
- c. The bank follows accrual system of accounting for the preparation of financial statements except where otherwise stated.

- d. All the formats of the financial statements are in accordance with the directives of Nepal Rastra Bank.
- e. The accounting policies have been consistently applied to all the years presented, unless otherwise stated.

3. APPROVAL OF FINANCIAL STATEMENTS

The accompanied financial statements for FY 2073-74 have been approved by the Board of Directors of the Bank in its meeting dated Bhadra 21, 2074 for the purpose of presenting before the shareholders' Annual General Meeting.

4. INTEREST AND COMMISSION INCOME

- a. Interest on loans and advances are recognized on cash basis as per Nepal Rastra Bank's (NRB) directives. Interest accrued but not realized is transferred to interest suspense account.
- b. In case of loans and advances to projects of national level priorities, interest accrued pertaining to the moratorium period is capitalized and recognized as income, where the same is allowed and approval is given by Nepal Rastra Bank.
- c. Commission exceeding NPR 100,000 earned on guarantees covering more than a year is accounted for on accrual basis over the period of the guarantee.

5. DIVIDEND INCOME

Dividend income is accounted for as and when the right to receive is established.

6. INTEREST EXPENSE

Interest expense on deposit and borrowing liabilities are accounted for on accrual basis.

7. FOREIGN CURRENCY TRANSACTIONS

- a. Foreign currency assets and liabilities held at Balance Sheet date have been translated at buying rate of exchange on that date.
- b. Gain or loss arising from difference in buying and selling rates on foreign currency transactions are recorded as "Trading Gain or Loss".
- c. Gain or loss arising from the fluctuation of foreign currencies is recorded as "Revaluation Gain or Loss" as and when such fluctuation takes place. Out of total Revaluation Gain if any, 25% is transferred to Exchange Fluctuation Fund at the end of the year as per NRB directives.

8. LOAN LOSS PROVISION & BAD DEBTS WRITTEN OFF

- a. Loans and advances are classified as per the directives issued by Nepal Rastra Bank.
- b. Provision for loan losses has been created by charging to profit and loss account as per the loan loss provisioning norms stipulated in Nepal Rastra Bank's directives.
- c. Loan & advances have been presented in the Balance Sheet at net of provision.
- d. While writing off of Bad Debts, the amount written off is charged to Profit & Loss account and the corresponding provision is shown as provision written back in Profit & Loss account as per NRB directives.
- e. Bad debts are written off according to the provision made under Loans Write Off bylaws of the Bank, which has been duly approved by Nepal Rastra Bank.
- f. The Bank has taken a policy of settlement of the bad loan by waiver of reasonable amount of interest. Case to case basis settlement is made based on the justification of each case.

9. DEPRECIATION

Fixed Assets are depreciated over estimated life of assets on straight-line basis from the following month of the purchase date. Maintenance and repairs expenses are charged to profit and loss account as incurred. The depreciation rates charged on assets are as follows:

Building	2%
Vehicles	15%
Office Equipments	10%
Office Furniture	15%
Fixture & Fittings	15%
Data Processing Hardware	20%

10. EXPENSES NOT WRITTEN OFF

Cost of computer software are classified under "Expenses Not Written off" as disclosed in Schedule 16 and relates to cost of computer software which are being amortized over a period of five years from the date of acquisition.

11. NON CAPITALIZED ITEMS

Capital items of value below Rs.10,000 are expensed off in the year of purchase itself.

12. NON BANKING ASSETS

- a. Non Banking Assets are valued at amount equivalent to the outstanding amount of principal and interest due at the time of acquisition. Where the total outstanding amount of principal and interest in the year of acquisition of asset exceeds the market value of such assets, the

assets are valued at the market price and the difference amount is charged to profit and loss account in the year of acquisition.

- b. Where the amount realized upon disposal of the acquired assets vary at a future date, the difference is adjusted to the Profit & Loss Account in the year of disposal.

13. INVESTMENT

- a. Investments on securities listed in the Stock Exchange are valued at the lower of cost or market price.
- b. Investments on securities, which are not listed in the Stock Exchange, are valued at cost and Investment Adjustment Reserve is created as per NRB Directives.
- c. Investments held by the bank are classified in three categories as required by NRB Directives as a) Held till Maturity (HTM), b) Held for Trading (HFT) and c) Available for Sale (AFS).
- d. Investment Adjustment Reserve is created at the rate of 2% as per Nepal Rastra Bank's directives on investment amount in shares of companies which are categorized under 'Available for sale'. No reserve is created where the investment is permitted by Nepal Rastra Bank.

14. RETIREMENT BENEFITS & LEAVE ENCASHMENT

Gratuity is booked as expense every month as per Bank's Staff Service Bylaws based on service period of each staff and the amount is contributed to NIBL Retirement Fund. Leave encashment is recognized as expense on cash basis at the time of staff retirement.

15. STAFF LOAN:

Loans and advances provided to staff in accordance with Bank's Staff Service Bylaws are shown under "Other Assets". Housing loan availed by staff has been tied up with life insurance policy.

16. INCOME TAX:

Provision for Income Tax is made on the taxable income of the Bank at the rate applicable for that year in accordance with the Income Tax Act. Any excess or shortfall in tax provision is adjusted to the profit and loss account in the year, when tax assessment is completed. Further, deferred tax assets/liability has been calculated in accordance with the provisions of Nepal Accounting Standard.

17. CONTINGENT LIABILITY:

Any liability of contingent nature, if material, is disclosed in separate schedule, forming the part of Balance Sheet.

NOTES TO ACCOUNTS

1. ACQUISITION OF ACE DEVELOPMENT BANK LTD.

- a) During the year, the Bank acquired Ace Development Bank Ltd, a "B" class financial institution licensed by Nepal Rastra Bank. Shares amounting to NPR 493,466,365 was issued by NIBL to the shareholders of Ace Development Bank Ltd. against the latter's paid up capital of NPR 1,203,576,500 as consideration for acquisition, the swap ratio being 1:0.41. The difference resulting from the swap ratio amounting to NPR 710,110,135 is shown by NIBL as acquisition reserve in Schedule 2- Reserve & Surplus.
- b) All assets, liabilities and reserves outstanding in the books of account of Ace Development Bank Ltd. before the date of acquisition are included under respective heads in the books of account of NIBL. Likewise, the retained earning of NPR 125,900,667 in the profit & loss appropriation account of Ace Development Bank Ltd. as of 2074/03/28 is transferred to profit & loss appropriation account of NIBL.
- c) Before acquisition, NIBL's promoter public share holding was in the ratio of 70:30 where as that of Ace was 51:49. The ratio of promoter public shareholding of NIBL thus changed to 69:31 after acquisition.
- d) The summarized balance sheet of Ace Development Bank Ltd. as of 2074/03/28 and profit and loss account for the period 2073/04/01 to 2074/03/28 is depicted in Note No. 36 below.

	Amount in NPR
Opening Paid up Capital as at 1-4-2073:	7,255,509,800
Add: Bonus shares issued	1,451,101,960
Add: Fraction shares issued	40,300,740
Add: Shares for Ace Acquisition	493,466,365
Closing Paid up Capital as at 31-03-2074	9,240,378,865

2. CHANGES IN PAID-UP CAPITAL

During the year, the Bank issued bonus shares from the previous year's profit, fraction shares (for bonus shares) and new shares to the shareholders of Ace Development bank Ltd. (swap ratio being 1:0.41). The detail of changes in Paid up capital of the Bank is as follows:

The Bank has complied with the NRB's directive requiring banks to maintain a minimum paid up capital of NPR 8.00 billion by the end of FY 2073-74.

3. GENERAL RESERVE

As required by Section 44 of Banks & Financial Institutions Act, 2073 which mandates banks to transfer 20% of their net profit to general reserve, the Bank has transferred NPR 622,826,228 to General Reserve from the net profit of current year. General Reserve also includes NPR 224,539,963 transferred from Ace Development Bank Ltd. The detail of changes in General Reserve is as follows:

	Amount in NPR
Opening Reserve as at 1-4-2073:	3,205,828,703
Add: Amount transferred from Ace	224,539,964
Add: transfer from P&L appropriation a/c	622,826,228
Closing Reserve as at 31-03-2074	4,053,194,895

4. SHARE PREMIUM

During the year, the Bank transferred NPR 1,386,056,830 from share premium account to P&L appropriation account for the purpose of issuing bonus shares. The detail of changes in share premium account is as follows:

	Amount in NPR
Opening Share Premium Amount as at 1-4-2073:	3,104,510,850
Less: Transfer to P&L Appropriation A/c for Bonus shares	1,386,056,830
Closing Share Premium Amount as at 31-03-2074	1,718,454,020

5. CAPITAL ADJUSTMENT FUND

During the year, the Bank transferred NPR 1,386,056,830 from share premium account to P&L appropriation account for the purpose of issuing bonus shares. The detail of changes in share premium account is as follows:

	Amount in NPR
Opening Balance as at 1-4-2073:	94,689,901
Add: Amount transferred from Ace	6,652,631
Add: transfer from P&L appropriation a/c	27,856,675
Closing Reserve as at 31-03-2074	129,199,207

6. INVESTMENT ADJUSTMENT RESERVE

The Bank has created investment adjustment reserve on its equity investment as per the Directives of NRB. The detail of investment adjustment reserve is as follows:

Investments (Available for Sale)	Cost	Provision	Net Investment	Required Reserve
Exempted Investments	9,905,600	0	9,905,600	0
Listed Investments	531,375,210	75,715	531,299,495	10,625,990
Unlisted Investments	210,453,600	50,000	210,403,600	141,803,600
Total Required (A)	751,734,410	125,715	751,608,695	152,429,590
Opening Balance				169,376,828
Add: Transferred from Ace				1,974,592
Add: Adjustment				5,000
Closing Balance (B)				171,356,420
Surplus Reserve (B-A)				18,926,830

7. EXCHANGE FLUCTUATION RESERVE

During the year, there is a gain on revaluation of foreign currency accounts amounting to NPR 3,755,951. Hence, an amount of NPR 938,988 equivalent to 25% of such gain has been transferred to Exchange Fluctuation Reserve as required by Section 45 of Banks & Financial Institutions Act, 2073. Exchange Fluctuation Reserve also includes the balance amount transferred from Ace Development Bank Ltd. The detail of balance outstanding in exchange equalization reserve is as follows:

	Amount in NPR
Opening Reserve as at 1-4-2073:	74,405,596
Add: Amount transferred from Ace	1,388,146
Add: transfer from P&L appropriation a/c	938,988
Closing Reserve as at 31-03-2074	76,732,730

8. STAFF PROVIDENT FUND & GRATUITY

Staff Provident Fund contributions are transferred to NIBL Retirement Fund (approved by Income Tax Authority) as provided by Income Tax Act 2058.

Gratuity liability of NPR 2,242,482 shown in balance sheet Schedule 7 refers to gratuity balance from the total amount payable as at 15.07.2004. During the year, NPR 1,684,368 has been paid.

Staff Gratuity expenses (contributions) for fiscal years subsequent to FY 2003-04 has been transferred to NIBL Retirement Fund as provided by Income Tax Act 2058.

9. INCOME-TAX & DEFERRED TAX

a) Income Tax

Income tax provision is made as per the provisions of Income Tax Act, 2058. Any variance that arises during the final tax assessment by LTO is adjusted in the year in which such assessment is completed.

Tax assessment by Large Tax Office has been completed till FY 2069-70. Appeals filed by the Bank against the assessment orders from FY 2063-64 to FY 69-70 are under process of hearing at relevant judicial/appellate authorities. Additional tax

amount demanded by LTO till FY 2069-70 has been provided for by Bank by charging to Profit and loss account. Contingent Liability of NPR 32,349,264 depicted in Schedule 17 relates to contingent liability for income tax of Ace Development Bank Ltd. for the FY 2060-61 to FY 2069-70.

b) Deferred Tax

Deferred tax liability of NPR 4,912,062 for deductible temporary differences up to F.Y. 2073-74, has been shown under other liabilities in the Balance Sheet. The figure has been arrived at by applying the prevailing income tax rate to the Net Temporary Difference figure of NPR 16,373,540 which has been arrived at as follows:

	Amount in NPR
	NPR
Deferred tax asset	
Gratuity Fund	2,242,482
Provision for Non-banking Asset	3,925,677
Provision for investments	125,715
Provision for employee training fund	10,190,678
Provision for balance in call deposit	5,449,323
Total Deferred Asset	21,933,875
Deferred tax liability	
Asset base as per Company Accounts:	809,515,755
Asset base as per Income Tax provisions:	771,208,340
Total Deferred Liability	38,307,415
Net Deferred Liability due to net timing difference:	16,373,540
Deferred Tax Liability to be booked @ 30%:	4,912,062
Deferred Tax Liability already booked:	11,927,023
Excess/ (Short):	7,014,961

The excess liability amount of NPR 7,014,961 has been reversed by crediting to the Profit & Loss Account.

10. CHANGES IN DEPOSIT LIABILITIES

The total deposit of the bank has increased by NPR 17,042.71 million to NPR 125,669.35 million, from the previous year's balance of NPR 108,626.64 million as following:

Particulars	NPR in Million		
	FY 2016/2017 (2073/74)	FY 2015/2016 (2072/73)	Increase/ (Decrease) Percentage
Current Deposits	14,023.18	13,871.21	1.10%
Margin Deposits	2,406.16	1,587.59	51.56%
Saving Deposits	36,419.92	39,423.30	-7.62%
Fixed Deposits	53,692.55	26,485.13	102.73%
Call Deposits	19,127.54	27,259.41	-29.83%
Total Deposits	125,669.35	108,626.64	15.69%

11. DEBENTURES:

The Bank has issued various amounts of debentures in various fiscal years to supplement its Tier II Capital. The details of Debenture outstanding as at the balance sheet date are as follows:

Date of Issue	Rate of Interest	Amount in NPR	Balance in Debenture Redemption Fund	Maturity Date
29-03-2068	12%	300,000,000	300,000,000	28-03-2075
06-04-2070	8%	500,000,000	285,714,284	05-04-2077
11-04-2071	8%	750,000,000	321,428,571	10-04-2078
	Total	1,550,000,000	907,142,855	

Debenture Redemption Fund has been created every year by dividing the debenture amount by number of debenture year period. During the year, NPR 221,428,570 has been transferred to Debenture Redemption Fund.

12. LOANS DISBURSED, RECOVERY AND WRITTEN OFF:

- a) During the year, total loan amounting to NPR 137,101.25 million has been disbursed and NPR 117,427.16 million has been recovered.
- b) Loans and advances are disbursed against the pledge/collateral security of fixed assets and/or plant & machineries/ account receivables/ trading assets/ guarantees etc.
- c) During the year, loan amounting to NPR 3,866,735 has been written off, the details of which is mentioned in Schedule 28A.

13. FIXED ASSETS:

- a) Fixed assets acquired from Ace Development Bank have been grouped under relevant asset class in NIBL's books of accounts. The details of assets acquired along with accumulated depreciation thereon are shown separately in Schedule 14.
- b) Depreciation on assets acquired from Ace Development Bank Ltd. for the period subsequent to acquisition is charged on the original purchase price as per the depreciation policy being followed by NIBL i.e. under Straight Line Method (SLM). The depreciation policy followed by Ace Development Bank Ltd. was Written Down Value (WDV) method.
- c) Land includes land amounting to NPR 114,306,187 acquired from Ace Development Bank Ltd.

14. NON BANKING ASSETS:

The Bank has Non-banking assets of NPR 54,442,768 as at Ashad end 2074. Of this amount, non-banking assets amounting to NPR 16,559,090 was acquired from Ace Development Bank Ltd. whereas remaining amount of NPR 33,958,000 was booked by NIBL. As required by NRB directives, 100% provision has been made on the NBA. The detail of changes in NBA during the year is given below:

	Amount in NPR
Opening Non-Banking Assets as at 1-4-2073:	3,925,677
Add: NBA booked by NIBL in this year	33,958,000
Add: NBA acquired from Ace	16,559,091
Closing Non-Banking Assets as at 31-03-2074	54,442,768

For the NBA booked during the year by NIBL of NPR 33,958,000, provision of NPR 28,748,262 is created by charging to P&L whereas remaining provision of NPR 5,209,738 is created by reversing interest suspense.

Profit on sale of assets amounting NPR 14,824,954 shown in Schedule 26 includes NPR 2,105,000 relating to gain on sale of non-banking assets.

15. INVESTMENT IN GOVERNMENT BONDS & TREASURY BILLS

- a) Investments in Government bonds at premium are shown under investments at face value. The premium paid on such bonds is booked as premium paid in advance and is amortized over the period of the bonds.
- b) Investments in treasury bills at discount are shown at cost under investment. The amount of discount is booked as un-earned interest and is amortized over the period of the treasury bills.

16. INTEREST INCOME

- a) Interest income from loans and advances is recognized in cash basis, except on project financing.
- b) In case of project financing, interest amount during the construction period is capitalized as per NRB directives. During the year, NPR 184,881,755 interest has been capitalized with NRB's approval.
- c) During the year, NPR 27,856,675 interest has been capitalized on project loans which were rescheduled last year on account of earthquake and blockade vide Circular No. 12/072/73 dated 2072-09-30. Consequently, the said amount has been transferred from P&L appropriation account to Capital Adjustment Fund in compliance with the said circular.

17. EXPENSES NOT WRITTEN OFF

- a) Cost of computer software classified under "Expenses Not Written off" disclosed in Schedule 16 (11) relates to cost of computer software which are being amortized over a period of five years from the date of acquisition. During the year, NPR 18,340,723 has been amortized by charging to Profit and Loss account.
- b) Cost of software (Pumori) acquired from Ace Development Bank Ltd. is fully amortized by the said Bank.

18. PROVISION FOR LOAN LOSS & LOSS PROVISION WRITTEN BACK

- a) During the year NPR 481,461,496 as shown in Schedule 25 (1), has been charged to Profit and Loss account for loan loss provision as per Nepal Rastra Bank directives.
- b) Loan Provision amounting to NPR 96,120,292 has been written back during the year and the amount is shown in Schedule 27(1).

19. RECOVERY OF WRITTEN OFF LOAN

During the year, NPR 24,140,200 was partly recovered from loan amount written off in previous fiscal years. The amount is shown in Schedule 28- Profit & Loss from Extraordinary activities.

20. DIVIDEND INCOME

During the year, NPR 65,053,931 was received as dividend income from various companies as detailed below:

Particulars	Amount
NIBL CAPITAL LTD.	19,285,000
NIBL SAMRIDDHI FUND-I	21,000,000
NABIL BALANCE FUND-I	5,032,205
NMB SULAV Fund	2,609,996
SIDDHARTHA EQUITY ORIENTED SCHEME	5,661,834
ICRA NEPAL LTD.	76,000
NEPAL CLEARING HOUSE	475,000
KARJA SUCHANA KENDRA LTD . (CICL)	892,649
RMDC	3,681,909
SWABALAMBAN LAGHUBITTA BIKASH BANK LTD.	6,339,338
Total Dividend Received	65,053,931

21. PROVISION FOR CALL DEPOSIT BALANCE

Bank balance includes NPR 5,449,323 acquired from Ace Development Bank Ltd. as balance in call deposit in Capital Merchant Banking & Finance Ltd. Since the said finance company is declared problematic by Nepal Rastra Bank, the amount has been fully provided for by Ace Development Bank Ltd. The provision amount thereon of NPR 5,449,323 is shown as 'provision for bank balance' in Schedule 7 – Other Liabilities (13.4).

22. GOLD COIN/ GOLD ETF

Other Assets includes gold coins of NPR 2,737,768 and Gold ETF of NPR 5,706,083 valued at cost.

23. TABLE OF LIQUIDITY DETAILS

Assets	1-90 Days	91-180 Days	181-270 Days	271-365 Days	Above one Year	Total Amount
Cash Balance	2,478,216	-	-	-	-	2,478,216
Balance with Banks	15,419,374	-	-	-	-	15,419,374
Investment made with Foreign Banks	9,283,868	-	-	-	-	9,283,868
Call Money	3,289,600	-	-	-	-	3,289,600
Investment in Treasury Bills	-	500,000	2,000,000	1,350,000	8,435,835	12,285,835
Investment in Shares	-	-	-	-	751,734	751,734
Inter Bank Lending	40,000	-	-	-	-	40,000
Loans & Advances	32,782,222	11,639,904	8,574,448	11,816,826	39,811,407	104,624,808
Interest Receivable	140,249	-	-	-	-	140,249
Investment	-	-	-	-	-	-
Others	-	-	-	-	2,504,350	2,504,350
Total Assets	63,433,529	12,139,904	10,574,448	13,166,826	51,503,326	150,818,034
Liabilities						
Current Deposits	6,613,113	1,402,318	2,103,476	1,402,318	4,908,112	16,429,336
Saving Deposits	16,664,347	5,554,782	8,332,179	5,554,782	19,441,743	55,547,834
Fixed and Call Deposits	8,345,592	13,389,147	12,720,275	12,899,518	6,337,653	53,692,185
Debentures	-	-	-	-	1,550,000	1,550,000
Inter Bank Borrowing	241,324	-	-	-	-	241,324
Re-Financing	-	-	-	-	-	-
Others Liabilities	-	2,310,095	-	-	1,611,560	3,921,655
Sundry Creditors	324,673	-	-	-	-	324,673
Bills Payable	143,862	-	-	-	-	143,862
Interest Payable	259,281	-	-	-	-	259,281
Share Capital & Reserve	-	-	-	-	18,707,884	18,707,884
Total Liabilities	32,592,192	22,656,342	23,155,930	19,856,618	52,556,952	150,818,034
Net Financial Assets	30,841,336	(10,516,438)	(12,581,481)	(6,689,791)	(1,053,626)	0
Cummulative Net Financial Assets	30,841,336	20,324,898	7,743,417	1,053,626	0	

24. RECONCILIATION STATUS

The reconciliation status of various agency balances and inter-branch transactions as of balance sheet date is as follows:

Particulars	Up to 1 Year	1-3 Year	More than 3 years	In NPR '000	Total
Agency balances	361,785	720,692	534	1,083,012	
Inter-Branch	-	-	-	-	

The above balance includes debit/credit differences. The differences are recognized and reconciled on daily basis.

25. WEIGHTED AVERAGE INTEREST RATE SPREAD

The weighted average interest rate spread for FY 2073-74 is as follows:

Interest Yield on Loans & Investments (LCY)	8.37%
Cost of Fund on Deposits and borrowing (LCY)	4.03%
Weighted average interest spread (LCY)	4.34%

26. EMPLOYEE TRAINING & DEVELOPMENT FUND

In compliance with NRB Circular no. 10/073/74 dated 2073/09/26, the Bank has transferred NPR 8,182,336 to 'Employee Training & Development Fund' (Schedule -2) by charging to profit and loss account. The detail of the employee training expenses is as below:

Total Employee expenses in FY 2072-73 (A)	569,749,255
Amount required to be spent in FY 2073-74 (B=A*3%)	17,092,478
Amount actually spent in FY 2073-74 (C)	8,910,142
Amount transferred to Employee training fund (D=B-C)	8,182,336
Add: Amount transferred from Ace	2,008,342
Closing Balance in Fund	10,190,678

27. CORPORATE SOCIAL RESPONSIBILITY (CSR) EXPENSES

In compliance with the NRB Circular no 11/073/74 dated 2073/10/12, the Bank has appropriated NPR 31,141,312 (1% of net profit) from profit & loss appropriation account and transferred to CSR Fund (Schedule 2). In the current FY 2073-74, the Bank spent NPR 26,282,900 for CSR related activities (Schedule 24). CSR Fund in Schedule 2 includes amount of NPR 1,567,138 transferred from Ace Development Bank Ltd.

28. STAFF BONUS

Expense on staff bonus is recognized at ten percent of net profit before income tax and after bonus provision.

29. INVESTMENT IN SUBSIDIARY & OTHER COMPANIES

- a) NIBL has incorporated a merchant banking subsidiary company named "NIBL Capital Markets Limited" with Authorized capital of NPR 500 million and Issued capital NPR 145 million. Of the total issued capital, NIBL has subscribed 70% (NPR 101.50 million) as its equity participation and the remaining 30% is set aside for public. The said company commenced its operation from 31/07/2012 (Shrawan 16, 2069). The scope of the said subsidiary is Merchant banking, Depository Participant, Mutual fund and Business advisory services. The company made a net profit of NPR 100.87 million in FY 2073-74 against a net profit of NPR 52.39 million in previous year. The company declared stock dividend of 97% and cash dividend of 25% on its paid up capital from the retained profits.
- b) Ace Development Bank Ltd. held 700,000 equity shares of NPR 100 each in Ace Capital Ltd., a 100% subsidiary of the former for carrying out merchant banking services. After acquisition of Ace Development Bank Ltd., Ace Capital Ltd. has become 100% subsidiary of NIBL. Ace Capital Ltd. made a net profit of NPR 37.27 million in FY 2073-74 against net profit of NPR 9.16 million previous year. The company declared cash dividend of 52% on its paid up capital from the retained profits.
- c) Further to above, NIBL has made equity investment of NPR 8.28 million in Flexiterm Pvt. Ltd. and NPR 29.85 million in M Nepal Pvt. Ltd. for mobile banking businesses.

30.RELATED PARTY DISCLOSURES

- a. NIBL Capital Markets Ltd. (a subsidiary of NIBL) held deposits of NPR 13.31 million in various accounts in the Bank as at Ashad end 2074. The Bank paid NPR 23.43 million as interest on the deposits held by the subsidiary during the year. Similarly Ace Capital Ltd. held 178.36 million deposits in various accounts in the Bank as at Ashad end 2074. During the period, the Bank paid NPR 57.51 thousand as interest on the deposits held by the company.
- b. A staff from the Bank has been deputed as CEO of NIBL Capital Markets Ltd. During the year, total allowance of NPR 1.26 million was paid by the Company.
- c. The Bank has entered into a Service Level Agreement (SLA) with the company for the provision of management services as well as other ancillary support. The Bank received a fee of NPR 600,000 from the company for the SLA.
- d. The Bank has appointed NIBL Capital markets Ltd. as its Share Registrar for which the Bank paid a fee of NPR 500,000 per annum to the latter. A staff from the bank has been deputed to the company for assisting in share registrar services. The salary cost of such staff is reimbursed by the company to the Bank.
- e. The Bank has invested NPR 140 Million in NIBL Mutual Fund (NIBL Samriddhi Fund -1) as Seed Capital. Likewise, the Bank has invested NPR 102.50 Million in NIBL Pragati Fund Scheme issued by NIBL Mutual Fund as Seed Capital.
- f. During the year, the Bank received NPR 19.28 million as dividend from the profits of FY 2072-73 of NIBL Capital Markets Ltd.
- g. The Bank received service charge of NPR 4.54 million from NIBL Capital Markets Ltd. for providing various banking services for IPOs and DP accounts managed by the subsidiary.
- h. All transaction between the Bank and its subsidiaries are done on an arm's length basis.

31.UNCLAIMED DIVIDEND

As on balance sheet date, unclaimed dividend for previous fiscal years amounts to NPR 188,820,807.

32.INR NOTES

INR notes of denomination 500 and 1000 amounting to NPR 3,478,400 (INR 2,174,000) have been sent to Nepal Rastra Bank (NRB) for exchange, but the same have not been exchanged by NRB yet.

33.PROPOSED DIVIDEND

The Board of Directors of the Bank has proposed 15 % stock dividend (NPR 1,386,056,830) and 25% cash dividend (NPR 2,310,094,717) on Bank's paid up capital from the profits of the Bank, subject to approval from Nepal Rastra Bank and Annual General Meeting.

34.REGROUPING

Previous Years' figures have been regrouped or rearranged, wherever necessary.

35.ROUNDING OFF

Figures have been rounded off to the nearest rupee.

36.ADDITIONAL DETAILS RELATING TO ACQUISITION

The balance sheet and profit and loss statement of Ace Development bank Ltd before the date of acquisition is as follows:

BALANCE SHEET OF ACE DEVELOPMENT BANK

AS OF 28/03/2074

Capital & Liabilities	Current Year Rs.	Previous Year Rs.
1. Share Capital	1,203,576,500	1,202,983,800
2. Reserve & Fund	366,847,853	211,701,145
3. Debentures and Bonds	-	-
4. Borrowings	-	1,346,018,493
5. Deposits Liabilities	7,448,998,459	7,589,068,527
6. Bills Payable	581,933	38,811,508
7. Proposed Dividend	-	-
8. Income Tax Liabilities	-	-
9. Other Liabilities	165,408,974	458,727,676
Total Liabilities	9,185,413,720	10,847,311,149

Assets	Current Year Rs.	Previous Year Rs.
1. Cash Balance	155,741,235	84,501,089
2. Balance with NRB	709,749,244	113,185,553
3. Balance with Banks/ Financial Institution	46,883,883	130,276,767
4. Money at Call and Short Notice	339,901,078	2,959,251,999
5. Investments	608,358,167	565,236,135
6. Loan, Advances & Bills Purchased	7,078,827,659	6,749,968,366
7. Fixed Assets	90,537,424	99,169,154
8. Non-Banking Assets	-	-
9. Other Assets	155,415,031	145,722,086
Total Assets	9,185,413,720	10,847,311,149

PROFIT & LOSS ACCOUNT OF ACE DEVELOPMENT BANK LTD.

FOR THE PERIOD 01/04/2073 TO 28/03/2074

Particulars	Current Year Rs.	Previous Year Rs.
1. Interest Income	781,776,457	733,516,148
2. Interest Expenses	447,692,654	302,592,424
Net Interest Income	334,083,803	430,923,724
3. Commission and Discount	9,390,771	7,872,915
4. Other Operating Income	27,470,712	32,353,070
5. Exchange Profit	1,777,772	7,879,004
Total Operating Income	372,723,058	479,028,714
6. Staff Expenses	94,860,068	81,668,096
7. Other Operating Expenses	82,126,772	77,146,185
8. Exchange Loss	-	-
Operating Profit Before Provision for Possible Loss	195,736,219	320,214,433
9. Provision for Possible Losses	30,262,167	74,783,471
Operating Profit	165,474,052	245,430,962
10. Non-operating Income/ Loss	7,323,691	51,011,530
11. Loss Provision Written Back	81,405,548	126,628,672
Profit from Regular Operations	254,203,291	423,071,164
12. Profit/ Loss from extra-ordinary activities	(16,376,411)	(30,160,200)
Net Profit after considering all activities	237,826,880	392,910,964
13. Provision for Staff Bonus	21,620,625	35,719,179
14. Income Tax Provision	59,492,408	105,831,387
- Current Year	57,792,388	105,175,125
- Upto Previous Year	-	-
- Deferred Tax Income / (Expense)	1,700,020	656,262
Net Profit/ Loss	156,713,846	251,360,398

PROFIT & LOSS APPROPRIATION ACCOUNT OF ACE DEVELOPMENT BANK LTD.

FOR THE PERIOD 01/04/2073 TO 28/03/2074

Particulars	Current Year Rs.	Previous Year Rs.
Income		
1. Accumulated Profit up to last year	127,645	4,820,143
2. This year's profit	156,713,846	251,360,398
3. Transfer from Exchange Adjustment Reserve	-	-
4. Transfer from Investment Adjustment Reserve	269,063	1,590,450
5. Transfer from Deferred Tax Reserve	1,700,020	656,262
Total	158,810,575	258,427,253
Expense		
1. Accumulated loss up to last year	-	-
2. This year's Loss	-	-
3. General Reserve Fund	31,342,769	50,272,080
4. Contingent Reserve	-	-
5. Institutional Development Fund	-	-
6. Dividend Equalization Fund	-	-
7. Employee Welfare Funds	-	-
8. Proposed Dividend	-	-
9. Proposed Issue of Bonus Shares	-	202,581,400
10. Special Reserve Fund	-	-
11. Exchange Fluctuation Reserve	-	222,671
12. Capital Adjustment Fund	-	-
13. Debenture Redemption Fund	-	5,159,736
14. Investment Adjustment Reserve	-	63,720
15. Deferred Tax Reserve	-	-
16. Corporate Social Responsibility (CSR) Fund	1,567,138	-
Total	32,909,907	258,299,608
Accumulated Profit/ Loss	125,900,667	127,645

DETAILS OF PROMOTERS SHARES PLEDGED BY PROMOTER SHAREHOLDERS OF THE BANK

As at July 15, 2017

SCHEDULE 34

S. No.	Promoter's Name	Promoters Share Own- ership		Loan Detail		Total Numbers of Pledged Shares	Remarks
		Total No. of Shares	Percentage of Total Paid up Capital	Name of the Banks & Financial Institu- tions	Loan Amount		
1	Prudential Capital Management Company Pvt. Ltd .	293,668	0.32	Citizens Bank International Limited .	173,540,000	162,548	
2	Sunrise Holdings Private Limited	400	0.00	Prabhu Bank Limited .	150,000,000	331	
3	Rajesh Upadhyay	6,366	0.01	Nic Asia Bank Ltd. .	118,978,000	6,366	
4	Lotus Investment Private Limited	1,108,385	1.20	Citizens Bank International Limited .	105,096,400	465,482	
5	Shree Ganesh Properties And Investments Pvt. Ltd.	60,156	0.07	Citizens Bank International Limited .	94,000,000	31,561	
6	Kamala Investment Private Limited	1,195,883	1.29	Nepal Bangladesh Bank Ltd. .	74,000,000	288,928	
7	Bodh Tripathi Prasad	12,703	0.01	Nic Asia Bank Ltd. .	70,000,000	9,900	
8	Syakar Company Pvt. Ltd.	405,938	0.44	Kailash Bikas Bank Ltd.	66,400,000	253,061	
9	United Distributors Nepal P. Ltd.	178,898	0.19	Everest Bank Limited .	62,500,000	178,155	
10	Syakar Company Pvt. Ltd.	405,938	0.44	Prime Commercial Bank Ltd	57,000,000	83,510	
11	Nepal General Marketing Pvt. Ltd.	311,530	0.34	Kailash Bikas Bank Ltd.	50,900,000	194,207	
12	Nepal General Marketing Pvt. Ltd.	311,530	0.34	Prime Commercial Bank Ltd	44,000,000	64,088	
13	A.A.A Investments Pvt. Ltd.	40,284	0.04	Himalayan Bank Ltd. .	43,300,000	25,000	
14	Mercantile Investment Pvt. Ltd.	979,130	1.060	Himalayan Bank Ltd. .	40,175,000	401,750	
15	Life Care Distributors P. Ltd.	60,000	0.07	Everest Bank Limited .	30,600,000	60,000	
16	Bikash Impex Bikash Impex	45,446	0.05	Civil Bank Limited	26,485,528	37,675	
17	Prestine Investment Pvt. Ltd.	1,255,451	1.36	Sanima Bank Limited .	18,821,200	188,212	
18	Surya Inosys Pvt. Ltd.	1,255,451	1.36	Sanima Bank Limited .	18,821,200	188,212	
19	Janak Bista	160,410	0.17	International Development Bank Limited .	13,300,000	133,000	
20	Neetu Agrawal	6,028	0.01	Kailash Bikas Bank Ltd.	11,986,471	6,028	
21	Chhote Lal Rauniyar	9,316	0.01	Nmb Bank Limited	11,460,751	8,960	
22	Om Shah	1,004	0.00	Mega Bank Nepal Limited .	11,001,444	1,004	
23	Labin Udash	1,206	0.00	Yeti Development Bank Ltd.	10,000,000	1,000	
24	Shree Ganesh Properties And Investments Pvt. Ltd.	60,156	0.07	Prabhu Bank Limited	9,834,272	28,588	
25	Indra Thapa	27,141	0.03	Araniko Development Bank Ltd	9,298,693	20,982	
26	Gyanendra Pradhan	25,936	0.03	Nepal Bank Ltd	8,200,000	25,936	
27	Bodh Prasad Tripathi	78,815	0.09	Prabhu Bank Limited	6,795,600	67,956	
28	Navin Agrawal	22,742	0.02	Excel Development Bank Ltd .	6,500,000	22,742	
29	Yogeshwor Dhakal	11,228	0.01	Prabhu Bank Limited	6,000,000	9,310	
30	Laxmi Khanal	27,281	0.03	Siddhartha Bank Limited .	5,910,000	27,281	
31	Rama Pandey Pant	3,208	0.00	Sanima Bank Limited	5,094,530	3,208	
32	Shree Ram Pandey	802	0.00	Sanima Bank Limited	5,023,632	802	
33	Bodh Tripathi	47,979	0.05	Prabhu Bank Limited	4,797,900	47,979	
34	Vikash Agrawal	3,208	0.00	Prime Commercial Bank Ltd	4,773,612	3,208	
35	Shova Mishra	66,206	0.07	Icfc Finance Limited	4,280,894	24,822	
36	Kabita Khadka	4,922	0.01	Lumbini Finance & Leasing Co. Ltd .	4,265,000	1,171	
37	Dilip Munankarmi	2,722	0.00	Sunrise Bank Ltd	4,000,000	2,000	
38	D. K. International Investment Pvt. Ltd.	25,234	0.03	Yeti Development Bank Ltd.	3,954,000	21,667	
39	Ruhani Karki	1,809	0.00	Lumbini Finance & Leasing Co. Ltd .	3,940,000	1,809	
40	Ram Saud	784	0.00	Mega Bank Nepal Limited	3,450,000	650	
41	Amit Agrawal	7,252	0.01	Siddhartha Bank Limited	3,398,000	7,252	
42	Shanta Shrestha	2,532	0.00	Shree Investment And Finance Co.Ltd .	3,185,700	2,100	
43	Durga Khadka	16,842	0.02	International Development Bank Limited	2,998,517	12,155	

44	Hathway Investment Nepal Ltd	10,989	0.01	Kumari Bank Limited .	2,958,240	8,000
45	Rupendra Poudel	35,854	0.04	Vibor Bikas Bank Limited	2,500,000	20,000
46	Durbar Square Investment Pvt. Ltd .	8,000	0.01	Deva Bikas Bank Limited	2,455,000	8,000
47	Sundar Shrestha	7,489	0.01	United Finance Limited .	2,419,600	7,396
48	Rajesh Upadhyay	13,860	0.01	Nic Asia Bank Ltd. .	2,210,684	13,860
49	Indra Adhikari	3,376	0.00	Guheswori Merchant Banking & Finance Limited .	2,184,000	3,360
50	Sangita K.C	11,000	0.01	Global Ime Bank Ltd.	2,029,500	11,000
51	Bimla Pradhan	11,629	0.01	Nepal Bank Ltd	2,025,000	11,629
52	Ram Rimal	3,325	0.00	Guheswori Merchant Banking & Finance Limited .	2,011,625	3,325
53	Shree Ram Dhakal	12,180	0.01	Siddhartha Bank Limited .	1,930,000	9,600
54	Jitendra Baidya	3,237	0.00	Sunrise Bank Ltd	1,848,327	3,237
55	Bandhana Sharma	2,558	0.00	Citizens Bank International Limited .	1,637,120	2,558
56	Bishnu Bhandari	22,896	0.02	International Development Bank Limited .	1,542,500	15,425
57	Kabita Khadka	4,922	0.01	Araniko Development Bank Ltd	1,517,440	3,751
58	Rita Bajracharya Gubhaju	6,028	0.01	Citizens Bank International Limited .	1,507,000	6,028
59	Sabin Maharjan	4,889	0.01	Deva Bikas Bank Limited	1,435,000	4,800
60	Ashok Agrawal	18,449	0.02	Himalayan Bank Ltd. .	1,360,000	13,600
61	Gau Mata Investment Company Pvt. Ltd .	10,207	0.01	Kasthamandap Development Bank Ltd .	1,280,000	10,107
62	Nanda Tiwari	2,063	0.00	Yeti Development Bank Ltd .	1,210,981	2,063
63	Jay Pathak	14,548	0.02	Nabil Bank Limited .	1,206,700	12,067
64	Sushila Mittal	11,502	0.01	Siddhartha Bank Limited .	1,150,200	11,502
65	Bishnu Bhandari	22,896	0.02	Nepal Credit And Commerce Bank Ltd	1,104,770	3,000
66	Vikash Dharewa	7,882	0.01	Laxmi Bank Limited .	1,104,000	5,000
67	Birendra Baidya	1,767	0.00	Sunrise Bank Ltd	1,099,290	1,500
68	Ram K.C.	2,005	0.00	Sindhu Bikash Bank .Ltd	1,000,000	1,250
69	Shova K.C.	2,005	0.00	Sindhu Bikash Bank .Ltd	1,000,000	1,250
70	Dipesh Khetan	9,720	0.01	Nmb Bank Limited	890,000	4,000
71	Praladh Regmi	2,496	0.00	Kumari Bank Limited .	855,741	2,496
72	Raj Thapa	2,981	0.00	Shangrila Development Bank Limited .	855,547	2,981
73	Shanta Ram Basnet	3,851	0.00	Citizens Bank International Limited .	847,384	1,451
74	Binaya Upadhyay	2,907	0.00	Laxmi Bank Limited .	838,000	1,995
75	Vinod Jain Dharewa	3,208	0.00	Laxmi Bank Limited .	779,000	3,208
76	Puja Agrawal Khetan	9,377	0.01	Laxmi Bank Limited Ltd.	777,800	7,778
77	Sandesh Dhakal	3,851	0.00	Siddhartha Bank Limited .	765,000	3,851
78	Sanjeev Dhakal	3,851	0.00	Siddhartha Bank Limited .	765,000	3,851
79	Tana Gautam	9,223	0.01	Lumbini Bank Limited .	765,000	7,650
80	Madhu Bhattarai	1,207	0.00	Reliable Development Bank Ltd	738,684	1,207
81	Sita Upreti	4,000	0.00	Siddhartha Bank Limited .	730,000	4,000
82	Chetan Pradhan	3,931	0.00	Nepal Bank Ltd	695,000	3,931
83	Nivita Pradhan	3,931	0.00	Nepal Bank Ltd	695,000	3,931
84	Prakash Dawadi	3,450	0.00	Prime Commercial Bank Ltd	660,920	2,481
85	Pitambar Sapkota	1,784	0.00	Kailash Bikas Bank Ltd.	651,231	1,784
86	Sharmila Khanal	10,327	0.01	Business Universal Development Bank .	643,800	6,438
87	Shreeram Dhakal	3,851	0.00	Siddhartha Bank Limited .	634,000	3,851
88	Sovita Khatri	906	0.00	Nabil Bank Limited .	600,000	900
89	Gyanendra Pradhan	7,699	0.01	Nepal Bank Ltd	580,200	7,699
90	Arpit Agrawal	7,018	0.01	Himalayan Bank Ltd.	580,000	5,800
91	Sakila Shrestha	2,727	0.00	Nabil Bank Limited .	532,000	2,262
92	Baikuntha Paudel	1,439	0.00	Kasthamandap Development Bank Ltd .	525,000	1,439

93	A.A.A Investments Pvt. Ltd .	40,284	0.04	Citizens Bank International Limited .	522,400	5,224
94	Prem Tiwari	4,162	0.00	Annapurna Saving And Investment Ltd.	518,800	3,450
95	Garud Investment And Development Pvt Ltd.	1,201	0.00	Laxmi Bank Limited .	503,000	1,201
96	Amit Kayastha	3,811	0.00	Citizens Bank International Limited .	495,000	3,811
97	Madhukar Lamichhane	2,207	0.00	Laxmi Bank Limited .	480,000	1,829
98	Manorama Adhikari	3,851	0.00	Citizens Bank International Limited .	480,000	3,192
99	Prakash Shrestha	2,407	0.00	Nabil Bank Limited .	469,000	1,996
100	Narayan Sijapati	1,000	0.00	Kailash Bikas Bank Ltd.	460,990	1,000
101	Namobuddha Investment Pvt. Ltd.	1,206	0.00	Manjushree Financial Institution Limited	459,843	1,206
102	Sharmila Khanal	10,327	0.01	Sanima Bank Limited .	450,000	2,359
103	Dipak Dahal	121	0.00	Reliable Development Bank Ltd	400,000	100
104	Hari Krishna Shah	161	0.00	Reliable Development Bank Ltd	400,000	133
105	Yubaraj Sitaula	4,677	0.01	Reliable Development Bank Ltd	387,900	3,879
106	Alija Khanal	5,976	0.01	Icfc Finance Limited .	372,500	3,725
107	Sumit Khanal	5,976	0.01	Icfc Finance Limited .	372,500	3,725
108	Ritu Rana	2,824	0.00	Goodwill Finance Ltd .	347,654	2,824
109	Kanchan Subedi	1,086	0.00	Deva Bikas Bank Limited	325,000	1,086
110	Amrit Adhikari	1,206	0.00	Tourism Development Bank Limited	322,500	1,000
111	Rasmila Shrestha	1,000	0.00	Araniko Development Bank Ltd	312,500	1,000
112	Jai Sarda	1,621	0.00	Century Commercial Bank Ltd	296,724	1,621
113	Sharmila Khanal	10,327	0.01	Siddhartha Bank Limited .	281,500	1,530
114	Krishna Budhathoki	923	0.00	Unique Finance Limited	281,000	923
115	Shanta Shrestha	2,532	0.00	Citizens Bank International Limited .	254,880	432
116	Shantaram Basnet	3,851	0.00	Kasthamandap Development Bank Ltd .	240,000	2,400
117	Guna Banjara	1,386	0.00	Narayani National Finance Limited .	225,956	900
118	Nav Raj Pokhrel	400	0.00	International Development Bank Limited .	222,000	330
119	Arjun Basnet	650	0.00	United Finance Limited .	205,075	650
120	Sita Bhetwal	2,412	0.00	Reliable Development Bank Ltd	200,000	2,000
121	Bisheshwor Subedi	1,950	0.00	Kailash Bikas Bank Ltd.	195,000	1,950
122	Suman Baniya	2,989	0.00	Infrastructure Development Bank Limited	186,400	1,864
123	Binita Neupane Devkota	603	0.00	Goodwill Finance Ltd .	184,518	603
124	Prakesh Shrestha	2,307	0.00	Kumari Bank Limited .	184,400	1,844
125	Suman Baniya	2,989	0.00	Nepal Credit And Commerce Bank Ltd	183,093	1,125
126	Santosh Acharya	497	0.00	Araniko Development Bank Ltd	170,223	497
127	Deepak Agrawal	1,665	0.00	Kumari Bank Limited .	166,500	1,665
128	Rajendra Amatya	483	0.00	Yeti Development Bank Ltd .	164,945	483
129	Krishna Prasad Chakatu	500	0.00	Araniko Development Bank Ltd	159,865	500
130	Dilip Bhandari	431	0.00	Deva Bikas Bank Limited	155,000	431
131	Bhim Prasad Panta	480	0.00	Araniko Development Bank Ltd	153,000	480
132	Naresh Bajracharya	2,412	0.00	Goodwill Finance Limited	150,000	2,412
133	Naresh Atal	665	0.00	Laxmi Bank Limited .	141,000	665
134	Saroj Maharjan	1,161	0.00	Nmb Bank Limited	140,127	1,161
135	Nand Sharma	4,200	0.00	Janata Bank Nepal Limited	138,000	3,500
136	Badri Adhikari	2,151	0.00	Citizens Bank International Limited .	134,100	1,341
137	Sunil Devkota	400	0.00	Reliance Finance Ltd	119,000	400
138	Kamod Jha	603	0.00	Guheswori Merchant Banking And Finance Ltd .	116,950	603
139	Machhindra Karki	369	0.00	Unique Finance Limited	111,000	369
140	Bimal Bhaukajee	724	0.00	Icfc Finance Limited .	110,100	600
141	Sunita Karki	430	0.00	Kasthamandap Development Bank Ltd .	107,500	354
142	Amar Karki	1,266	0.00	Sanima Bank Limited .	105,000	1,050
143	Harihar Khanal	1,275	0.00	Business Universal Development Bank Limited	100,000	1,000
144	Keshab Phulara	1,330	0.00	International Leasing & Finance Co.Ltd	100,000	330

145	Keshab Phulara	1,330	0.00	Nabil Bank Limited .	100,000	1,000
146	Rabindra Bhattarai	1,206	0.00	Icfc Finance Limited .	100,000	1,000
147	Ramkrishna Raut	2,506	0.00	Siddhartha Bank Limited .	100,000	1,000
148	Ravi Agrawal	1,000	0.00	Kumari Bank Limited .	100,000	1,000
149	Shanta Manandhar	1,206	0.00	Infrastructure Development Bank Limited	100,000	1,000
150	Narendra Bist	369	0.00	Yeti Development Bank Ltd	98,362	305
151	Devi Gautam	1,568	0.00	Siddhartha Development Bank Limited .	90,000	900
152	Guna Banjara	1,386	0.00	Sunrise Bank Ltd	88,537	486
153	Pradip Tamrakar	582	0.00	Goodwill Finance Limited .	88,122	515
154	Radhika Maharjan	242	0.00	Prime Commercial Bank Ltd	77,502	242
155	Krishna Aryal	121	0.00	Yeti Development Bank Ltd .	68,244	121
156	Aditya Shrestha	797	0.00	United Finance Limited .	66,000	660
157	Nayandra Bastola	650	0.00	Mega Bank Nepal Limited .	65,000	650
158	Prem Kaji Khajju	200	0.00	Araniko Development Bank Ltd	63,000	200
159	Shankar Pudasaini	604	0.00	Goodwill Finance Ltd .	60,000	600
160	Sujeep Shrestha	321	0.00	Kailash Bikas Bank Ltd.	58,667	321
161	Suvas Agrawal	684	0.00	Siddhartha Bank Limited .	56,600	566
162	Best Manage Investment Pvt Ltd.	971	0.00	Reliable Development Bank Ltd	50,000	500
163	Buddha Shrestha	802	0.00	Nic Asia Bank Ltd. .	50,000	500
164	Dipendra Thapaliya	603	0.00	Nabil Bank Limited .	50,000	500
165	Kamal Panthi	1,888	0.00	Siddhartha Bank Limited .	50,000	1,566
166	Nirmala Paudel	603	0.00	Infrastructure Development Bank Limited	50,000	500
167	Raju Maharjan	603	0.00	Deva Bikas Bank Limited	50,000	500
168	Vidhya Basnet	500	0.00	United Finance Limited .	50,000	500
169	Padam Bhandari	163	0.00	Yeti Development Bank Ltd .	49,877	163
170	Suraj Shiwakoti	181	0.00	Jyoti Bikash Bank Ltd	49,500	150
171	Narayan Tandukar	137	0.00	Goodwill Finance Limited .	44,114	137
172	Jesus Nyachhyon	483	0.00	Civil Bank Limited	40,000	400
173	Devi Pandey	121	0.00	Ilam Saving And Credit Co-Operative Limited	39,000	121
174	Gautam Adhikari	121	0.00	Deva Bikas Bank Limited	35,000	121
175	Pankaj Jha	422	0.00	Guheswori Merchant Banking & Finance Limited .	35,000	350
176	Gopal Shrestha	460	0.00	Prime Commercial Bank Ltd	30,000	300
177	Raju Babu Gurung	362	0.00	Prime Commercial Bank Ltd	30,000	300
178	Santosh Dangol	420	0.00	Goodwill Finance Ltd .	26,500	265
179	Rajendra Khanal	121	0.00	Siddhartha Bank Limited .	22,000	121
180	Ram Prasad Bimali	321	0.00	Annapurna Saving And Investment Ltd.	20,000	200
181	Ramesh Shrestha	161	0.00	Reliable Development Bank Ltd	20,000	133
182	Siddhartha Shakya	242	0.00	Deva Bikas Bank Limited	20,000	200
183	Kushal Harjani	145	0.00	Deva Bikas Bank Limited	18,000	145
184	Yurop Shrestha	621	0.00	Siddhartha Bank Limited .	12,000	50
185	Laxman Neupane	121	0.00	Goodwill Finance Limited	10,000	100
186	Rajeeb Pandey	161	0.00	Nic Asia Bank Ltd. .	10,000	100
187	Pramila Khatiwada	116	0.00	Vibor Bikas Bank Ltd.	9,600	96
188	Sujan Subedi	116	0.00	Vibor Bikas Bank Ltd.	9,600	96
189	Dal Pun	21	0.00	Deva Bikas Bank Limited	6,800	21
190	Rajendra Pokhrel	80	0.00	Om Development Bank Limited	6,600	66
191	Saraswati Karki/ Giri	198	0.00	Nabil Bank Limited .	5,900	59

COMPARISON OF UNAUDITED & AUDITED FINANCIAL STATEMENT

As of Ashad end FY 2073/74 (July 15, 2017)

SCHEDULE 35

Rs. in '000

S/N	Particulars	As per Unaudited F/S	As per Audited F/S	Reasons for Variance	
				Variance In Amount	In %
1	Total Capital and Liabilities (1.1 to 1.7)	152,857,407	152,877,103	(19,696)	0%
1.1	Paid Up Capital	9,240,379	10,626,436	(1,386,057)	-15% Due to proposed bonus shares
1.2	Reserve and Surplus	11,780,167	8,081,448	3,698,719	31% Due to adjustment & appropriation of profit.
1.3	Debenture and Bond	1,550,000	1,550,000	-	0%
1.4	Borrowings	241,324	241,324	-	0%
1.5	Deposit (a+b)	125,669,355	125,669,355	(0)	0%
a.	Domestic Currency	114,923,286	114,923,286	-	0%
b.	Foreign Currency	10,746,069	10,746,069	(0)	0%
1.6	Income Tax Liability	-	-	-	0%
1.7	Other Liabilities	4,376,182	6,708,540	2,332,358)	-53% Due to adjustment & appropriation of profit
2	Total Assets (2.1 to 2.7)	152,857,407	152,877,103	19,696	0%
2.1	Cash and Bank Balance	17,897,590	17,897,590	-	0%
2.2	Money at Call and Short Notice	40,000	40,000	-	0%
2.3	Investments	25,615,645	25,615,645	-	0%
2.4	Loans and Advances (Gross)	106,683,877	106,683,877	-	0%
a.	Real Estate Loan	5,756,185	5,756,185	-	0%
1.	Residential Real Estate Loan (Except Personal Home Loan upto Rs. 1 crore)	448,059	448,059	-	0%
2.	Business Compex & Residential Apartment Construction Loan	1,656,801	1,656,801	-	0%
3.	Income Generating Commercial Complex Loan	802,460	802,460	-	0%
4.	Other Real Estate Loan (Including Land Purchase and Plotting)	2,848,865	2,848,865	-	0%
b.	Personal Home Loan of Rs. 1 Crore or Less	2,118,552	2,118,552	-	0%
c.	Margin Type Loan	1,682,906	1,682,906	-	0%
d.	Term Loan	28,855,445	28,855,445	-	0%
e.	Overdraft Loan/ TR Loan / WC Loan	55,933,412	55,933,412	-	0%
f.	Others	12,337,377	12,337,377	-	0%
2.5	Fixed Assets	1,274,897	1,304,305	(29,408)	-2% Adjustment made during audit
2.6	Non Banking Assets (Net)	-	-	-	0%
2.7	Other Assets	1,345,397	1,335,685	9,712	1% Adjustment made during audit
3	Profit & Loss Account				
3.1	Interest Income	9,248,699	9,248,699	-	0%
3.2	Interest Expense	(4,464,552)	(4,464,552)	-	0%
	A. Net Interest Income (3.1-3.2)	4,784,147	4,784,147	-	0%
3.3	Fees, Commission and Discount	814,827	814,827	-	0%
3.4	Other Operating Income	385,187	385,187	-	0%
3.5	Foreign Exchange Gain/Loss (Net)	621,432	621,432	-	0%
	B. Total Operating Income (A.+3.3+3.4+3.5)	6,605,593	6,605,593	-	0%
3.6	Staff Expenses	(665,839)	(665,839)	-	0%
3.7	Other Operating Expenses	(699,685)	(699,685)	-	0%
	C. Operating Profit Before Provision (B.-3.6-3.7)	5,240,068	5,240,068	-	0%
3.8	Provision for Possible Losses	(438,098)	(510,285)	72,187	-16% Due to addition in LLP
	D. Operating Profit (C.-3.8)	4,801,970	4,729,783	72,187	2%
3.9	Non Operating Income/Expenses (Net)	79,879	79,879	-	0%
3.10	Write Back of Provision for Possible Loss	96,120	96,120	0	0%
	E. Profit from Regular Activities (D+3.9+3.10)	4,977,969	4,905,782	72,187	1%
3.11	Extra-ordinary Income/Expenses (Net)	20,273	20,273	-	-
	F. Profit before Bonus and Taxes (E.+3.11)	4,998,243	4,926,055	72,187	1%
3.12	Provision for Staff Bonus	(454,386)	(447,823)	(6,562)	1% Due to change in profit
3.13	Provision for Tax	(1,383,789)	(1,364,101)	(19,687)	1% Due to change in profit
	G. Net Profit/Loss (F.-3.12-3.13)	3,160,069	3,114,131	45,937	1% Due to change in profit

UNAUDITED FINANCIAL RESULTS (QUARTERLY)

as at Fourth Quarter (15/07/2017) of the FY 2016/17 (FY 2073-74)

SCHEDULE 36

Rs. in '000

S/N	Particulars	This Quarter Ending	Previous Quarter Ending	Corresponding Quarter Previous Year (Audited)
1	Total Capital and Liabilities (1.1 to 1.7)	152,857,407	143,878,982	131,331,446
1.1	Paid Up Capital	9,240,379	8,746,913	8,706,612
1.2	Reserve and Surplus	11,780,167	9,958,839	7,581,140
1.3	Debenture and Bond	1,550,000	1,550,000	1,550,000
1.4	Borrowings	241,324	241,089	250,480
1.5	Deposit (a+b)	125,669,355	119,811,451	108,626,642
	a. Domestic Currency	114,923,286	108,149,877	95,195,356
	b. Foreign Currency	10,746,069	11,661,574	13,431,286
1.6	Income Tax Liability	-	(10,661)	-
1.7	Other Liabilities	4,376,182	3,581,351	4,616,573
2	Total Assets (2.1 to 2.7)	152,857,407	143,878,982	131,331,446
2.1	Cash and Bank Balance	17,897,590	13,882,001	13,025,832
2.2	Money at Call and Short Notice	40,000	200,000	149,380
2.3	Investments	25,615,645	25,366,900	29,226,762
2.4	Loans and Advances (Gross)	106,683,877	101,946,234	87,009,792
	a. Real Estate Loan	5,756,185	4,978,345	5,334,596
	1. Residential Real Estate Loan (Except Personal Home Loan upto Rs. 1.5 Crore)	448,059	450,086	531,382
	2. Business Compex & Residential Apartment Construction Loan	1,656,801	1,538,779	2,465,171
	3. Income Generating Commercial Complex Loan	802,460	779,941	177,223
	4. Other Real Estate Loan (Including Land Purchase and Plotting)	2,848,865	2,209,540	2,160,820
	b. Personal Home Loan of Rs. 1 Crore or Less	2,118,552	1,204,015	1,273,593
	c. Margin Type Loan	1,682,906	849,219	603,618
	d. Term Loan	28,855,445	24,748,521	21,373,407
	e. Overdraft Loan/ TR Loan / WC Loan	55,933,412	58,572,648	50,832,823
	f. Others	12,337,377	11,593,486	7,591,755
2.5	Fixed Assets (Net)	1,274,897	1,081,114	1,050,446
2.6	Non Banking Assets (Net)	-	-	-
2.7	Other Assets	1,345,397	1,402,733	869,235

UNAUDITED FINANCIAL RESULTS (QUARTERLY) CONT...

as at Fourth Quarter (15/07/2017) of the FY 2016/17 (FY 2073-74)

SCHEDULE 36

3 Profit & Loss Account		Up to This Quarter	Up to This Quarter	Up to Corresponding quarter Previous Quarter
3.1	Interest Income	9,248,699	6,354,773	6,776,755
3.2	Interest Expense	(4,464,552)	(2,876,592)	(2,855,650)
	A. Net Interest Income (3.1-3.2)	4,784,147	3,478,181	3,921,105
3.3	Fees, Commission and Discount	814,827	623,028	604,400
3.4	Other Operating Income	385,187	267,196	305,046
3.5	Foreign Exchange Gain/Loss (Net)	621,432	464,216	533,265
	B. Total Operating Income (A.+3.3+3.4+3.5)	6,605,593	4,832,620	5,363,816
3.6	Staff Expenses	(665,839)	(434,572)	(569,749)
3.7	Other Operating Expenses	(699,685)	(504,982)	(657,913)
	C. Operating Profit Before Provision (B.-3.6-3.7)	5,240,068	3,893,066	4,136,154
3.8	Provision for Possible Losses	(438,098)	(435,705)	(436,465)
	D. Operating Profit (C.-3.8)	4,801,970	3,457,361	3,699,689
3.9	Non Operating Income/Expenses (Net)	79,879	73,605	19,433
3.10	Write Back of Provision for Possible Loss	96,120	205,418	358,690
	E. Profit from Regular Activities (D+3.9+3.10)	4,977,969	3,736,384	4,077,812
3.11	Extra-ordinary Income/Expenses (Net)	20,273	-	379
	F. Profit before Bonus and Taxes (E.+3.11)	4,998,243	3,736,384	4,078,191
3.12	Provision for Staff Bonus	(454,386)	(339,671)	(370,745)
3.13	Provision for Tax	(1,383,789)	(1,019,014)	(1,156,563)
	G. Net Profit/Loss (F.-3.12-3.13)	3,160,069	2,377,699	2,550,884
4 Ratios		At the End of This Quarter	At the End of Previous Quarter	At the End of Corresponding Quarter Previous Year
4.1	Capital Fund to RWA	14.47%	13.78%	14.92%
4.2	Non Performing Loan (NPL) to Total Loan	0.83%	0.64%	0.68%
4.3	Total Loan Loss Provision to Total NPL	223.7%	266.9%	261.2%
4.4	CD Ratio (As per NRB Directives)	77.63%	78.04%	76.78%
4.5	Net Liquid Assets/Total Deposit	30.43%	27.97%	29.81%
4.6	Base Rate	8.36%	6.89%	4.80%
4.7	Average Yield LCY Lending & Investments (As per NRB Directives)	9.73%	9.42%	7.61%
4.8	Cost of Funds LCY Deposits (As per NRB Directives)	5.84%	4.55%	2.65%
4.9	Interest Spread LCY (As per NRB Directives)	3.90%	4.88%	4.96%
4.10	Return on Equity (Closing Annualized)	15.03%	16.95%	15.66%
4.11	Return on Assets (Closing Annualized)	2.07%	2.20%	1.94%

Note:1) Previous quarters' figures have been regrouped and rearranged wherever necessary.

2) The above figures are subject to change as per the directions, if any, of Nepal Rastra Bank and/or Statutory Auditor.

3) The CD ratio mentioned in 4.4 above is calculated without considering the relaxation given by NRB vide its Circular No. 15/2073/74 dated 19/11/2074.

DISCLOSURE UNDER BASEL II

As at Ashad end 2074 (July 15, 2017)

1. CAPITAL STRUCTURE & CAPITAL ADEQUACY

Particulars	Amount in NPR.
	This Quarter Ending
Core Capital (Tier I)	18,115,417,763
Paid up Equity Share Capital	9,240,378,865
Share Premium	1,718,454,020
Proposed Bonus Equity Shares	1,386,056,830
Statutory General Reserves	4,053,194,895
Retained Earnings up to Previous Year	272,327,511
Unaudited current year cumulative profit	-
Acquisition Reserve	710,110,135
Debenture Redemption Reserve	907,142,855
Capital Adjustment Reserve	129,199,207
Less : Intangible Assets	(62,413,955)
Less. Investment in equity of institutions with financial interests	(209,638,600)
Less. Investment in equity of institutions in excess of limits	(29,394,000)
Less. Other Deductions	(29,394,000)
Less: Other deduction	(29,394,000)
Supplementary Capital (Tier 2)	2,251,785,097
Subordinated Term Debt	1,550,000,000
Less : 20% discount value to 5YTM Bond/ Debenture	(650,000,000)
General loan loss provision	1,060,765,319
Exchange Equalization Reserve	76,732,730
Investment Adjustment Reserve	171,356,420
Other Reserves	42,930,628
Total Capital Fund (Tier I and Tier II)	20,367,202,860

Information about Subordinated Term Debts

12% Debenture of Rs. 1000 each issued on 13-07-2011(2068-03-29) and Maturing on 12-07-2018(2075-03-28)	300,000,000	300,000,000
Outstanding balance of Redemption Reserve		
8% Debenture of Rs.1000 each issued on 21-07-2013(2070-04-06) and Maturing On 20-07-2020(2077-04-05)	285,714,284	500,000,000
Outstanding balance of Redemption Reserve		
8% Debenture of Rs.1000 each issued on 27-07-2014(2071-04-11) and Maturing on 26-07-2021(2078-04-10)	321,428,571	750,000,000
Outstanding balance of Redemption Reserve		
Total	907,142,855	1,550,000,000
Deductions from Capital		
20% Discount value to 5 YTM Debenture		(650,000,000)
Total Qualifying Capital		900,000,000

Tier 1 Capital to Total Risk Weighted Exposures	11.58%
Tier 1 and Tier 2 Capital to Total Risk Weighted Exposures	13.02%

Summary of the Banks internal approach to assess the adequacy of its capital to support current & future activities:

- Regular monitoring by the Internal Audit & Compliance Department
- Periodic supervision by the Top management

Features of Subordinated Term Debts (Debenture)

- Fixed Maturity period of 7 Years
- Interest payment half yearly
- At the time of liquidation rights of claim will be only after depositors
- Listed with Nepal Stock Exchange Ltd.
- Redeemable and non convertible

2. Risk Exposures

RISK WEIGHTED EXPOSURES	Current Period
Risk Weighted Exposure for Credit Risk	144,429,062,964
Risk Weighted Exposure for Operational Risk	6,894,046,656
Risk Weighted Exposure for Market Risk	447,659,247
Add:2% of the total RWE As Per NRB Instruction	3,035,415,377
Add:3% Capital Charge For Operational Risk	1,642,275,882
Total Risk Weighted Exposures	156,448,460,126

Risk Weighted exposure under each of 11 categories of Credit Risk

Particulars	Risk Weighted Exposure
a.Claims on government & central bank	-
b.Claims on other official entities	-
c.Claims on banks	5,019,054,007
d.Claims on corporate & securities firms	84,954,121,570
e.Claims on regulatory retail portfolio	3,740,527,942
f. Claims secured by residential properties	1,247,492,193
g.Claims secured by commercial real state	4,301,975,000
h.Past due claims	450,979,637
i.High risk claims	11,711,051,720
j.Other assets	3,168,721,484
k.Off balance sheet items	29,835,139,412
Total	144,429,062,964

Amount of NPA's

Category	Gross	Provision	Net
Substandard	74,058,004	18,514,501	55,543,503
Doubtful	188,405,640	29,977,660	158,427,981
Loss	625,697,712	564,148,052	61,549,660
Total	888,161,357	612,640,213	275,521,144

NPA Ratio:	
Gross NPA to Gross Advances	0.83%
Net NPA to Net Advances	0.26%

Movement of NPA

Particulars	Opening Balance	Closing Balance	Movement
Non Performing Loan	592,992,656	888,161,357	295,168,701
1 Substandard	19,151,212	74,058,004	54,906,792
2 Doubtful	13,610,954	188,405,640	174,794,686
3 Loss	560,230,490	625,697,712	65,467,222

WRITE OFF OF LOANS & INTEREST SUSPENSE:

NPR.

	Loan Amount	Interest Suspense	Provision write Back
Total Loan Write off			

MOVEMENT OF LOAN LOSS PROVISION & INTEREST SUSPENSE

Particulars	Opening Balance	Closing Balance	Movement
Loan Loss Provision			
1. Pass	828,897,715	1,060,810,276	231,912,561
2. Watch List	148,019,512	255,890,856	107,871,344
3. Substandard	4,787,803	18,514,501	13,726,698
4. Doubtful	6,805,477	94,700,174	87,894,697
5. Loss	560,230,490	625,697,712	65,467,222
6. PG & Third Party Collateral	-	3,455,762	3,455,762
Total Loan Loss Provision	1,548,740,997	2,059,069,281	510,328,284

INTEREST SUSPENSE

Particulars	Opening Balance	Closing Balance	Movement
Interest Suspense	408,100,713	594,515,755	186,415,042

DETAILS OF ADDITIONAL LOAN LOSS PROVISION

Particulars	Opening Balance	Closing Balance	Movement
Total Loan Loss Provision	1,548,740,997	2,059,069,281	510,328,284

SEGREGATION OF INVESTMENT PORTFOLIO

Investment Held to Maturity	Cost Price	Rs. (A)	Amount Impaired till Previous Year Rs. (B)	Net
Nepal Government Treasury Bills		3,803,934,700		3,803,934,700
Nepal Government Bond		8,481,900,000		8,481,900,000
Nepal Rastra Bank Bonds		-		-
Nepal Rastra Bank Deposit Collection Instrument		-		-
Foreign Bonds		-		-
Local Licensed Institutions-Placement with Local Banks		-		-
Local Licensed Institutions' Shares		-		-
Local Licensed Institutions' Debentures & Bond		-		-
Foreign Bank Placements		9,283,868,000		9,283,868,000
Other Investment		3,294,333,868		3,294,333,868
Total		24,864,036,568		24,864,036,568

Investment Held For Trading	NIL	NIL	NIL
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Investment (Available for Sale)	Cost Price	Previous market price	Current Market Price	Current year Adjustment in Investment Reserve
Nepal Government Treasury Bills				
Nepal Government Savings Bond				
Nepal Government Other Securities				
Nepal Rastra Bank Bonds				
Foreign Bonds				
Local Licensed Institutions' Shares ***	75,800,500	5,413,626,488	1,291,531,838	-
Local Licensed Institutions' Mutual Fund	326,257,520	51,008,931	373,019,906	
Foreign Bank Placements				
Other Investment	349,676,390	5,652,014,700	1,808,718,784	-
Total	751,734,410	11,116,650,119	3,473,270,528	-

***Note: Incase of unlisted share Cost price is taken as Market Price.

3. RISK MANAGEMENT PROCESS

Nepal Investment Bank has tailored its risk management program to its needs and circumstances. Regardless of the risk management program design, each program should cover:

RISK IDENTIFICATION

In order to properly manage risks, an institution must recognize and understand risks that may arise from both existing and new business initiatives; for example, risks inherent in lending activity include credit, liquidity, interest rate and operational risks. Risk identification should be a continuing process, and should be understood at both the transaction and portfolio levels..

RISK MEASUREMENT

Once risks have been identified, they should be measured in order to determine their impact on the banking institution's profitability and capital. This can be done using various simple models. Accurate and timely measurement of risk is essential to effective risk management systems. An institution that does not have a risk measurement system has limited ability to control or monitor risk levels. Banking institutions should periodically test their risk measurement tools to make sure they are accurate. Good risk measurement systems assess the risks of both individual transactions and portfolios..

RISK MONITORING

Institutions should put in place an effective management information system (MIS) to monitor risk levels and facilitate timely review of risk positions and exceptions. Monitoring reports should be frequent, timely, accurate, and informative and should be distributed to appropriate individuals to ensure action, when needed.

RISK CONTROL

After measuring risk, an institution should establish and communicate risk limits through policies, standards, and procedures that define responsibility and authority. These limits should serve as a means to control exposure to various risks associated with the banking institution's activities. Institutions may also apply various mitigating tools in minimizing exposure to various risks. Institutions should have a process to authorize and document Exceptions or changes to risk limits when warranted.

A sound risk management system should have the following elements:

- Active board and senior management oversight; (BMO)
- Adequate policies, procedures and limits; (PPL)
- Adequate risk measurement, monitoring and management information system (MIS);and
- Comprehensive internal controls. (ICs)

ACTIVE BOARD AND SENIOR MANAGEMENT OVERSIGHT

Boards of directors have ultimate responsibility for the level of risk taken by Nepal Investment Bank Limited. Accordingly, they should approve the overall business strategies and significant policies of NIBL, including those related to managing and taking risks, and should also ensure that senior management is fully capable of managing the activities that NIBL undertake. While all boards of directors are responsible for understanding the nature of the risks significant to NIBL and for ensuring that management is taking the steps necessary to identify, measure, monitor, and control these risks.

Senior management is responsible for implementing strategies in a manner that limits risks associated with each strategy and that ensures compliance with laws and regulations on both a long-term and day-to-day basis. Accordingly, management should be fully involved in the activities of NIBL and possess sufficient knowledge of all major business lines to ensure that appropriate policies, controls, and risk monitoring systems are in place and that accountability and lines of authority are clearly delineated. Senior management is also responsible for establishing and communicating a strong awareness of and need for effective internal controls and high ethical standards.

STRATEGIES AND PROCESSES

Credit risk process is a joint effort between its marketing and credit areas. Relationship managers and account officers on one hand, and the credit officers on the other are engaged in analyzing inherent risks in the customer's business, ability to repay and structure a facility that simultaneously accommodates the financing needs, while assuring seniority, protection and control of the Bank's assets and collateral.

The Structure and Organization of the Relevant Risk Management Function

The Board of Directors (BOD) is the ultimate authority in the decision making process. The process, however, is initiated at the business unit officers/ business unit heads / ALCO level, Risk Management department and goes through the Chief Executive Officer, Risk management committee and the BOD. The risk management stops at different levels depending on the Bank's policy relating to approval discretions. Further policy manuals on credit, asset liability, information technology & operations are also available to guide the staff on day to day business.

The Scope and Nature of Risk Reporting and / or Measurement Systems

Risk reporting / measurement system is done through regular customer interactions, site inspections & annual reviews. These are continuous processes. Further, quarterly review of the bank's performance is conducted every quarter and findings reported to the BOD.

Policies for Hedging and / or mitigating risk and Strategies, and processes for monitoring the continuing effectiveness of hedges / mitigants

Policies for mitigating risks & strategies are as outlined in the respective manuals and as discussed at various levels after customer interactions / visits, during annual reviews, quarterly reviews and at meetings at various levels.

TYPES OF ELIGIBLE CREDIT RISK MITIGANTS USED AND THE BENEFITS AVAILED UNDER CRM

Particulars	Eligible CRM
Deposits with Bank	2,666,729,477
Deposits with other banks/FI	-
Gold	40,190,000
Govt. & NRB Securities	3,678,971
Government Guarantee	379,595,278
Sec/G'tee of Foreign Banks	7,332,715,861
Total	10,422,909,587

**CONSOLIDATED FINANCIAL STATEMENTS
of
NIBL and its subsidiary NIBL Capital Markets Ltd.**

SUNDAR & CO.

Chartered Accountants

Pulchowk (Machagaa)
Lalitpur 20/8 Gha
P.O.B 3102 Kathmandu, Nepal

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Auditor's Report to the Members of NEPAL INVESTMENT BANK LTD on the Consolidated Financial Statements of Nepal Investment Bank Limited and its wholly owned subsidiary companies i.e. NIBL Capital Markets Limited and Ace Capital Limited

Report on the Financial Statements

We have examined the attached consolidated Balance Sheet of Nepal Investment Bank Limited and its aforesaid wholly owned subsidiary companies as of Ashadh 31, 2074 corresponding to July 15, 2017, the consolidated Profit and Loss Account, Statement of Changes in Equity and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management, based on the prevailing Acts and Laws, is responsible for the preparation and fair presentation of these financial statements in accordance with Nepal Financial Reporting Standards (NFRS). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Nepal Standards on Auditing. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

We did not audit the financial statements of the wholly owned subsidiary companies. These financial statements of the wholly owned subsidiary companies have been audited by other auditors, and our opinion, in so far as it relates to the amounts included in respect of the subsidiary companies, is based solely on the report of the other auditors.



Opinion on the Financial Statements

- a. In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements referred to above, read together with the notes attached thereon give a true and fair view of the consolidated financial position of the bank and its aforesaid subsidiary companies as of Ashadh 31, 2074 (July 15, 2017), and of the results of the consolidated financial performances
- b. As the consolidated financial statements of the Bank and aforesaid subsidiary companies have not been prepared in compliance with the Nepal Financial Reporting Standards issued by The Institute of Chartered Accountants of Nepal, no opinion is expressed on the same.


CA. Sundar Man Shrestha
Chartered Accountant
Partner
Sundar & Co.



Date: 2074-05-21

CONSOLIDATED BALANCE SHEET

As at Ashad end 2074 (July 15, 2017)

Capital & Liabilities	Current Year Rs.	Previous Year Rs.
1. Share Capital	10,626,435,695	8,706,611,760
2. Reserve & Fund	8,268,759,999	7,650,216,554
3. Debentures and Bonds	1,550,000,000	1,550,000,000
4. Borrowings	288,574,234	250,479,530
5. Deposits Liabilities	125,477,675,973	108,596,081,667
6. Bills Payable	143,862,303	139,315,187
7. Proposed Dividend	2,310,094,717	1,523,657,058
8. Income Tax Liabilities	-	-
9. Other Liabilities	4,083,524,841	5,672,760,287
Total Liabilities	152,748,927,762	134,089,122,043

Assets	Current Year Rs.	Previous Year Rs.
1. Cash Balance	2,478,216,412	2,285,804,377
2. Balance with NRB	11,382,513,194	7,767,322,794
3. Balance with Banks/ Financial Institution	5,875,244,661	7,223,972,088
4. Money at Call and Short Notice	40,000,000	149,380,000
5. Investments	25,596,053,236	29,187,387,860
6. Loan, Advances & Bills Purchased	104,624,807,710	85,461,050,976
7. Fixed Assets	1,336,672,314	1,073,736,400
8. Non-Banking Assets	-	-
9. Other Assets	1,415,420,235	940,467,548
Total Assets	152,748,927,762	134,089,122,043

Schedules 1 to 17 form integral parts of the Balance Sheet.

Prithivi Bahadur Pandé
Chairman

Jyoti P. Pandey
Chief Executive Officer

Sachin Tibrewal
Head- Accounts & Finance

As per attached report of
even date

Prajanaya Rajbhandary
Director

Surya Prakash Lal Shrestha
Director

Bhuwaneshwar Prasad Shah
Director

Auditor
Sundar Man Shrestha, FCA
Partner
Sundar & Company
Chartered Accountants

Niranjan Lal Shrestha
Director

Mohan Madan Budathoki
Director

CONSOLIDATED PROFIT & LOSS ACCOUNT

for the period July 16, 2016 to July 15, 2017
 (Shrawan 1 2073 to Ashad 31 2074)

Particulars	Current Year Rs.	Previous Year Rs.
1. Interest Income	9,394,848,584	6,856,958,213
2. Interest Expenses	(4,441,055,994)	(2,844,417,590)
Net Interest Income	4,953,792,590	4,012,540,623
3. Commission and Discount	843,929,081	595,231,027
4. Other Operating Income	491,363,170	304,446,076
5. Exchange Profit	621,431,590	533,264,928
Total Operating Income	6,910,516,431	5,445,482,654
6. Staff Expenses	(703,157,168)	(589,879,958)
7. Other Operating Expenses	(776,999,951)	(685,799,028)
8. Exchange Loss	-	-
Operating Profit Before Provision for Possible Loss	5,430,359,312	4,169,803,668
9. Provision for Possible Losses	(511,039,603)	(436,464,847)
Operating Profit	4,919,319,709	3,733,338,821
10. Non-operating Income/ Loss	88,645,598	62,763,984
11. Loss Provision Written Back	96,207,425	358,708,869
Profit from Regular Operations	5,104,172,732	4,154,811,674
12. Profit/ Loss from extra-ordinary activities	20,156,118	378,627
Net Profit after considering all activities	5,124,328,850	4,155,190,301
13. Provision for Staff Bonus	(461,326,514)	(377,744,573)
14. Income Tax Provision	(1,410,719,973)	(1,174,162,268)
- Current Year	(1,382,116,862)	(1,127,020,380)
- Upto Previous Year	(35,666,747)	(47,371,345)
- Deferred Tax Income / (Expense)	7,063,636	229,458
Net Profit/ Loss	3,252,282,363	2,603,283,460

Schedules 18 to 28 form integral part of this Profit & Loss Account.

Prithivi Bahadur Pandé Chairman	Jyoti P. Pandey Chief Executive Officer	Sachin Tibrewal Head- Accounts & Finance	As per attached report of even date
Prajanaya Rajbhandary Director	Surya Prakash Lal Shrestha Director	Bhuwaneshwar Prasad Shah Director	Auditor Sundar Man Shrestha, FCA Partner Sundar & Company Chartered Accountants
Niranjan Lal Shrestha Director	Mohan Madan Budathoki Director		

CONSOLIDATED PROFIT & LOSS APPROPRIATION ACCOUNT

for the period July 16, 2016 to July 15, 2017

(Shrawan 1 2073 to Ashad 31 2074)

Particulars	Current Year Rs.	Previous Year Rs.
Income		
1. Accumulated Profit up to last year	315,658,891	66,720,472
2. This year's profit	3,252,282,363	2,603,283,460
3. Transfer from Share Premium	1,386,056,830	1,451,101,960
4. Retained Earning of Ace Development Bank Ltd.	125,900,667	-
5. Retained Earning of Ace Capital Ltd.	383,678	
Total	5,080,282,429	4,121,105,892
Expenses		
1. Accumulated loss up to last year	-	-
2. This year's Loss	-	-
3. General Reserve Fund	(622,826,228)	(510,176,713)
4. Contingent Reserve	-	-
5. Institutional Development Fund	-	-
6. Dividend Equilization Fund	-	-
7. Employee Welfare Funds	-	-
8. Proposed Dividend	(2,330,394,717)	(1,523,657,058)
9. Proposed Issue of Bonus Shares	(1,386,056,830)	(1,451,101,960)
10. Special Reserve Fund	-	-
11. Exchange Fluctuation Reserve	(938,988)	(4,392,798)
12. Capital Adjustment Fund	(27,856,675)	(94,689,901)
13. Debenture Redemption Fund	(221,428,570)	(221,428,571)
14. Investment Adjustment Reserve	-	-
15. Corporate Social Responsibility (CSR) Fund	(31,141,312)	
Total	(4,620,643,320)	(3,805,447,001)
Accumulated Profit/ Loss	459,639,109	315,658,891

Prithivi Bahadur Pandé

Chairman

Jyoti P. Pandey

Chief Executive Officer

Sachin Tibrewal

Head- Accounts & Finance

As per attached report of
even date

Prajanaya Rajbhandary

Director

Surya Prakash Lal Shrestha

Director

Bhuwaneshwar Prasad Shah

Director

Auditor

Sundar Man Shrestha, FCA

Partner

Sundar & Company

Chartered Accountants

Niranjan Lal Shrestha

Director

Mohan Madan Budathoki

Director

CONSOLIDATED CASH FLOW STATEMENT

for the period July 16, 2016 to July 15, 2017

(Shrawan 1 2073 to Ashad 31 2074)

Particulars	Current Year Rs.	Previous Year Rs.
(a) Cash Flow from Operating Activities		
1. Cash Receipts	7,586,405,052	(5,700,437,800)
1.1 Interest Income	9,094,924,061	6,572,377,799
1.2 Commission and Discount Income	816,438,321	595,312,589
1.3 Exchange Gain	621,431,590	533,264,928
1.4 Recovery of Loan Written Off	24,140,200	378,627
1.5 Other Income	495,604,124	377,320,224
2. Cash Payments	(7,110,605,215)	(5,098,869,832)
2.1 Interest Expenses	(4,343,397,592)	(2,810,550,009)
2.2 Staff Expenses	(698,083,383)	(590,876,228)
2.3 Office Overhead Expenses	(578,671,918)	(527,968,702)
2.4 Income Tax Paid	(1,475,507,110)	(1,166,458,395)
2.5 Other Expenses	(14,945,212)	(3,016,498)
Cash Flow Before Changes in Working Capital	3,941,933,081	2,979,784,335
Increase/(Decrease) of Current Assets	(8,001,874,332)	(25,938,786,257)
1. (Increase)/Decrease in Money at Call and Short Notice	109,380,000	(149,380,000)
2. (Increase)/Decrease in Short-term Investment	11,567,856,566	(7,088,434,154)
3. (Increase)/Decrease in Loan and Bills Purchase	(19,340,226,244)	(19,075,753,523)
4. (Increase)/Decrease in Other Assets	(338,884,654)	374,781,419
Increase/(Decrease) of Current Liabilities	11,646,346,303	17,258,564,122
1.Increase/(Decrease) in Deposits	16,931,594,307	17,965,421,888
2.Increase/(Decrease) in Certificate of deposits	-	-
3.Increase/(Decrease) in Short-Term Borrowings	(9,155,296)	(12,636,702)
4.Increase/(Decrease) in Other Liabilities	(5,276,092,708)	(694,221,064)
(b) Cash Flow from Investing Activities	(8,438,702,071)	(800,054,046)
1.(Increase)/Decrease in Long-term Investment	(8,044,290,991)	(665,792,800)
2.(Increase)/Decrease in Fixed Assets/ NBA	(439,165,011)	(145,502,518)
3.Interest from Long-term Investment	-	-
4.Dividend Income	44,753,931	11,241,272
(c) Cash Flow from Financial Activities	(1,292,587,053)	5,087,986,356
1.Increase/(Decrease) in Long-term Borrowings (Bond, Debentures etc.)	47,250,000	-
2. Increase/(Decrease) in Share Capital	40,300,740	909,809,145
3.Increase/(Decrease) in Share premium	-	4,543,763,388
4.Increase/(Decrease) in Refinance/facilities received from NRB	-	-
5. Dividend Expenses	(1,380,137,793)	(365,586,177)
(d) Cash flow from Merger & Acquisition activities	1,567,612,980	-
(e) Income/Loss from change in exchange rate in cash and bank balances		-
(f) Current Year's Cash Flow from All Activities	(577,271,093)	(1,412,505,490)
(g) Opening Balance of Cash and Bank Balances	17,277,099,259	18,689,604,749
(h) Closing Balance of Cash and Bank Balances	19,735,974,267	17,277,099,259

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
F.Y. 2073/74 (FY 2016/17)

Particulars	Share Capital	Accumulated Profit/(Loss)	General Reserve	Capital Reserve	Share Premium	Exchange Fluctuation Fund	Other Re-serves	Debenture Redemp-tion Fund	Capital Adjustment Fund	Invest-ment Ad-justment Reserve	Acqui-sition Reserve	Employee Training Fund	CSR Fund	Total
Opening Balance (as at 16 July 2016)	8,706,614,760	316,042,569	3,205,828,703	-	3,104,510,850	74,405,596	31,500	685,714,285	-	169,376,828	-	16,357,211,992	-	-
Prior Period adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus on Revaluation of properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deficit on Revaluation of Investment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Currency translation differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-
" Net Gains & Losses not recognised in the income statement "	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net profit for the period	-	3,252,282,363	-	(622,826,228)	622,826,228	-	-	-	-	-	-	-	3,252,282,363	-
Transfer to General Reserve	-	(2,330,394,717)	-	-	-	-	-	-	-	-	-	-	(2,330,394,717)	-
Declaration of Dividend (proposed)	-	40,300,740	-	-	-	-	-	-	-	-	-	-	40,300,740	-
Issue of Share Capital	1,386,056,830	(1,386,056,830)	-	-	-	-	-	-	-	-	-	-	-	-
Issue of Bonus Shares (Proposed)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deficit on revaluation of currencies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus on Revaluation of Investment	-	(938,988)	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to Exchange Fluctuation Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer from Debenture Redemption Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to Debenture Redemption Fund	-	(221,428,570)	-	-	-	-	-	-	-	221,428,570	-	-	-	-
Transfer to Capital Adjustment Fund	-	(27,856,675)	-	-	-	-	-	-	-	27,856,675	-	-	-	-
Transfer from Share Premium	-	1,386,056,830	-	-	(1,386,056,830)	-	-	-	-	-	-	-	-	-
Investment Adjustment Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Addition from Acquisition	493,466,365	125,900,667	224,539,964	-	1,388,146	-	6,652,631	1,779,592	710,110,135	2,008,342	1,567,138	1,567,612,980	-	-
Transfer to Employee Training Fund	-	-	-	-	-	-	-	-	-	8,182,336	-	8,182,336	8,182,336	-
Transfer to CSR Fund	-	(31,141,312)	-	-	-	-	-	-	-	-	-	31,141,312	-	-
Closing Balance (as at 15 July 2017)	10,626,435,695	459,639,109	4,053,194,895	-	1,718,454,020	76,732,730	31,500	907,142,855	129,499,207	171,356,420	710,110,135	10,490,678	32,708,450	18,895,195,694

CONSOLIDATED SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

ACCOUNTING POLICIES

GENERAL INFORMATION

1. Reporting entity

- a. Nepal Investment Bank Ltd. (NIBL), previously Nepal Indo-suez Bank Ltd., was established in 1986 as a joint venture public limited company between Nepali and French partners as per the then Companies Act 1964. The French partner (holding 50% of the capital) was Credit Agricole Indosuez, a subsidiary of one of the largest banking groups in the world. When Credit Agricole Indosuez decided to divest, a group of companies comprising of bankers, professionals, industrialist and businessmen acquired 50% of the holdings of Credit Agricole Indosuez in Nepal Indo-suez Bank in April 2002. The name of the Bank was then changed to Nepal Investment Bank Ltd. upon approval from the Bank's Annual General Meeting, Nepal Rastra Bank and Company Registrar's Office.
- b. During the year, the Bank acquired Ace Development Bank Ltd., a "B" class financial institution licensed by Nepal Rastra Bank, at a swap ratio of 1:0.41 (i.e. 41 shares of NIBL for every 100 shares of Ace Development Bank Ltd.). The resolution for acquisition was approved by respective extraordinary general meetings held on 2074/12/25. The final approval for acquisition from Nepal Rastra Bank and Company Registrar's Office was obtained on 2074/03/01 and 2074/03/20 respectively. Joint operations along with integration of books of account of both banks commenced from 2014/03/29.
- c. Ace Development Bank Ltd. held 700,000 equity shares of NPR 100 each in Ace Capital Ltd. a 100% subsidiary of the former for carrying out merchant banking services. After acquisition of Ace Development Bank Ltd., Ace Capital Ltd. has become 100% subsidiary of NIBL. Ace Capital Ltd. made a net profit of NPR 37.27 million in FY 2073-74 against net profit of NPR 9.16 million previous year. The company declared cash dividend of 52% on its paid up capital from the retained profits.
- d. NIBL is a "A" class licensed institution licensed under the Bank and Financial Institution Act, 2073. The registered office of the Bank is located at Durbar Marg, Kathmandu.
- e. Its ordinary shares are listed in the Nepal Stock Exchange for public trading

2. Consolidated Financial Statement

The consolidated financial statements of the Bank as of 15 July 2017 comprises of the Bank and its 100% subsidiaries NIBL Capital Markets Ltd and Ace Capital Ltd. The financial year of the subsidiaries is common to that of the parent company. The subsidiaries are running merchant banking businesses in Nepal after getting license from SEBON. The financial statements were approved for issue by the Board of Directors.

3. Statement of Compliance

The consolidated financial statements of the group and separate financial statements of the Bank have been prepared in accordance with Generally Accepted Accounting Principles (GAAP), Bank & Financial Institutions Act (BAFIA) 2073, presentation and other requirements of NRB Directives and in conformity with Companies Act, 2063. The financial statements are not based on Nepal Financial Reporting Standards which have become effective from fiscal year 2072/73. as per the notification issued by the Institute of Chartered Accountants of Nepal.

4. Basis of Consolidation

The group's financial statements comprise of consolidation of financial statements of the Nepal Investment Bank Ltd. (the Parent Company) and its subsidiaries. NIBL Capital Market Ltd and Ace Capital Limited. A subsidiary is an entity that is controlled by another entity (known as the parent). Control exists when the bank has the power, directly or indirectly to govern the financial and operating policies of the enterprise from the date control commences until the date control ceases. The consolidated financial statements have been prepared in accordance with International Accounting Standards 27 "Consolidated and Separate Financial Statements". In preparing the consolidated financial statements, the financial statements are combined line by line by adding the like items of assets, liabilities, equity, income and expenses.

5. Transaction eliminated on consolidation:

All intra group transaction and balances, income and expenses and any unrealized gains/ losses arising from such inter-company transactions and balances are eliminated in full while preparing the consolidated financial statements.

6. Previous Year's figures:

Previous year's figures are grouped or regrouped wherever necessary in order to facilitate comparison.

NOTES TO ACCOUNTS

1. Investment in Subsidiary

- a. NIBL has incorporated a merchant banking subsidiary company named “NIBL Capital Markets Limited” with Authorized capital of NPR 500 million and Issued capital NPR 145 million. Of the total issued capital, NIBL has subscribed 70% (NPR 101.50 million) as its equity participation and the remaining 30% is set aside for public. The said company commenced its operation from 31/07/2012 (Shrawan 16, 2069). The scope of the said subsidiary is Merchant banking, Depository Participant, Mutual fund and Business advisory services. The company made a net profit of NPR 100.87 million in FY 2073-74 against a net profit of NPR 52.39 million in previous year. The company declared stock dividend of 97% and cash dividend of 25% on its paid up capital from the retained profits.
- b. Ace Development Bank Ltd. held 700,000 equity shares of NPR 100 each in Ace Capital Ltd., a 100% subsidiary of the former for carrying out merchant banking services. After acquisition of Ace Development Bank Ltd., Ace Capital Ltd. has become 100% subsidiary of NIBL. Ace Capital Ltd. made a net profit of NPR 37.27 million in FY 2073-74 against net profit of NPR 9.16 million previous year. The company declared cash dividend of 52% on its paid up capital from the retained profits.

2. The net profit of the parent and subsidiaries for the year is as under:

Nepal Investment Bank Ltd.	NPR 3,114,131,140
NIBL Capital Markets Ltd.	NPR 100,873,747
Ace Capital Limited	NPR 37,277,476
Net Profit of the Group	NPR 3,252,282,363

3. The deferred tax expense / (income) of the Group is as under:

Deferred tax	
Nepal Investment Bank Ltd.	NPR 7,014,961
NIBL Capital Markets Ltd.	NPR 92,950
Ace Capital Limited	NPR (44,275)
Total Deferred Tax income of the Group	NPR 7,063,636

4. Related Party Disclosures:

- a. NIBL Capital Markets Ltd. (a subsidiary of NIBL) held deposits of NPR 13.31 million in various accounts in the Bank as at Ashad end 2074. The Bank paid NPR 23.43 million as interest on the deposits held by the subsidiary during the year. Similarly, Ace Capital Ltd. held 178.36 million deposits in various accounts in the Bank as at Ashad end 2074. During the period, the Bank paid NPR 57.5 thousand as interest on the deposits held by the company.
- b. A staff from the Bank has been deputed as CEO of NIBL Capital Markets Ltd. During the year, total allowance of NPR 1.26 million was paid by the Company.
- c. The Bank has entered into a Service Level Agreement (SLA) with the company for the provision of management services as well as other ancillary support. The Bank received a fee of NPR 600,000 from the company for the SLA.
- d. The Bank has appointed NIBL Capital markets Ltd. as its Share Registrar for which the Bank paid a fee of NPR 500,000 per annum to the latter. A staff from the bank has been deputed to the company for assisting in share registrar services. The salary cost of such staff is reimbursed by the company to the Bank.
- e. The Bank has invested NPR 140 Million in NIBL Mutual Fund (NIBL Samriddhi Fund -I) as Seed Capital. Likewise, the Bank has invested NPR 102.50 Million in NIBL Pragati Fund Scheme issued by NIBL Mutual Fund as Seed Capital.
- f. During the year, the Bank received NPR 19.3 million as dividend from the profits of FY 2072-73 of NIBL Capital Markets Ltd.
- g. The Bank received service charge of NPR 4.54 million from NIBL Capital Markets Ltd. for providing various banking services for IPOs and DP accounts managed by the subsidiary.
- h. All transaction between the Bank and its subsidiaries are done on an arm's length basis

About Nepal Investment Bank Ltd.

Nepal Investment Bank Ltd. (NIBL), previously Nepal Indoseuz bank Ltd., was established in 1986 as a joint venture between Nepali and French partners. The French partner (holding 50% of the capital) was Credit Agricole Indoseuz, a subsidiary of one of the largest banking groups in the world. When Credit Agricole Indoseuz decided to divest, a group of companies comprising of bankers, professionals, industrialists and businessman acquired 50% of the holdings of Credit Agricole Indoseuz in Nepal Indoseuz Bank in April 2002. The name of the bank was changed to Nepal Investment Bank Ltd. upon approval of the Bank's Annual General Meeting, Nepal Rastra Bank and Company Registrar's office. We believe that NIBL, being managed by the team of experienced bankers and professionals with a proven track record, can match your particular needs. We are sure that your choice of bank will be guided, among other things, by its reliability and professionalism. Over the past decade NIBL has redefined Banking through deep understanding of customer needs. We have undertaken many initiatives to strengthen customer experience through multiple touch points such as internal banking, mobile banking and branchless banking. Our overall growth record in deposits, lending, net profit and capital base is second to none.

- Highest growth rate among banks in Nepal.
- Experienced management and sound corporate governance.
- Top lender in Nepal with total loans and advances of NPR 106.68 billion.
- Highest deposits with NPR 125.67 billion amongst private sector banks.
- Net profit of NPR 3.11 billion.
- Highest paid up capital among the financial institutions of Nepal at Rs. 10.62 billion.
- Largest Taxpayer amongst private sector banks in Nepal.
- Customer base of over 822,082
- ICRA Nepal has consistently assigned the rating at "[ICRANP-IR] A" (pronounced as ICRANP IR A).
- Received The Banker, Bank of the Year award five times by the Financial Times, London.