



राष्ट्रीय वाणिज्य बैंक लि.
RASTRIYA BANIJYA BANK LTD.

...तपाईंको आफ्नै बैंक

राष्ट्रीय वाणिज्य बैंक लिमिटेड

तेह्रौं वार्षिक साधारण सभा



वार्षिक प्रतिवेदन
२०७४ / ०७५



मिति: २०७५।१२।०४

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राष्ट्रिय वाणिज्य बैंक लिमिटेड

सिंहदरवारप्लाजा, काठमाडौंको

वार्षिक साधारण सभा सम्बन्धी सूचना

(प्रथम पटक प्रकाशित मिति: २०७५।११।१३)

यस बैंकको संचालक समितिको मिति २०७५।११।१२ गते बसेको २२५६ औं बैठकको निर्णयानुसार बैंकको तेह्रौं वार्षिक साधारण सभा निम्न मिति, समय र स्थानमा निम्न विषयहरूमा छलफल तथा निर्णय गर्न बस्ने भएको हुँदा कम्पनी ऐन, २०६३ को दफा ६७ अनुसार सम्पूर्ण शेयरधनी महानुभावहरूको जानकारी एवं उपस्थितिका लागि अनुरोध छ।

(क) साधारण सभा हुने मिति, समय र स्थान :

मिति : २०७५।१२।०४ गते सोमवार ।

समय : अपरान्ह ३ बजे ।

स्थान : राष्ट्रिय वाणिज्य बैंक, शाखा कार्यालय दरवारमार्ग (साविकको एन.आई.डि.सी. डेभलपमेन्ट बैंकको) सभाहल ।

(ख) छलफलका विषयहरू :

(अ) साधारण प्रस्ताव

(१) संचालक समितिको तर्फबाट अध्यक्षज्युले प्रस्तुत गर्नु हुने आ.व. २०७४।७५ को वार्षिक प्रतिवेदन उपर छलफल गरी पारित गर्ने ।

(२) लेखापरीक्षकहरूको प्रतिवेदन सहितको २०७५ आषाढ मसान्तको वासलात र मिति २०७४।०४।०१ देखि २०७५।०३।३२ सम्मको नाफा नोक्सान हिसाव तथा सोही अवधिको नगद प्रवाह विवरण लगायतका वित्तीय विवरणहरू छलफल गरी पारित गर्ने ।

(३) आ.व. २०७५/०७६ को लेखापरीक्षणको लागि लेखापरीक्षक नियुक्ति गर्ने ।

(आ) विशेष प्रस्तावहरू:

साधारण सभा सम्बन्धी अन्य जानकारी

- साधारण सभा प्रयोजनको लागि बैंकको शेयर दाखिल खारेजको काम मिति २०७५।११।२१ गते देखि २०७५।११।२७ गते सम्म यस बैंकको शेयरधनी दर्ता पुस्तिका, शेयर नामसारी तथा दाखिला खारेज कार्य बन्द रहनेछ । मिति २०७५।११।१९ गतेसम्म कारोबार भएको शेयर नामसारीहरू मिति २०७५।११।२० गते कार्यालय समय भित्र यस बैंकको संचालक समितिको सचिवालयमा बुझाउनु हुन अनुरोध छ । उक्त समय भित्र भएका शेयर नामसारीहरू तोकिएको समयभित्र प्राप्त नभएमा कम्पनीको १३ औं साधारण सभामा भाग लिन पाइने छैन ।
- साधारणसभामा भाग लिन इच्छुक शेयरधनी महानुभावहरूले शेयर प्रमाणपत्र वा हितग्राही नं. आफ्नो परिचय खुल्ने प्रमाण वा सोको प्रतिलिपि अनिवार्य रूपमा साथमा लिई आउनु हुन अनुरोध छ ।
- शेयरधनी महानुभावहरूको उपस्थिति पुस्तिकामा दस्तखत गर्न शेयरधनी उपस्थिति पुस्तिका विहान १२ बजे देखि १ बजे सम्म खुल्ला गरिनेछ ।
- साधारणसभामा भाग लिनका लागि प्रतिनिधि (प्रोक्सी) नियुक्त गर्न चाहने शेयरधनीहरूले प्रचलित कम्पनी कानूनले तोकेको ढाँचामा प्रतिनिधिपत्र (प्रोक्सी) फारम भरी सभा शुरु हुनुभन्दा कम्तीमा ७२ घण्टा अगाडि कम्पनीको शेयर संचालक समितिको सचिवालयमा दर्ता गराई सक्नुपर्नेछ । बैंकको शेयरधनी बाहेक अरुलाई प्रोक्सी दिन र एकभन्दा बढी व्यक्तिलाई आफ्नो शेयर विभाजन गरी तथा अन्य कुनै किसिमबाट छुट्याई प्रोक्सी दिन पाइने छैन, यसरी दिइएको प्रोक्सी सबै बदर हुने छन् ।
- एकजना शेयरधनीले एकभन्दा बढीलाई प्रतिनिधि (प्रोक्सी) मुकरर गरेमा प्रतिनिधि (प्रोक्सी) स्वतः बदर हुनेछ । तर प्रतिनिधि (प्रोक्सी) नियुक्त

- गरिसकेपछि सम्बन्धित शेयरधनीले प्रतिनिधि फेरबदल गर्न चाहेमा यस अघि दिएको प्रतिनिधिपत्र (प्रोक्सी) बदर गरी यो प्रतिनिधिपत्र (प्रोक्सी) लाई मान्यता दिइयोस भन्ने छुट्टै पत्र सहित प्रोक्सी फारम कम्पनीको मुख्य कार्यालयमा सभा शुरु हुनु भन्दा ७२ घण्टा अगावै दर्ता गराएको अवस्थामा अघिल्लो प्रतिनिधिलाई स्वतः बदर भएको मानी पछिल्लो प्रतिनिधि (प्रोक्सी) लाई मान्यता दिने छ |
- ६ दफा ४ र ५ मा उल्लेखित दिन कुनै सार्वजनिक बिदा पर्न गएमा पनि सो दफाहरूमा उल्लेखित प्रयोजनको निमित्त कम्पनी कार्यालय खुल्ला रहनेछ |
- ७ प्रतिनिधि नियुक्त गरी सकेको शेयरधनी आफैँ सभामा उपस्थित भई हाजिर पुस्तिकामा दस्तखत गरेमा निजले दिएको प्रतिनिधि(प्रोक्सी) स्वतः बदर हुनेछ |
- ८ एकभन्दा बढी व्यक्तिहरूको संयुक्त नाममा शेयर दर्ता रहेको अवस्थामा सर्वसम्मतबाट प्रतिनिधि चयन गरिएको एकजनाले मात्र वा लगत किताबमा पहिलो नाम उल्लेख भएको व्यक्तिले सभामा भाग लिन सक्ने छ |
- ९ नाबालक वा मानसिक सन्तुलन ठीक नरहेको शेयरधनीहरूको तर्फबाट कम्पनीको शेयर दर्ता किताबमा संरक्षकको रूपमा नाम दर्ता भइसकेका महानुभावहरूले सभामा भागलिन, मतदान गर्न वा प्रतिनिधि तोक्न सक्नु हुनेछ |
- १० संगठित संस्थाका शेयरधनी भएमा त्यस्ता संगठित संस्थाद्वारा मनोनित व्यक्तिले ल्याउने गरी प्रोक्सी फारम संस्थाको छाप र आधिकारिक व्यक्तिको दस्तखत हुनु पर्नेछ |
- ११ साधारण सभा सम्बन्धमा थप जानकारी आवश्यक परेमा कार्यालय समय भित्र बैंकको केन्द्रीय कार्यालय सञ्चालक समिति सचिवालयमा सम्पर्क राख्न समेत अनुरोध गरिन्छ | साथै अन्य जानकारीका लागि बैंकको वेवसाईट www.rbb.com.np मा हेर्नुहुन अनुरोध गर्दछौ |

संचालक समितिको आज्ञाले,
कम्पनी सचिव

कम्पनी ऐन, २०६३ को दफा ७१ सँग सम्बन्धित
(प्रोक्सी फारम)

मिति: २०७५ ।

श्री राष्ट्रिय वाणिज्य बैंक लिमिटेड,
सिंहदरबारप्लाजा, काठमाण्डौ ।

विषय : प्रतिनिधि नियुक्त गरिएको बारे ।

महाशय,

.....जिल्ला..... न.पा./गा.वि.स.वडा नं.....बस्ने म/हामी..... ले त्यस लि. को शेयरधनीको हैसियतले संवत् २०७५ साल चैत्र महिना ४ गते, सोमवार (तदनुसार २०१९/३/१८) का दिन हुने तेह्रौं वार्षिक साधारण सभामा म/हामी स्वयं उपस्थित भई छलफल तथा निर्णयमा सहभागी हुन नसक्ने भएकोले उक्त सभामा मेरो/हाम्रो तर्फबाट भाग लिनको लागि.....जिल्ला..... न.पा./गा.वि.स.वडा नं.....बस्ने.....लाई मेरो/हाम्रो प्रतिनिधि नियुक्त गरी पठाएको छु/छौं ।

प्रतिनिधि नियुक्त भएको व्यक्तिको हस्ताक्षर नमुना: परिचय पत्र नं: मिति:	निवेदक शेयरधनी नं: दस्तखत: नाम: ठेगाना: शेयर संख्या: मिति:
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साधारण सभामा स्वयं आफै उपस्थित हुन नसक्ने शेयरधनीहरुले यस बैंकको केन्द्रीय कार्यालय संचालक समितिको सचिवालय, सिंहदरबारप्लाजा, काठमाण्डौ फोन नं.०१-४२५२५९५ एक्सटेन्सन २८१७ मा सम्पर्क गरी तेह्रौं वार्षिक साधारण सभाको लागि तयार पारिएको प्रोक्सी फारम बुझी सो फारम भरि मिति २०७५ साल चैत्र महिना १ गते, शुक्रवार दिनको ३:०० बजे सम्म सोही स्थानमा बुझाउन हुन सुचित गरिन्छ ।

प्रवेश पत्र

श्री राष्ट्रिय वाणिज्य बैंक लिमिटेडको तेह्रौं वार्षिक साधारण सभामा उपस्थितिको लागि जारी गरिएको प्रवेश पत्र

शेयरधनीको नाम : दस्तखत :

शेयरधनी नं:.....

द्रष्टव्य:

- १) शेयरधनि आफैले खाली कोष्ठहरु भर्नु होला ।
- २) सभाकक्षमा प्रवेश गर्न यो प्रवेश-पत्र प्रस्तुत गर्न अनिवार्य छ । कम्पनी सचिव
- ३) शेयरधनी स्वयं उपस्थित भएमा प्रोक्सीद्वारा नियुक्त प्रतिनिधि स्वतः रद्द हुनेछ । भोलानाथ पौडेल
- ४) प्रोक्सी दिदाँ कम्पनीको शेयरधनीलाई मात्र दिन पाइनेछ ।

नोट : यो निवेदन साधारण सभा शुरु हुन भन्दा कम्तिमा ७२ घण्टा अगावै यस बैंकको केन्द्रीय कार्यालय संचालक समितिको सचिवालय, सिंहदरबारप्लाजामा पेश गरी सक्नु पर्नेछ ।

बैंक सम्बन्धी संक्षिप्त जानकारी

राष्ट्रिय वाणिज्य बैंक लिमिटेड वि.स. २०२२ साल माघ १० गते तत्कालिन राष्ट्रिय वाणिज्य बैंक ऐन, २०२१ अन्तरगत राष्ट्रिय वाणिज्य बैंकको नामबाट सरकारको पूर्ण स्वामित्वमा स्थापना भएको वाणिज्य बैंक हो। वि.स. २०६३ साल वैशाख ६ गते देखि प्रचलित कम्पनी ऐन बमोजिम पब्लिक कम्पनीको रूपमा राष्ट्रिय वाणिज्य बैंक लिमिटेडमा रुपान्तरण भई हाल बैंक तथा वित्तीय संस्था सम्बन्धी ऐन, २०७३ अनुसार नेपाल राष्ट्र बैंकबाट क बर्गको ईजाजत प्राप्त संस्थाको रूपमा इजाजत प्राप्त गरी संचालनमा रहेको छ। मिति २०७५।०१।१९ गते तत्कालिन एन.आई.डि.सी. डेभलपमेन्ट बैंक लिमिटेडलाई यस बैंकमा मर्ज गरी एकीकृत कारोबार संचालन भएपछि हाल यस बैंकमा नेपाल सरकारको ९९.९७ प्रतिशत र सर्वसाधारणको ०.०३ प्रतिशत शेयर रहेको छ। यसको केन्द्रीय कार्यालय सिंहदरवारप्लाजा, रामशाहपथ, काठमाण्डौमा रहेको छ।

बैंकको कूल अधिकृत पुंजी रु.११ अर्ब २० करोड र जारी तथा चुक्ता पूंजी रु.९ अर्ब ४७ लाख ९५ हजार ७ सय रहेको छ। जस मध्ये रु.१०० दरका ३०,९१० कित्ता शेयर सर्वसाधारणको स्वामित्वमा रहेको छ भने ९,००,१७,०४७ कित्ता शेयर नेपाल सरकारका विभिन्न मन्त्रालय र निकायहरूको स्वामित्वमा रहेको छ।

बैंकको सेवा देशभर बिस्तार गर्ने योजना अनुरूप हालसम्ममा देशका विभिन्न स्थानमा जम्मा २१७ वटा शाखा कार्यालयहरू संचालनमा आईसकेका छन्। मुलुकको संघीय संरचना अनुरूप ७ वटै प्रदेशमा प्रदेश कार्यालयहरू स्थापना भईसकेका छन् भने देशका सबै ७७ वटै जिल्लाहरूमा बैंकको शाखा खोली सेवा पुऱ्याउन सफल भएका छौं। बैंकमा प्रत्यक्ष रूपमा आवद्ध २८ लाखभन्दा बढी ग्राहकहरू रहेका छन् भने इलेक्ट्रोनिक बैंकिङको सेवा लिने ग्राहकहरूको संख्या १५,४५,००० रहेको छ। यस बैंकले निक्षेप संकलन, कर्जा लगानी, जमानत कारोवार, विप्रेषण, सरकारी कोषको परिचालन, राजस्व संकलन, निवृत्तीभरण भुक्तानी, ATM तथा Mobile Banking को सुविधा जस्ता आधुनिक बैंकिङ सेवा सुविधाहरू सर्वसाधारणलाई प्रवाह गरिरहेको छ। नेपालको बैंकिङ क्षेत्रका मुख्य सूचकहरू निक्षेप, कर्जा लगानी, मुनाफा, ग्राहक संख्या, भौगोलिक उपस्थिति आदिमा यस बैंकको अग्रणी स्थान रहेको छ।

बैंकमा अधिकांश स्वामित्व नेपाल सरकारको रहेको हुंदा बैंकका सबै संचालकहरू नेपाल सरकारबाट नियुक्त हुनुभएको छ। बैंक सञ्चालक समितिका अध्यक्षमा नेपाल सरकार, सञ्चार तथा सूचना मन्त्रालयका सचिव श्री महेन्द्रमान गुरुङ्ग रहनुभएको छ भने विगत ३ वर्षदेखि बैंकको प्रमुख कार्यकारी अधिकृतमा श्री किरण कुमार श्रेष्ठ कार्यरत रहनुभएको छ।

बैंकको दूरदृष्टि, ध्येय तथा मूल्यहरू

दूरदृष्टि (VISION)

राष्ट्रको आर्थिक विकासको लागि हरेक व्यक्तिलाई हरेक समय तथा स्थानमा उन्नत एवं नवीनतम बैकिङ्ग सेवाहरू उपलब्ध गराउने ।

ध्येय (MISSION)

हामी ग्राहकहरूलाई एकद्वार सेवा अवधारणामा आधारित रही हाम्रो बृहत सञ्जाल मार्फत आधुनिकतम प्रविधि तथा दक्ष जनशक्तिहरूको प्रयोग गरी सरल, उन्नत र प्रतिस्पर्धात्मक बैकिङ्ग सेवा तथा सुविधाहरू प्रदान गर्नेछौं । हामी सधैं स्थानीय समुदायहरूलाई फाइदा हुने गरी राष्ट्रको उद्यमशीलता, सामाजिक उत्तरदायित्व तथा आर्थिक उन्नतिमा टेवा पुऱ्याउन प्रतिबद्ध छौं ।

मूल्य (VALUES)

ग्राहक तथा अन्य सरोकारवालाहरूको आवश्यकता र अपेक्षा पूरा गर्दै देशको सन्तुलित आर्थिक सामाजिक रुपान्तरण गर्ने सरकारको प्रयासलाई टेवा पुऱ्याई रहेका छौं । हाम्रा मूलभूत मान्यताहरू यसप्रकार छन् :

गुणस्तर (QUALITY)

हामी हाम्रा मूल्यवान् ग्राहकहरूलाई उच्चस्तरीय प्रविधि र सक्षम जनशक्ति मार्फत गुणस्तरीय सेवा र सुविधाहरू प्रतिष्पर्धात्मक मूल्यमा उपलब्ध गराउन प्रतिबद्ध छौं ।

नवप्रवर्तन (INNOVATION)

ग्राहकहरूको परिवर्तनीय चाहना र रोजाईलाई पूरा गर्न हामी निरन्तर सिकाई र नयां नयां सेवा सुविधाको खोजी प्रति उत्सुक छौं ।

गति (SPEED)

भ्रञ्जटिलो कार्य पद्धतिहरूलाई छोड्याई द्रुत गतिमा सेवा प्रदान गर्ने गरी हामीले हाम्रो सांगठनिक संस्कृतिलाई संयोजित गरेका छौं ।

ग्राहकको हेरचाह (CARE OF CUSTOMER)

हामी ग्राहकको तत्काल विश्वशनीय र गुणस्तरीय सेवा पाउने हकप्रति सदा सचेत छौं र सोही अनुरूप सेवा प्रदान गर्न प्रतिबद्ध छौं ।

कर्मचारीको सम्मान (RESPECT OF PEOPLE)

हामी काम प्रति गौरव गर्ने वातावरण सिजर्ना गर्दै संगठनका हरेक व्यक्तिलाई आफ्नो उच्चतम क्षमता प्रदर्शन गर्ने अवसर प्रदान गर्दछौं र उनीहरूको योगदानको उचित कदर गर्दछौं ।



संचालक समितिका अध्यक्षको मन्तव्य

आदरणीय शेयरधनी महानुभावहरु,

सर्वप्रथम यस बैंकको तेह्रौं वार्षिक साधारण सभामा उपस्थित हुनु भएका सम्पूर्ण शेयरधनी, अतिथि एवं अन्य महानुभावहरुमा संचालक समितिको तर्फबाट हार्दिक स्वागत अभिवादन व्यक्त गर्न चाहन्छु साथै यस अवसरमा यहाँहरुलाई स्वागत अभिवादन गर्न पाउँदा आफुलाई अत्यन्तै गौरवान्वित भएको महसुस गरेको छु। नेपालको बैकिङ्ग इतिहासमा ५४ वर्षदेखि सर्वसाधारणलाई बैकिङ्ग सेवा सुविधा प्रवाह गर्दै आएको यस बैंकलाई यहाँहरुबाट प्राप्त भइरहेको सिर्जनात्मक सल्लाह, सुझाव र सकारात्मक सहयोगका लागि हार्दिक आभार व्यक्त गर्न चाहन्छु। समिक्षा वर्षमा तत्कालिन एन.आई.डि.सी. डेभलपमेन्ट बैंक लिमिटेड गाभिई एकीकृत कारोबार संचालन भइरहेको यो बैंक हाल नेपाल सरकारको अधिकांश स्वामित्व रहेको एकमात्र वाणिज्य बैंकको रूपमा परिचित रहेको छ। बैकिङ्ग क्षेत्रमा भित्रिएको आधुनिक प्रविधिको अवलम्बन गर्दै सरकारका वित्तीय नीति तथा कार्यक्रमहरुको कार्यान्वयनमा प्राथमिकतापूर्वक सहकार्य गरि आजको प्रतिस्पर्धी बैकिङ्ग बजारमा उल्लेखनीय सफलता र स्थान ओगट्न सफल भएको अवस्था यहाँहरु समक्ष अवगत गराउन पाउदा मलाई खुशी लागेको छ। समिक्षा वर्षको अन्त्यसम्ममा बैंकले रु. १ खर्ब ६९ अर्ब ३३ करोड निक्षेप संकलन गरी रु. १ खर्ब २० अर्ब ८७ करोड कर्जा लगानी गरेको छ। सो अवधिमा रु. ३ अर्ब ६६ करोड खुद मुनाफा आर्जन गर्न सफल भएको छ। यसै गरी चालु आ.व. को पौष मसान्त सम्ममा उल्लेखित परिसूचकहरुमा उल्लेखनीय बृद्धि भई कुल निक्षेप रु. १ खर्ब ८१ अर्ब १४ करोड, कुल कर्जा सापट रु. १ खर्ब ३४ अर्ब ११ करोड र खुद मुनाफा २ अर्ब ४१ करोड आर्जन गरेको निवेदन गर्न चाहन्छु। बैंकले हासिल गरेका अन्य वित्तीय उपलब्धिहरुलाई संचालक समितिको प्रतिवेदन खण्डमा विस्तृत रूपमा समावेश गरेको छु।

आदरणीय शेयरधनी महानुभावहरु,

एकातर्फ सरकारको अधिकांश स्वामित्व भएको वाणिज्य बैंकको रूपमा यस बैंकले विगत देखि नै सरकारका वित्तीय नीति तथा कार्यक्रमहरुको कार्यान्वयनमा प्राथमिकतापूर्वक सहकार्य गरिरहेको र अर्कोतर्फ विश्वमा फैलँदै गएको प्रविधिको व्यापक प्रयोगका कारण देशको बैकिङ्ग क्षेत्रमा देखिएको प्रतिस्पर्धाका बीच बैकिङ्ग कारोबार संचालन गरिरहेको अवस्था छ। बैकिङ्ग सेवा प्रत्यक्ष रूपमा सर्वसाधारण नागरिकसंग सम्बन्धित भएको र सेवाग्राहीको सन्तुष्टीमा बैंकको सफलता निर्भर रहने हुनाले ग्राहक सेवाको गुणस्तरमा निरन्तर सुधार गर्ने हाम्रो संकल्प रहेको छ। जस अनुसार सर्वसाधारणको विश्वास कायम राखी राख्न हामीले समयानुकूल सेवा सुविधामा सुधार तथा स्तरोन्नति गरिरहेका छौं। सबै नागरिकहरुलाई वित्तीय पहुँचको अवसर प्रदान गर्ने उद्देश्यले शाखा विस्तारमा प्राथमिकता दिँदै देशका सातै प्रदेशका ७७ वटै जिल्लामा शाखा कार्यालय स्थापना गरी हालसम्म देशका विभिन्न स्थानमा २१७ वटा शाखा कार्यालय मार्फत पूर्ण बैकिङ्ग सेवा प्रवाह गरिरहेको कुरा अवगत गराउन चाहन्छु। सरकारका कार्यक्रमहरुको कार्यान्वयनमा सहकार्य गर्दै बैंकले विशेषतः उत्पादनशील क्षेत्रहरु, पूर्वाधार विकास, आयात प्रतिस्थापन तथा निर्यात प्रबर्द्धन गर्ने क्षेत्र, रोजगारीका अवसरहरु बृद्धि गर्ने क्षेत्रहरुमा कर्जा लगानी गर्न जोड दिइएको छ। यसैगरी गरिबी निवारण तथा स्वरोजगारी श्रृजनाका लागि सहूलियतपूर्ण कर्जा कार्यक्रमलाई अभ्य व्यापक रूपमा कार्यान्वयन गर्ने योजना रहेको छ। बैंकका क्रियाकलापहरुमा प्रविधिको व्यापक उपयोग गर्ने उद्देश्यले बैंकको मोबाइल बैकिङ्ग एप्लिकेशनमा आवश्यकतानुसार अद्यावधिक गरी सेवा सुविधाहरु थप गर्ने, ATM कार्डको प्रयोगमा सुरक्षाको दृष्टिकोणले चिपमा आधारित कार्डहरु जारी गर्ने, नेपाल राष्ट्र बैंक तथा नेपाल सरकारका निकायहरुसंग अनलाईन कारोवारमा सहकार्य गर्ने जस्ता कार्यहरु संचालन गरिरहेका छौं।

आदरणीय शेयरधनी महानुभावहरु,

बैंकले गर्ने नियमित कार्यहरुका अलावा संस्थाभिन्न संस्थागत सुशासनका सिद्धान्तहरुको अवलम्बन गरी आफ्ना क्रियाकलापहरुलाई जिम्मेवार, उत्तरदायी तथा पारदर्शी बनाउने उद्देश्यले बैंकको संस्थागत सुशासन निर्देशिका तर्जुमा गरि लागू गरिएको छ। यसै गरी बैंकले संस्थागत सामाजिक उत्तरदायित्व निर्वाह गर्ने क्रममा विविध क्रियाकलापहरुमा योगदान पुऱ्याउदै आईरहेको छ। सरकारको समृद्ध नेपालको परिकल्पनालाई साकार पार्न प्राथमिकता प्राप्त क्षेत्रमा गरिने कर्जा लगानीलाई विशेष जोड दिइएको छ। यसै गरी गरिबी निवारण, रोजगारी सिर्जना तथा औद्योगिक विकासका लागि विपन्न वर्ग कर्जा, कृषि कर्जा, सहूलियतपूर्ण कर्जा लगानी गर्नुको साथै

उर्जा विकास र विस्तारका लागि विद्युत् उत्पादन गर्ने परियोजनाहरूमा प्राथमिकतापूर्वक कर्जा लगानी गरिरहेको छ ।

सेवाको गुणस्तरमा कर्मचारीहरूको कार्यकुशलता एवं कार्यदक्षता साथै भौतिक अवस्थाले समेत प्रभाव पार्ने भएकोले बैंकका कर्मचारीहरूलाई उत्प्रेरित भई कार्य गर्न कर्मचारी सेवा सुविधाहरूमा समयानुकूल वृद्धि गरिएको छ । त्यस्तै विभिन्न स्थानमा बैंकका आफ्नै आधुनिक सुविधसम्पन्न भवनहरू निर्माण गर्ने कार्य अगाडि बढाइएको छ । बैंकको कार्यशैली र पद्धतिमा समयानुकूल सुधार गर्न विद्यमान नीति, कार्यविधि एवं निर्देशिकाहरूमा समयानुकूल परिमार्जन गरिएको छ । बैंक सेवाप्रति युवा पुस्ताको आकर्षण बढाउन बजार प्रवर्द्धनका विविध उपायहरू अवलम्बन गरिएको छ । आगामी दिनमा बैंकको सेवालार्इ अझ गुणस्तरीय बनाई यसका समग्र क्रियाकलापहरू ग्राहकमुखी तथा देशको आर्थिक विकासमा समेत टेवा पुग्ने किसिमले सम्पादन गर्न हामी कटिबद्ध रहने विश्वास दिलाउन चाहन्छु ।
आदरणीय शेयरधनी महानुभावहरू,

बैंकिङ्ग कारोवारलाई सुरक्षित र विश्वसनीय तुल्याउन राष्ट्रिय तथा अन्तर्राष्ट्रिय निकायहरूको निर्देशनको अनुपालना तथा सम्पत्ति शुद्धिकरण निवारणको अभियानमा सहकार्य गर्न बैंकको कम्प्लायन्स क्षमतालाई विकास गरी AML/CFT को क्षेत्रमा उल्लेखनीय उपलब्धि हासिल भएको छ । बैंकले प्रयोग गरिरहेको Core Banking System मा आवश्यक सुधारका लागि IS Audit संचालन भैरहेको छ । बैंकका योजना तथा कार्यक्रमहरू समयमा नै सम्पन्न गर्ने गरी समयसीमा सहितको कार्ययोजना बनाई काम गर्ने र सोको प्रगति विवरण नियमित रूपमा पेश गर्ने पद्धतिको विकास गरिएको छ । बैंकको निर्णय प्रक्रिया, कार्यशैली, संस्थागत संरचनामा सुधार गरी बैंकलाई परिवर्तनमुखी, व्यवसायिक तथा गतिशील संस्थाको रूपमा अगाडि बढाउन नेपाल प्रशासनिक प्रशिक्षण प्रतिष्ठानको सहकार्यमा Organization and Management Audit को कार्य भैरहेको छ ।

आदरणीय शेयरधनी महानुभावहरू,

बैंकिङ्ग क्षेत्र अत्यन्त संवेदनशील क्षेत्र रहेको, यसलाई सूचना प्रविधि तथा राष्ट्रिय-अन्तर्राष्ट्रिय अर्थतन्त्रले समेत प्रभाव पार्ने भएको र यस क्षेत्रप्रति सर्वसाधारणको सरोकार रहेको हुँदा बैंकिङ्ग पद्धतिलाई सुरक्षित, विश्वसनीय तथा दिगो किसिमले संचालन गर्नुपर्ने हुन्छ । यस क्षेत्रमा समय समयमा देखापर्ने उतार चढावले मुलुकको समग्र वित्तीय स्थितिमा नकारात्मक असर पर्ने गरेको छ । अतः बैंकिङ्ग क्षेत्रसंग सम्बन्धित नीति तथा ऐन कानूनको जिम्मेवारीपूर्वक पालना गर्दै आफ्ना क्रियाकलापहरू संचालन गर्नु उपयुक्त हुन्छ । समयानुकूल सेवा सुविधा प्रवाह गर्न बैंकको Core Banking System मा स्तरोन्नति गर्न आवश्यक देखिएको छ । साथै बैंकको आन्तरिक नियन्त्रण प्रणालीलाई अझ सबल र प्रभावकारी बनाउदै सेवा विस्तार र विविधिकरण गर्नु पनि आजको आवश्यकता रहेको कुरा यहाँहरू समक्ष निवेदन गर्न चाहन्छु ।

अन्त्यमा, बैंकलाई आजका दिनसम्म पुऱ्याउन साथ दिनुहुने सम्बन्धित सबै सरोकारवालाहरूलाई यस विशेष अवसरमा हार्दिक धन्यवाद व्यक्त गर्न चाहन्छु । बैंकको यस तेह्रौं वार्षिक साधारण सभामा शेयरधनीका तर्फबाट प्रतिनिधित्व गर्नुहुने नेपाल सरकारका उच्च अधिकृत प्रतिनिधिहरूमा विशेष धन्यवाद ज्ञापन गर्न चाहन्छु । त्यसै गरी यस सभामा उपस्थित सम्पूर्ण सर्वासाधारण शेयरधनी महानुभावहरूले बैंकप्रति देखाउनुभएको सद्भाव र विश्वासका लागि आभार प्रकट गर्न चाहन्छु । आफ्ना अमूल्य सुझाव र सिर्जनात्मक सल्लाह दिई बैंकको सफलताका मार्गदर्शक बन्नुभएका आदरणीय ग्राहक महानुभावहरू प्रति पनि हार्दिक धन्यवाद प्रकट गर्दै भविष्यमा पनि यहाँहरूबाट रचनात्मक सल्लाह र सुझावको अपेक्षा गर्दछु । बैंक व्यवस्थापन तथा कार्यरत सबै कर्मचारीवर्गको लगनशीलता, मेहनत तथा ग्राहक सेवाप्रतिको समर्पणको उच्च कदर गर्दै आगामी दिनहरूमा पनि आफ्नो सीप, क्षमता र समयको उपयोग गर्दै ग्राहकमुखी सेवा प्रवाह गर्न कटिबद्ध रहनुहुनेछ भन्ने विश्वास लिएको छु । बैंकलाई विभिन्न समय र परिस्थितिमा सहयोग र निर्देशन प्रदान गर्ने नेपाल सरकार, नेपाल सरकारका निकायहरू, अर्थ मन्त्रालय, नियामक निकाय नेपाल राष्ट्र बैंक, कम्पनी रजिष्ट्रारको कार्यालय, नेपाल धितो पत्र बोर्ड लगायत अन्य सरोकारवाला तथा शुभचिन्तकहरू सबैमा हार्दिक कृतज्ञता व्यक्त गर्दै आगामी दिनमा पनि यहाँहरूबाट यस्तै साथ, सहयोग र सद्भाव प्राप्त हुनेछ भन्ने विश्वास राख्दछु । र पूनः एकपल्ट बैंकको तेह्रौं वार्षिक साधारण सभामा उपस्थित सबै महानुभावहरूलाई हार्दिक स्वागत अभिवादन व्यक्त गर्दछु ।

धन्यवाद !

महेन्द्रमान गुरुङ्ग
अध्यक्ष
राष्ट्रिय वाणिज्य बैंक लि.

मिति: २०७५ चैत्र ४ गते ।



संचालक समितिको बैठकको भलक

संचालक समितिबाट प्रस्तुत आ.व. २०७४/०७५ को वार्षिक प्रतिवेदन

आदरणीय शेयरधनी महानुभावहरु,
राष्ट्रिय वाणिज्य बैंक लिमिटेडको तेह्रौं वार्षिक साधारण सभामा उपस्थित यहांहरु सबैमा सर्वप्रथम बैंकको सञ्चालक समितिको तर्फबाट हार्दिक स्वागत अभिवादन व्यक्त गर्न चाहन्छु। साथै सभामा उपस्थित आमन्त्रित प्रतिनिधिहरु, अतिथि महानुभावहरु, बैंकका उच्च व्यवस्थापकहरु र सम्पूर्ण कर्मचारीहरुमा समेत यस अवसरमा हार्दिक स्वागत अभिवादन व्यक्त गर्दछु।

वि.सं. २०२२ माघ १० गते स्थापना भई ५४ वर्षदेखि निरन्तर रुपमा नेपालको बैंकिङ्ग क्षेत्रको विकास, विस्तार एवं बैंकिङ्ग पहुँच पु-याउन महत्वपूर्ण भूमिका निर्वाह गर्दै आएको यस बैंकको आ.व. २०७४/७५ को वित्तीय स्थिति, कारोबारको नतिजा तथा अन्य परिसूचकहरु उत्साहप्रद रहेको जानकारी गराउन चाहन्छु। बैंकको बाह्य लेखापरीक्षकको राय सहितको २०७५ आषाढ मसान्तको वित्तीय स्थितिको विवरण, आ.व. २०७४/७५ को आय विवरण, सोही अवधिको शेयरधनी कोषमा भएको परिवर्तन, नगद प्रवाह विवरण तथा लेखा सम्बन्धी महत्वपूर्ण टिप्पणीहरु समावेश रहेको यस वार्षिक प्रतिवेदन यहांहरु समक्ष प्रस्तुत गर्दछु।

अब म समिक्षा वर्षमा बैंकले हासिल गरेका प्रमुख उपलब्धिहरुको तुलनात्मक विश्लेषण तथा बैंक सेवा विस्तार एवं गुणस्तरमा सुधार गर्न भएका क्रियाकलापहरुको संक्षेपमा विवेचना गर्न चाहन्छु।

आर्थिक वर्ष २०७४/०७५ को बैंकको कारोबारको सिंहावलोकन :

बैंकको वित्तीय स्थिति:

बैंकको कूल सम्पत्तिमा अघिल्लो वर्षको तुलनामा १३.७१ प्रतिशतले वृद्धि भई २०७५ आषाढ मसान्तमा रु. १ खर्ब ९७ अर्ब ३३ करोड पुगेको छ। बैंकको २०७५ तथा २०७४ आषाढ मसान्तको तुलनात्मक वित्तीय स्थिति निम्नानुसार रहेको छ :

विवरण	आषाढ मसान्तमा		बढी/घटी रकम	बढी/घटी %
	२०७५	२०७४		
नगद तथा नगद सरह	२८,३३३,१२१,०९५	२१,९४३,१८५,६०७	६,३८९,९३५,४८८	२९.१२
नेपाल राष्ट्र बैंकमा रहेको माज्दात	९,६४५,४९१,८२९	१४,८०६,६५४,०११	(५,१६१,१६२,१८२)	-३४.८६
बैंक तथा वित्तीय संस्थालाई प्रदान गरिएको कर्जा	४,०४५,९८१,१६७	३,५९०,४८२,५००	४५५,४९८,६६७	१२.६९
ग्राहकहरुलाई प्रदान गरिएको कर्जा	११७,४१४,१६२,८७५	१०५,६२९,७९१,२६१	११,७८४,३७१,६१४	११.१६
धितोपत्र सुरक्षणमा लगानी	२४,४६९,६६३,९७९	२३,८५६,१८४,८९४	६१३,४७९,०८६	२.५७
चालु कर सम्पत्ति	६२४,४६४,७७६	१,६६७,२४८,०७०	(१,०४२,७८३,२९४)	-६२.५५
सहायक कम्पनीमा लगानी	२००,०००,०००	१००,०००,०००	१००,०००,०००	१००.००
एसोसियेट कम्पनीमा लगानी	२३०,०९०,८००	१०८,८१४,३००	१२१,२७६,५००	१११.४५
लगानी जायजैथा	५७,२७०,५६१	७६,९४१,८२७	(१९,६७१,२६७)	-२५.५७
जायजैथा, यन्त्र तथा उपकरण	९१९,०४३,९८४	६८७,८५०,४१०	२३१,१९३,५७४	३३.६१
ख्याति तथा अदृश्य सम्पत्ति	२३,७२९,१२६	४,५७४,४४५	१९,१५४,६८२	४१८.७३
स्थगन कर सम्पत्ति	१,१०२,२८४,९१३	-	१,१०२,२८४,९१३	१००.००
अन्य सम्पत्ति	१०,२६६,६९५,२६०	६,६०२,९९३,८२७	३,६६३,७०१,४३४	५५.४९
कूल सम्पत्ति	१९७,३३२,०००,३६६	१७९,०७४,७२१,१५२	१८,२५७,२७९,२१४	१०।२०
बैंक तथा वित्तीय संस्थालाई भुक्तानी गर्नुपर्ने रकम	५,२९१,५२८,११८	७,५१४,५३०,७५८	(२,२२३,००२,६४०)	-२९.५८
नेपाल राष्ट्र बैंकलाई भुक्तानी गर्नुपर्ने रकम	९२,९७०,५१४	१६,९७०,०००	७६,०००,५१४	४४७.८५
ग्राहकहरुको निक्षेप	१६४,२१०,३०३,२६०	१४६,५८७,०४१,१६६	१७,६२३,२६२,०९४	१२.०२
सापटी	१७१,४९६,१४१	१६३,८७६,९६७	७,६१९,१७४	४.६५
स्थगन कर दायित्व	-	४५४,४४८,७०६	(४५४,४४८,७०६)	-१००.००
अन्य दायित्व	८,४९४,९३०,९२२	११,७००,७२४,५३२	(३,२०५,७९३,६१०)	-२७.४०
कूल दायित्व	१७८,२६१,२२८,९५६	१६६,४३७,५९२,१२९	११,८२३,६३६,८२६	७।१०

शेयर पूंजी	९,००४,७९५,७००	८,५८८,९७२,३००	४१५,८२३,४००	४.८४
संचित नाफा/नोक्सान	(३,९३६,३७१,७२७)	७८९,२७७,७९३	(४,७२५,६४९,५२०)	-५९८.७३
जगेडा तथा कोषहरु	१४,००२,३४७,४३७	३,२५८,८७८,९३०	१०,७४३,४६८,५०७	३२९.६७
कूल शेयरधनी कोष	१९,०७०,७७१,४१०	१२,६३७,१२९,०२३	६,४३३,६४२,३८७	५०।९१

कूल पूंजी तथा दायित्व	१९,७,३३२,०००,३६६	१७९,०७४,७२१,१५२	१८,२५७,२७९,२१४	१०।२०
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प्रति शेयर शेयरधनी कोष	२१२	१४७	६५	४३।९४
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आ.व.२०७४/७५ को कारोबारको नतिजा :

नेपालको बैकिङ्ग व्यवसायमा तीव्र रुपमा बढ्दै गरेको प्रतिस्पर्धात्मक परिस्थिती, लगानी योग्य रकमको अभाव, ब्याज दरको उच्च उतारचढाव आदि प्रतिकूल अवस्थामा पनि बैंकले आर्थिक वर्ष २०७४/७५ मा उत्साहजनक प्रगति हासिल गरेको छ। समिक्षा अवधिमा बैंकले रु. ४ अर्ब ७४ करोड संचालन नाफा तथा रु. ३ अर्ब ६६ करोड खुद मुनाफा आर्जन गरी अघिल्लो आ.व.को तुलनामा संचालन नाफामा २०.३७ प्रतिशत तथा खुद मुनाफामा २६.०२ प्रतिशतको प्रगति हासिल गरेको छ। अघिल्लो वर्ष भन्दा खुद ब्याज आम्दानीमा रु.१ अर्ब ८० करोड अर्थात् २४.६६ प्रतिशतको उल्लेखनीय वृद्धि हासिल भएकोले कर्जा तथा अन्य सम्पत्तिको क्षतिको लागि व्यवस्था रकममा रु. ७० करोड भएतापनि उच्च खुद मुनाफा कायम रहन गएको छ। फि तथा कमिशन आम्दानी, कर्मचारी खर्च तथा अन्य संचालन खर्चमा सामान्य वृद्धि भएको छ भने प्रचलित आयकर ऐनको व्यवस्था बमोजिम चालु कर तथा लेखामान बमोजिम स्थगन गरेको गणना गरिएको छ। बैंकको आ.व. २०७४/७५ तथा २०७३/७४ को तुलनात्मक विवरण निम्नानुसार रहेको छ :

विवरण	आ.व.	आ.व.	बढी/(घटी)	बढी/(घटी)
	२०७४/७५	२०७३/७४	रकम	%
व्याज आम्दानी	१२,०९७,६५९,२४९	९,२२०,७७७,६५२	२,८७६,८८१,५९७	३१.२०
व्याज खर्च	२,९८३,४३०,०५२	१,९०९,४८८,८२५	१,०७३,९४१,२२७	५६.२४
खुद व्याज आम्दानी	९,११४,२२९,१९७	७,३११,२८८,८२७	१,८०२,९४०,३७०	२४।६६
फि तथा कमिशन आम्दानी	१,२३३,८२०,१५१	१,१४२,३३९,३८२	९१,४८०,७६९	८.०१
फि तथा कमिशन खर्च	१८३,७०८,३७३	१८७,२४५,३३७	(३,५३६,९६४)	(१.८९)
खुद फि तथा कमिशन आम्दानी	१,०५०,१११,७७८	९५५,०९४,०४५	९५,०१७,७३४	९।९५
खुद व्याज, फि तथा कमिशन आम्दानी	१०,१६४,३४०,९७५	८,२६६,३८२,८७२	१,८९७,९५८,१०४	२२।९६
विदेशी विनिमय कारोबारबाट खुद आम्दानी	५८,९०१,१३५	१३१,८०६,१७४	(७२,९०५,०३९)	(५५.३१)
अन्य संचालन आम्दानी	(२३,९९०,८४६)	(६८,०९७,४६७)	४४,१०६,६२१	(६४.७७)
कूल संचालन आम्दानी	१०,१९९,२५१,२६४	८,३३०,०९१,५७९	१,८६९,१५९,६८५	२२।४४
कर्जा तथा अन्य सम्पत्तिको क्षतिको लागि व्यवस्था	१,२९३,०५४,८१६	५९४,०४८,३७४	६९९,००६,४४२	११७.६७
खुद संचालन आम्दानी	८,९०६,१९६,४४८	७,७३६,०४३,२०५	१,१७०,१५३,२४४	१५।१३
संचालन खर्च :				
कर्मचारी खर्च	३,१३२,४४६,१८८	२,९६७,३८१,६८६	१६५,०६४,५०३	५.५६
अन्य संचालन खर्च	७८३,५१५,०६४	७२१,८७३,४४९	६१,६४१,६१५	८.५४
ह्रासकट्टी तथा परिशोधन	२५२,६६२,०२५	१११,०७०,०३०	१४१,५९१,९९५	१२७.४८
संचालन नाफा	४,७३७,५७३,१७१	३,९३५,७१८,०४०	८०१,८५५,१३१	२०।३७
गैह्र संचालन आम्दानी	२२२,६६६,२५०	२३८,३६४,५३४	(१५,६९८,२८४)	(६.५९)
गैह्र संचालन खर्च	९,१६२,३१५	२१,९७८,२७८	(१२,८१५,९६३)	(५८.३१)
कर अधिको नाफा	४,९५१,०७७,१०६	४,१५२,१०४,२९६	७९८,९७२,८१०	१९।२४

आयकर खर्च

चालु कर	२,४५५,७०९,९२८	८९३,२५६,९२३	१,५६२,४५३,००५	१७४.९२
स्थगन कर	(१,१६३,८९९,९९६)	३५५,१३४,०२०	(१,५१९,०३४,०१७)	(४२७.७४)
खुद मुनाफा	३,६५९,२६७,१७४	२,९०३,७९३,३५३	७५५,४१९,९८८	२६।०२

आ.व. २०७४/७५ को वित्तीय स्थिति तथा कारोबारको नतिजाहरूलाई सारभूत रूपमा असर गर्ने पक्षहरू :

१. नेपाल वित्तीय विवरण प्रतिवेदन मान (Nepal Financial Reporting Standards (NFRSs) को पहिलोपटक अबलम्बन (First Time Adaption):

बैंकको आ.व. २०७४/७५ को वित्तीय विवरणहरू नेपाल लेखामान बोर्डबाट जारी भएको नेपाल वित्तीय विवरण प्रतिवेदन मान (Nepal Financial Reporting Standards (NFRSs) बमोजिम नेपाल राष्ट्र बैंकले तोकेको ढांचामा तयार गरिएको छ । नेपाल राष्ट्र बैंकको निर्देशनमा उल्लेखित लेखा नीतिहरूको परिपालना गरी तयार गरिएको विगत आ.व.हरू वित्तीय विवरणको तुलनामा यस आ.व.को वित्तीय विवरणहरू तयार पार्दा अपनाइएको लेखा नीति, प्रस्तुतिकरण तथा खुलासाहरू (Accounting Policies, Presentation and Disclosures) हरूमा केही मूलभूत परिवर्तन भएका छन् । यसबाट साविकको वित्तीय विवरणबाट प्राप्त हुने सूचना तथा विश्लेषण प्रक्रियामा केही परिवर्तन हुन सक्छ । बैंकले NFRSs को पहिलोपटक अनुसरण (First Time Adaption) गर्दा प्रोद्योगिकी आधारमा व्याज आमदानीको लेखांकन, शेयरमा गरिएको लगानीको Fair Value मा मूल्यांकन, विभिन्न व्यवस्थाहरू फिर्ता, कर्मचारी सुविधाको लेखांकन आदि कारण बैंकको शेयरधनी कोषमा उल्लेखनीय वृद्धि हुन पुगेको छ । यद्यपि नेपाल राष्ट्र बैंकको निर्देशन अनुरूप बैंकको संचित नाफा नोक्सान हिसाबबाट ठूलो रकम वैधानिक जगेडा (Regulatory Reserve) मा सार्नुपरेको कारण उक्त हिसाब यस वर्ष पनि नकारात्मक रहन गएको छ । NFRSs को अबलम्बनबाट विगत वर्षहरूको शेयरधनी कोषमा परेको असर तपसिलमा प्रस्तुत छ :

विवरण	२०७४ आषाढ मसान्तमा	२०७३ आषाढ मसान्तमा
साविकको लेखांकन पद्धति बमोजिमको शेयरधनी कोष	१०,४८४,०३३,१७४	८,६०६,२४९,४५१
धितोपत्र लगानीको उचित मोल (Fair Value) मा मापन गर्दाको असर	१,२९९,८८९,४३९	१,४३२,९२२,४७०
लगानी जायजथा (Investment Properties) कायम गर्दाको असर	७६,९४१,८२७	८३,६४७,८५३
स्थगन कर	(१,७७०,६१२,७८७)	(१,७९२,८४९,१६४)
घोषित कर्मचारी अवकाश सुविधा योजना	(१,५१७,४६३,३३४)	(५७०,६४६,४१८)
व्याज आमदानी	४,०५९,७७७,७०८	३,८६२,३९७,९१८
लगानीमा व्यवस्था फिर्ता	४,५६३,०००	५,५६३,०००
शेयरधनी कोषमा कूल समायोजन	२,१५३,०९५,८५३	३,१०९,०३५,६५९
नेपाल वित्तीय विवरण अनुसार कूल शेयरधनी कोष	१२,६३७,१२९,०२६	११,७०७,२८५,११०

२. एन.आई.डि.सी. डेभलपमेन्ट बैंक लिमिटेडसंगको मर्जर :

आ.व. २०७५ बैशाख १९ मा साविक एन.आई.डि.सी. डेभलपमेन्ट बैंक लिमिटेड र यस बैंकबीच मर्जर प्रक्रिया सम्पन्न भई संयुक्त कारोबार प्रारम्भ भएसँगै उक्त संस्थाको सम्पूर्ण सम्पत्ति तथा दायित्वहरू यस बैंकमा ट्रान्सफर भएको थियो । रु. ४१ करोड ५८ लाख २३ हजार ४ सय साधारण पूंजी रहेको उक्त संस्थाको साविक शेयरधनीहरूलाई १:१ को अनुपातमा यस बैंकको शेयर प्रदान गरिएको थियो । किताबी मूल्यमा लेखांकन गरिएको उक्त मर्जर प्रक्रियाबाट यस बैंकलाई खुद रु. ३ अर्ब ६० करोड ५४ लाखको खुद सम्पत्ति/शेयरधनी कोष प्राप्त भएको थियो । नेपाल सरकारको पूर्ण स्वामित्वमा रहेको बैंकमा मर्जर पश्चात ३०,९१० कित्ता (०.०३ प्रतिशत) शेयरमा सर्वसाधारणको स्वामित्व कायम हुन पुगेको छ । एन.आई.डि.सी. डेभलपमेन्ट बैंक लिमिटेडको मर्जर

मितिको वित्तीय स्थितिको संक्षिप्त विवरण निम्नानुसार रहेको छ :

विवरण	रकम रु. २०७५ बैशाख १८ मा
नगद मौज्दात	१४,०११,१४३
नेपाल राष्ट्र बैंकमा रहेको मौज्दात	८७,०४०,००३
बैंक/वित्तीय संस्थामा रहेको मौज्दात	१,६४९,३३८,२६६
लगानी	१३०,७६५,७००
कर्जा सापटी तथा बिल खरीद	२,७९९,६७१,८३४
स्थिर सम्पत्ति	१०४,४३०,०८८
अन्य सम्पत्ति	१००,४७८,२१२
कुल सम्पत्ति	४,८८५,७३५,२४७
निक्षेप दायित्व	१,०२५,७०२,५४१
भुक्तानी दिनुपर्ने विलहरू	८३४,८००
अन्य दायित्व	२५३,७९९,४९०
कुल दायित्व	१,२८०,२५६,८३१
शेयर पूंजी	४१५,८२३,४००
जगेडा तथा कोषहरू	३,१८९,६५५,०१६
कुल शेयरधनी कोष	३,६०५,४७८,४१६
कुल पूंजी तथा दायित्व	४,८८५,७३५,२४७

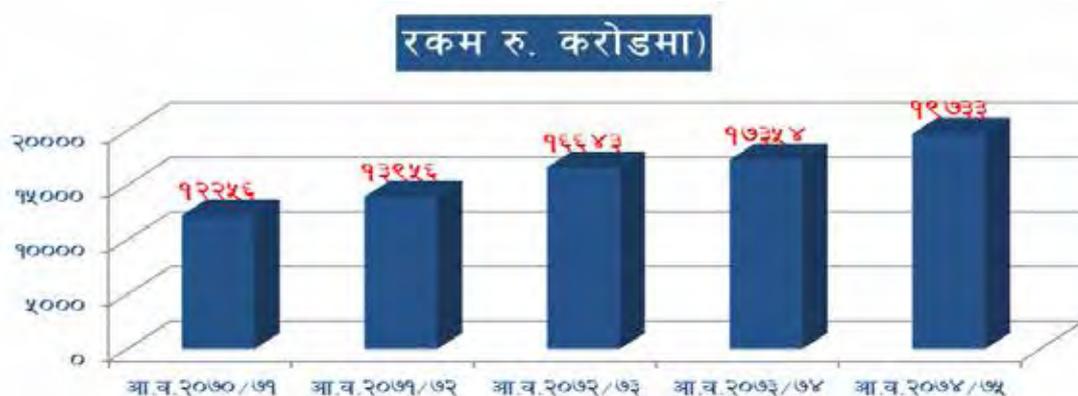
चालु आ.व. २०७५/७६ को २०७५ पौष मसान्तसम्मको वित्तीय स्थिति तथा कारोबार नतिजा :

यस बैंकको २०७५ पौष मसान्तमा कुल सम्पत्ति रु. २ खर्ब १० अर्ब ५२ करोड, शेयरधनी कोष रु. २१ अर्ब ४५ करोड, कुल निक्षेप रु. १ खर्ब ८१ अर्ब १४ करोड, कर्जा तथा सापटी रु. १ खर्ब ३४ अर्ब ११ करोड रहेको छ। चालु आ.व. २०७५/७६ को पहिलो ६ महिनामा सम्ममा बैंकले खुद ब्याज आम्दानी रु. ४ अर्ब ९५ करोड, संचालन नाफा रु. ३ अर्ब ४४ करोड तथा खुद मुनाफा रु. २ अर्ब ४१ करोड आर्जन गर्न सक्षम भएको छ। यस अवधिको लेखापरीक्षण हुन बाँकी संक्षिप्त वित्तीय झलकहरू निम्नानुसार रहेको छ :

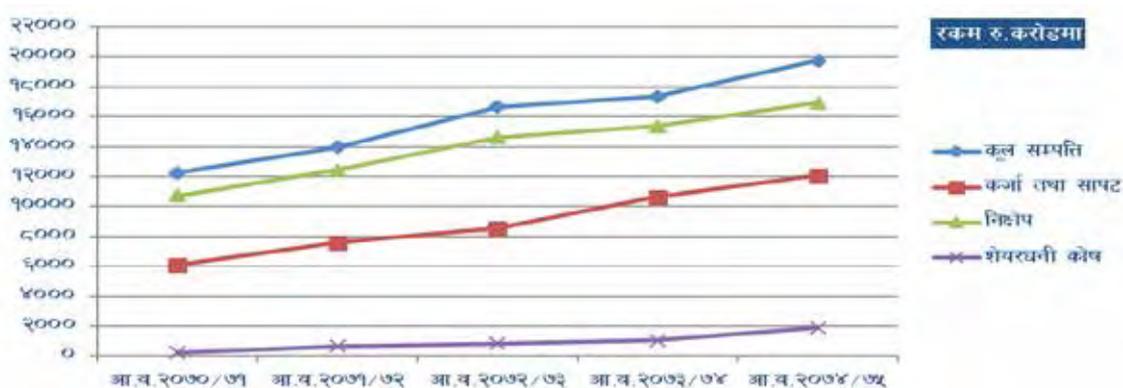
विवरण	रकम रु. करोडमा*
कुल सम्पत्ति	२१,०५२
शेयरधनी कोष	२,१४५
चुक्ता पूंजी	९००
निक्षेप	१८,११४
कर्जा तथा सापट	१३,४११
लगानी (लागत मूल्य)	४,९२४
खुद मुनाफा	२४१
पूँजी पर्याप्तता अनुपात %	११.७३
कोषको लागत %	३.०१
आधार दर %	५.६०
स्प्रेड दर %	४.७८
कर्जा निक्षेप (सिसिडी) अनुपात %	६९.२४
निष्क्रिय कर्जा %	३.४०
तरलता %	३७.३७
कुल निक्षेप ग्राहक संख्या	२,८२२,५३६
कुल कर्जा ग्राहक संख्या	१५५,९२२
कर्मचारी संख्या	२,२५९
कुल शाखा संख्या	२१७
जिल्लागत उपस्थिति	७७
एटीएम संख्या	१६५
ब्राञ्चलेस बैंकिंग संख्या	९३

बैंकको विगत ५ आ.व.हरूको महत्वपूर्ण वित्तीय परिसूचकहरू

कूल सम्पत्ति (Total Assets)



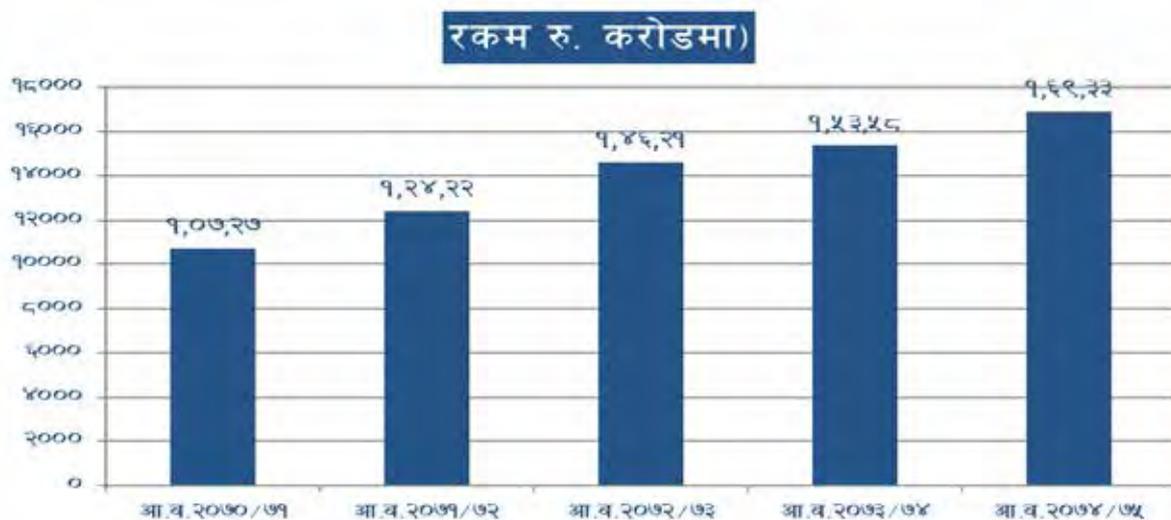
वित्तीय स्थितिको महत्वपूर्ण तत्वहरूको अन्तर-सम्बन्ध (Inter-relationship between significant elements of Financial Positions)



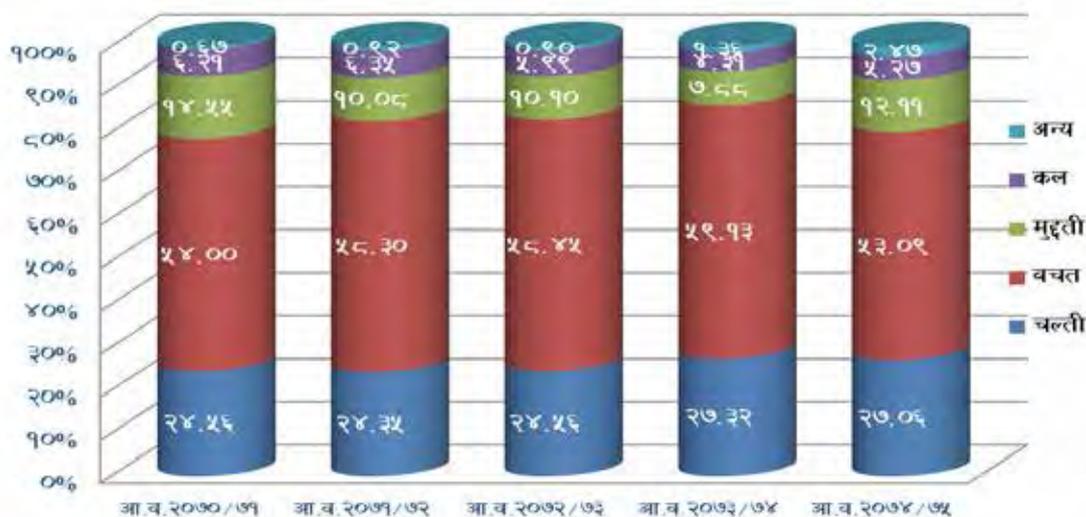
शेयरधनी कोष (Shareholder's Equity)



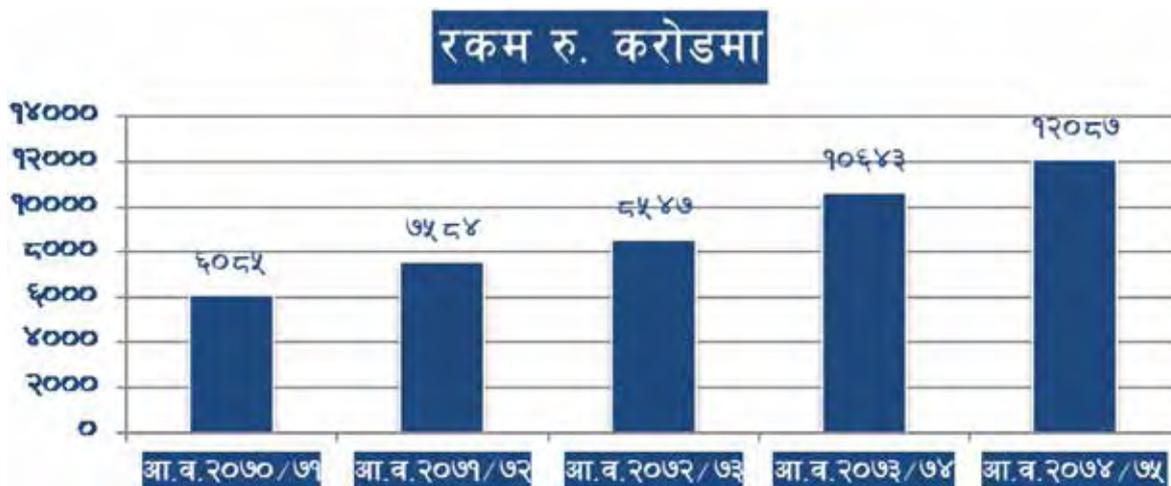
निक्षेप परिचालन (Deposit Mobilization)



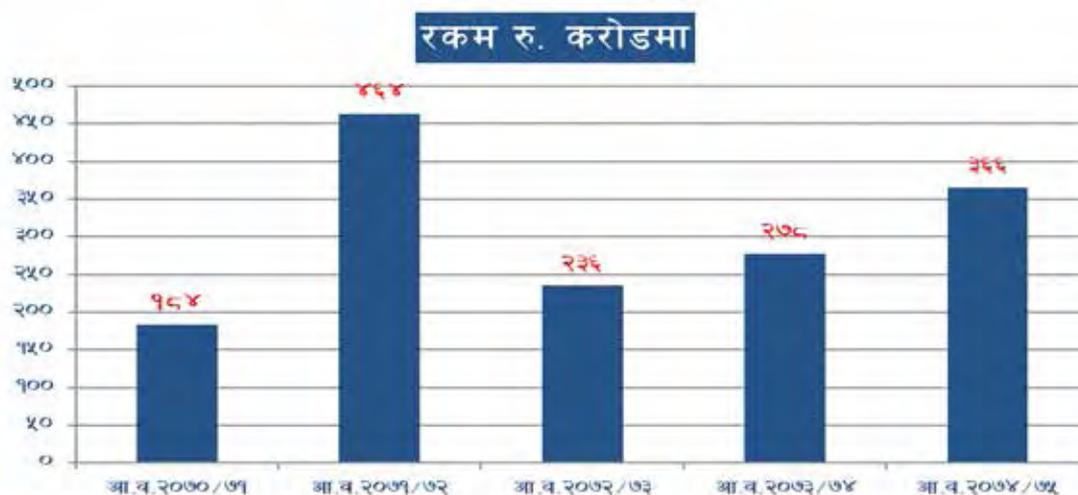
निक्षेप संरचना (Deposits Structure)



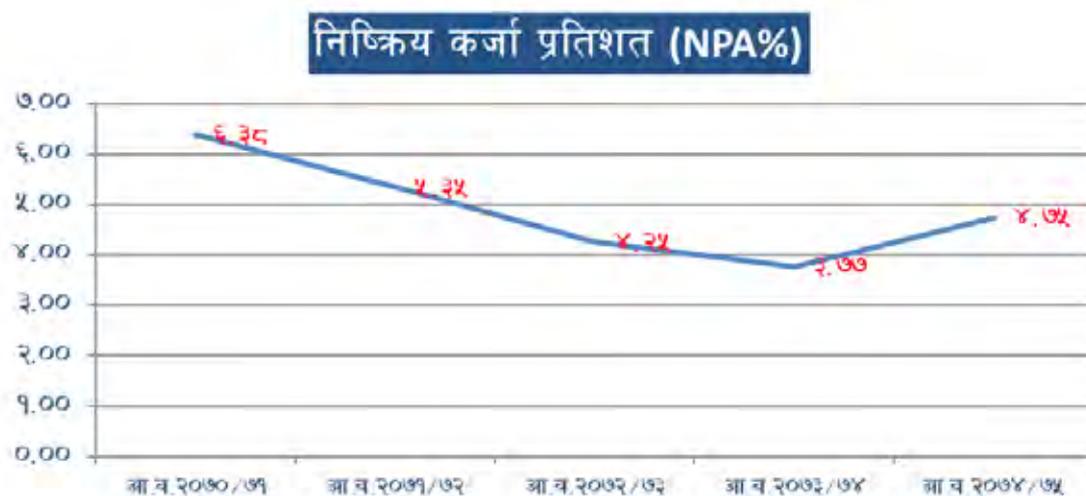
कर्जा तथा सापट (Loan and Advances)



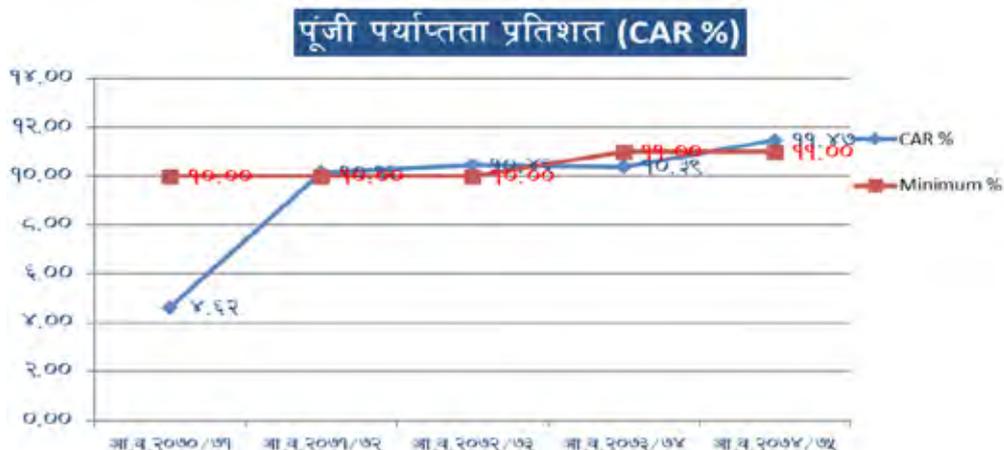
खुद मुनाफा (Net Profit)



निष्क्रिय कर्जा अनुपात (Non-performing Loan Ratio)



पूजी पर्याप्तता अनुपात (Capital Adequacy Ratio)



आदरणीय शेयरधनी महानुभावहरू,

अब म बैंकले समिक्षा वर्षमा सम्पन्न गरेका र चालु आ.व. मा जारी रहेका केही महत्वपूर्ण क्रियाकलापहरूको संक्षेपमा चर्चा गर्न चाहन्छु ।

सेवा विस्तार तथा गुणस्तरमा सुधार:

२०७५ अषाढ मसान्त सम्म देशभर शाखा कार्यालयहरूको संख्या २०४ रहेकोमा २०७५ पौष मसान्त सम्ममा जम्मा २१७ शाखा कार्यालयहरू रहेका छन् । देशका ७ वटै प्रदेशहरूका ७७ वटै जिल्लाहरूमा बैंकको उपस्थिति रहेको छ । आधुनिक प्रविधिको उपयोग गरी सेवाको गुणस्तरमा सुधार गर्ने उद्देश्यले बैंकका शाखा कार्यालयहरूलाई क्रमशः Smart Branch मा स्तरोन्नतीको कार्य आरम्भ भएको छ जस अनुसार हाल सम्म ३ वटा शाखालाई Smart Branch मा स्तरोन्नती गरिसकिएको छ भने यसै आ.व.भित्र थप १७ वटा शाखाहरूलाई Smart Branch को रूपमा संचालन गरिने योजना रहेको छ ।

मानव संशाधन व्यवस्थापन

समिक्षा वर्षमा बैंकमा पुराना कर्मचारीको ठूलो संख्यामा अवकास भएको छ भने नयां कर्मचारीहरूको भर्ना गरिएको छ । समिक्षा अवधिमा विभिन्न पदका ६१३ जना कर्मचारीले अवकास प्राप्त गरेका छन् विभिन्न तहमा गरी जम्मा ४८१ जना नयां कर्मचारीको नियुक्ति गरिएको छ । बैंकमा नयां कर्मचारीहरूको भर्ना पश्चात हाल बैंकका कर्मचारीहरूको औसत उमेर ३६.५ वर्ष रहेको छ भने चालु आ.व.को योजना अनुसार नयां कर्मचारीहरूको भर्ना पश्चात बैंकमा औसत उमेर ३३.५ वर्ष रहेका युवा कर्मचारीहरू रहने छन् । कर्मचारीहरूको मनोबल उच्च राख्न विभिन्न किसिमका स्वदेशी तथा वैदेशिक तालिममा सहभागी गराइएको छ । यस कार्यलाई चालु आ.व.मा पनि निरन्तरता दिइएको छ । शाखा कार्यालयको विस्तार, व्यवसायमा भएको वृद्धिका साथै अनिवार्य अवकाशका कारण ठूलो संख्यामा कर्मचारी घट्टै जांदा बैंकमा कर्मचारी अभाव भइरहेको छ जसको कारण छिटो भन्दा छिटो बजारबाट नयां कर्मचारीको आपूर्ति गर्नुपर्ने अत्यावश्यक देखिएको छ । चालु आ.व.मा अधिकृत तथा सहायक गरी ५७० जना नयां कर्मचारीहरूको भर्ना गर्ने योजना रहेको छ ।

औद्योगिक व्यवसायिक सम्बन्ध

बैंकले सबै सरोकारवाला निकायहरू नेपाल सरकार, शेयरधनी मन्त्रालयहरू, नियमनकारी निकाय, ग्राहकवर्ग, कर्मचारीहरू एवं अन्य सबै पक्षसंग असल सम्बन्ध कायम राख्दै आएको छ । साथै यस बैंकमा कार्यरत ट्रेड युनियनहरूबाट पनि बैंकको उन्नति र प्रगतिमा रचनात्मक सहयोग प्राप्त हुँदै आएको छ । व्यावसायिक सहयोगीको रूपमा उनीहरूबाट निर्वाह हुँदै आएको भूमिकाको कदर गर्दै आगामी दिनमा बैंक सुधार कार्यक्रममा ट्रेड युनियनहरूको सशक्त र सक्रिय सहभागितालाई जोड दिइनेछ । बैंकको व्यावसायिक क्रियाकलापलाई सकारात्मक रूपमा संचालन गर्नका लागि आवश्यक पर्ने ट्रेड युनियनहरू र व्यवस्थापन बीचको सुमधुर सम्बन्धलाई अझ प्रगाढ बनाउँदै लैजानका लागि विशेष पहल गरिने छ ।

विप्रेषण कारोवार

बैंकले स्थापनाकालदेखि नै स्वदेशी विप्रेषण कारोवार संचालन गर्दै आएको र विगत केही वर्षदेखि अन्तर्राष्ट्रिय स्तरमा विभिन्न कम्पनीहरू Western Union Money Transfer Company (USA), Xpress Money Service Ltd. (UK), Ez Remit (UK), Instant Cash Global Money Transfer, CG Remit लगायत खाडी तथा विदेशी मुलुकका विभिन्न कम्पनीहरूसँग प्रत्यक्ष तथा अप्रत्यक्ष रूपमा द्विपक्षीय सम्झौता मार्फत विप्रेषण कारोवार गर्दै आइरहेको छ । साथै बैंकले आफ्नै Remittance product RBB Remit मार्फत पनि विभिन्न राष्ट्रहरूबाट विप्रेषण कारोवार गरिरहेको छ । अन्तर्राष्ट्रिय रूपमा विप्रेषण कारोवार गर्ने स्वदेशी कम्पनी IME सँग पनि बैंकले वैदेशिक विप्रेषण कारोवार गर्न द्विपक्षीय सम्झौता गरी कारोवार संचालन गरिरहेको छ । RBB Remit लाई आन्तरिक रूपमा यस बैंकका शाखाहरू बीच पनि परस्परमा संचालन गर्नका लागि आवश्यक कार्य भइरहेको छ ।

सूचना प्रविधि

सूचना प्रविधिको अधिकतम प्रयोग गरी संचालन खर्चमा कमी ल्याउनुका साथै सेवा र सुविधाहरू आधुनिक, स्तरीय, ग्राहकमुखी र विश्वसनीय बनाउन बैंक प्रयत्नशील छ । यस बैंकका सबै २१७ वटा शाखाबाट अनलाइन मार्फत Any Branch Banking Service (ABBS) सेवा प्रदान गरिएको छ भने देशका विभिन्न १६५ स्थानबाट ATM सेवा उपलब्ध गराइएको छ । साथै SMS Banking, Mobile Banking, E banking, Visa Debit Card, Mobile Paybill system, सन्ध्याकालिन, प्रभातकालिन, ३६५ दिन बैंकिङ्ग सेवा समेत प्रदान गरिएको छ । बैंकले Android तथा IOS मोबाइल प्रयोगकर्ताहरूको लागि RBB Smart नामक

अत्याधुनिक Mobile Banking App जारी गरेको छ । चालु आ.व.मा थप ४० बटा ATM मेशिन संचालनमा ल्याउने कार्यक्रम रहेको छ । बैंकको सूचना प्रविधिमा आधारित प्रणालीमा रहेको कमी कमजोरीहरु पहिल्याई थप सुधार गर्न तथा सुरक्षित बनाउन IS Audit जारी रहेको छ । सूचना प्रविधिको प्रयोगबाट कार्यदक्षता वृद्धिका साथै सेवा प्रवाहलाई सरल र प्रभावकारी बनाईने छ । सूचना प्रविधिको सुरक्षा संवेदनशिलतालाई मनन गरी आगामी दिनमा सूचना प्रविधि सुरक्षाका लागि आवश्यक नीति लागु गर्ने तथा सो सम्बन्धी आवश्यक उपकरण उपयोग गर्ने, Document Management System लागु गर्ने र ब्याक अप साइटलाई स्तरोन्नति गरी थप प्रभावकारी बनाउने योजना रहेको छ भने वित्तीय जालसाजीको नियन्त्रण, सूचना प्रविधि र डाटाको सुरक्षा व्यवस्थापन, Hardware, Network, System Software को उचित व्यवस्थापन गरिएको छ । बैंकको सूचना प्रविधिलाई चुस्त र अद्यावधिक राख्न बैंकले प्रयोग गरिरहेको बैंकिंग प्रणालीमा आवश्यकता अनुसार सुधार गर्ने कार्य जारी रहेको छ ।

संस्थागत सुशासन

बैंकमा संस्थागत सुशासनलाई उच्च प्राथमिकताका साथ निरन्तर रूपमा संस्थागत गर्न गराउनका लागि संचालक समिति र बैंक व्यवस्थापन पूर्ण प्रतिबद्ध छ । बैंकको काम कारवाही देशको प्रचलित कानून, नेपाल राष्ट्र बैंकको निर्देशन एवं बैंकले जारी गरेका विनियम, निर्देशिका बमोजिम पारदर्शी रूपमा संचालन गरिएको छ । संचालन प्रक्रियामा पारदर्शिता र एकरूपता सुनिश्चित गर्न विभिन्न संचालन नीति तथा कार्यविधिहरु तयार गरी लागु गरिएको छ । आन्तरिक नियन्त्रण र सुपरिवेक्षण प्रणालीलाई सबल बनाइएको छ । चालु आ.व.मा बैंकको संस्थागत सुशासन निर्देशिका तर्जुमा गरी लागु गरिएको छ जस अन्तरगत बैंकमा संस्थागत इकाई गठन गरिनेछ ।

लेखापरीक्षण समिति तथा आन्तरिक नियन्त्रण प्रणाली

संचालक समितिका गैर कार्यकारी सदस्यको अध्यक्षतामा गठित उच्च स्तरीय लेखापरीक्षण समितिले नियमित बैठक बसी बैंकको काम कारवाहीको सूक्ष्म अनुगमन गरी व्यवस्थापनलाई निर्देशन तथा संचालक समितिलाई जानकारी दिने गरेको छ । बैंकको आन्तरिक एवं बाह्य लेखापरीक्षण नियमित रूपमा भइ राखेको छ । बैंकका कामकारवाहीहरु आन्तरिक नियन्त्रण प्रणाली एवं प्रचलित कानून बमोजिम भए नभएको एकिन आन्तरिक लेखापरीक्षण विभागले गर्ने गरेको छ । सो विभागलाई बैंकको लेखापरीक्षण समितिको मातहतमा राखी स्वतन्त्रतापूर्वक आन्तरिक नियन्त्रण तथा नियमनका कामहरु गर्ने वातावरण बनाइएको छ ।

संस्थागत सामाजिक उत्तरदायित्व

देशको पुरानो तथा सरकारी स्वामित्वको बैंक भएको नाताले संस्थागत सामाजिक उत्तरदायित्वको अवधारणालाई मनन गरी चालु आ.व. मा बैंकको संस्थागत सामाजिक उत्तरदायित्व सम्बन्धी कार्यविधि तर्जुमा गरी लागु गरिएको छ । संस्थागत सामाजिक उत्तरदायित्व अन्तर्गत शिक्षा, स्वास्थ्य, खेलकुद जस्ता क्षेत्रको उन्नयन तथा परम्परागत संस्कृतिको जगेर्नाको लागि सम्बन्धित निकायहरूसंग सहकार्य गरी आर्थिक तथा भौतिक सहयोग उपलब्ध गराउदै आएको छ ।

जोखिम व्यवस्थापन :

बैंकको समग्र जोखिमको पहिचान मुल्यांकन अनुगमन र व्यवस्थापन गर्न संचालक समितिका सदस्यको संयोजकत्वमा जोखिम व्यवस्थापन समिति गठन गरिएको छ । बैंकको कारोवार संचालनको सिलसिलामा आउने संचालन जोखिम, कर्जा जोखिम, बजार जोखिम लगायतका विभिन्न जोखिमहरुलाई ध्यानमा राखी बैंकले आफ्नो संचालन प्रणाली र आन्तरिक व्यवस्थापनलाई दुरुस्त राख्न कर्मचारी सेवा विनियमावली, आर्थिक प्रशासन विनियमावली, कर्जा निर्देशिका, लेखा निर्देशिका, आन्तरिक लेखापरीक्षण निर्देशिका, ब्रान्च अपरेशन निर्देशिका, कर्जा असुली कार्यविधि, सूचना प्रविधि निर्देशिका लागु गरेको छ र यी निर्देशिकाहरुमा समसामयिक रूपमा परिमार्जन र संशोधन समेत गरिदै आइएको छ । अन्य निर्देशिकाहरु पनि आवश्यकतानुसार तयार गरिने छ । बैंकिङ्ग क्षेत्रमा हाल देखिएका जोखिमहरुको मूल्यांकन गरी त्यस्ता जोखिमहरुलाई न्यूनिकरण गर्ने उपाहरुको लागि Risk Assesment गर्ने कार्य जारी रहेको छ ।

सम्पत्ति शुद्धीकरण तथा आंतकवादी कार्यमा वित्तीय लगानी निवारण

ग्राहक पहिचान (KYC) तथा सम्पुष्टि कार्य गर्ने गरिएको छ । बैंकसंग कारोवार गर्न चाहने व्यक्ति तथा संस्थाहरुको Screening पश्चात मात्र खाता संचालन गराउने व्यवस्था लागू गरिएको छ । Go AML , Trust AML जस्ता Software को प्रयोग गरिएको छ । जोखिम आधारित ग्राहक पहिचान गर्ने गरिएको छ । AML / CFT सम्बन्धी तालिम कार्यक्रमलाई व्यापक रूपमा संचालन

गरिएको छ | यस सम्बन्धी नीतिगत व्यवस्था अन्तर्गत AMT / CFT Policy & Procedure 2074 संचालक समितिबाट पारित गरि लागु गरिएको छ | अस्वाभाविक तथा शंकास्पद कारोबार पहिचान पद्धतिको व्यवस्था गरी त्यस्ता कारोबारहरु सम्बन्धित निकायमा अविलम्ब Reporting गर्ने व्यवस्था मिलाईएको छ |

सम्पति संरक्षण र उपयोग

बैंकको सम्पति संरक्षण कार्यलाई उच्च प्राथमिकतामा राखेका छौं | देशका प्रमुख व्यावसायिक स्थानमा अवस्थित बैंकको आफ्नो नाउंमा रहेका जग्गामा भवन बनाउने योजना बमोजिम हाल उपत्यका भित्र थापाथली तथा वसन्तपुर र उपत्यका बाहिर भैरहवा, बुटवल, पोखरा, भरतपुर, कोहलपुर, महेन्द्रनगर तथा लहान गरी जम्मा ९ स्थानमा भवन बनाउने योजना बमोजिम भवनको डिजाईन, नक्सा तथा इस्टिमेट तयार भई बोलपत्र आव्हानको प्रकृत्यामा रहेको छ | बैंकका पुराना भवनहरुको आवश्यकता अनुसार मर्मत सम्भारको कार्य समेत भैरहेको छ |

संचालक समितिमा परिवर्तन

आर्थिक वर्ष २०७४/०७५ मा संचालक समितिका अध्यक्ष तथा संचालकहरुको परिवर्तन भएको छ | समिक्षा वर्षमा रहनुभएका अध्यक्ष तथा संचालकहरुको विवरण यसै प्रतिवेदनको पेज नं. २९ मा उल्लेख गरिएको छ |

लेखापरीक्षण तथा आय व्यय विवरण

महालेखापरीक्षकको कार्यालयको परामर्स अनुसार बैंकको अन्तिम लेखापरीक्षण गर्न तोकिएका लेखापरीक्षकहरुबाट प्राप्त बैंकको आ.व. २०७४/०७५ को अन्तिम लेखापरीक्षण प्रतिवेदन, २०७५ आषाढ मसान्तको वासलात, आ.व. २०७३/७४ को नाफा नोक्सान हिसाब, नाफा नोक्सान बाँडफाँड हिसाब, शेयरधनी कोषको परिवर्तन, नगद प्रवाह विवरण, सम्बन्धित अनुसूचीहरु तथा लेखासम्बन्धी टिप्पणीहरु यसै प्रतिवेदनको अङ्गको रूपमा राखिएको छ | कम्पनी ऐन २०६३ को परिच्छेद ७ को दफा १०९ उपदफा (४) बमोजिम उल्लेख हुनु पर्ने अतिरिक्त विवरणहरु अनुसूचीको रूपमा प्रस्तुत गरिएको छ |

आगामी कार्यक्रम :

यस बैंकका आ.व. २०७५/७६ का कार्यक्रमहरु निम्नानुसार छन् :

- (क) नेपाल सरकारको समृद्ध नेपालको परिकल्पना बमोजिम आ.व. २०७५/०७६ को वार्षिक बजेट मार्फत ल्याइएको सहूलियतपूर्ण कर्जा कार्यक्रमलाई प्राथमिकतापूर्वक कार्यान्वयन गरि नेपालका कृषकहरुलाई व्यवसायिक कृषि तथा पशुपंछीपालन तर्फ उत्प्रेरित गर्दै महिला, युवा, दलित, विदेशबाट फर्किएका नेपालीहरुलाई उद्यमशीलता प्रवर्द्धन गर्न तथा उच्च अध्ययन गर्न चाहने गरीब विद्यार्थीहरुलाई लाभान्वित तुल्याइने छ |
- (ख) बैंकमा संकलित निक्षेपलाई मुलुकका प्राथमिकताप्राप्त क्षेत्रमा लगानी गरी देशको औद्योगिक विकासमा टेवा पुर्याउन ठूला ठूला उद्योग कारखानाहरु तथा विद्युत् परियोजनाहरुमा कर्जा प्रवाह गरिनेछ |
- (ग) युवा तथा प्रविधिमैत्री वर्गलाई ध्यानमा राखी ATM, SMS Banking, Mobile Banking, e-banking सेवालाई अझ समयसापेक्ष र सहज बनाइनेछ |
- (घ) बैंकको प्रतिस्पर्धी क्षमता अभिवृद्धि गर्न रणनीतिक योजना, पूंजी योजना, मानव संशाधन योजना लगायतका योजनाहरु तर्जुमा गरी लागु गरिनेछ |
- (ङ) बैंकको सेवा सुविधाहरु प्रति सर्वसाधारणको वास्तविक पृष्ठपोषण लिन ग्राहक सभैको कार्य संचालन गरिनेछ |
- (च) बैंकको सागठिन संरचना, कर्मचारी दरबन्दी, शाखा वर्गीकरण जस्ता विषयहरुमा आवश्यकतानुसार परिमार्जन गर्न O&M Audit तथा HR Audit का प्रतिवेदनहरुलाई आधार लिइनेछ |
- (छ) युवा उद्यमीहरुलाई ऋण प्रवाह गर्न उपयुक्त कर्जा प्रवाह गरिनेछ |
- (ज) सरकारको प्राथमिकतामा रहेको उत्पादनशिल क्षेत्र विशेषतः उर्जा, पर्यटन, उद्योग र कृषि उद्योग कार्यक्रमलाई टेवा पुग्ने हिसाबले लगानीका योजनाहरु ल्याइनेछ |
- (झ) बैंकका बन्द भएका, गाभिएका शाखा कार्यालयहरुको पूनर्स्थापना गर्दै लगिनेछ | ब्यावसायिक संभाव्यताका आधारमा

तथा राज्यको पुनरसंरचना बमोजिम स्थानीय निकायमा समेत क्रमशः नयाँ शाखा विस्तार गर्ने योजना रहेको छ ।

- ज) बैंकको जनशक्ति सुदृढ गर्न नयाँ जनशक्ति भित्र्याउने र भएका जनशक्तिलाई स्वदेश तथा वैदेशिक तालिमको माध्यमबाट दक्षता अभिवृद्धि गरी प्रतिस्पर्धी बनाइनेछ ।
- ट) बैंकको सेवालाई छिटो छरितो स्तरीय र ग्राहकमुखी बनाउन तदनुरूप बैंकको विद्यमान नियम र प्रणालीको पुनरावलोकन गरी आवश्यक परिमार्जन गरिनेछ ।
- ठ) बैंकको कारोबारको सबै क्षेत्रमा देखिने जोखिमहरूलाई कम गर्न जोखिम सम्बन्धी योजना, रणनीति, प्रक्रिया र संरचनाको पुनरावलोकन गरी आवश्यक परिमार्जन गर्दै लगिनेछ ।
- ड) बैंकको कारोबारलाई नियमित, व्यवस्थित र पारदर्शी रूपमा संचालन गर्ने हेतु आन्तरिक लेखापरीक्षणको कार्य बाह्य विशेषज्ञता हासिल गरेको अनुभवी लेखापरीक्षक फर्म वा कम्पनीबाट गर्ने कार्यलाई निरन्तरता दिईनेछ ।

आदरणीय शेयरधनी महानुभावहरू !

बैंकको तेहौं वार्षिक साधारण सभाको अवसरमा यस बैंकको प्रगति र सम्वृद्धिमा प्रत्यक्ष/अप्रत्यक्ष रूपमा सहयोग पुऱ्याउनु हुने शेयरधनी नेपाल सरकारका मन्त्रालय, कार्यालय तथा महानुभावहरू, नेपाल सरकार, नेपाल राष्ट्र बैंक, कम्पनी रजिष्ट्रारको कार्यालय, ग्राहकवर्ग, शुभेच्छुक एवं समस्त सरोकारवालाहरूप्रति हार्दिक धन्यवाद ज्ञापन गर्दछु । साथै महालेखापरीक्षकको कार्यालयको परामर्शमा बैंकको अन्तिम लेखापरीक्षण गरी बैंकलाई अमूल्य सुभावा दिनु हुने लेखापरीक्षकहरू, बैंकको व्यवसायिक गतिविधिलाई आम जनता समक्ष पुऱ्याई सहयोग गर्नु हुने संचार जगत प्रति पनि हार्दिक आभार व्यक्त गर्दछु । बैंकको सफलताका लागि अथक परिश्रम गर्ने बैंक व्यवस्थापन एवं लगनशील कर्मचारीहरूलाई समेत उहाँहरूले गर्नु भएको योगदानका लागि हार्दिक धन्यवाद दिन चाहन्छु ।

अन्त्यमा, संचालक समितिको यस वार्षिक प्रतिवेदन लगायत प्रस्तुत विभिन्न प्रस्तावहरूमा छलफल गरी स्वीकृति प्रदान गरी दिनु हुन उपस्थित सम्पूर्ण शेयरधनी महानुभावहरूलाई हार्दिक अनुरोध गर्दछु ।

धन्यवाद ।

संचालक समितिको तर्फबाट,

श्री महेन्द्रमान गुरुङ्ग

अध्यक्ष

मिति : २०७५ चैत्र ४ गते ।

कम्पनी ऐन २०६३ को दफा १०९ उपदफा (४) अनुसारको अतिरिक्त विवरण

१. जफत गरिएका शेयरहरूको विवरण :
बैंकले समिक्षा वर्ष कुनै पनि शेयर जफत गरेको छैन ।
२. बैंक र यसको सहायक कम्पनीले समिक्षा वर्षमा गरेको प्रगति :
बैंकले आ.व. २०७४/७५ को वित्तीय विवरणहरू नेपाल वित्तीय विवरण मान (Nepal Financial Reporting Standards) हरु बमोजिम तयार गरेको छ । उक्त वित्तीय विवरणहरू बमोजिम बैंकले आ.व. २०७४/७५ मा रु. ३,६५,९२,६७,१७४।- खुद मुनाफा गरेको छ भने २०७५ आषाढ मसान्तमा बैंकको खुद कर्जा सापट रु. १,२१,४६,०१,४४,०४२।-, निक्षेप दायित्व रु. १,६९,५०,१८,३१,३७८।-, शेयरधनी कोष रु. १९,०७,०७,७१,४१०।- तथा कूल सम्पत्ति रु. १,९७,३३,२०,००,३६५।- पुगेको छ ।
यस बैंकको आरबिबि मर्चेन्ट बैकिङ्ग लि. सहायक कम्पनी रहेको छ । यस बैंकको सहायक कम्पनीको रूपमा आरबिबि मर्चेन्ट बैकिङ्ग लिमिटेडको मिति २०७२/१०/१५ मा कम्पनी रजिष्ट्रारको कार्यालयमा दर्ता भई संस्थापना भएको छ । उक्त कम्पनीको अधिकृत पूंजी रु.२० करोड र जारी पूंजी तथा चुक्ता पूंजी रु.२० करोड रहेको छ । बैंकले उक्त कम्पनीमा लगानी गरेको रु. २० करोडलाई Statement of Financial Position को अनुसूची ४.१० अन्तर्गत Investment in subsidiaries मा प्रस्तुत गरिएको छ । उक्त आर.बि.बि मर्चेन्ट बैकिङ्ग लि यस आ.व. २०७४/७५ मा रु ६,९२,३५९।०० घाटा भएको छ ।
३. आधारभूत शेयरधनीहरूबाट बैंकलाई उपलब्ध गराइएको जानकारी:
त्यस्तो कुनै जानकारी प्राप्त भएको छैन ।
४. समिक्षा वर्ष २०७४।७५ मा बैंकका संचालक तथा पदाधिकारीहरूले यस बैंकको खरीद गरेका कम्पनीका शेयरहरू:
यस बैंकको शेयर संचालक तथा पदाधिकारीले खरीद गर्न सक्ने प्रावधान हाल नभएकोले यस्तो शेयर खरीद भएको छैन ।
५. बैंकसंग सम्बन्धित सम्भौताहरूमा कुनै संचालक तथा निजको नजिकको नातेदारको व्यक्तिगत स्वार्थ वारे उपलब्ध गराइएको जानकारीको व्यहोरा ।
यस्तो कुनै जानकारी बैंकलाई प्राप्त भएको छैन ।
६. समिक्षा वर्षमा बैंकले आफ्नो शेयर आफै खरीद गरेको विवरण:
समिक्षा वर्षमा बैंकले आफ्ना शेयरहरू आफैले खरीद गरेको छैन ।
७. आन्तरिक नियन्त्रण व्यवस्था:
बैंकको आन्तरिक नियन्त्रण व्यवस्था सक्षम छ । नियन्त्रण व्यवस्थामा अवलम्बन गरिएका प्रक्रियाहरू निम्नानुसार छन्:
(क) मजबुत आन्तरिक निरीक्षण तथा नियन्त्रण व्यवस्था अपनाइएको ।
(ख) संचालन प्रक्रियालाई व्यवस्थित गर्न कर्मचारी सेवा विनियमावली, आर्थिक प्रशासन सम्बन्धी विनियमावली, कर्जा लगानी असक्षली निर्देशिका लगायतका अन्य निर्देशिकाको व्यवस्था गरेको ।
(ग) कर्जा नीति निर्देशिका अपनाइएको ।
(घ) आन्तरिक लेखापरीक्षण विभाग गठन भई कार्यरत रहेको ।

(ड) लेखापरीक्षण समितिले आन्तरिक नियन्त्रण प्रणाली र लेखापरीक्षबाट औल्याइएका प्रमुख कुराहरूको नियमित अनुगमन गर्ने गरेको ।

८. समिक्षा वर्षमा भएको कूल व्यवस्थापन खर्च :

कर्मचारी खर्च :	रु. ३,१३,२४,४६,१८८।००
कार्यालय संचालन खर्च :	रु. ७८,३५,१५,०६४।००
कूल व्यवस्थापन खर्च :	रु. ३,९१,५९,६१,२५२।००

९. लेखापरीक्षण समितिका सदस्यहरूको नामावली, पारिश्रमिक, भत्ता तथा सुविधा, सो समितिले गरेको काम कारवाहीको विवरण र समितिले दिएको सुझावको विवरण:

(१) लेखापरीक्षण समिति:

लेखापरीक्षण समिति: (मिति २०७४।०८।०५ सम्म)

संचालक	डा. श्री रामदेव सिंह	-संयोजक
संचालक	श्री विद्यावारिधि सिग्देल	- सदस्य
विभागिय प्रमुख	श्री महेशराज खरेल	-सदस्य सचिव

(आन्तरिक लेखापरीक्षण विभाग)

लेखापरीक्षण समिति: (मिति २०७४।०८।०६ देखि २०७५।०२।१६ सम्म)

संचालक	डा.श्री जितेन्द्र प्रसाद उपाध्याय	-संयोजक
संचालक	श्री विद्यावारिधि सिग्देल	-सदस्य
विभागिय प्रमुख	श्री देवेन्द्ररमण खनाल	-सदस्य सचिव

(आन्तरिक लेखापरीक्षण विभाग)

लेखापरीक्षण समिति: (मिति २०७५।०२।१७ देखि हालसम्म)

संचालक	श्री जनक कुमार बराल	-संयोजक
संचालक	श्री अर्जुन बहादुर अधिकारी	-सदस्य
विभागिय प्रमुख	श्री देवेन्द्ररमण खनाल	-सदस्य सचिव

(आन्तरिक लेखापरीक्षण विभाग)

(२) समितिका अध्यक्ष लगायत सदस्यलाई बैठक भत्ता बाहेक अन्य कुनै पारिश्रमिक/सुविधा प्रदान गर्ने गरिएको छैन । समितिका अध्यक्ष र संचालक सदस्यलाई प्रति बैठक भत्ता रु. ४,०००।- प्रदान गरिएको छ ।

(३) आर्थिक वर्ष २०७४/७५ मा समितिको बैठक संख्या १९ (बैठक नं २२६ देखि २४४ सम्म) र उक्त बैठकमा भएका प्रमुख निर्णयहरू:

आन्तरिक लेखापरीक्षण समितिले बैंकका शाखा कार्यालयहरू, क्षेत्रीय कार्यालयहरू र विभागहरूको आन्तरिक लेखापरीक्षण गर्ने, आन्तरिक लेखापरीक्षणको वार्षिक योजना स्वीकृत गर्ने, बैधानिक लेखापरीक्षक तथा नेपाल राष्ट्र बैंकले स्थलगत निरीक्षण गरी दिएको प्रतिवेदन र बैंकको आन्तरिक लेखापरीक्षण विभागले पेश गरेको प्रतिवेदनमा उल्लेखित कैफियत उपर छलफल गर्ने व्यवस्थापनलाई आवश्यक निर्देशन र सुझाव दिने ।

आर्थिक वर्ष २०७४।०७५ मा लेखापरीक्षण समितिको बैठक २० पटक बस्यो जुन बैठकहरूबाट मुख्य रूपमा निम्न कार्यहरू भएको ।

- (क) बैंकको वित्तिय अवस्थाको सम्बन्धमा ।
- (ख) बैंकको आन्तरीक नियन्त्रण प्रणाली सम्बन्धमा ।
- (ग) बैंकको लेखापरीक्षण योजना सम्बन्धमा ।

- (घ) बैंकको लेखापरीक्षकले दिएको निर्देशन सम्बन्धमा ।
- (ङ) यस बैंकको बाह्य लेखापरीक्षणको प्रतीवेदनको छलफलतथा सञ्भाव सम्बन्धमा ।
- (च) यस बैंकको नेपाल राष्ट्र बैंकबाट निरीक्षण तथा सुपरिवेक्षण गरी प्रतिवेदनमा औल्याइएका बूदा/कैफियतहरुको कार्यान्वयन भए/नभएको सम्बन्धमा समिक्षा ।
- (छ) बैंकको वित्तीय विवरणलाई सही र यथार्थ बनाउन व्यवस्थापनलाई सहयोग गर्ने ।
- (ज) प्रचलित कानून तथा नेपाल राष्ट्र बैंकबाट जारी गरिएका नियमन व्यवस्थाहरु पालना गरे/नगरेको सम्बन्धमा समितिबाट हउनअपने समिक्षा ।
- (झ) आन्तरिक लेखापरीक्षण सम्बन्धी विस्तृत कार्य प्रणाली तथा सोका आधारमा आन्तरिक लेखापरीक्षण
- (ञ) छानबिनका विषय तथा सस्थागत सञ्सासन संबन्धमा ।
- (ट) बैंकको त्रैमासिक वित्तीय विवरणको समिक्षा ।

१०. संचालक, व्यवस्थापकीय निर्देशक, आधारभुत शेरधनी र निजका नजिकका नातेदार तथा संलग्न फर्म, कम्पनी आदिबाट बैंकलाई प्राप्त हुनु पर्ने रकम :

छैन ।

११. समिक्षा बर्षमा संचालक, व्यवस्थापकीय निर्देशक, प्रमुख कार्यकारी अधिकृत र अन्य पदाधिकारीहरुलाई दिइएको पारिश्रमिक भत्ता तथा सुविधाहरु :

क्र.सं.	विवरण	संचालक	प्रमुख कार्यकारी अधिकृत	व्यवस्थापक
१	बैठक भत्ता	२८,६०,००० ००	-	
२	तलब	-	६००,००० ००	
३	भत्ता	-	२५,२०,००० ००	
४	दर्शन भत्ता उपहार	-	४,४०,००० ००	
५	संचयकोष योगदान	-	-	
६	टेलिफोन मोबाइल	रु.१८२,५०० -	-	
७	बिबिध (पत्रपत्रिका)	रु.१,४६,००० -	-	
	जम्मा रकम	३१,८८,५०० ००	३५,६०,००० ००	
८	गाडी सुविधा (इन्धन)	रु.३२,९०६ -	-	
९	आवास सुविधा	-	-	
१०	बिमा	-	-	
११	विदा वापत भुक्तानी	-	-	
	जम्मा संख्या :	७	१	

टिप्पणी :

- प्रमुख कार्यकारी अधिकृतलाई चालक, इन्धन र मर्मत सम्भार सहित सवारी साधनको व्यवस्था गरिएको छ ।
- बैंकका कर्मचारीहरुलाई बैंकको नियमानुसार दुर्घटना बिमा, औषधोपचार बिमा र जीवन बिमाको व्यवस्था गरिएको छ । साथै निजका आश्रित परिवारको लागि औषधोपचार बिमा गरिएको छ ।
- प्रमुख कार्यकारी अधिकृतको मोबाइल फोनको भुक्तानी बैंकले गर्ने व्यवस्था गरिएको छ । अध्यक्ष लगायत संचालकहरुलाई र व्यवस्थापकहरुको हकमा नियमानुसार बढीमा रु. २,५००|- सम्म दिने गरिएको र अन्य विभागीय प्रमुखहरुलाई बढीमा १,५००|- सम्मको बिल भुक्तानी गरी दिने व्यवस्था रहेको छ ।
- साथै, अध्यक्ष तथा संचालकहरुलाई पत्रपत्रिका वापत मासिक रु. २,०००|- प्रदान गर्ने व्यवस्था गरिएको छ ।
- संचालक समितिको बैठकमा उपस्थित हुन बैंकको गाडी प्रयोग नगरी निजी गाडी प्रयोग गर्नु हुने अध्यक्ष तथा

संचालकहरूलाई मासिक २० लिटर इन्धन वा सो बराबरको रकम प्रदान गर्ने व्यवस्था गरिएको छ ।

१२. शेयरधनीले बुझिलिन बाँकी लाभांश : रु.१६,२२,५८२।००
१३. कम्पनी ऐन २०६३ को दफा १४१ बमोजिम सम्पत्ति खरीद वा बिक्री गरेको कूराको विवरण:
 - बैकलाई आवश्यक पर्ने आफ्नो सम्पत्तिहरूको (परिवहन, कार्यालय सामान, पूँजीगत निमार्ण, लिज होल्ड सम्पत्ती) खरीद तथा बिक्रीको विवरण संलग्न वासलातको अनुसन्धान ४.१४ मा रहेको छ ।
 - सम्पत्ति खरीद तथा बिक्री गर्दा प्रचलित बजारको मुल्यको आधारमा बैंकको आर्थिक प्रशासन विनियमावली २०६८ ले तोकेको कार्यविधि अवलम्बन गरिएको छ ।
१४. कम्पनी ऐन २०६३ को दफा १७५ बमोजिम सम्बद्ध कम्पनी बीच भएको कारोबारको विवरण:
नभएको
१५. यस ऐन तथा प्रचलित कानून बमोजिम संचालक समितिको प्रतिवेदनमा खुलाउनु पर्ने अन्य कुनै कुरा:
नभएको
१६. अन्य आवश्यक कुरा:
नभएको

कम्पनी ऐन २०६३ को दफा ५१ को उपदफा (१) र (२) बमोजिमको विवरण

साधारण सभा हुनु भन्दा ३० दिन अघिसम्मको विवरण :

(क) बैंकको अधिकृत पूँजी र शेयर संख्या :

- अधिकृत पूँजी रु. ११,२०,००,००,०००/- (रु. एघार अर्ब बीस करोड मात्र)

अ) साधारण शेयर पूँजी

प्रति शेयर रु. १००/- का दरले ११,२०,००,००० कित्ता साधारण शेयरको
रु. ११,२०,००,००,०००/- (रु. एघार अर्ब बीस करोड मात्र) |

(आ) अग्राधिकार शेयर पूँजी : छैन |

(ख) बैंकको जारी पूँजी:

जारी पूँजी रु. ९,००,४७,९५,७००/- (रु. नौ अर्ब सत्तालीस लाख पन्चानब्बे हजार सात सय मात्र)

(अ) साधारण शेयर पूँजी : प्रति शेयर रु. १००/- का दरले ९,००,४७,९५,७ कित्ता साधारण शेयरको रु.
९,००,४७,९५,७००/- (रु. नौ अर्ब सत्तालीस लाख पन्चानब्बे हजार सात सय मात्र)

(आ) अग्राधिकार शेयर पूँजी : छैन |

(ग) बैंकको चुक्ता पूँजी :

चुक्ता पूँजी रु. ९,००,४७,९५,७००/- (रु. नौ अर्ब सत्तालीस लाख पन्चानब्बे हजार सात सय मात्र)

(अ) साधारण शेयर रु. रु. ९,००,४७,९५,७०० | (रु. नौ अर्ब सत्तालीस लाख पन्चानब्बे हजार सात सय मात्र)

(आ) अग्राधिकार शेयर रु. छैन |

शेयरधनीहरूको नाम र शेयर पूँजी विवरण :

नाम	शेयर संख्या	रकम
नेपाल सरकार, अर्थ मन्त्रालय	८,४०,४२,०२५	८,४०,४२,०२,५००
नेपाल सरकार, महालेखा नियन्त्रकको कार्यालय	५०,२५,२०३	५०,२५,२०,३००
नेपाल सरकार, उद्योग मन्त्रालय	५,४४,५८१	५,४४,५८,१००
नेपाल सरकार, श्रम तथा रोजगार मन्त्रालय	८९,९६५	८९,९६,५००
नेपाल सरकार, पर्यटन तथा नागरिक उडडयन मन्त्रालय	८९,९६५	८९,९६,५००
नेपाल सरकार, भौतिक पूर्वाधार तथा यातायात मन्त्रालय	८९,९६५	८९,९६,५००
नेपाल सरकार, उर्जा मन्त्रालय	४५,०८१	४५,०८,१००
नेपाल सरकार, सिचाई मन्त्रालय	४५,०८१	४५,०८,१००
नेपाल सरकार, वाणिज्य तथा आपूर्ति मन्त्रालय	४४,५८१	४४,५८,१००
नेपाल सरकार, शिक्षा, विज्ञान तथा प्रविधि मन्त्रालय	१,०००	१,००,०००
नेपाल सरकार, कृषि तथा पशुपंक्षी विकास मन्त्रालय	१,०००	१,००,०००
नेपाल सरकार, भूमि सुधार मन्त्रालय	१,०००	१,००,०००
सर्वसाधारण शेयरधनीहरू	३०,९१०	३०,९१,०००
	९,००,४७,९५,७	९,००,४७,९५,७००

(घ) शेयर पिच्छे माग भएको रकम : छैन |

(ङ) किस्ता असुल भएको जम्मा रकम : छैन |

(च) असुल हुन बाँकी जम्मा रकम : छैन |

(छ) शेयर वा डिभेन्चरमा दलाली दस्तुर वापत दिएको जम्मा रकम : छैन |

(ज) कुनै शेयर जफत गरिएकोमा त्यस्तो शेयरको जम्मा संख्या, जफत भएको कारण र मिति :
छैन ।

(झ) बैंक, वित्तीय संस्था वा अन्य कुनै व्यक्तिबाट लिएको ऋण वा कम्पनीले दिएको जमानत (२०७५ माघ मसान्तमा) :

नेपाल राष्ट्र बैंक (स्वदेशी मुद्रा)	रु. ४,१९,४३,५१७।९७
अन्तर बैंक तथा वित्तीय संस्था	रु. ४५,३०,००,०००।००
यूवा स्वरोजगार कोष	रु. ६,००,००,०००।००

(ञ) बहालवाला सञ्चालकको नाम र ठेगाना :

संचालकहरूको विवरण :

- (१) अध्यक्ष श्री महेन्द्रमान गुरुङ्ग, सचिव, संचार तथा सूचना प्रविधि मन्त्रालय ।
- (२) संचालक श्री निर्मलहरि अधिकारी, सह सचिव, अर्थ मन्त्रालय ।
- (३) संचालक श्री रविन्द्रलाल श्रेष्ठ, नक्साल, काठमाण्डौ ।
- (४) संचालक श्री जनक कुमार बराल, मत्स्यपोखरी, संखुवासभा ।
- (५) संचालक श्री विद्यावारिधी सिग्देल, लेखानाथ पोखरा ।
- (६) संचालक श्री अर्जुन बहादुर अधिकारी, मध्यपुर थिमी न.पा. १५, भक्तपुर ।
- (७) स्वतन्त्र संचालक डा. माधव प्रसाद दाहाल, महालक्ष्मी न.पा. ४, ललितपुर ।

आ.व. ०७४/०७५ मा संचालक समितिमा भएको परिवर्तन

- (१) अध्यक्ष डा. रविन्द्र प्रसाद पाण्डे, ज्ञानेश्वर, काठमाण्डौ (मिति २०७५।०२।०५ सम्म) ।
- (१) अध्यक्ष श्री महेन्द्रमान गुरुङ्ग, सचिव, संचार तथा सूचना प्रविधि मन्त्रालय ।
- (२) संचालक श्री निर्मलहरि अधिकारी, सह सचिव, अर्थ मन्त्रालय ।
- (३) संचालक श्री रविन्द्रलाल श्रेष्ठ, नक्साल, काठमाण्डौ ।
- (४) संचालक श्री जनक कुमार बराल, मत्स्यपोखरी, संखुवासभा ।
- (५) संचालक श्री विद्यावारिधी सिग्देल, लेखानाथ पोखरा ।
- (६) संचालक डा. जितेन्द्र प्रसाद उपाध्याय मैजुवहाल, काठमाडौं (मिति २०७५।०१।२४ सम्म)
- (६) संचालक श्री अर्जुन बहादुर अधिकारी, मध्यपुर थिमी न.पा. १५, भक्तपुर ।
- (७) स्वतन्त्र संचालक डा. रामदेव सिंह पर्सा, काठमाडौं । (मिति २०७५।०१।२४ सम्म)
- (७) स्वतन्त्र संचालक डा. माधव प्रसाद दाहाल, महालक्ष्मी न.पा. ४, ललितपुर ।



...तपाईंको आफ्नै बैंक

राष्ट्रीय वाणिज्य बैंक लिमिटेड

आ.व. २०७४/०७५ को
लेखापरीक्षण प्रतिवेदन

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

Qualified Opinion

We have audited the accompanying financial statements of Rastriya Banijya Bank Limited ("the Bank"), and Consolidated Financial Statements of the Group (the Bank and its subsidiary), which comprise the Statement of Financial Position of the Bank and the Group as at Ashadh 32, 2075 corresponding to July 16, 2018, the Statements of Profit or Loss, the Statements of Other Comprehensive Income, the Statements of Cash Flows, and the Statement of Changes in Equity for the year then ended, along with Notes forming part of the Consolidated Financial Statements, and a summary of significant accounting policies.

In our opinion, except for the matters described in the Basis of Qualified Opinion section, the accompanying financial statements present fairly, in all material respect, the financial position of the Bank and the Group as at Ashadh 32, 2075 (July 16, 2018), and their financial performance and cash flows for the year then ended in accordance with the Nepal Financial Reporting Standards (with the approved carve-out) and the Companies Act, 2063.

Basis for Qualified Opinion

- Whereas NAS 39 para 63 requires to measure impairment loss on Loans and Advances at amortized cost, which is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate, however, the measurements as required were not done, but the default rates for Loan Loss Provision as per NRB Directives were applied to the assets' carrying amount to measure Impairment Loss.
- Whereas NFRS 9 para 5.1.1A read in conjunction with B5.1.1 requires to assess the fair value of Loan and Advances to Staff at prevailing market rate of interest, sufficient appropriate audit evidence was not obtained to justify discount rate of 6.2% as the prevailing market rate which was applied uniformly in all the years under consideration. Similarly, the requirement of NFRS 9 para B5.1.2A for recognizing gain/loss on the deferred difference (*Deferred Employee Expenditure*) only to the extent that arises from a change in a factor was not appropriately considered.
- NFRS 13 requires an entity to use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure the fair value. Sufficient appropriate audit evidence was not obtained to justify the unobservable inputs taken for the valuation of Investment categorized within Level 3 of fair value hierarchy.
- Whereas NFRS 5 para 15 requires to measure a non current asset classified as held for sale at the lower of its carrying amount and 'fair value less costs to sell', the deemed cost as taken in First Time Adoption was applied in all subsequent years to measure the Non-Banking Assets without assessing the 'fair value less costs to sell'.



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- e. The year end balances in the various following accounts were not duly reconciled:
- There was a net balance of inter-branch transactions amounting Rs. 1,684.8 Million.
 - There was a net balance of debit/ credit card related transactions amounting Rs. 73.8 Million being carried forward from the previous periods.
 - There was a balance of interest due on loans and advances whose principal amounts were fully settled amounting Rs. 1,139.8 Million.
 - There were several outstanding balances in the old accounts of Bank draft paid without notice, Unidentified other assets/liabilities, Unidentified Deposits, maturity date expired Fixed Deposit, Agency accounts un-reconciled, Pay Order, Unclaimed Liabilities, Loan subject to Recovery and Un-reconciled amount, Loan/Deposit overdrawn.

We were unable to obtain sufficient appropriate audit evidences about the matters discussed above. Consequently, we were unable to determine the effect of above matters on equity of the Bank/Group and whether any adjustments on account of above were necessary.

- f. Reasons mentioned below may not impact equity, but the amounts in the balances of the following accounts in Balance Sheet and Off-Balance sheet item may differ:
- The balance amounting Rs. 157.7 Million was pending as loan recovery adjustment, whereas the balances of outstanding loan accounts were already recovered.
 - The physical verification of fixed asset was not conducted resulting in uncertainty of their physical existence and ownership.
 - The balance amounting Rs. 605.9 Million relating to matured Fixed Deposit accounts was carried as Deposit, but not as Other Liabilities.
 - The balance of matured Guarantee/Bonds amounting Rs. 1,404.7 Million as per Schedule 4.28.1 was not verified because the transactions data were not updated.
 - The completeness of the balance amounting Rs. 5,455.7 Million as Irrevocable Loan Commitment as per Schedule 4.28 could not be ascertained in absence of a reliable basis for assessing the commitment

We were unable to determine whether any adjustment on account of above were necessary and to determine carrying amount of the respective assets and liabilities.

We conducted our audit in accordance with Nepal Standards on Auditing (NSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are independent of the Bank/Group in accordance with the ethical requirement that is relevant to our audit of the financial statements in Nepal, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide basis for our opinion.



Emphasis of Matter

We draw attention to Note 5.28 of the Consolidated Financial Statement, which describe that Bank has not recognized Interest Income of NPR 7,832.3 Million on an expectation to recover the Interest Receivable on Bad Loan not beyond the Principal Outstanding thereon. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matters described in the Basis for Qualified Opinion Section, we have determined that there are no other key audit matters to communicate in our report.

Other information

We did not audit the financial statements of the Bank's subsidiary company, which were audited by another independent auditor for the company concerned, and our opinion, in so far as it relates to the amounts included in respect of the subsidiary, is based solely on the report of the other auditor.

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

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

In preparing the Consolidated Financial Statements, management is responsible for assessing the Bank's/ Group's/ ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using going concern basis of accounting unless management either intends to liquidate the Bank/Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's/ Group's financial reporting process.

Auditors' Responsibilities for the Audit of Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not guarantee that an audit conducted in accordance with NSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

As part of an audit in accordance with NSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also;



- Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's/Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosure in the consolidated financial statement or, if such disclosure are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank/Group to cease as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidences regarding the financial information of the entities or business activities within the Bank/Group to express an opinion on the Consolidated Financial Statements.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statement of the current period and are therefore are the key audit matters.

Report on Other Legal and Regulatory Requirements

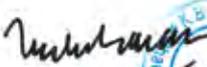
We further report that:

- We have obtained all information and explanations asked for, which to the best of our knowledge and belief were necessary for the purpose of our examination.
- In our opinion, proper books of account as required by law were being kept, in so far as they related to our examination of those books and the financial statements dealt with by this report are prepared in conformity with the NFRS based format prescribed



by Nepal Rastra Bank.

- In our opinion, the returns received from the respective Bank's branches are adequate for the audit purpose, though the statements are independently not audited.
- In our opinion and to the best of our information and according to the explanations given to us and from our examination of the books of account of the Bank, we did 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.
- In our opinion, the business of the Bank was conducted within its authority.


CA. Komal Chitracar

KB Chitracar & Co
Chartered Accountants


CA. Gopal Prasad Rajbahak

GP Rajbahak & Co
Chartered Accountants

Date: January 14, 2019
Place: Kathmandu, Nepal



...तपाईंको आफ्नै बैंक

राष्ट्रिय वाणिज्य बैंक लिमिटेड

आ.व. २०७४/०७५ को
वित्तीय विवरण तथा अनुसूचीहरू

Raastriya Banija Bank Limited
Consolidated Statement of Financial Position
As on 32 Asar 2075 (As at 16 July 2018)

		Group			Bank		
		As at					
		16 July 2018	15 July 2017	16 July 2016	16 July 2018	15 July 2017	16 July 2016
Amount in NPR							
	Note						
Assets							
Cash and cash equivalent	4.1	28,352,742,315	21,944,859,068	34,968,391,522	28,333,121,095	21,943,185,607	34,968,391,344
Due from Nepal Rastra Bank	4.2	9,645,491,829	14,806,654,011	20,720,083,213	9,645,491,829	14,806,654,011	20,720,083,213
Placement with Bank and Financial Institutions	4.3	-	-	541,810,465	-	-	541,810,465
Derivative financial instruments.	4.4	-	-	-	-	-	-
Other trading assets	4.5	-	-	-	-	-	-
Loan and advances to B/Fls	4.6	4,045,981,167	3,590,482,500	2,914,866,900	4,045,981,167	3,590,482,500	2,914,866,900
Loans and advances to customers	4.7	117,414,162,875	105,629,791,261	85,877,356,382	117,414,162,875	105,629,791,261	85,877,356,382
Investment securities	4.8	24,490,739,669	23,926,184,894	18,233,005,194	24,469,663,979	23,856,184,894	18,233,005,194
Current tax assets	4.9	626,746,248	1,667,819,446	1,627,259,860	624,464,776	1,667,248,070	1,627,213,710
Investment in subsidiaries	4.10	-	-	-	200,000,000	100,000,000	100,000,000
Investment in associates	4.11	451,074,030	245,759,715	108,780,867	230,090,800	108,814,300	44,005,600
Investment property	4.12	57,270,561	76,941,827	83,647,853	57,270,561	76,941,827	83,647,853
Property and equipment	4.13	924,165,602	690,386,855	507,472,399	919,043,984	687,850,410	507,472,399
Goodwill and Intangible assets	4.14	23,982,987	4,574,445	4,590,483	23,729,126	4,574,445	4,590,483
Deferred tax assets	4.15	1,102,284,913	-	-	1,102,284,913	-	-
Other assets	4.16	10,266,846,184	6,602,993,827	6,435,658,132	10,266,695,260	6,602,993,827	6,435,928,132
Total Assets		197,401,488,380	179,186,447,849	172,022,923,270	197,332,000,365	179,074,721,152	172,058,371,675
	Note						
Liabilities							
Due to Bank and Financial Institutions	4.17	5,291,528,118	7,514,530,758	7,598,755,960	5,291,528,118	7,514,530,758	7,598,755,960
Due to Nepal Rastra Bank	4.18	92,970,514	16,970,000	-	92,970,514	16,970,000	-
Derivative financial instruments	4.19	-	-	-	-	-	-
Deposits from customers	4.20	164,056,611,684	146,560,850,038	139,158,697,864	164,210,303,260	146,587,041,166	139,259,011,261
Borrowing	4.21	171,496,141	163,876,967	407,710,521	171,496,141	163,876,967	407,710,521
Current Tax Liabilities	4.9	-	-	-	-	-	-
Provisions	4.22	-	-	-	-	-	-
Deferred tax liabilities	4.15	-	454,448,706	956,659,966	-	454,448,706	956,659,966
Other liabilities	4.23	8,497,068,819	11,700,946,119	12,128,997,742	8,494,930,922	11,700,724,532	12,128,948,857
Debt securities issued	4.24	-	-	-	-	-	-
Subordinated Liabilities	4.25	-	-	-	-	-	-
Total liabilities		178,109,675,276	166,411,622,588	160,250,822,053	178,261,228,955	166,437,592,129	160,351,086,565
Equity							
Share capital	4.26	9,004,795,700	8,588,972,300	8,588,972,300	9,004,795,700	8,588,972,300	8,588,972,300
Share premium		-	-	-	-	-	-
Retained earnings		(3,715,330,033)	926,974,031	(1,807,719,747)	(3,936,371,727)	789,277,793	(1,872,535,854)
Reserves	4.27	14,002,347,437	3,258,878,930	4,990,848,664	14,002,347,437	3,258,878,930	4,990,848,664
Total equity attributable to equity holders		19,291,813,104	12,774,825,261	11,772,101,217	19,070,771,410	12,637,129,023	11,707,285,110
Non-controlling interest		-	-	-	-	-	-
Total equity		19,291,813,104	12,774,825,261	11,772,101,217	19,070,771,410	12,637,129,023	11,707,285,110
Total liabilities and equity		197,401,488,380	179,186,447,849	172,022,923,270	197,332,000,365	179,074,721,152	172,058,371,675
Contingent liabilities and commitment	4.28	9,826,132,077	9,775,905,008	8,173,961,444	9,826,132,077	9,775,905,008	8,173,961,444
Net assets value per share		214	149	137	212	147	136

Kiran Kumar Shreshtha
Chief Executive Officer

Mahendra Man Gurung
Chairman

Bidhyabaridhi Sigdel
Director

CA. Gopal Prasad Rajbahak
Auditor

Kabi Raj Adhikari
Deputy Chief Executive Officer

Nirmal Hari Adhikari
Director

Madhav Parasad Dahal
Director

CA. Komal Bahadur Chitrakar
Auditor

Keshav Prasad Lamsal
Deputy General Manager

Rabindra Lal Shrestha
Director

Arjun Bahadur Adhikari
Directors

Bimal Dangol
Department Chief, Finance

Janak Kumar Baral
Director

Date: 14 January 2019
Location: Kathmandu, Nepal

Rastriya Banijya Bank Limited
Consolidated Statement of Profit or Loss
For the year ended 32 Asar 2075 (16 July 2018)

Amount in NPR

Particulars	Note	Group		Bank	
		Year ended 16 July 2018	Year ended 15 July 2017	Year ended 16 July 2018	Year ended 15 July 2017
Interest income	4.29	12,099,698,581	9,224,992,362	12,097,659,249	9,220,777,652
Interest expense	4.30	2,975,197,792	1,908,173,510	2,983,430,052	1,909,488,825
Net interest income		9,124,500,789	7,316,818,852	9,114,229,197	7,311,288,827
Fees and commission income	4.31	1,235,969,031	1,141,829,382	1,233,820,151	1,142,339,382
Fees and commission expense	4.32	184,537,668	187,245,337	183,708,373	187,245,337
Net fee and commission income		1,051,431,363	954,584,045	1,050,111,778	955,094,045
Net interest, fee and commission income		10,175,932,152	8,271,402,897	10,164,340,975	8,266,382,872
Net trading income	4.33	58,901,135	131,806,174	58,901,135	131,806,174
Other operating income	4.34	(23,990,846)	(68,097,467)	(23,990,846)	(68,097,467)
Total operating income		10,210,842,441	8,335,111,604	10,199,251,264	8,330,091,579
Impairment charge/(reversal) for loans and other losses	4.35	1,355,160,916	594,048,374	1,293,054,816	594,048,374
Net operating income		8,855,681,525	7,741,063,230	8,906,196,448	7,736,043,205
Operating expense					
Personnel expenses	4.36	3,140,033,654	2,969,517,119	3,132,446,188	2,967,381,686
Other operating expense	4.37	787,096,497	723,062,967	783,515,064	721,873,449
Depreciation & Amortisation	4.38	253,776,664	111,750,845	252,662,025	111,070,030
Operating Profit		4,674,774,710	3,936,732,299	4,737,573,171	3,935,718,040
Non operating income	4.39	222,666,250	238,364,534	222,666,250	238,364,534
Non operating expense	4.40	9,162,315	21,978,278	9,162,315	21,978,278
Share of profit of associates		220,983,230	136,945,415	-	-
Profit before income tax		5,109,261,875	4,290,063,970	4,951,077,106	4,152,104,296
Income tax expense	4.41				
Current Tax		2,455,709,928	893,561,201	2,455,709,928	893,256,923
Deferred Tax		(1,163,899,996)	355,134,020	(1,163,899,996)	355,134,020
Profit for the period		3,817,451,943	3,041,368,749	3,659,267,174	2,903,713,353
Profit attributable to:					
Equity holders of the Bank		3,817,451,943	3,041,368,749	3,659,267,174	2,903,713,353
Non-controlling interest		-	-	-	-
Profit for the period		3,817,451,943	3,041,368,749	3,659,267,174	2,903,713,353
Earnings per share					
Basic earnings per share		42.39	35.41	42.19	33.81
Diluted earnings per share		42.39	35.41	42.19	33.81

Kiran Kumar Shreshtha
Chief Executive Officer

Mahendra Man Gurung
Chairman

Bidhyabaridhi Sigdel
Director

CA. Gopal Prasad Rajbahak
Auditor

Kabi Raj Adhikari
Deputy Chief Executive Officer

Nirmal Hari Adhikari
Director

Madhav Parasad Dahal
Director

CA. Komal Bahadur Chitrakar
Auditor

Keshav Prasad Lamsal
Deputy General Manager

Rabindra Lal Shrestha
Director

Arjun Bahadur Adhikari
Directors

Bimal Dangol
Department Chief, Finance

Janak Kumar Baral
Director

Date: 14 January 2019
Location: Kathmandu, Nepal

Rastriya Banijya Bank Limited
Consolidated Statement of Other Comprehensive Income
For the year ended 32 Asar 2075 (16 July 2018)

Note	Amount in NPR			
	Group		Bank	
	Year ended 16 July 2018	Year ended 15 July 2017	Year ended 16 July 2018	Year ended 15 July 2017
Profit for the year	3,817,451,943	3,041,368,749	3,659,267,174	2,903,713,353
Other comprehensive income, net of income tax				
a) Items that will not be reclassified to profit or loss				
- Gains/(losses) from investments in equity instruments measured at fair value	(541,997,830)	(185,541,592)	(541,997,830)	(185,541,592)
- Gains/(losses) on revaluation				
- Actuarial gains/(losses) on defined benefit plans	(666,739,730)	(2,667,770,407)	(666,739,730)	(2,667,770,407)
- Income tax relating to above items	362,621,268	855,993,600	362,621,268	855,993,600
Net Other Comprehensive Income that will not be reclassified to profit or loss	(846,116,292)	(1,997,318,400)	(846,116,292)	(1,997,318,400)
b) Items that are or may be reclassified to profit or loss				
- Gains/(losses) on cash flow hedge	-	-	-	-
- Exchange gains/(losses) (arising from translating financial assets of foreign operation)	-	-	-	-
- Income tax relating to above items	-	-	-	-
- Reclassify to profit or loss	-	-	-	-
Net Other Comprehensive Income that are or may be reclassified to profit or loss	-	-	-	-
c) Share of other comprehensive income of associate accounted as per equity method	-	-	-	-
Other comprehensive income for the period, net of income tax	(846,116,292)	(1,997,318,400)	(846,116,292)	(1,997,318,400)
Total comprehensive income for the period	2,971,335,651	1,044,050,350	2,813,150,882	906,394,953
Total comprehensive income attributable to:				
Equity holders of the Bank	2,971,335,651	1,044,050,350	2,813,150,882	906,394,953
Non-controlling interest	-	-	-	-
Total comprehensive income for the period	2,971,335,651	1,044,050,350	2,813,150,882	906,394,953

Kiran Kumar Shreshtha
Chief Executive Officer

Mahendra Man Gurung
Chairman

Bidhyabaridhi Sigdel
Director

CA. Gopal Prasad Rajbahak
Auditor

Kabi Raj Adhikari
Deputy Chief Executive Officer

Nirmal Hari Adhikari
Director

Madhav Parasad Dahal
Director

CA. Komal Bahadur Chitrakar
Auditor

Keshav Prasad Lamsal
Deputy General Manager

Rabindra Lal Shrestha
Director

Arjun Bahadur Adhikari
Directors

Bimal Dangol
Department Chief, Finance

Janak Kumar Baral
Director

Date: 14 January 2019
Location: Kathmandu, Nepal

Group

Particulars	Attributable to equity holders of the Bank										Amount in NPR		
	Share Capital	Share Premium	General Reserve	Exchange Equalization	Regulatory Reserve	Capital Reserve	Fair Value Reserve	Revaluation Reserve	Retained Earning	Other Reserve	Total	Non-controlling Interest	Total Equity
Balance as at Asar End, 2074 (15 July 2017)	8,588,972,300	-	5,480,995,904	97,319,666	-	481,195,653	1,299,889,435	-	926,974,031	(4,100,521,728)	12,774,825,260	-	12,774,825,260
Balance as at Sawan 1, 2074	8,588,972,300	-	5,480,995,904	97,319,666	-	481,195,653	1,299,889,435	-	926,974,031	(4,100,521,728)	12,774,825,260	-	12,774,825,260
Adjustment/Restatement	-	-	-	-	-	-	-	-	8,266,448	-	8,266,448	-	8,266,448
Adjusted Restated Balance at Sawan 1, 2074	8,588,972,300	-	5,480,995,904	97,319,666	-	481,195,653	1,299,889,435	-	935,240,479	(4,100,521,728)	12,783,091,708	-	12,783,091,708
Comprehensive Income for the year	-	-	-	-	-	-	-	-	3,742,612,630	-	3,742,612,630	-	3,742,612,630
Profit for the year	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Comprehensive Income, net of tax	-	-	-	-	-	-	-	-	-	-	-	-	-
- Gains/(losses) from investments in equity instruments measured at fair value	-	-	-	-	-	(379,398,481)	-	-	-	-	(379,398,481)	-	(379,398,481)
- Gains/(losses) on revaluation	-	-	-	-	-	-	-	-	-	-	-	-	-
- Actuarial Gains/(losses) on defined benefit plans	-	-	-	-	-	-	-	-	6,221,644	(466,717,811)	(460,496,167)	-	(460,496,167)
- Gains/(losses) on cash flow hedge	-	-	-	-	-	-	-	-	-	-	-	-	-
- Exchange gains/(losses) arising from translating financial assets of foreign operation	-	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to reserve during the year	-	-	731,853,435	-	9,619,350,099	-	-	-	(10,500,512,592)	149,309,058	(0)	-	(0)
Business Combination: Issue of Shares and Reserve taken Over	415,823,400	-	956,755,182	-	-	-	-	77,183,784	2,101,107,806	55,133,241	3,606,003,414	-	3,606,003,414
Transactions with owners, directly recognized in equity	-	-	-	-	-	-	-	-	-	-	-	-	-
Right share issued	-	-	-	-	-	-	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends to equity holders:	-	-	-	-	-	-	-	-	-	-	-	-	-
Bonus Shares issued	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash Dividend Paid	-	-	-	-	-	-	-	-	-	-	-	-	-
Total contributions by and distributions:	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at Asar End, 2075 (16 July 2018)	9,004,795,700	-	7,169,604,521	97,319,666	9,619,350,099	481,195,653	920,490,954	77,183,784	(3,715,330,033)	(4,362,797,240)	19,291,813,103	-	19,291,813,103
Kiran Kumar Shreshtha Chief Executive Officer	Mahendra Man Gurung Chairman	Bidhyabaridhi Sigdel Director	CA. Gopal Prasad Rajbahak Auditor										
Kabi Raj Adhikari Deputy Chief Executive Officer	Nirmal Hari Adhikari Director	Madhav Parasad Dahal Director	CA. Komal Bahadur Chitrakar Auditor										
Keshav Prasad Lamsal Deputy General Manager	Rabindra Lal Shrestha Director	Arjun Bahadur Adhikari Directors											
Bimal Dangol Department Chief, Finance	Janak Kumar Baral Director												

Rastriya Baniya Bank Limited
Statement of Changes in Equity
For the year ended 32 Asar 2075 (16 July 2018)

Bank
Attributable to equity holders of the Bank

Amount in NPR

Particulars	Share Capital	Share Premium	General Reserve	Exchange Equalisation	Regulatory Reserve	Capital Reserve	Fair Value Reserve	Revaluation Reserve	Retained Earning	Other Reserve	Total	Non-controlling Interest	Total Equity
Balance as at Sawan 1, 2073 (16 July 2016)	8,588,972,300	-	4,925,734,142	97,319,666	-	481,195,653	-	-	(4,365,824,045)	(1,121,148,264)	8,606,249,451	-	8,606,249,451
Adjustment/Restatement	-	-	-	-	-	-	-	-	-	-	-	-	-
NFRS Adjustment	-	-	-	-	-	-	1,432,922,470	-	2,493,288,192	(825,175,002)	3,101,035,659	-	3,101,035,659
Adjusted/Restated Balance at Sawan 1, 2073	8,588,972,300	-	4,925,734,142	97,319,666	-	481,195,653	1,432,922,470	-	(1,872,535,854)	(1,946,323,267)	11,707,285,110	-	11,707,285,110
Adjustment/Restatement	-	-	-	-	-	-	-	-	(127,436,281)	-	(127,436,281)	-	(127,436,281)
Comprehensive Income for the year	-	-	-	-	-	-	-	-	2,903,713,353	-	2,903,713,353	-	2,903,713,353
Profit for the year	-	-	-	-	-	-	-	-	2,903,713,353	-	2,903,713,353	-	2,903,713,353
Other Comprehensive Income, net of tax	-	-	-	-	-	-	(129,879,115)	-	-	-	(129,879,115)	-	(129,879,115)
- Gains/(losses) from investments in equity instruments measured at fair value	-	-	-	-	-	-	(129,879,115)	-	-	-	(129,879,115)	-	(129,879,115)
- Gains/(losses) on revaluation	-	-	-	-	-	-	-	-	-	-	-	-	-
- Actuarial Gains/(losses) on defined benefit plans	-	-	-	-	-	-	-	-	149,533,561	(1,867,439,285)	(1,717,905,724)	-	(1,717,905,724)
- Gains/(losses) on cash flow hedge	-	-	-	-	-	-	-	-	-	-	-	-	-
- Exchange gains/(losses) arising from translating financial assets of foreign operation	-	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to reserve during the year	-	-	555,261,762	-	-	-	-	-	(640,857,902)	85,596,139	-	-	-
Transfer from the reserve during the year	-	-	-	-	-	-	(3,153,920)	-	376,860,916	(372,355,316)	1,351,680	-	1,351,680
Transactions with owners, directly recognized in equity	-	-	-	-	-	-	-	-	-	-	-	-	-
Right share issued	-	-	-	-	-	-	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends to equity holders:	-	-	-	-	-	-	-	-	-	-	-	-	-
Bonus Shares issued	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash Dividend Paid	-	-	-	-	-	-	-	-	-	-	-	-	-
Total contributions by and distributions:	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at Asar End, 2074 (15 July 2017)	8,588,972,300	-	5,480,995,904	97,319,666	-	481,195,653	1,299,889,435	-	789,277,793	(4,100,521,728)	12,637,129,023	-	12,637,129,023
Balance as at Sawan 1, 2074	8,588,972,300	-	5,480,995,904	97,319,666	-	481,195,653	1,299,889,435	-	789,277,793	(4,100,521,728)	12,637,129,023	-	12,637,129,023
Adjustment/Restatement	-	-	-	-	-	-	-	-	8,266,448	-	8,266,448	-	8,266,448
Adjusted Restated Balance at Sawan 1, 2074	8,588,972,300	-	5,480,995,904	97,319,666	-	481,195,653	1,299,889,435	-	797,544,241	(4,100,521,728)	12,645,395,471	-	12,645,395,471

Particulars	Share Capital	Share Premium	General Reserve	Exchange Equalisation	Regulatory Reserve	Capital Reserve	Fair Value Reserve	Revaluation Reserve	Retained Earning	Other Reserve	Total	Non-controlling Interest	Total Equity
Comprehensive Income for the year													
Profit for the year									3,659,267,174		3,659,267,174		3,659,267,174
Other Comprehensive income, net of tax													
- Gains/(losses) from investments in equity instruments measured at fair value							(379,398,481)				(379,398,481)		(379,398,481)
- Gains/(losses) on revaluation													
- Actuarial Gains/(losses) on defined benefit plans									6,221,644	(466,717,811)	(460,496,167)		(460,496,167)
- Gains/(losses) on cash flow hedge													
- Exchange gains/(losses) arising from translating financial assets of foreign operation													
Total comprehensive income for the year													
Transfer to reserve during the year			731,853,435		9,619,350,099				(10,500,512,592)	149,309,058	(0)		(0)
Transfer from the reserve during the year													
Business Combination: Issue of Shares and Reserve taken Over	415,823,400		956,755,182					77,183,784	2,101,107,806	55,133,241	3,606,003,414		3,606,003,414
Transactions with owners, directly recognized in equity													
Right share issued													
Share based payments													
Dividends to equity holders:													
Bonus Shares issued													
Cash Dividend Paid													
Total contributions by and distributions:													
Balance as at Asar End, 2015 (16 July 2018)	9,004,795,700		7,169,604,521	97,319,666	9,619,350,099	481,195,653	920,490,954	77,183,784	(3,936,371,727)	(4,362,797,240)	19,070,771,410		19,070,771,410

Note: Other reserves as at 16 July 2018 includes Actuarial Loss, Investment Adjustment Reserve, CSR Reserve, Asset revaluation reserve, etc which have been explained in Note 5.21

Kiran Kumar Shreshtha Chief Executive Officer	Mahendra Man Gurung Chairman	Bidhyabaridhi Sigdel Director	CA. Gopal Prasad Rajbahak Auditor
Kabi Raj Adhikari Deputy Chief Executive Officer	Nirmal Hari Adhikari Director	Madhav Parasad Dahal Director	CA. Komal Bahadur Chitrakar Auditor
Keshav Prasad Lamsal Deputy General Manager	Rabindra Lal Shrestha Director	Arjun Bahadur Adhikari Directors	
Bimal Dangol Department Chief, Finance	Janak Kumar Baral Director		

Date: 14 January 2019
Location: Kathmandu, Nepal

Rastriya Banijya Bank Limited
Consolidated Statement of Cash Flow Statement
For the year ended 32 Asar 2075 (16 July 2018)

Note	Group		Bank	
	Year ended 16 July 2018	Year ended 15 July 2017	Year ended 16 July 2018	Year ended 15 July 2017
CASH FLOWS FROM OPERATING ACTIVITIES				
Interest received	11,202,162,670	8,509,081,953	11,210,600,068	8,510,397,268
Fees and other income received	1,235,969,031	1,141,829,382	1,233,820,151	1,142,339,382
Dividend received	-	-	-	-
Receipts from other operating activities	256,679,172	299,178,719	256,679,172	299,178,719
Interest paid	(2,971,587,929)	(1,882,639,757)	(2,979,820,189)	(1,883,955,073)
Commission and fees paid	(184,537,668)	(187,245,337)	(183,708,373)	(187,245,337)
Cash payment to employees	-	-	-	-
Other expense paid	(3,936,292,466)	(3,714,558,364)	(3,925,123,567)	(3,711,233,413)
Operating cash flows before changes in operating assets and liabilities	5,602,392,810	4,165,646,596	5,612,447,262	4,169,481,547
(Increase)/Decrease in Operating Assets	(14,546,202,567)	(21,062,026,533)	(14,546,051,643)	(21,061,756,533)
Due from Nepal Rastra Bank	-	-	-	-
Placement with bank and financial institutions	-	-	-	-
Other trading assets	-	-	-	-
Loan and advances to bank and financial institutions	(452,569,663)	(736,490,000)	(452,569,663)	(736,490,000)
Loans and advances to customers	(10,520,653,882)	(20,164,906,865)	(10,520,653,882)	(20,164,906,865)
Other assets	(3,572,979,022)	(160,629,668)	(3,572,828,098)	(160,359,668)
Increase/(Decrease) in operating liabilities	10,175,552,210	4,227,757,085	10,301,136,347	4,153,462,112
Due to bank and financial institutions	(2,223,002,640)	-	(2,223,002,640)	-
Due to Nepal Rastra Bank	-	-	-	-
Deposit from customers	16,470,059,105	7,317,926,973	16,597,559,553	7,243,804,704
Borrowings	-	-	-	-
Other liabilities	(4,071,504,255)	(3,090,169,889)	(4,073,420,566)	(3,090,342,592)
Net cash flow from operating activities before tax paid	1,231,742,454	(12,668,622,852)	1,367,531,966	(12,738,812,874)
Income taxes paid	(1,414,636,730)	(934,120,787)	(1,412,926,635)	(933,291,283)
Net cash flow from operating activities	(182,894,275)	(13,602,743,639)	(45,394,668)	(13,672,104,156)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investment securities	(856,596,738)	(5,903,605,517)	(1,005,521,048)	(5,833,605,517)
Receipts from sale of investment securities	-	-	-	-
Purchase of property and equipment	(376,717,901)	(292,457,336)	(373,061,912)	(289,240,075)
Receipt from the sale of property and equipment	-	-	-	-
Purchase of intangible assets	(25,448,222)	(3,815,354)	(25,150,538)	(3,815,354)
Receipt from the sale of intangible assets	-	-	-	-
Purchase of investment properties	-	-	-	-
Receipt from the sale of investment properties	-	-	-	-
Interest received	6,105,651,524	7,026,968,750	6,095,174,794	7,021,438,725
Dividend received	529,624	4,517,949	529,624	4,517,949
Net cash used in investing activities	4,847,418,286	831,608,491	4,691,970,919	899,295,727
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipt from issue of debt securities	-	-	-	-
Repayment of debt securities	-	-	-	-
Receipt from issue of subordinated liabilities	-	-	-	-
Repayment of subordinated liabilities	-	-	-	-
Receipt from issue of shares	-	-	-	-
Dividends paid	-	-	-	-
Interest paid	4,009,311	(29,367,307)	4,009,311	(29,367,307)
Other receipt/payment	76,000,514	(223,030,000)	76,000,514	(223,030,000)
Net cash from financing activities	80,009,825	(252,397,307)	80,009,825	(252,397,307)
Net increase (decrease) in cash and cash equivalents	4,744,533,835	(13,023,532,456)	4,726,586,076	(13,025,205,738)
Cash and cash equivalents at Shrawan 1, 2074	21,944,859,068	34,968,391,522	21,943,185,607	34,968,391,344
Cash and cash equivalent acquired from merger	1,663,349,409	-	1,663,349,409	-
Effect of exchange rate fluctuations on cash and cash equivalents held	-	-	-	-
Cash and cash equivalents at Ashadh end 2075	28,352,742,315	21,944,859,068	28,333,121,095	21,943,185,607

Kiran Kumar Shreshtha
Chief Executive Officer

Mahendra Man Gurung
Chairman

Bidhyabaridhi Sigdel
Director

CA. Gopal Prasad Rajbahak
Auditor

Kabi Raj Adhikari
Deputy Chief Executive Officer

Nirmal Hari Adhikari
Director

Madhav Parasad Dahal
Director

CA. Komal Bahadur Chitrakar
Auditor

Keshav Prasad Lamsal
Deputy General Manager

Rabindra Lal Shrestha
Director

Arjun Bahadur Adhikari
Directors

Bimal Dangol
Department Chief, Finance

Janak Kumar Baral
Director

Date: 14 January 2019
Location: Kathmandu, Nepal

Rastriya Banijya Bank Limited

Notes forming part of the financial statements

4.1 Cash and Cash Equivalent

	Group			Bank		
	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016
Cash In Hand	5,084,382,952	4,198,553,495	4,488,211,868	5,084,382,447	4,198,542,500	4,488,211,690
Balances with BFIs	1,424,012,778	1,513,012,936	1,235,059,786	1,404,392,062	1,511,350,470	1,235,059,786
Money at Call and Short Notice	100,042,808	80,065,205	2,296,268,370	100,042,808	80,065,205	2,296,268,370
Other						
NG Treasury Bills up to 90 Days	21,744,303,778	16,153,227,432	26,948,851,498	21,744,303,778	16,153,227,432	26,948,851,498
Total	28,352,742,315	21,944,859,068	34,968,391,522	28,333,121,095	21,943,185,607	34,968,391,344

The fair value of cash and cash equivalent is its carrying value. Cash at vault is adequately insured for physical and financial risks. The amount of cash at vault is maintained on the basis of the liquidity and business requirements. Balance with BFIs includes balance maintained at various banks and financial institutions. Cash held in foreign currency is subject to risk of changes in the foreign exchange rates. These are closely monitored, and risks, if identified, are promptly managed. Other items on cash and cash equivalents includes treasury bills with original maturity below 3 months.

4.1.1 NG Treasury Bills upto 90 Days

	Group			Bank		
	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016
Principal	21,625,362,748	16,130,544,091	26,935,694,174	21,625,362,748	16,130,544,091	26,935,694,174
Interest Accrued	118,941,029	22,683,340	13,157,324	118,941,029	22,683,340	13,157,324
Total	21,744,303,778	16,153,227,432	26,948,851,498	21,744,303,778	16,153,227,432	26,948,851,498

4.2 Due from Nepal Rastra Bank

	Group			Bank		
	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016
Statutory Balances with NRB	9,645,491,829	14,806,654,011	20,720,083,213	9,645,491,829	14,806,654,011	20,720,083,213
Securities purchased under Resale Agreement	-	-	-	-	-	-
Other deposit and receivable from NRB	-	-	-	-	-	-
Total	9,645,491,829	14,806,654,011	20,720,083,213	9,645,491,829	14,806,654,011	20,720,083,213

The fair value of balance with the Nepal Rastra Bank (NRB) is its carrying amount itself. Balance with the NRB is principally maintained as a part of the regulatory cash reserve ratio required by the NRB.

4.3 Placement with Banks & Financial Institutions

	Group			Bank		
	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016
Placement with Domestic B/Fis	-	-	-	-	-	-
Placement with Foreign B/Fis	-	-	541,810,465	-	-	541,810,465
Less: Allowances for Impairment	-	-	-	-	-	-
Total	-	-	541,810,465	-	-	541,810,465

Placements with domestic as well as foreign bank and financial institutions with original maturities of more than three months from the acquisition date are presented above.

4.4 Derivative financial instruments

	Group			Bank		
	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016
Held for Trading						
Interest Rate Swap	-	-	-	-	-	-
Currency Swap	-	-	-	-	-	-
Forward exchange Contract	-	-	-	-	-	-
Others	-	-	-	-	-	-
Held for risk management						
Interest Rate Swap	-	-	-	-	-	-
Currency Swap	-	-	-	-	-	-
Forward exchange Contract	-	-	-	-	-	-
Others	-	-	-	-	-	-
Total	-	-	-	-	-	-

A significant part of the derivatives in the portfolio are related to servicing corporate clients in their risk management to hedge, e.g. foreign currency exposures. These products are used by Bank as part of its own regular treasury activities as well. From a risk perspective, the gross amount of derivative assets must be considered together with the gross amount of derivative liabilities, which are presented separately on the statement of financial position.

Rastriya Banijya Bank Limited
Notes forming part of the financial statements

4.5 Other Trading Assets	Group			Bank		
	As at					
	16 July 2018	15 July 2017	16 July 2016	16 July 2018	15 July 2017	16 July 2016
Tresury bills	-	-	-	-	-	-
Government Bonds	-	-	-	-	-	-
NRB Bonds	-	-	-	-	-	-
Domestic Corporate bonds	-	-	-	-	-	-
Equities	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total	-	-	-	-	-	-
Pledged	-	-	-	-	-	-
Non-Pledged	-	-	-	-	-	-

Trading assets are those assets that the licensed institution acquires principally for the purpose of selling in the near term, or holds as part of a portfolio that is managed together for short-term profit are presented under this account head. The trading asset includes derivative assets and non derivative assets. As on the reporting date, the bank does not have any outstanding trading assets.

4.6 Loan and Advances to BFIs	Group			Bank		
	As at					
	16 July 2018	15 July 2017	16 July 2016	16 July 2018	15 July 2017	16 July 2016
Domestic BFIs						
Loans to Microfinance Institutions	4,086,849,663	3,626,750,000	2,944,310,000	4,086,849,663	3,626,750,000	2,944,310,000
Other	-	-	-	-	-	-
Less: Allowances for impairment	40,868,497	36,267,500	29,443,100	40,868,497	36,267,500	29,443,100
Total	4,045,981,167	3,590,482,500	2,914,866,900	4,045,981,167	3,590,482,500	2,914,866,900

Impairment allowance on Loans and advances to BFIs have been considered as per NRB directive. All the loans to BFIs have been classified in pass category as per the requirement of NRB directive 02/2075.

4.6.1 Loan to Microfinance Institutions	Group			Bank		
	As at					
	16 July 2018	15 July 2017	16 July 2016	16 July 2018	15 July 2017	16 July 2016
Principal	4,039,909,663	3,572,280,000	2,943,890,000	4,039,909,663	3,572,280,000	2,943,890,000
Accrued Interest Receivables	46,940,000	54,470,000	420,000	46,940,000	54,470,000	420,000
Total	4,086,849,663	3,626,750,000	2,944,310,000	4,086,849,663	3,626,750,000	2,944,310,000

4.6.2 Specific Allowance for Impairment	Group			Bank		
	As at					
	16 July 2018	15 July 2017	16 July 2016	16 July 2018	15 July 2017	16 July 2016
Balance at Shrawan 1	36,267,500	29,443,100	-	36,267,500	29,443,100	-
Impairment loss for the year:	-	-	-	-	-	-
Charge for the year	4,600,997	6,824,400	-	4,600,997	6,824,400	-
Recoveries/reversal	-	-	-	-	-	-
Amount written off	-	-	-	-	-	-
Balances at Ashad end	40,868,497	36,267,500	29,443,100	40,868,497	36,267,500	29,443,100

No individual loans to banks and micro finance has terms and conditions that significantly affect the amount, timing or certainty of consolidated cash flows of the Bank. These assets have been classified as loans and receivables and are subsequently measured at amortized costs. Risks associated with these assets are regularly assessed. These are interest bearing advances and the income on these assets is credited to statement of profit or loss under interest income.

4.7 Loans and advances to customers	Group			Bank		
	As at	As at	As at	As at	As at	As at
	16 July 2018	15 July 2017	16 July 2016	16 July 2018	15 July 2017	16 July 2016
Loans and advances to customers at amortised cost	123,443,012,175	109,863,322,535	89,540,108,821	123,443,012,175	109,863,322,535	89,540,108,821
Less: Impairment Allowances						
Collective Impairment	2,258,926,527	1,181,286,593	849,820,127	2,258,926,527	1,181,286,593	849,820,127
Individual Impairment	3,769,922,773	3,052,244,681	2,812,932,312	3,769,922,773	3,052,244,681	2,812,932,312
Net amount	117,414,162,875	105,629,791,261	85,877,356,382	117,414,162,875	105,629,791,261	85,877,356,382
Loan and advance measured at FVTPL	-	-	-	-	-	-
Total	117,414,162,875	105,629,791,261	85,877,356,382	117,414,162,875	105,629,791,261	85,877,356,382

Above impairment is as per NRB directive no.2 which is higher than total impairment computed as per NAS 39. The note referring to impairment has been presented under point No. 2.7.4. Total provision for impairment as per NAS 39 amounted to NPR 5,752,393,079 /- NPR 4,041,334,472/- & NPR 3,670,352,909 /- for 2017/18, 2016/17 & 2015/16 respectively.

	Group			Bank		
	As at	As at	As at	As at	As at	As at
	16 July 2018	15 July 2017	16 July 2016	16 July 2018	15 July 2017	16 July 2016
Loans and advances to Customer	116,832,985,772	102,859,070,320	82,526,480,235	116,832,985,772	102,859,070,320	82,526,480,235
Loans and advances to staff	2,859,863,736	3,046,179,453	3,213,862,673	2,859,863,736	3,046,179,453	3,213,862,673

Rastriya Banijya Bank Limited
Notes forming part of the financial statements

Accrued Interest	3,750,162,667	3,958,072,762	3,799,765,913	3,750,162,667	3,958,072,762	3,799,765,913
Total	123,443,012,175	109,863,322,535	89,540,108,821	123,443,012,175	109,863,322,535	89,540,108,821

Impairment (Including loans & advances to BFIs)

As per NRB Directive No. 2	6,069,717,796	4,269,798,774	3,692,195,539	6,069,717,796	4,269,798,774	3,692,195,539
As per NAS 39	5,906,524,680	4,041,334,472	3,670,352,909	5,906,524,680	4,041,334,472	3,670,352,909

4.7.1 Analysis of loan and advance- By Product

Product	Group			Bank		
	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016
Term loans	14,831,300,000	12,700,600,000	11,765,290,000	14,831,300,000	12,700,600,000	11,765,290,000
Overdraft	18,839,450,000	17,064,690,000	13,499,030,000	18,839,450,000	17,064,690,000	13,499,030,000
Trust receipt/Import loans	699,080,000	623,570,000	491,340,000	699,080,000	623,570,000	491,340,000
Demand and Other Working Capital loans	44,390,850,000	38,960,830,000	32,110,270,000	44,390,850,000	38,960,830,000	32,110,270,000
Personal residential loans	10,498,420,000	8,257,050,000	6,397,920,000	10,498,420,000	8,257,050,000	6,397,920,000
Real estate loans	5,919,920,000	5,273,480,000	3,530,980,000	5,919,920,000	5,273,480,000	3,530,980,000
Margin lending loans	2,086,690,000	1,772,040,000	1,220,690,000	2,086,690,000	1,772,040,000	1,220,690,000
Hire purchase loans	5,416,350,000	4,330,020,000	2,801,660,000	5,416,350,000	4,330,020,000	2,801,660,000
Deprived sector loans	1,679,770,337	1,696,180,000	1,540,800,000	1,679,770,337	1,696,180,000	1,540,800,000
Bills Purchased	57,760,000	57,760,000	57,770,000	57,760,000	57,760,000	57,770,000
Staff loans	2,859,863,736	3,046,179,453	3,213,862,673	2,859,863,736	3,046,179,453	3,213,862,673
Other	12,413,395,435	12,122,850,320	9,110,730,235	12,413,395,435	12,122,850,320	9,110,730,235
Sub Total	119,692,849,508	105,905,249,773	85,740,342,908	119,692,849,508	105,905,249,773	85,740,342,908
Interest Receivable	3,750,162,667	3,958,072,762	3,799,765,913	3,750,162,667	3,958,072,762	3,799,765,913
Grand Total	123,443,012,175	109,863,322,535	89,540,108,821	123,443,012,175	109,863,322,535	89,540,108,821

4.7.2 Analysis of loan and advance- By Currency

	Group			Bank		
	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016
Nepalese rupee	123,443,012,175	109,863,322,535	89,540,108,821	123,443,012,175	109,863,322,535	89,540,108,821
Indian rupee	-	-	-	-	-	-
USD	-	-	-	-	-	-
GBP	-	-	-	-	-	-
Euro	-	-	-	-	-	-
JPY	-	-	-	-	-	-
Chinese Yuan	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total	123,443,012,175	109,863,322,535	89,540,108,821	123,443,012,175	109,863,322,535	89,540,108,821

4.7.3 Analysis of loan and advance- By Collateral

	Group			Bank		
	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016
Movable / Immovable assets	118,316,019,688	103,800,059,709	82,688,455,699	118,316,019,688	103,800,059,709	82,688,455,699
Gold and silver	-	-	-	-	-	-
Guarantee of domestic B/Fis	-	-	-	-	-	-
Government Guarantee	236,518,526	276,186,631	38,461,771	236,518,526	276,186,631	38,461,771
Guarantee of international rated bank	-	-	-	-	-	-
Export document	79,136,897	-	-	79,136,897	-	-
Fixed Deposit receipts	475,426,179	347,871,655	250,917,139	475,426,179	347,871,655	250,917,139
Government securities / bonds	-	556,527,797	234,683,091	-	556,527,797	234,683,091
Counter guarantee	-	-	-	-	-	-
Counter guarantee	-	-	-	-	-	-
Personal guarantee	-	-	-	-	-	-
Other	113,053,562	-	1,030,008,669	113,053,562	-	1,030,008,669
Subtotal	119,220,154,852	104,980,645,791	84,242,526,369	119,220,154,852	104,980,645,791	84,242,526,369
Unsecured	472,694,656	924,603,982	1,497,816,539	472,694,656	924,603,982	1,497,816,539
Grand Total	119,692,849,508	105,905,249,773	85,740,342,908	119,692,849,508	105,905,249,773	85,740,342,908

The above figure includes loans and advances to customers excluding any accrued interest receivable.

Rastriya Banijya Bank Limited
Notes forming part of the financial statements

4.7.4 Allowances for Impairment	Group			Bank		
	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016
Specific allowances for impairment						
Balance at Shrawan 1	3,052,244,681	2,812,932,312	3,757,218,405	3,052,244,681	2,812,932,312	3,757,218,405
Impairment loss for the year:						
Charge for the year	250,404,073	239,312,370	(944,286,093)	250,404,073	239,312,370	(944,286,093)
Recoveries/reversal during the year	-	-	-	-	-	-
Write-offs	-	-	-	-	-	-
Exchange rate variance on foreign currency	-	-	-	-	-	-
Other movement	467,274,019	-	-	467,274,019	-	-
Balance at Ashad end	3,769,922,773	3,052,244,681	2,812,932,312	3,769,922,773	3,052,244,681	2,812,932,312
Collective allowances for impairment						
Balance at Shrawan 1	1,181,286,593	849,820,127	-	1,181,286,593	849,820,127	-
Impairment loss for the year:						
Charge/(reversal) for the year	1,077,639,934	331,466,466	-	1,077,639,934	331,466,466	-
Exchange rate variance on foreign currency	-	-	-	-	-	-
Other movement	-	-	-	-	-	-
Balance at Ashad end	2,258,926,527	1,181,286,593	849,820,127	2,258,926,527	1,181,286,593	849,820,127
Total allowances for impairment	6,028,849,300	4,233,531,274	3,662,752,439	6,028,849,300	4,233,531,274	3,662,752,439

Above impairment is as per NRB directive no. 2

4.8 Investment Securities	Group			Bank		
	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016
Investment securities measured at amortized cost	22,760,231,597	21,928,632,736	16,102,901,714	22,752,731,597	21,858,632,736	16,102,901,714
Investment in equity measure at FVTOCI	1,730,508,072	1,997,552,157	2,130,103,480	1,716,932,382	1,997,552,157	2,130,103,480
Other	-	-	-	-	-	-
	24,490,739,669	23,926,184,894	18,233,005,194	24,469,663,979	23,856,184,894	18,233,005,194

Investments made by the Bank in financial instruments have been presented under this account head in two categories i.e. investment securities measured at amortized cost and investment in equity measured at fair value through other comprehensive income. Investment in equity instruments is measured at fair value and changes in fair value shall be recognized in other comprehensive income. Where income from the investment is received in the form of bonus shares, the valuation of investment is made by increasing the number of shares only without changing in the cost of investment.

4.8.1 Investment securities measured at amortized cost	Group			Bank		
	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016
Debt securities						
Government bonds	12,980,606,495	10,672,746,826	1,264,471,918	12,980,606,495	10,672,746,826	1,264,471,918
Government treasury bills	9,570,983,274	10,583,684,437	2,239,952,776	9,570,983,274	10,583,684,437	2,239,952,776
Nepal Rastra Bank bonds	-	-	11,757,823,973	-	-	11,757,823,973
Nepal Rastra Bank deposits instruments	-	-	-	-	-	-
Other	208,641,828	672,201,474	840,653,047	201,141,828	602,201,474	840,653,047
Less: specific allowances for impairment	-	-	-	-	-	-
Total	22,760,231,597	21,928,632,736	16,102,901,714	22,752,731,597	21,858,632,736	16,102,901,714

4.8.2 Investment securities measured through other comprehensive income	Group			Bank		
	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016
Equity instruments						
Quoted equity securities	1,492,630,104	1,955,770,896	2,090,159,824	1,479,054,414	1,955,770,896	2,090,159,824
Unquoted equity securities	237,877,968	41,781,261	39,943,656	237,877,968	41,781,261	39,943,656
Total	1,730,508,072	1,997,552,157	2,130,103,480	1,716,932,382	1,997,552,157	2,130,103,480

Raastriya Banijya Bank Limited

Notes forming part of the financial statement

4.8.3 Information relating to investment in equities
Investment securities designated as at fair value through other comprehensive income

Amount in NPR

Equity instruments	Group				Bank			
	As at 16 July 2018		As at 15 July 2017		As at 16 July 2018		As at 15 July 2017	
	Cost	Fair Value						
Investment in quoted equity								
National Life Insurance Company Limited 2,697,037 Shares of Rs 100 Each	116,338,900	1,077,466,282	15,200,000	1,685,647,500	116,338,900	1,077,466,282	15,200,000	1,685,647,500
RMDC Laghubitta Bittiya Sanstha Limited 115,926 Shares of Rs 100 Each	8,295,000	37,849,839	8,295,000	42,782,325	8,295,000	37,849,839	8,295,000	42,782,325
NLG Insurance Company Limited 128,081 Shares of Rs 100 Each	4,500,000	59,557,665	4,500,000	76,080,263	4,500,000	59,557,665	4,500,000	76,080,263
Jalbidyut Lagani tatha Bikash Company Limited 144,818 Shares of Rs 100 Each	14,481,800	14,481,800	14,481,800	14,264,573	14,481,800	14,481,800	14,481,800	14,264,573
Grameen Bikas Laghubitta Bittiya Sanstha Limited* 150,329 Shares of Rs 100 Each	15,032,900	46,075,839	15,032,900	56,072,717	15,032,900	46,075,839	15,032,900	56,072,717
Nepal Lube Oil Limited 4,300 Shares of Rs 100 Each	285,700	430,000	285,700	430,000	285,700	430,000	285,700	430,000
United Insurance Company Limited 126,000 Shares of Rs 100 Each	12,000,000	60,165,000	-	-	12,000,000	60,165,000	-	-
Butwal Power Company Limited 10,168 Shares of Rs 100 Each	907,700	2,323,388	-	-	907,700	2,323,388	-	-
Taragaon Regency Hotel Limited* 300,000 Shares of Rs 100 Each	30,000,000	41,100,000	-	-	30,000,000	41,100,000	-	-
Shreeram Sugar Mills Limited* 50,000 Shares of Rs 100 Each	5,000,000	5,000,000	-	-	5,000,000	5,000,000	-	-
Gorakhkali Rubber Industry Limited* 199,777 Shares of Rs 75 Each	14,983,275	-	3,870,000	-	14,983,275	-	3,870,000	-
NMB Sulav Investment Fund 1,565,998 Shares of Rs 10 Each	15,659,980	18,087,277	15,659,980	22,816,591	15,659,980	18,087,277	15,659,980	22,816,591
LAXMI Equity Fund 5,849,587 Shares of Rs 10 Each	58,495,870	47,381,655	58,495,870	57,676,928	58,495,870	47,381,655	58,495,870	57,676,928
Sanima Equity fund 2,400,000 Shares of Rs 10 Each	26,500,000	25,444,000	-	-	24,000,000	22,944,000	-	-
Citizens Mutual Fund-1 2,000,000 Shares of Rs 10 Each	20,000,000	18,560,000	-	-	20,000,000	18,560,000	-	-
NIC Asia Growth Fund 2,000,000 Shares of Rs 10 Each	20,000,000	18,380,000	-	-	20,000,000	18,380,000	-	-
Siddhartha Equity Fund 967,748 Shares of Rs 10 Each	19,354,960	18,929,151	-	-	9,677,480	9,251,671	-	-
Prime Life Insurance Company Limited 2,230 Shares of Rs 100 Each	1,398,210	1,398,210						
Total (A)	383,234,295	1,492,630,104	135,821,250	1,955,770,896	369,658,605	1,479,054,414	135,821,250	1,955,770,896
Investment in unquoted equity								
Krishi Aayojana Sewa Kendra Limited* 200 Shares of Rs 1000 Each	200,000	-	200,000	-	200,000	-	200,000	-
Nepal Oil Corporation	100,000	19,755,713	100,000	19,755,713	100,000	19,755,713	100,000	19,755,713
Economic Development Centre* 12,500 Shares of Rs 100 Each	1,250,000	-	250,000	-	1,250,000	-	250,000	-
Nepal Stock Exchange Limited 184,089 Shares of Rs 100 Each	2,142,500	163,806,029	5,000	381,733	2,142,500	163,806,029	5,000	381,733
ACE Laboratory Nepal Limited* 1,380 Shares of Rs 100 Each	138,000	-	138,000	-	138,000	-	138,000	-
Credit Information Centre Limited 58,143 Shares of Rs 100 Each	653,000	30,601,580	353,000	10,832,874	653,000	30,601,580	353,000	10,832,874
National Banking Training Institution 12,000 Shares of Rs 100 Each	1,200,000	3,917,165	1,200,000	3,917,160	1,200,000	3,917,165	1,200,000	3,917,160
Nepal Clearing House	2,500,000	6,893,782	2,500,000	6,893,782	2,500,000	6,893,782	2,500,000	6,893,782

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25,000 Shares of Rs 100 Each Kirshi Chun Udhyog Limited*	500,000	-	-	-	500,000	-	-	-
500 Shares of Rs 1000 Each Timber Corporation of Nepal*	600,000	600,000	-	-	600,000	600,000	-	-
6,000 Shares of Rs 100 Each Nepal Ausadhi Limited*	700,000	-	-	-	700,000	-	-	-
700 Shares of Rs 1000 Each Audhagic Kshetra Byawasthapan Company*	9,364,000	9,364,500	-	-	9,364,000	9,364,500	-	-
93,645 Shares of Rs 100 Each Nepal Metal Company*	1,994,000	1,994,000	-	-	1,994,000	1,994,000	-	-
199,400 Shares of Rs 10 Each Balaju Yantrashala Private Limited*	945,200	945,200	-	-	945,200	945,200	-	-
9,452 Shares of Rs 100 Each Total (B)	22,286,700	237,877,968	4,746,000	41,781,261	22,286,700	237,877,968	4,746,000	41,781,261
Investment in preference shares								
Everest Food Limited	10,000,000	-	-	-	10,000,000	-	-	-
100,000 Shares of Rs 100 Each Total (C)	10,000,000	-	-	-	10,000,000	-	-	-
Total (A+B+C)	415,520,995	1,730,508,072	140,567,250	1,997,552,157	401,945,305	1,716,932,382	140,567,250	1,997,552,157

* Companies have not distributed dividends from last three years

4.9 Current Tax Assets

Current Tax Assets	Group			Bank		
	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016
Current Tax Assets						
Current year income tax assets	1,471,604,873	933,459,828	487,468,492	1,469,323,402	932,584,173	487,405,245
Tax assets of prior periods	3,936,133,676	3,003,549,503	2,516,144,257	3,936,133,676	3,003,549,503	2,516,144,257
	5,407,738,549	3,937,009,330	3,003,612,750	5,405,457,077	3,936,133,676	3,003,549,503
Current Tax Liabilities						
Current year income tax liabilities	2,512,106,695	892,854,091	647,399,316	2,512,106,695	892,549,813	647,382,220
Tax liabilities of prior periods	2,268,885,606	1,376,335,793	728,953,573	2,268,885,606	1,376,335,793	728,953,573
	4,780,992,301	2,269,189,884	1,376,352,889	4,780,992,301	2,268,885,606	1,376,335,793
Net current tax assets/ (liabilities)	626,746,248	1,667,819,446	1,627,259,860	624,464,776	1,667,248,070	1,627,213,710

Current Tax Assets includes advance income tax paid by the Bank under self assessment tax returns filed as per the Income Tax Act 2058 and tax deducted at source (TDS) on behalf of the Bank. Similarly, the current income tax liabilities includes the tax payable to the Government computed as per the provision of the Income Tax Act 2058.

4.10 Investment in subsidiaries

	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016
Investment in quoted subsidiaries	-	-	-
Investment in unquoted subsidiaries	205,000,000	100,000,000	100,000,000
Total Investment	205,000,000	100,000,000	100,000,000
Less: Impairment allowances	5,000,000	-	-
Net Carrying amount	200,000,000	100,000,000	100,000,000

4.10.1 Investment in Quoted Subsidiaries

	As at 16 July 2018		As at 15 July 2017		As at 16 July 2016	
	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
Total	-	-	-	-	-	-

The Bank's subsidiaries are not listed on the stock exchange as on the reporting date.

4.10.2 Investment in Unquoted Subsidiaries

	As at 16 July 2018		As at 15 July 2017		As at 16 July 2016	
	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
RBB Merchant Banking Limited (2,000,000 shares of Rs 100 each)	200,000,000	200,000,000	100,000,000	100,000,000	100,000,000	100,000,000
Everest Food Limited	5,000,000	-	-	-	-	-
Total	205,000,000	200,000,000	100,000,000	100,000,000	100,000,000	100,000,000

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Less: Impairment allowances	5,000,000	-	-	-	-	-
Net Carrying amount	200,000,000	200,000,000	100,000,000	100,000,000	100,000,000	100,000,000

4.10.3 Information relating to subsidiaries of the bank

	Percentage of Ownership by Bank		
	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016
	RBB Merchant Banking Limited	100%	100%
Everest Food Limited	57%	0%	0%
	100%	100%	100%

4.10.4 Non Controlling Interest of the subsidiaries

	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016
	RBB Merchant Banking	RBB Merchant Banking	RBB Merchant Banking
Equity interest held by NCI (%)	-	-	-
Profit/(loss) allocated during the year	-	-	-
Accumulated balance of NCI as on ashar end	-	-	-
Dividend paid to NCI	-	-	-

As subsidiary of the Bank is wholly owned subsidiary, non controlling interest doesn't exist on the reporting date

4.11 Investment in Associates

	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016
Investment in quoted associates	224,124,900	108,814,300	44,005,600
Investment in unquoted associates	68,072,000	-	-
Total Investment	292,196,900	108,814,300	44,005,600
Less: Impairment allowances	62,106,100	-	-
Net Carrying amount	230,090,800	108,814,300	44,005,600

4.11.1 Investment in quoted associates

	As at 16 July 2018		As at 15 July 2017		As at 16 July 2016	
	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
Neco Insurance Limited	187,232,800	656,362,566	108,814,300	699,349,995	44,005,600	570,220,570
Himal Cement Company	36,892,100	-	-	-	-	-
Total	224,124,900	656,362,566	108,814,300	699,349,995	44,005,600	570,220,570

4.11.2 investment in Unquoted associates

	As at 16 July 2018		As at 15 July 2017		As at 16 July 2016	
	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
Sunrise Capital Limited	42,858,000	70,472,866	-	-	-	-
Butwal Suti Dhago Udhog	25,214,000	-	-	-	-	-
Total	68,072,000	70,472,866	-	-	-	-

4.11.3 Information relating to associates of the bank

	Percentage of Ownership by Bank		
	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016
	Neco Insurance Limited	20.00%	20%
Sunrise Capital Limited	21.43%	0%	0%
Butwal Suti Dhago Udhog	20.00%	0%	0%
Himal Cement Company	80.90%	0%	0%

Refer Note 5.24 for investment in Himal Cement Company.

4.11.4 Equity value of associates

	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016
Neco Insurance Limited	396,643,579	245,759,715	108,780,867
Sunrise Capital Limited	54,430,451	-	-
Butwal Suti Dhago Udhog	25,214,000	-	-
Himal Cement Company	36,892,100	-	-
Balance	513,180,130	245,759,715	108,780,867
Less: Impairment	(62,106,100)	-	-
Net Equity Value	451,074,030	245,759,715	108,780,867

Refer note 5.27 for detail of material associate.

Rastriya Banijya Bank Limited

Notes forming part of the financial statements

4.12 Investment Properties

	Group			Bank		
	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016
Investment properties measured at fair value						
Balance as on Sharwan 1,	-	-	-	-	-	-
Addition/disposal during the year	-	-	-	-	-	-
Net changes in fair value during the year	-	-	-	-	-	-
Adjustment/transfer	-	-	-	-	-	-
Net amount	-	-	-	-	-	-
Investment properties measured at cost						
Balance as on Sharwan 1,	76,941,827	83,647,853	83,647,853	76,941,827	83,647,853	83,647,853
Addition/disposal during the year	(19,671,267)	(6,706,026)	-	(19,671,267)	(6,706,026)	-
Adjustment/transfer	-	-	-	-	-	-
Accumulated Depreciation	-	-	-	-	-	-
Accumulated Impairment Loss	-	-	-	-	-	-
Net amount	57,270,561	76,941,827	83,647,853	57,270,561	76,941,827	83,647,853
Total	57,270,561	76,941,827	83,647,853	57,270,561	76,941,827	83,647,853

Refer note 5.12 for partywise details of Non Banking Assets as at reporting date.

Rastriya Baniya Bank Limited
Notes forming part of the financial statements

4.13 Property and Equipment

	Group									
	Freehold land	Buildings	Leasehold Assets	Computer & Accessories	Vehicles	Furniture & Fixtures	Machinery	Equipment & Others	Total Ashad end 2075	Total Ashad end 2074
Cost or deemed cost										
Balance at 16 July, 2016	96,662,641	299,202,277	20,484,160	325,148,785	121,850,001	187,552,093	-	288,473,488	-	1,339,373,444
Additions	-	5,057,863	10,951,452	45,011,878	88,312,116	27,022,778	-	113,444,462	-	289,800,550
Acquisition during the year	-	-	-	-	-	-	-	-	-	-
Capitalization	-	-	5,216,399	-	-	-	-	-	-	5,216,399
Adjustment	-	(28)	-	(356,089)	(15,121,403)	(1,646,056)	-	(751,591)	-	(17,875,167)
Disposals	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-
Balance at 15 July, 2017	96,662,641	304,260,113	36,652,011	369,804,575	195,040,714	212,928,814	-	401,166,358	1,616,515,225	1,339,373,444
Additions	20,017,620	4,313,340	12,154,928	58,321,847	95,916,652	24,089,316	-	131,487,404	346,301,108	289,800,550
Acquisition during the year	-	-	-	-	-	-	-	-	-	-
Capitalization	-	-	-	-	-	-	-	-	-	5,216,399
Assets acquired through business combination	-	-	-	-	4,585,415	-	-	5,156,267	99,020,193	-
Disposals	72,148,235	17,130,276	-	-	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	(17,875,167)
Balance at 16 July, 2018	188,828,496	325,703,729	48,806,939	428,126,422	295,542,781	237,018,130	-	537,810,029	2,061,836,527	1,616,515,225
	Freehold land	Buildings	Leasehold Assets	Computer & Accessories	Vehicles	Furniture & Fixtures	Machinery	Equipment & Others	Total Ashad end 2075	Total Ashad end 2074
Accumulated depreciation and impairment										
Balance at 16 July, 2016	-	160,559,231	-	250,494,441	79,803,067	146,341,941	-	199,918,764	-	837,117,444
Depreciation Charge for the Year	-	7,108,828	-	27,382,093	16,382,344	15,604,147	-	41,442,040	-	107,919,453
Impairment for the Year	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-
Disposals	-	(18)	-	(4,761,715)	(10,281,816)	(2,123,869)	-	(1,741,109)	-	(18,908,526)
Balance at 15 July, 2017	-	167,668,040	-	273,114,820	85,903,596	159,822,219	-	239,619,696	926,128,370	837,117,444
Depreciation Charge for the Year	-	3,471,505	6,271,673	94,743,230	34,048,756	26,932,148	-	82,269,671	247,736,984	107,919,453
Impairment for the Year	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-
Disposals	-	(73,654)	-	(1,002,584)	(9,905,012)	(1,987,296)	-	(105,283)	(13,073,829)	(18,908,526)
Balance at 16 July, 2018	-	171,065,892	6,271,673	366,855,466	110,047,340	184,767,071	-	321,784,084	1,160,791,525	926,128,370
Capital Work in Progress as at 16 July 2018	-	-	23,120,600	-	-	-	-	-	23,120,600	-
Capital Work in Progress as at 15 July 2017	-	-	-	-	-	-	-	-	-	-
Capital Work in Progress as at 16 July 2016	-	-	-	-	-	-	-	-	-	-
Net Book Value	Freehold land	Buildings	Leasehold Assets	Computer & Accessories	Vehicles	Furniture & Fixtures	Machinery	Equipment & Others	Total	
Balance at Ashad end 2073	96,662,641	138,643,046	25,700,559	74,654,344	42,046,934	41,210,152	-	88,554,723	507,472,399	
Balance at Ashad end 2074	96,662,641	136,592,072	36,652,011	96,689,755	109,137,118	53,106,595	-	161,546,663	690,386,855	
Balance at Ashad end 2075	188,828,496	154,637,837	65,665,866	61,270,956	185,495,441	52,251,059	-	216,025,946	924,165,602	

Notes

- Property, Plant and Equipment also includes Assets acquired through business combination during the year and aggregated value of NPR 104,430,088 /- (written down Value (Cost less Accumulated depreciation)) During the FY 2015/16 and FY 2016/17 Written Down Value Method had been followed to calculate the depreciation of asset. However during the FY 2017/18 Straight Line Method has been followed due to which additional depreciation of NPR 88,176,170 /- have been charged. As per para 61 of NAS 16, change in useful life of asset has been accounted as change in accounting estimate and treated prospectively as per NAS 8.
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4.13 Property, Plant & Equipment (PPE)

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	Bank								Total Ashad end 2017	Total Ashad end 2014
	Freehold land	Buildings	Leasehold Assets	Computer & Accessories	Vehicles	Furniture & Fixtures	Machinery	Equipment & Others		
<i>Cost or deemed cost</i>										
Balance at 16 July, 2016	96,662,641	299,202,277	20,484,160	325,148,785	121,850,001	187,552,093	-	288,473,488	-	1,339,373,444
Additions	-	5,057,863	10,951,452	44,361,707	85,842,116	26,925,688	-	113,444,462	-	286,583,289
Acquisition during the year	-	-	-	-	-	-	-	-	-	-
Capitalization	-	-	5,216,399	-	-	-	-	-	-	5,216,399
Assets acquired through business combination	-	-	-	-	-	-	-	-	-	-
Adjustment	-	-	-	(356,089)	(15,121,403)	(1,648,066)	-	(751,591)	-	(17,875,167)
Disposals	-	(28)	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-
Balance at 15 July, 2017	96,662,641	304,260,113	36,652,011	369,154,404	192,570,714	212,831,724	-	401,166,358	1,613,297,964	1,613,297,964
Additions	20,017,620	4,313,340	12,154,928	57,058,806	95,916,652	21,696,368	-	131,487,404	342,645,119	342,645,119
Acquisition during the year	-	-	-	-	-	-	-	-	-	-
Capitalization	-	-	-	-	-	-	-	-	-	-
Assets acquired through business combination	-	-	-	-	-	-	-	-	-	-
Disposals	72,148,235	17,130,276	-	-	4,585,415	-	-	5,156,267	99,020,193	99,020,193
Adjustment	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-
Balance at 16 July, 2018	188,828,496	325,703,729	48,806,939	426,213,210	293,072,781	234,528,092	-	537,810,029	2,054,963,277	2,054,963,277

Accumulated depreciation and impairment

	Freehold land	Buildings	Leasehold Assets	Computer & Accessories	Vehicles	Furniture & Fixtures	Machinery	Equipment & Others	Total Ashad end 2017	Total Ashad end 2014
Balance at 16 July, 2016	-	160,559,231	-	250,494,441	79,803,067	146,341,941	-	199,918,764	-	837,117,444
Depreciation Charge for the Year	-	7,108,828	-	27,219,550	15,888,344	15,579,874	-	41,442,040	-	107,238,637
Impairment for the Year	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-
Disposals	-	(18)	-	(4,761,715)	(10,281,816)	(2,123,869)	-	(1,741,109)	-	(19,909,526)
Balance at 15 July, 2017	-	167,668,040	-	272,952,277	85,409,596	159,797,946	-	239,619,696	925,447,554	925,447,554
Depreciation Charge for the Year	-	3,471,505	6,271,673	94,444,369	33,653,556	26,555,393	-	82,269,671	246,666,168	246,666,168
Impairment for the Year	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-
Disposals	-	(73,654)	-	(1,002,584)	(9,905,012)	(1,987,296)	-	(105,283)	(13,073,829)	(13,073,829)
Balance at 16 July, 2018	-	171,065,892	6,271,673	366,394,062	109,158,140	184,366,043	-	321,784,084	1,159,039,893	1,159,039,893

Capital Work in Progress as at 16 July 2018

Balance at 16 July, 2016	-	-	23,120,600	-	-	-	-	-	-	23,120,600
Balance at 15 July, 2017	-	-	-	-	-	-	-	-	-	-
Balance at 16 July, 2018	-	-	5,216,399	-	-	-	-	-	-	5,216,399

Net Book Value

	Freehold land	Buildings	Leasehold Assets	Computer & Accessories	Vehicles	Furniture & Fixtures	Machinery	Equipment & Others	Total
Balance at 16 July, 2016	96,662,641	138,643,046	25,700,559	74,654,344	42,046,934	41,210,152	-	88,554,723	507,472,399
Balance at 15 July, 2017	96,662,641	136,592,072	36,652,011	96,202,127	107,161,118	53,033,778	-	161,546,663	687,850,410
Balance at 16 July, 2018	188,828,496	154,637,837	65,655,866	59,819,148	183,914,641	50,162,049	-	216,025,946	919,043,984

Notes

- Property, Plant and Equipment also includes Assets acquired through business combination during the year and aggregated value of NPR 104,430,088 /- (written down Value (Cost less Accumulated depreciation))
- During the FY 2015/16 and FY 2016/17 Written Down Value Method had been followed to calculate the depreciation of asset. However during the FY 2017/18 Straight Line Method has been followed due to which additional depreciation of NPR 86,176,170 /- have been charged. As per para 61 of NAS 16, change in useful life of asset has been accounted as change in accounting estimate and treated prospectively as per NAS 8.

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4.14 Goodwill & Intangible Assets

Particulars	Group				As at	As at
	Goodwill	Software Purchased	Software Developed	Other	Ashad end 2075	Ashad end 2074
Cost						
As on Shrawan 1, 2073	-	4,590,483	-	-	-	4,590,483
Additions:	-	3,815,354	-	-	-	3,815,354
Acquisition	-	-	-	-	-	-
Capitalization	-	-	-	-	-	-
Disposals or classified as held for sale	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-
Balance at Asar 31 2074	-	8,405,838	-	-	8,405,838	4,590,483
Additions	-	20,236,999	-	-	20,236,999	-
Acquisition	-	-	-	-	-	-
Assets acquired through business combination	-	5,409,894	-	-	-	-
Capitalization	-	-	-	-	-	-
Disposals or classified as held for sale	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-
Balance as on Asar 32, 2075	-	34,052,731	-	-	34,052,731	8,405,838
Depreciation and Impairment						
As on Shrawan 1, 2073	-	-	-	-	-	-
Depreciation charge for the Year	-	3,831,393	-	-	-	3,831,393
Disposals	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-
As on Asar 31 2074	-	3,831,393	-	-	3,831,393	3,831,393
Depreciation charge for the Year	-	6,039,680	-	-	6,039,680	-
Disposals	-	198,671	-	-	198,671	-
Adjustment	-	-	-	-	-	-
As on Asar 32 2075	-	10,069,744	-	-	10,069,744	-
Capital Work in Progress						
Net Book Value						
Balance at Ashad 31 2073		4,590,483			4,590,483	
Balance at Ashad 31 2074		4,574,445			4,574,445	
Balance at Ashad 32 2075		23,982,987			23,982,987	

Rastriya Banijya Bank Limited
Notes forming part of the financial statements

4.14 Intangible Assets

Particulars	Bank				As at 16 July 2018	As at 15 July 2017
	Goodwill	Software		Other		
		Purchased	Developed			
Cost						
As on 16 July 2016	-	4,590,483	-	-	-	4,590,483
Additions:	-	3,815,354	-	-	-	3,815,354
Acquisition	-	-	-	-	-	-
Capitalization	-	-	-	-	-	-
Disposals or classified as held for sale	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-
Balance at 15 July 2017	-	8,405,838	-	-	8,405,838	8,405,838
Additions	-	19,939,315	-	-	19,939,315	-
Acquisition	-	-	-	-	-	-
Assets acquired through business combination	-	5,409,894	-	-	5,409,894	-
Capitalization	-	-	-	-	-	-
Disposals or classified as held for sale	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-
Balance as on 16 July 2018	-	33,755,047	-	-	33,755,047	0
Depreciation and Impairment						
As on 16 July 2016	-	-	-	-	-	-
Depreciation charge for the Year	-	3,831,393	-	-	-	3,831,393
Disposals	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-
Balance at 15 July 2017	-	3,831,393	-	-	-	3,831,393
Depreciation charge for the Year	-	5,995,857	-	-	5,995,857	-
Disposals	-	198,671	-	-	198,671	-
Adjustment	-	-	-	-	-	-
Balance as on 16 July 2018	-	10,025,921	-	-	10,025,921	-
Capital Work in Progress	-	-	-	-	-	-
Net Book Value						
At 16 July 2016		4,590,483			4,590,483	
At 15 July 2017		4,574,445			4,574,445	
At 16 July 2018		23,729,126			23,729,126	

Rastriya Banijya Bank Limited

Notes forming part of the financial statements

4.16 Other Assets

Other Assets	Group			Bank		
	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016
Assets held for sale	-	-	-	-	-	-
Other non banking assets	-	-	-	-	-	-
Bills receivable	-	-	-	-	-	-
Accounts receivable	148,712,035	176,873,255	162,354,079	148,561,111	176,873,254	162,624,079
Accrued Income	-	-	-	-	-	-
Prepayments and Deposit	181,990,149	32,136,667	32,311,505	181,990,149	32,136,667	32,311,505
Income Tax Deposit	1,135,097,252	1,135,097,252	1,135,097,252	1,135,097,252	1,135,097,252	1,135,097,252
Deferred Employee expenditure	837,403,228	759,584,667	756,022,326	837,403,228	759,584,667	756,022,326
Other	7,963,643,521	4,499,301,986	4,349,872,970	7,963,643,521	4,499,301,987	4,349,872,970
Total	10,266,846,184	6,602,993,827	6,435,658,132	10,266,695,260	6,602,993,827	6,435,928,132

4.16.1 Accounts receivable

Accounts Receivable shown above comprises the amount of accrued commission, drafts paid, transit items and other receivables.

	Group			Bank		
	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016
Commission Receivable	62,888,687	44,337,264	63,410,156	62,888,685	44,337,263	63,410,156
Sundry Debtors	70,852,599	26,312,605	25,543,597	70,701,678	26,312,605	25,543,597
Less: Provision	(70,701,678)	(26,312,605)	(12,771,798)	(70,701,678)	(26,312,605)	(12,771,798)
Other Transit item (including cheques)	90,181,501	138,676,990	93,763,482	90,181,501	138,676,990	93,763,482
Less: Provision	(4,509,075)	(6,140,999)	(7,321,357)	(4,509,075)	(6,140,999)	(7,321,357)
Drafts Paid Without Notice	74,050,465	91,225,778	91,225,778	74,050,465	91,225,778	91,225,778
Less: Provision	(74,050,465)	(91,225,778)	(91,225,778)	(74,050,465)	(91,225,778)	(91,225,778)
Balance	148,712,034	176,873,255	162,624,079	148,561,111	176,873,254	162,624,079

4.16.2 Prepayments and Deposit

Prepayments and Deposit comprise of the following items:

	Group			Bank		
	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016
Prepayments	47,029,713	25,199,244	27,130,416	47,029,713	25,199,244	27,130,416
Telephone and Other deposits	134,960,436	6,937,423	5,181,089	134,960,436	6,937,423	5,181,089
Balance	181,990,149	32,136,667	32,311,505	181,990,149	32,136,667	32,311,505

4.16.3 Other

Others include the following:

	Group			Bank		
	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016
Stationery Stock	38,410,137	30,556,797	22,991,315	38,410,137	30,556,797	22,991,315
Cash in Transit	2,494,531	92,620,960	2,733,366	2,494,531	92,620,960	2,733,366
Less: Provision	(2,494,531)	(2,620,960)	(1,396,360)	(2,494,531)	(2,620,960)	(1,396,360)
Expenses not Written Off	802,294	1,185,194	844,594	802,294	1,185,194	844,594
Others						
Pension Payment to NG Ex-employees	(38,983,718)	2,019,111,891	3,998,226,413	(38,983,718)	2,019,111,891	3,998,226,413
Pension Payment to Defence Staffs	29,771,430	65,352,831	95,490,503	29,771,430	65,352,831	95,490,503
Government Transaction	7,878,623,928	2,225,121,950	-	7,878,623,928	2,225,121,950	-
Others	144,289,632	151,787,479	317,556,689	144,289,632	151,787,478	317,556,689
Less: Provision	(89,270,181)	(83,814,154)	(86,573,549)	(89,270,181)	(83,814,154)	(86,573,549)
Balance	7,963,643,521	4,499,301,988	4,349,872,970	7,963,643,521	4,499,301,987	4,349,872,970

Rastriya Banijya Bank Limited
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4.17 Due to Banks and financial Institution

	Group			Bank		
	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016
Money Market Deposits	-	-	-	-	-	-
Interbank Borrowing	164,775,000	515,500,000	643,800,000	164,775,000	515,500,000	643,800,000
Other deposits from BFIs	5,126,753,118	6,999,030,758	6,954,955,960	5,126,753,118	6,999,030,758	6,954,955,960
Settlement and clearing accounts	-	-	-	-	-	-
Other deposits from BFIs	-	-	-	-	-	-
Total	5,291,528,118	7,514,530,758	7,598,755,960	5,291,528,118	7,514,530,758	7,598,755,960

The balances in accounts maintained with the Bank by other local financial institution have been presented under this head. Interbank borrowing, interbank deposit, balances on settlement and clearing accounts as well as other amount due to bank and financial institution is presented under due to bank and financial institutions.

4.18 Due to Nepal Rastra Bank

	Group			Bank		
	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016
Refinance from NRB	92,970,514	16,970,000	-	92,970,514	16,970,000	-
Standing Liquidity Facility	-	-	-	-	-	-
Lender of last resort facility from NRB	-	-	-	-	-	-
Securities sold under repurchase agreement	-	-	-	-	-	-
Other payable to NRB	-	-	-	-	-	-
Total	92,970,514	16,970,000	-	92,970,514	16,970,000	-

The amount payable to NRB shall include amount of refinance facilities, standing liquidity facility, lender of last resort, sale and repurchase agreements, deposit from NRB etc.

4.19 Derivative financial instruments.

Held for Trading

Interest Rate Swap
Currency Swap

Forward exchange Contract.

Others

Held for risk management

Interest Rate Swap
Currency Swap

Forward exchange Contract

Others

	Group			Bank		
	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016
Interest Rate Swap	-	-	-	-	-	-
Currency Swap	-	-	-	-	-	-
Forward exchange Contract.	-	-	-	-	-	-
Others	-	-	-	-	-	-
Interest Rate Swap	-	-	-	-	-	-
Currency Swap	-	-	-	-	-	-
Forward exchange Contract	-	-	-	-	-	-
Others	-	-	-	-	-	-
Total	-	-	-	-	-	-

A significant part of the derivatives in the portfolio are related to servicing corporate clients in their risk management to hedge for example currency or interest rate exposures. These products are used by Bank as part of its own regular treasury activities. From a risk perspective, the gross amount of derivative assets must be considered together with the gross amount of derivative liabilities, which are presented separately on the statement of financial position. However, NFRS does not allow netting of these positions in the statement of financial position.

4.20 Deposit from Customers

Particulars	Group			Bank		
	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016
Institutions Customers						
Term Deposit	8,137,443,332	3,610,836,210	5,988,926,508	8,287,443,332	3,630,836,210	6,083,926,508
Call Deposit	4,581,263,990	4,191,282,686	6,372,104,459	4,581,263,990	4,191,282,686	6,372,104,459
Current Deposit	10,840,892,783	11,660,107,561	10,199,779,801	10,844,584,359	11,666,298,689	10,205,093,198
Other	1,625,982,221	1,259,883,986	2,116,755,038	1,625,982,221	1,259,883,986	2,116,755,038
Individual Customers						
Term Deposit	12,219,206,787	8,475,161,995	8,686,500,676	12,219,206,787	8,475,161,995	8,686,500,676
Saving Deposit	90,946,764,896	89,600,713,741	83,344,867,810	90,946,764,896	89,600,713,741	83,344,867,810
Current Deposit	30,309,036,088	24,926,120,831	19,885,093,385	30,309,036,088	24,926,120,831	19,885,093,385
Other	5,396,021,587	2,836,743,029	2,564,670,187	5,396,021,587	2,836,743,029	2,564,670,187
Total	164,056,611,684	146,560,850,038	139,158,697,864	164,210,303,260	146,587,041,166	139,259,011,261

Deposit from customer includes accrued interest payable as on reporting date for the particular deposit portfolio.

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4.20.1 Currency wise analysis of deposit from customers

Particulars	Group			Bank		
	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016
Nepalese rupee	160,343,330,258	146,293,102,888	138,952,940,510	160,497,021,834	146,319,294,016	139,053,253,907
Indian rupee	-	-	-	-	-	-
United State Dollar	3,713,281,427	267,747,150	205,757,354	3,713,281,427	267,747,150	205,757,354
Great Britain Pound	-	-	-	-	-	-
Euro	-	-	-	-	-	-
Japanese Yen	-	-	-	-	-	-
Chinese yuan	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total	164,056,611,684	146,560,850,038	139,158,697,864	164,210,303,260	146,587,041,166	139,259,011,261

4.21 Borrowing

Particulars	Group			Bank		
	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016
Domestic Borrowing						
Nepal Government	-	-	-	-	-	-
Other Institutions	-	-	-	-	-	-
Other	171,496,141	163,876,967	407,710,521	171,496,141	163,876,966	407,710,521
Subtotal	171,496,141	163,876,966	407,710,521	171,496,141	163,876,966	407,710,521
Foreign Borrowing						
Foreign Bank and Financial Institutions	-	-	-	-	-	-
Multilateral Development Banks	-	-	-	-	-	-
Other Institutions	-	-	-	-	-	-
Sub total	-	-	-	-	-	-
Total	171,496,141	163,876,966	407,710,521	171,496,141	163,876,966	407,710,521

4.22 Provisions

Particulars	Group			Bank		
	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016
Provisions for redundancy	-	-	-	-	-	-
Provision for restructuring	-	-	-	-	-	-
Pending legal issues and tax litigation	-	-	-	-	-	-
Onerous contracts	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total	-	-	-	-	-	-

4.22.1 Movement in provision

Particulars	Group			Bank		
	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016
Balance at Shrawan 1						
Provisions made during the year	-	-	-	-	-	-
Provisions used during the year	-	-	-	-	-	-
Provisions reversed during the year	-	-	-	-	-	-
Unwind of discount	-	-	-	-	-	-
Balance at Asar end	-	-	-	-	-	-

A provision is recognised when as a result of a past event, the licensed institution has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provision for redundancy, provision for onerous contracts, provision for restructuring, pending legal issues and tax litigation, credit commitments and guarantees etc. are included under this account head. Followings are the additional clarification on accounts presented under this account head.

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Notes forming part of the financial statements

4.23 Other Liabilities

	Group			Bank		
	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016
Liability for employees defined benefit obligations	-	-	-	-	-	-
Endowment Life Insurance Fund	13,089,023	547,162,136	405,043,432	13,089,023	547,162,136	405,043,432
Pension and Gratuity	4,279,391,106	3,934,355,599	2,431,751,344	4,279,391,106	3,934,355,599	2,431,751,344
Liability for long-service leave	87,392,807	156,391,077	85,621,454	87,392,807	156,391,077	85,621,454
Short-term employee benefits	76,759	-	-	76,759	-	-
Bills Payable	102,858,486	142,082,336	152,859,250	102,858,486	142,082,336	152,859,250
Creditors and accruals	645,078,665	703,821,513	651,341,118	643,545,547	703,599,926	651,292,233
Interest payable on deposit	-	-	-	-	-	-
Interest payable on borrowing	-	-	-	-	-	-
Liabilities on deferred grant income	-	-	-	-	-	-
Unpaid Dividend	1,622,582	-	-	1,622,582	-	-
Liabilities under Finance Lease	-	-	-	-	-	-
Employee bonus payable	615,473,923	591,475,479	1,560,563,972	615,473,923	591,475,479	1,560,563,972
Other	2,752,085,467	5,625,657,978	6,841,817,172	2,751,480,689	5,625,657,978	6,841,817,172
Total	8,497,068,819	11,700,946,119	12,128,997,742	8,494,930,922	11,700,724,532	12,128,948,857

Liabilities relating to employees benefits like liabilities for defined benefit obligation gratuity and pension fund, liabilities for long-service leave, short-term employee benefits etc., Creditors and accruals, unearned income, unpaid dividend etc. are presented under this account head of other liabilities. Long service leave consists of sick leave and annual leave Actuarial breakup for defined benefit obligations have been disclosed in disclosure in 5.21

4.23.1 The amount Recognised in Statement of Financial Position:

Combined Actuarial Disclosure for Endowment Plan and Gratuity Plan. For individual disclosure on endowment life insurance fund, refer note 4.23.3 and for pension and gratuity plan, refer note 4.23.2

Particulars	Group			Bank		
	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016
Present value of unfunded defined benefit obligation	4,292,480,129	4,481,517,735	2,836,794,776	4,292,480,129	4,481,517,735	2,836,794,776
Present value of funded defined benefit obligation	7,139,456,719	7,639,106,452	7,276,775,881	7,139,456,719	7,639,106,452	7,276,775,881
Total Present value of obligations	11,431,936,848	12,120,624,187	10,113,570,657	11,431,936,848	12,120,624,187	10,113,570,657
Fair value of plan assets	7,139,456,719	7,639,106,452	7,276,775,881	7,139,456,719	7,639,106,452	7,276,775,881
Present Value of Net Obligation	4,292,480,129	4,481,517,735	2,836,794,776	4,292,480,129	4,481,517,735	2,836,794,776
Recognized liability for defined benefit obligations	4,292,480,129	4,481,517,735	2,836,794,776	4,292,480,129	4,481,517,735	2,836,794,776

4.23.1.1 Plan Assets

Particulars	Group			Bank		
	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016
Equity Shares	-	-	-	-	-	-
Government Bonds	-	-	-	-	-	-
Bank Deposit	7,139,456,719	7,639,106,452	7,276,775,881	7,139,456,719	7,639,106,452	7,276,775,881
Other	-	-	-	-	-	-
Total	7,139,456,719	7,639,106,452	7,276,775,881	7,139,456,719	7,639,106,452	7,276,775,881

4.23.1.2 Movement in Present Value of defined benefits Obligation

Particulars	Group			Bank		
	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016
Present Value of Obligation at beginning of the year	12,120,624,187	10,113,570,657	8,744,895,136	12,120,624,187	10,113,570,657	8,744,895,136
Actuarial Losses	663,335,867	2,892,726,885	1,231,310,666	663,335,867	2,892,726,885	1,231,310,666
Benefits paid by the plan	(2,563,313,741)	(1,818,234,498)	(1,070,630,494)	(2,563,313,741)	(1,818,234,498)	(1,070,630,494)
Current Service Cost and Interest	1,211,290,535	932,561,143	1,207,995,349	1,211,290,535	932,561,143	1,207,995,349
Defined benefits obligation at year end	11,431,936,848	12,120,624,187	10,113,570,657	11,431,936,848	12,120,624,187	10,113,570,657

4.23.1.3 Movement in Present Value of Plan Assets

Particulars	Group			Bank		
	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016
Fair Value of Plan Assets at beginning of the year	7,639,106,452	7,276,775,881	7,264,798,304	7,639,106,452	7,276,775,881	7,264,798,304
Contributions paid into plan	1,494,130,526	1,356,697,944	791,278,262	1,494,130,526	1,356,697,944	791,278,262
Benefits paid by the plan	(2,563,313,741)	(1,818,234,498)	(1,070,630,494)	(2,563,313,741)	(1,818,234,498)	(1,070,630,494)
Actuarial Losses/gains	(3,403,863)	224,956,478	(311,174,137)	(3,403,863)	224,956,478	(311,174,137)
Expected return on plan assets	572,937,345	598,910,647	602,503,947	572,937,345	598,910,647	602,503,947
Fair Value of Plan Assets at the year end	7,139,456,719	7,639,106,452	7,276,775,881	7,139,456,719	7,639,106,452	7,276,775,881

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Notes forming part of the financial statements

4.23.1.4 Expenses Recognized in Statement of Profit or Loss

Particulars	Group			Bank		
	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016
Current service cost	235,783,477	150,182,604	444,434,216	235,783,477	150,182,604	444,434,216
Interest cost	402,569,713	183,467,892	161,057,187	402,569,713	183,467,892	161,057,187
Expected Return on Plan Assets	-	-	-	-	-	-
Expenses Recognized in Profit or Loss	638,353,190	333,650,496	605,491,403	638,353,190	333,650,496	605,491,403

4.23.1.5 Expenses Recognized in other comprehensive income

Particulars	Group			Bank		
	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016
Actuarial (gain)/loss	666,739,730	2,667,770,407	1,542,484,803	666,739,730	2,667,770,407	1,542,484,803
Expenses Recognized in Income Statement	666,739,730	2,667,770,407	1,542,484,803	666,739,730	2,667,770,407	1,542,484,803

4.23.1.6 Actuarial Assumptions

Particulars	Group			Bank		
	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016
Discount rate	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%
Salary escalation rate	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%
Withdrawal rate	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Expected return on Plan Assets	9.00%	8.50%	8.50%	9.00%	8.50%	8.50%

4.23.2 Actuarial Disclosures for Pension and Gratuity

4.23.2.1 Movement in Present Value of defined benefits Obligation- Pension and Gratuity

Particulars	Group			Bank		
	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016
Present Value of Obligation at beginning of the year	10,104,012,897	8,168,136,601	6,599,682,020	10,104,012,897	8,168,136,601	6,599,682,020
Actuarial Losses	288,385,886	2,395,984,678	1,490,997,276	288,385,886	2,395,984,678	1,490,997,276
Benefits paid by the plan	(1,177,992,542)	(1,218,420,861)	(778,366,501)	(1,177,992,542)	(1,218,420,861)	(778,366,501)
Current Service Cost and Interest	1,016,589,473	758,312,479	855,823,806	1,016,589,473	758,312,479	855,823,806
Defined benefits obligation at year end	10,230,995,714	10,104,012,897	8,168,136,601	10,230,995,714	10,104,012,897	8,168,136,601

4.23.2.2 Movement in Present Value of Plan Assets- Pension and Gratuity

Particulars	Group			Bank		
	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016
Fair Value of Plan Assets at beginning of the year	6,169,657,298	5,736,385,257	5,470,387,134	6,169,657,298	5,736,385,257	5,470,387,134
Contributions paid into plan	492,812,946	1,302,456,458	838,071,743	492,812,946	1,302,456,458	838,071,743
Benefits paid by the plan	(1,177,992,542)	(1,218,420,861)	(778,366,501)	(1,177,992,542)	(1,218,420,861)	(778,366,501)
Actuarial Losses/gains	1,649,940	(141,927,816)	(286,041,961)	1,649,940	(141,927,816)	(286,041,961)
Expected return on plan assets	465,476,966	491,164,260	492,334,842	465,476,966	491,164,260	492,334,842
Fair Value of Plan Assets at the year end	5,951,604,608	6,169,657,298	5,736,385,257	5,951,604,608	6,169,657,298	5,736,385,257

4.23.2.3 Actuarial Assumptions for Pension and Gratuity

Particulars	Group			Bank		
	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016
Discount rate	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%
Salary escalation rate	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%
Withdrawal rate	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Expected return on Plan Assets	9.00%	8.50%	8.50%	9.00%	8.50%	8.50%

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4.23.3 Actuarial Disclosures for Endowment Life Insurance Fund

4.23.3.1 Movement in Present Value of defined benefits Obligation- Endowment Life Insurance Fund

Particulars	Group			Bank		
	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016
Present Value of Obligation at beginning of the year	2,016,611,290	1,945,434,056	2,145,213,116	2,016,611,290	1,945,434,056	2,145,213,116
Actuarial Losses	374,949,981	496,742,207	(259,686,610)	374,949,981	496,742,207	(259,686,610)
Benefits paid by the plan	(1,385,321,199)	(599,813,637)	(292,263,993)	(1,385,321,199)	(599,813,637)	(292,263,993)
Current Service Cost and Interest	194,701,062	174,248,664	352,171,543	194,701,062	174,248,664	352,171,543
Defined benefits obligation at year end	1,200,941,134	2,016,611,290	1,945,434,056	1,200,941,134	2,016,611,290	1,945,434,056

4.23.3.2 Movement in Present Value of Plan Assets- Endowment Life Insurance Fund

Particulars	Group			Bank		
	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016
Fair Value of Plan Assets at beginning of the year	1,469,449,154	1,540,390,624	1,794,411,170	1,469,449,154	1,540,390,624	1,794,411,170
Contributions paid into plan	1,001,317,580	54,241,486	(46,793,481)	1,001,317,580	54,241,486	(46,793,481)
Benefits paid by the plan	(1,385,321,199)	(599,813,637)	(292,263,993)	(1,385,321,199)	(599,813,637)	(292,263,993)
Actuarial Losses/gains	(5,053,803)	366,884,294	(25,132,176)	(5,053,803)	366,884,294	(25,132,176)
Expected return on plan assets	107,460,379	107,746,387	110,169,105	107,460,379	107,746,387	110,169,105
Fair Value of Plan Assets at the year end	1,187,852,111	1,469,449,154	1,540,390,624	1,187,852,111	1,469,449,154	1,540,390,624

4.23.3.3 Actuarial Assumptions for Endowment Life Insurance Fund

	Group			Bank		
	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016
Discount rate	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%
Salary escalation rate	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%
Withdrawal rate	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Expected return on Plan Assets	9.00%	8.50%	8.50%	9.00%	8.50%	8.50%

4.23.4 Actuarial Disclosures for Leave Plan

4.23.4.1 Movement in Present Value of defined benefits Obligation

Particulars	Group			Bank		
	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016
Present Value of Obligation at beginning of the year	528,636,158	492,822,943	540,510,675	528,636,158	492,822,943	540,510,675
Actuarial Losses	115,094,068	104,114,017	(93,536,494)	115,094,068	104,114,017	(93,536,494)
Benefits paid by the plan	(308,568,187)	(133,885,614)	(73,495,586)	(308,568,187)	(133,885,614)	(73,495,586)
Current Service Cost and Interest	63,615,307	65,584,812	119,344,348	63,615,307	65,584,812	119,344,348
Defined benefits obligation at year end	398,777,346	528,636,158	492,822,943	398,777,346	528,636,158	492,822,943

4.23.4.2 Movement in Present Value of Plan Assets- Leave Plan

Particulars	Group			Bank		
	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016
Fair Value of Plan Assets at beginning of the year	372,245,081	407,201,489	452,010,071	372,245,081	407,201,489	452,010,071
Contributions paid into plan	221,362,055	(2,871,149)	55,755,721	221,362,055	(2,871,149)	55,755,721
Benefits paid by the plan	(308,568,187)	(133,885,614)	(73,495,586)	(308,568,187)	(133,885,614)	(73,495,586)
Actuarial Losses/gains	(3,232,191)	73,000,391	(54,411,550)	(3,232,191)	73,000,391	(54,411,550)
Expected return on plan assets	29,577,781	28,799,964	27,342,833	29,577,781	28,799,964	27,342,833
Fair Value of Plan Assets at the year end	311,384,539	372,245,081	407,201,489	311,384,539	372,245,081	407,201,489

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4.23.4.3 Actuarial Assumptions for Leave Plan	Group			Bank		
	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016
Discount rate	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%
Salary escalation rate	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%
Withdrawal rate	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Expected return on Plan Assets	9.00%	8.50%	8.50%	9.00%	8.50%	8.50%

4.23.5 Sensitivity Analysis

The calculation of the defined benefit obligations is sensitive to the assumptions set out above. The following table summarizes how the impact on the defined benefit obligation at the end of the reporting period would have been increased/ decreased as a result of change in the respective assumptions by 1%

Discount Rate	Defined Benefit Obligation as at 16 July 2018		
	Endowment Plan	Pension & Gratuity	Leave
8%	1,292,996,531	11,143,100,825	427,814,094
10%	1,120,843,150	9,443,868,787	373,778,147

Salary Increment Rate	Defined Benefit Obligation as at 16 July 2018		
	Endowment Plan	Pension & Gratuity	Leave
6.5%	1,119,150,759	10,154,805,601	373,609,777
8.5%	1,293,351,592	10,312,303,025	427,534,564

4.24 Debt Securities Issued

Particulars	Group			Bank		
	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016
Debt Securities issued designated at fair value through profit or loss	-	-	-	-	-	-
Debt Securities issued at amortized cost	-	-	-	-	-	-
Total	-	-	-	-	-	-

Subordinated Liabilities

4.25 Bank does not hold any kind of subordinated liabilities.

Particulars	Group			Bank		
	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016
Redeemable preference shares	-	-	-	-	-	-
Irredeemable cumulative preference shares	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total	-	-	-	-	-	-

Liabilities subordinated, at the event of winding up, or the claims of depositors, debt securities issued and other creditors are included under this head which include redeemable preference share, subordinated notes issued, borrowings etc.

4.26 Share Capital

Share Capital	Group			Bank		
	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016
Ordinary Shares	9,004,795,700	8,588,972,300	8,588,972,300	9,004,795,700	8,588,972,300	8,588,972,300
Convertible Preference Shares (equity component only)	-	-	-	-	-	-
Irredeemable Preference Shares (equity component only)	-	-	-	-	-	-
Perpetual debt (equity component only)	-	-	-	-	-	-
Total	9,004,795,700	8,588,972,300	8,588,972,300	9,004,795,700	8,588,972,300	8,588,972,300

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Ordinary Shares

	Group			Bank		
	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016
Authorized capital						
112,000,000 ordinary shares of Rs. 100 each	11,200,000,000	10,000,000,000	10,000,000,000	11,200,000,000	10,000,000,000	10,000,000,000
Issued capital						
90,047,957 ordinary shares of Rs. 100 each	9,004,795,700	9,000,000,000	9,000,000,000	9,004,795,700	9,000,000,000	9,000,000,000
Subscribed and Paid up capital						
90,047,957 ordinary shares of Rs. 100 each	9,004,795,700	8,588,972,300	8,588,972,300	9,004,795,700	8,588,972,300	8,588,972,300

4.26.1 Ordinary Share Ownership

	Group			Bank		
	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016
Domestic Ownership						
Nepal Government	9,001,704,700	8,588,972,300	8,588,972,300	9,001,704,700	8,588,972,300	8,588,972,300
"A" Class licensed institutions	-	-	-	-	-	-
Other licensed institutions	-	-	-	-	-	-
Other institutions	-	-	-	-	-	-
Public	3,091,000	-	-	3,091,000	-	-
Other	-	-	-	-	-	-
Foreign Ownership	-	-	-	-	-	-
Total	9,004,795,700	8,588,972,300	8,588,972,300	9,004,795,700	8,588,972,300	8,588,972,300

4.26.2 Shareholders Ownership Details

	As at 16 July 2018		As at 15 July 2017	
	Amount	%	Amount	%
A. DOMESTIC OWNERSHIP	9,004,795,700	100.00%	8,588,972,300	100.00%
1.1. Nepal Government	9,001,704,700	99.97%	8,588,972,300	100.00%
1.1.1 Ministry of Finance	8,404,202,500	93.33%	8,091,870,100	94.21%
1.1.2 Financial Comptroller General Office	502,520,300	5.58%	452,520,300	5.27%
1.1.3 Ministry of Industry	54,458,100	0.60%	4,458,100	0.05%
1.1.4 Ministry of Labour and Employment	8,916,500	0.10%	8,916,500	0.10%
1.1.5 Ministry of Tourism and Civil Aviation	8,916,500	0.10%	8,916,500	0.10%
1.1.6 Ministry of Physical Infrastructure and Transportation	8,916,500	0.10%	8,916,500	0.10%
1.1.7 Ministry of Commerce and Supply	4,458,100	0.05%	4,458,100	0.05%
1.1.8 Ministry of Energy	4,508,100	0.05%	4,458,100	0.05%
1.1.9 Ministry of Irrigation	4,508,100	0.05%	4,458,100	0.05%
1.1.10 Ministry of Science & Technology	100,000	0.00%	-	-
1.1.11 Ministry of Agriculture	100,000	0.00%	-	-
1.1.12 Ministry of Land Reform	100,000	0.00%	-	-
1.2. "A" Class Licensed Institutions	-	-	-	-
1.3. Other Licensed Institutions	-	-	-	-
1.4. Other Institutions	-	-	-	-
1.5. General Public	3,091,000	0.03%	-	-
1.6. Others	-	-	-	-
B. FOREIGN OWNERSHIP	-	-	-	-
Total	9,004,795,700		8,588,972,300	

4.27 Reserves

Particulars	Group			Bank		
	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016
Statutory General reserve	7,169,604,521	5,480,995,904	4,925,734,142	7,169,604,521	5,480,995,904	4,925,734,142
Exchange equalization reserve	97,319,666	97,319,666	97,319,666	97,319,666	97,319,666	97,319,666
Corporate social responsibility reserve	62,712,435	27,763,088	-	62,712,435	27,763,088	-
Capital redemption reserve	-	-	-	-	-	-
Regulatory reserve	9,619,350,099	-	-	9,619,350,099	-	-
Investment adjustment reserve	63,003,700	3,332,194	4,356,280	63,003,700	3,332,194	4,356,280
Capital reserve	481,195,653	481,195,653	481,195,653	481,195,653	481,195,653	481,195,653
Assets revaluation reserve	77,183,784	-	-	77,183,784	-	-
Fair value reserve	920,490,954	1,299,889,435	1,432,922,470	920,490,954	1,299,889,435	1,432,922,470
Dividend equalization reserve	-	-	-	-	-	-
Actuarial gain	(4,662,691,958)	(4,195,974,147)	(2,328,534,862)	(4,662,691,958)	(4,195,974,147)	(2,328,534,862)
Special reserve	45,636,656	-	-	45,636,656	-	-
Other reserve	128,541,928	64,357,136	377,855,315	128,541,928	64,357,136	377,855,315
Total	14,002,347,437	3,258,878,930	4,990,848,664	14,002,347,437	3,258,878,930	4,990,848,664

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General Reserve

There is a regulatory requirement by the central bank to set aside 20% of the net profit after tax every year as general reserve to build up the capital until the general reserve fund balance is twice the paid up share capital. This is the restricted reserve and cannot be freely used. The Bank appropriates 20% of the regulatory net profit every year and transfers to the general reserve fund.

Exchange Equilization Reserve

Central bank's regulatory directives requires the bank to transfer 25% of the translation gain as at the year end to this reserve account. The foreign currency balances as at the year-end are translated using the year-end rates and in case of gains on such translation, 25% of such gains are transferred to the foreign exchange reserve.

Corporate Social Responsibility Reserve

Bank has regulatory requirement to set aside 1% of the net profit for corporate social responsibility activities.

Regulatory Reserve

Regulatory reserves includes any amount derived as result of NFRS conversion with effect in retained earning computed as per Nepal Rastra Bank Directive no 4.

Investment Adjustment Reserve

Investment Adjustment Reserve is created against quoted and unquoted share investments as per Nepal Rastra Bank Directive.

Fair value Reserve:

The fair value reserve comprises the cumulative net change in the fair value of financial assets that are measured at fair value and the changes in fair value is recognized in other comprehensive income, until the assets are derecognized. The cumulative amount of changes in fair value of those financial assets shall be presented under this account head.

Actuarial gain/(loss):

Actuarial Gains and Losses are the changes in the present value of the defined benefit obligation as a result of change in actuarial assumptions and experience adjustments.

Other Reserve:

Others include staff training fund, contingent reserve, institutional development fund, special fund for discontented shareholders of NIDC. Refer Note 5.21 for item wise detail.

4.28 Contingent liabilities and commitments

	Group			Bank		
	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016
Contingent liabilities	8,330,701,823	7,005,195,014	5,608,535,147	8,330,701,823	7,005,195,014	5,608,535,147
Undrawn and undisbursed facilities	1,495,430,254	2,770,709,993	2,565,426,297	1,495,430,254	2,770,709,993	2,565,426,297
Capital commitment	-	-	-	-	-	-
Lease Commitment	-	-	-	-	-	-
Litigation	-	-	-	-	-	-
Total	9,826,132,077	9,775,905,008	8,173,961,444	9,826,132,077	9,775,905,008	8,173,961,444

4.28.1 Contingent liabilities

	Group			Bank		
	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016
Acceptance and documentary credit	-	-	-	-	-	-
Bills for collection	165,207,457	31,809,662	70,949,306	165,207,457	31,809,662	70,949,306
Forward exchange contracts	-	-	597,856,000	-	-	597,856,000
Guarantees	145,955,449	551,768,352	420,030,470	145,955,449	551,768,352	420,030,470
Underwriting commitment	-	-	-	-	-	-
Other commitments	8,019,538,918	6,421,617,000	4,519,699,371	8,019,538,918	6,421,617,000	4,519,699,371
Total	8,330,701,823	7,005,195,014	5,608,535,147	8,330,701,823	7,005,195,014	5,608,535,147

4.28.2 Undrawn and undisbursed facilities

	Group			Bank		
	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016
Undisbursed amount of loans	-	-	-	-	-	-
Undrawn limits of overdrafts	-	-	-	-	-	-
Undrawn limits of credit cards	-	-	-	-	-	-
Undrawn limits of letter of credit	90,685,671	722,885,939	723,315,947	90,685,671	722,885,939	723,315,947
Undrawn limits of guarantee	1,404,744,583	2,047,824,055	1,842,110,350	1,404,744,583	2,047,824,055	1,842,110,350
Total	1,495,430,254	2,770,709,993	2,565,426,297	1,495,430,254	2,770,709,993	2,565,426,297

4.28.3 Capital commitments

Capital expenditure approved by relevant authority of the bank but provision has not been made in financial statements

	Group			Bank		
	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016
Capital commitments in relation to Property and Equipment						
Approved and contracted for	-	-	-	-	-	-
Approved but not contracted for	-	-	-	-	-	-
Sub total	-	-	-	-	-	-
Capital commitments in relation to Intangible assets						
Approved and contracted for	-	-	-	-	-	-
Approved but not contracted for	-	-	-	-	-	-
Sub total	-	-	-	-	-	-
Total	-	-	-	-	-	-

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4.28.4 Lease commitments

	As at	Group	As at	Bank		
	16 July 2018	As at 15 July 2017	16 July 2016	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016
Operating lease commitments	-	-	-	-	-	-
Future minimum lease payments under non cancellable operating lease, where the bank is lessee						
Not later than 1 year	-	-	-	-	-	-
Later than 1 year but not later than 5 years	-	-	-	-	-	-
Later than 5 years	-	-	-	-	-	-
Sub total	-	-	-	-	-	-
Finance lease commitments						
Future minimum lease payments under non cancellable operating lease, where the bank is lessee						
Not later than 1 year	-	-	-	-	-	-
Later than 1 year but not later than 5 years	-	-	-	-	-	-
Later than 5 years	-	-	-	-	-	-
Sub total	-	-	-	-	-	-
Grand total	-	-	-	-	-	-

4.28.5 Litigation

The Bank has received assessment order from Large Taxpayers' Office (LTO) on the income tax return filed under self-assessment for the financial year 2059/60 to 2071/72. The Bank had appealed against assessments received from tax office in Revenue Tribunal. Further, the bank has appealed against the order of Revenue Tribunal in certain aspects to Supreme Court of Nepal.

For the tax assessments from 2065/66 to 2070/71 received from the tax office, the Bank has appealed in the Administrative Review. Pending decision, no provisions have been made against these additional demands and disclosed as contingent liabilities under Note 4.28 of Financial Statements.

The Bank has filed tax returns to the LTO up to the financial years 2074/75 under self-assessment procedures.

Financial year	Case pending at	Tax Payable determined by the Tax Office	Tax deductible determined by the Revenue Tribunal	Net tax payable
FY 2059/60	Supreme Court	40,154,866	-	40,154,866
FY 2060/61	Supreme Court	409,489,278	390,198,432	19,290,846
FY 2061/62	Supreme Court	821,594,031	759,571,388	62,022,643
FY 2062/63	Supreme Court	221,515,009	214,224,264	7,290,746
FY 2063/64	Supreme Court	426,024,658	338,535,663	87,488,995
FY 2064/65	Supreme Court	148,611,610	84,235,109	64,376,501
FY 2065/66	Supreme Court	537,808,899	478,073,854	59,735,045
FY 2066/67	Administrative Review	682,662,120	590,856,483	91,805,637
FY 2067/68	Administrative Review	311,560,379	233,182,946	78,377,433
FY 2068/69	Administrative Review	523,483,701	398,043,925	125,439,776
FY 2069/70	Administrative Review	649,453,255	546,836,153	102,617,102
FY 2070/71	Administrative Review	385,783,898	-	385,783,898
FY 2071/72	Administrative Review	737,438,854	335,089,776	402,349,078
Total		5,157,577,005	3,088,878,139	1,526,732,565

4.29 Interest income

	Group		Bank	
	Year Ended 16 July 2018	Year Ended 15 July 2017	Year Ended 16 July 2018	Year Ended 15 July 2017
Cash and cash equivalent	66,427,146	57,034,493	66,427,146	57,034,493
Due from Nepal Rastra Bank	-	-	-	-
Placement with bank and financial institutions	10,476,731	44,059,421	-	38,529,395
Loan and advances to bank and financial institutions	-	-	-	-
Loans and advances to customers	10,875,043,409	8,477,796,687	10,883,480,807	8,479,112,002
Investment securities	1,020,489,029	494,459,211	1,020,489,029	494,459,211
Loan and advances to staff	126,739,166	135,542,116	126,739,166	135,542,116
Other	523,101	16,100,435	523,101	16,100,435
Total interest income	12,099,698,581	9,224,992,362	12,097,659,249	9,220,777,652

Rastriya Banijya Bank Limited

Notes forming part of the financial statements

4.30 Interest expense

	Group		Bank	
	Year Ended 16 July 2018	Year Ended 15 July 2017	Year Ended 16 July 2018	Year Ended 15 July 2017
Due to bank and financial institutions	-	-	-	-
Due to Nepal Rastra Bank	-	-	-	-
Deposits from customers	2,966,084,138	1,882,056,869	2,974,521,536	1,883,372,184
Borrowing	3,609,863	25,533,753	3,609,863	25,533,753
Debt securities issued	-	-	-	-
Subordinated liabilities	-	-	-	-
Other	5,503,790	582,889	5,298,653	582,889
Total interest expense	2,975,197,792	1,908,173,510	2,983,430,052	1,909,488,825

4.31 Fees and Commission Income

	Group		Bank	
	Year Ended 16 July 2018	Year Ended 15 July 2017	Year Ended 16 July 2018	Year Ended 15 July 2017
Loan administration fees	12,206,032	14,136,553	12,206,032	14,136,553
Service fees	96,851,244	102,618,811	96,851,244	102,618,811
Consortium fees	-	-	-	-
Commitment fees	989,987	-	989,987	-
DD/TT/Swift fees	29,648,698	27,911,027	29,648,698	27,911,027
Credit card/ATM issuance and renewal fees	184,717,696	224,368,487	184,717,696	224,368,487
Prepayment and swap fees	-	-	-	-
Investment banking fees	1,345,955	-	-	-
Asset management fees	-	-	-	-
Brokerage fees	-	-	-	-
Remittance fees	2,137,325	4,714,019	2,137,325	4,714,019
Commission on letter of credit	12,076,552	7,686,304	12,076,552	7,686,304
Commission on guarantee contracts issued	45,935,829	54,427,483	45,935,829	54,427,483
Commission on share underwriting/issue	790,875	-	-	-
Locker rental	3,242,909	2,540,600	3,242,909	2,540,600
Other fees and commission income	846,025,929	703,426,097	846,013,879	703,936,097
Total fees and Commission Income	1,235,969,031	1,141,829,382	1,233,820,151	1,142,339,382

4.32 Fees and commission expense

	Group		Bank	
	Year Ended 16 July 2018	Year Ended 15 July 2017	Year Ended 16 July 2018	Year Ended 15 July 2017
ATM management fees	-	-	-	-
VISA/Master card fees	-	-	-	-
Guarantee commission	120,742,685	112,289,504	120,742,685	112,289,504
Brokerage	-	-	-	-
DD/TT/Swift fees	-	-	-	-
Remittance fees and commission	13,361,108	11,052,360	13,361,108	11,052,360
Other fees and commission expense	50,433,875	63,903,472	49,604,580	63,903,472
Total fees and Commission Expense	184,537,668	187,245,337	183,708,373	187,245,337

Payouts on account of fee and commission for services obtained by the bank are presented under this account head. This account head includes card related fees, guarantee commission, brokerage expenses etc.

4.33 Net trading income

	Group		Bank	
	Year Ended 16 July 2018	Year Ended 15 July 2017	Year Ended 16 July 2018	Year Ended 15 July 2017
Changes in fair value of trading assets	-	-	-	-
Gain/loss on disposal of trading assets	-	-	-	-
Interest income on trading assets	-	-	-	-
Dividend income on trading assets	-	-	-	-
Gain/loss foreign exchange transaction	58,901,135	131,806,174	58,901,135	131,806,174
Other	-	-	-	-
Net trading income	58,901,135	131,806,174	58,901,135	131,806,174

Trading income comprises gains less losses relating to trading assets and liabilities, and includes all realized interest, dividend and foreign exchange differences as well as unrealized changes in fair value of trading assets and liabilities are presented under this account head. Foreign exchange transactions results include gains and losses from spot and forward contracts and translated foreign currency assets and liabilities.

Rastriya Banijya Bank Limited
Notes forming part of the financial statements

4.34 Other operating income

	Group		Bank	
	Year Ended 16 July 2018	Year Ended 15 July 2017	Year Ended 16 July 2018	Year Ended 15 July 2017
Foreign exchange revaluation gain	(27,644,568)	(75,086,855)	(27,644,568)	(75,086,855)
Gain/loss on sale of investment securities	-	-	-	-
Fair value gain/loss on investment properties	-	-	-	-
Dividend on equity instruments	529,624	4,517,949	529,624	4,517,949
Gain/loss on sale of property and equipment	367,742	(1,623,428)	367,742	(1,623,428)
Gain/loss on sale of investment property	-	-	-	-
Operating lease income	-	-	-	-
Gain/loss on sale of gold and silver	-	-	-	-
Locker rent	-	-	-	-
Other	2,756,355	4,094,867	2,756,355	4,094,867
Total	(23,990,846)	(68,097,467)	(23,990,846)	(68,097,467)

Receipt of all other operating income not specifically provided under the income heads from 4. to 4. above are booked and presented under this head. This include foreign exchange revaluation gain, gain/loss on sale of available for sale securities, dividend on available for sale securities, gain/loss on sale of property and equipment, gain/loss on sale of investment properties, operating lease income, gain/loss on sale of gold and silver, locker rental income etc.

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

	Group		Bank	
	Year Ended 16 July 2018	Year Ended 15 July 2017	Year Ended 16 July 2018	Year Ended 15 July 2017
Impairment charge/(reversal) on				
loan and advances to B/FIs	4,600,997	6,824,400	4,600,997	6,824,400
loan and advances to customer financial Investment	1,328,044,007	570,778,836	1,328,044,007	570,778,836
placement with banks and financial institutions	(38,653,975)	16,445,139	(38,653,975)	16,445,139
property and equipment	-	-	-	-
goodwill and intangible assets	-	-	-	-
investment properties	(936,212)	-	(936,212)	-
Total	1,293,054,816	594,048,374	1,293,054,816	594,048,374

4.36 Personnel Expense

	Group		Bank	
	Year Ended 16 July 2018	Year Ended 15 July 2017	Year Ended 16 July 2018	Year Ended 15 July 2017
Salary	799,728,395	870,830,127	793,721,498	869,099,205
Allowances	549,985,543	602,610,033	548,404,974	602,205,522
Gratuity and Pension expense	638,353,190	333,650,497	638,353,190	333,650,497
Provident fund	76,596,925	83,882,480	76,596,925	83,882,480
Uniform	29,723,080	31,753,780	29,723,080	31,753,780
Training & development expense	28,187,969	27,757,705	28,187,969	27,757,705
Leave encashment	216,864,702	143,272,195	216,864,702	143,272,195
Medical	159,743,145	166,792,364	159,743,145	166,792,364
Insurance	1,748,882	8,747,635	1,748,882	8,747,635
Employees incentive	-	-	-	-
Cash-settled share-based payments	-	-	-	-
Pension expense	-	-	-	-
Finance expense under NFRS	126,739,166	135,542,116	126,739,166	135,542,116
Other expenses related to staff	251,779,651	247,323,295	251,779,651	247,323,295
Subtotal	2,879,450,649	2,652,162,228	2,871,863,183	2,650,026,795
Employees bonus	260,583,006	317,354,891	260,583,006	317,354,891
Grand total	3,140,033,654	2,969,517,119	3,132,446,188	2,967,381,686

Provision for staff bonus is a mandatory requirement under the requirement of the Bonus Act, 2030. The Provision for staff bonus has been computed as 5 percent of profit before bonus and taxes.

All expenses related to employees of a bank has been included under this head. Expenses covered under this head include employees' salary, allowances, pension, gratuity, contribution to provident fund, training expenses, uniform expenses, insurance, staff bonus, finance expense under NFRS, cash-settled share-based payments etc. Staff Loans are fair valued using the market rates.

4.36.1 Gratuity and Pension Expenses

	Group		Bank	
	Year Ended 16 July 2018	Year Ended 15 July 2017	Year Ended 16 July 2018	Year Ended 15 July 2017
Gratuity and Pension	551,112,507	267,148,220	551,112,507	267,148,220
Endowment Insurance Fund	87,240,683	66,502,278	87,240,683	66,502,278
Grand Total	638,353,190	333,650,497	638,353,190	333,650,497

Rastriya Banijya Bank Limited
Notes forming part of the financial statements

4.36.1 Other Expenses related to Employees

	Group		Bank	
	Year Ended 16 July 2018	Year Ended 15 July 2017	Year Ended 16 July 2018	Year Ended 15 July 2017
Welfare Provident fund	125,234,083	126,885,868	-	126,885,868
Overtime	4,373,143	4,928,455	4,373,143	4,928,455
Dashain expenses	93,618,358	98,289,910	93,618,358	98,289,910
Employees Loan and others Waivers	2,429,333	1,940,153	2,429,333	1,940,153
Miscellaneous	26,124,735	15,278,909	26,124,735	15,278,909
Grand Total	251,779,651	247,323,295	251,779,651	247,323,295

4.37 Other operating expense

	Group		Bank	
	Year Ended 16 July 2018	Year Ended 15 July 2017	Year Ended 16 July 2018	Year Ended 15 July 2017
Directors' fee	4,427,590	3,507,495	4,307,690	3,375,115
Directors' expense	1,309,793	1,422,415	1,280,728	1,422,415
Auditors' remuneration	3,641,088	3,855,560	3,473,000	3,776,460
Other audit related expense	270,885	23,235	237,167	23,235
Professional and legal expense	23,979,495	19,185,156	23,979,495	19,185,156
Office administration expense	515,741,883	485,608,894	513,454,723	484,735,138
Operating lease expense	163,349,645	142,794,175	163,349,645	142,794,175
Operating expense of investment properties	-	-	-	-
Corporate social responsibility expense	3,733,043	2,425,235	3,733,043	2,425,235
Onerous lease provisions	-	-	-	-
Other	70,643,075	64,240,801	69,699,573	64,136,519
Total	787,096,497	723,062,967	783,515,064	721,873,449

All operating expense other than those relating to personnel expense are recognized and presented under this account head. The expenses covered under this account head includes office administration expense, other operating and overhead expense, directors' emoluments, remuneration and non audit fee paid to auditors, professional and legal expense, branch closure cost expense, redundancy cost expense, expense of restructuring, impairment of non financial assets, expense of corporate social responsibility, onerous lease provisions etc. No individual operating lease has terms and conditions that significantly affect the amount, timing and certainty of the consolidated cash flows of the Group

4.37.1 Office administration expense

Office Administration Expense comprises the following items:

	Group		Bank	
	Year Ended 16 July 2018	Year Ended 15 July 2017	Year Ended 16 July 2018	Year Ended 15 July 2017
Electricity and Water	46,962,565	43,686,974	46,948,704	43,686,974
Repair & Maintenance			-	-
a. Building	2,200,137	6,113,953	2,200,137	6,113,953
b. Vehicle	7,052,128	7,217,944	7,052,128	7,217,944
c. Others	15,497,560	16,483,029	15,453,831	16,483,029
Insurance	22,750,862	18,681,974	22,749,048	18,654,378
Postage, Telex, Telephone, Fax	42,071,249	55,807,204	42,005,801	55,785,159
Office Equipment, Furniture and Repair	8,921,516	9,469,482	8,921,516	9,469,482
Travelling Allowance and Expenses	39,647,383	31,967,832	39,647,383	31,967,832
Stationary and Printing	64,196,010	53,686,589	63,563,076	53,686,589
Periodicals and Books	2,821,244	2,725,902	2,805,744	2,725,902
Advertisements	18,169,173	14,450,183	17,902,172	14,331,439
Entertainment	6,282,163	5,880,257	6,274,323	5,880,257
Amortisation	168,132	6,961,277	168,132	6,961,277
Security Expenses	120,650,770	112,006,113	120,650,770	112,006,113
Fuel & Lubricants	37,918,007	36,298,889	37,813,456	36,298,889
Rates & Taxes	11,550,525	8,867,590	11,550,525	8,867,590
Reward	1,524,500	721,600	1,524,500	721,600
Membership & Subscription	3,211,425	2,271,890	2,361,425	1,746,890
Cleaning Expenses	39,052,524	30,332,208	38,935,814	30,332,208
Local Conveyance Transportation	6,537,893	6,271,882	6,537,893	6,271,882
Service Charges	18,413,654	15,525,754	18,388,344	15,525,754
Total	515,599,421	485,428,523	513,454,723	484,735,138

Rastriya Banija Bank Limited

Notes forming part of the financial statements

4.37.1 Other

Other comprises the following items:

	Group		Bank	
	Year Ended 16 July 2018	Year Ended 15 July 2017	Year Ended 16 July 2018	Year Ended 15 July 2017
Annual General Meeting Expenses	852,811	494,437	697,893	494,437
Loan Recovery Expenses	3,516,026	4,826,640	3,516,026	4,826,640
Recruitment Expenses	51,828,189	46,207,986	51,828,189	46,207,986
Others	15,664,703	12,711,737	13,657,464	12,607,455
Total	71,861,728	64,240,800	69,699,571	64,136,518

4.38 Depreciation & Amortisation

	Group		Bank	
	Year Ended 16 July 2018	Year Ended 15 July 2017	Year Ended 16 July 2018	Year Ended 15 July 2017
Depreciation on property and equipment	247,736,984	107,919,452	246,666,168	107,238,637
Depreciation on investment property	-	-	-	-
Amortisation of intangible assets	6,039,680	3,831,393	5,995,857	3,831,393
Total	253,776,664	111,750,845	252,662,025	111,070,030

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life. Amortization is the systematic allocation of the depreciable amount of an intangible asset over its useful life. Depreciation measured and recognized as per NFRS on property and equipment, and investment properties, and amortization of intangible assets is presented under this account head.

4.39 Non operating income

	Group		Bank	
	Year Ended 16 July 2018	Year Ended 15 July 2017	Year Ended 16 July 2018	Year Ended 15 July 2017
Recovery of loan written off	203,909,702	238,364,534	203,909,702	238,364,534
Other income	18,756,547	-	18,756,547	-
Total	222,666,250	238,364,534	222,666,250	238,364,534

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

4.40 Non operating expense

	Group		Bank	
	Year Ended 16 July 2018	Year Ended 15 July 2017	Year Ended 16 July 2018	Year Ended 15 July 2017
Loan written off	-	-	-	-
Redundancy provision	9,162,315	21,856,707	9,162,315	21,856,707
Expense of restructuring	-	-	-	-
Other expense	-	121,571	-	121,571
Total	9,162,315	21,978,278	9,162,315	21,978,278

The expenses that have no direct relationship with the operation of transactions are presented under this head. The expense covered under this account head includes loan written off, recovery of loan, redundancy provision, expense of restructuring etc.

4.41 Income tax expense

	Group		Bank	
	Year Ended 16 July 2018	Year Ended 15 July 2017	Year Ended 16 July 2018	Year Ended 15 July 2017
Current tax expense				
Current year	1,309,258,699	895,221,985	1,309,258,699	894,917,707
Adjustments for prior years	1,146,451,229	(1,660,784)	1,146,451,229	(1,660,784)
Deferred tax expense				
Origination and reversal of temporary differences	(1,163,899,996)	355,134,020	(1,163,899,996)	355,134,020
Changes in tax rate	-	-	-	-
Recognition of previously unrecognised tax losses	-	-	-	-
Total income tax expense	1,291,809,932	1,248,695,221	1,291,809,932	1,248,390,943

The amount of income tax on net taxable profit is recognized and presented under this account head. This account head includes current tax expense and deferred tax expense/deferred tax income.

4.41.1: Reconciliation of tax expense and accounting profit

	Group		Bank	
	Year Ended 16 July 2018	Year Ended 15 July 2017	Year Ended 16 July 2018	Year Ended 15 July 2017
Profit before tax	4,951,077,106	4,152,104,296	4,951,077,106	4,152,104,296
Tax amount at tax rate of 30%	1,485,323,132	1,245,631,289	1,485,323,132	1,245,631,289
Add: Tax effect of expenses that are not deductible for tax purpose	(2,518,213,069)	43,540,443	(2,518,213,069)	43,540,443
Less: Tax effect on exempt income	(426,548,537)	(25,168,552)	(426,548,537)	(25,168,552)
Add/less: Tax effect on other items	-	-	-	-
Total income tax expense	(1,459,438,474)	1,264,003,180	(1,459,438,474)	1,264,003,180
Effective tax rate	-29%	30%	-29%	30%

Rastriya Banijya Bank Limited

Statement of distributable profit or loss

For the year ended 32 Asar 2075 (As per NRB Regulation)

	As at 16 July 2018	As at 15 July 2017
Net profit or (loss) as per statement of profit or loss	3,659,267,174	2,903,713,353
<u>Appropriations:</u>		
a. General reserve	731,853,435	555,261,762
b. Foreign exchange fluctuation fund		
c. Capital redemption reserve		
d. Corporate social responsibility fund	36,592,672	27,763,088
e. Employees' training fund	47,246,571	58,857,137
f. Other		
Investment Adjustment Reserves	55,740,990	
 <u>Profit or (loss) before regulatory adjustment</u>	 <u>2,835,080,078</u>	 <u>2,320,688,502</u>
<u>Regulatory adjustment :</u>		
a. Interest receivable (-)/previous accrued interest received (+)	(3,797,102,667)	
b. Short loan loss provision in accounts (-)/reversal (+)		
c. Short provision for possible losses on investment (-)/reversal (+)	-	
d. Short loan loss provision on Non Banking Assets (-)/reversal (+)	(57,270,561)	
e. Deferred tax assets recognised (-)/ reversal (+)	(1,102,284,913)	
f. Goodwill recognised (-)/ impairment of Goodwill (+)		
g. Bargain purchase gain recognised (-)/reversal (+)	-	
h. Actuarial loss recognised (-)/reversal (+)	(4,662,691,958)	
i. Other (+/-)	-	
 <u>Distributable profit or (loss)</u>	 <u>(6,784,270,021)</u>	



...तपाईंको आफ्नै बैंक

राष्ट्रिय वाणिज्य बैंक लिमिटेड

आ.व. २०७४/०७५ को
लेखा नीति तथा लेखा सम्बन्धी महत्वपूर्ण टिप्पणीहरू

1. Reporting Entity

RastriyaBanijya Bank Limited (“the Bank”), the commercial bank majorly held by Government of Nepal (99.97%); was established on 10 Magh2022 (23 January 1966) under the RastriyaBanijya Bank Act, 2021. The bank was re-registered as a public limited company on 6 Baishakh 2063 (19 May 2006) under the Companies Act, 2063 with its registered and central office in Kathmandu.

The Bank operates commercial banking activities as Class “Ka” financial institution under the license from Nepal Rastra Bank. The operations of the branch were carried out this year from the various 204 Branches, 5 Regional Offices in Nepal.

Erstwhile N.I.D.C. Development Bank Limited (NIDC), a financial institution with Class “B” license, having its registered office in Kathmandu, operating from the various 6 branches at different locations in Nepal, Kathmandu was merged with the Bank transferring all of its assets and liabilities. The combined bank commenced joint operation with effect from 19 Baishakh 2075 (2 May 2018).

1.1. Subsidiary

RBB Merchant Banking Limited is a wholly owned subsidiary company of the Bank which was incorporated on 15 Magh 2072 (29 January 2016), as a public limited company under the Companies Act 2063. The subsidiary holds license to provide merchant banking and investment banking services under the Merchant Banking Regulations, 2065. The financial statements of the subsidiary was considered for preparing the consolidated financial statements of the Bank.

Everest Food Limited, is another subsidiary of the Bank, but not considered for preparing the consolidated financial statements of the Bank as it was defunct since a long period and its financial statements were not available.

1.2. “The group” represents the Bank and RBB Merchant Banking Limited.

2. Basis of Preparation

2.1 Statement of Compliance

The financial statements were prepared on an accrual basis of accounting in accordance with Nepal Financial Reporting Standards (NFRS) read along with the approved carve-outs and in the format as per Directive No. 4 of NRB Directives, 2075. Historical cost convention was used for financial statement recognition and measurement except otherwise required by NFRS. Where, other method(s), other than historical costs, such as fair value has been applied, these have been disclosed in accordance with the applicable reporting framework. The adoption of NFRS for preparation of financial statements was brought in effect from fiscal year 2074/75.

The amounts of financial statements were presented in Nepalese Rupees (NPR) being the functional currency of the Bank. The figures were rounded to the nearest rupee except where indicated otherwise.

The financial statements comprise the Statement of Financial Position, Statement of Profit or Loss, Statement of Other Comprehensive Income, the Statement of Changes in Equity, the Statement of Cash Flows and the Notes to the Accounts.

2.2 Reporting period and approval of financial statements

The following dates were considered for the relevant financial statement in terms of first time adoption.

Opening NFRS SFP* date	1 Shrawan 2073 (16 July 2016)
Comparative SFP* Date	31 Ashad 2074 (15 July 2017)
Comparative reporting period	1 Shrawan 2073 – 31 Ashad 2074 (16 July 2016 – 15 July 2017)
First NFRS SFP* Date	32 Ashad 2075 (16 July 2018)
First NFRS reporting period	1 Shrawan 2074 – 32 Ashad 2075 (16 July 2017 – 16 July 2018)

*SFP- Statement of Financial Position

The approval of financial statements of the Bank along with the accompanied notes to the financial statements were adopted by the Board of Directors in its 2245th meeting held on 14 January 2019 and the Board acknowledges the responsibility of preparation of the financial statements. The approved financial statements have been recommended for approval of the shareholders in the 13th annual general meeting of the Bank.

2.3 Use of Estimates, Assumptions and Judgments

The Bank, under NFRS, is required to apply accounting policies to most appropriately suit its circumstances and

operating environment. Further, the Bank is required to make judgments in respect of items where the choice of specific policy, accounting estimate or assumption to be followed could materially affect the financial statements. This may later be determined that a different choice could have been more appropriate. It is also required to make estimates and assumptions that will affect the assets, liabilities, disclosure of contingent assets and liabilities, and profit or loss as reported in the financial statements. The Bank applies estimates in preparing and presenting the financial statements and such estimates and underlying assumptions are reviewed periodically. The revision to accounting estimates are recognized in the period in which the estimates are revised, and are applied prospectively.

The accounting policies as explained in Section 3 herein were consistently applied to all the years presented except otherwise stated. They were further included in the relevant notes for each item of the financial statements, and the effect and nature of the changes, if any, were disclosed. The accounting estimates were appropriately disclosed in the relevant sections of the Notes wherever the estimates have been applied along with the nature and effect of changes of accounting estimates, if any.

The accounting policies are to be applied consistently. Changes in accounting policies, if any, are to be disclosed with the financial impact to the extent possible. When policies are not guided by the reporting framework, NFRS, other reporting standards and generally accepted accounting principles are to be followed.

2.3.1 Going Concern

The financial statements were prepared on a going concern basis as the Bank has adequate resources to continue in business for the foreseeable future. In making this assessment, a wide range of information was considered, which were relevant to present and future conditions, including future projections of profitability, cash flows and capital resources.

2.4 Reporting Pronouncements

The Bank has, for the preparation of financial statements, adopted the NFRS pronounced by ASB as effective on September 13, 2013. The NFRS conform, in all material respect, to International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

However, the Institute of Chartered Accountants of Nepal (ICAN) vide its notice dated September 20, 2018 has resolved that Carve-outs in NFRS with Alternative Treatment and effective period shall be provided to the Banks and Financial Institutions regulated by NRB on the specific recommendation of Accounting Standard Board (ASB). Details of carve out provided are as follows.

2.4.1 NFRS 10: Consolidated Financial Statements

In para 19 of NFRS 10, a parent shall prepare consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances unless it is impracticable to do so.

The carve out is optional and has been provided for the FY 2017-18 to 2019-20. Accordingly, the bank has opted the carve out. Accordingly, Bank's investment in RBB Merchant Banking Limited, a 100% owned subsidiary, has been consolidated.

2.4.2 NAS 17: Lease

In para 33, lease payments under an operating lease shall be recognized as an expense on a straight-line basis over the lease term unless either:

- (a) Another systematic basis is more representative of the time pattern of the user's benefit even if the payments to the lessors are not on that basis; or
- (b) The payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. If payments to the lessor vary because of factors other than general inflation, then this condition is not met.

The carve out is optional and provided for FY 2017-18 only. Accordingly, the bank has opted the carve out. Bank operates its branches and ATMs in number of leased facilities under operating lease agreements. The payments to the lessors are structured to increase in line with the general inflation to compensate for the lessor's expected inflationary cost increases.

2.4.3 NAS 34: Interim Financial Reporting

In para 2, if an entity's interim financial report is described as complying with NFRSs, it must comply with all of the requirements of this Standard. Paragraph 19 requires certain disclosures in that regard. However, an entity shall not require to restate its corresponding previous interim period balance if it is impracticable to restate.

The carve out is optional and has been provided for the FY 2017-18 and 2018-19. Accordingly, the bank has opted the carve out. Bank will avail this option to report the comparative figures in the interim financial statements for the non-availability of NFRS information for the previous periods.

2.4.4 NAS 39: Financial Instruments: Recognition and Measurement

a) Impairment

In para 58, an entity shall assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets measured at amortized cost is impaired. If any such evidence exists, the entity shall apply paragraph 63 to determine the amount of any impairment loss unless the entity is bank or financial institutions registered as per Bank and Financial Institutions Act, 2073. Such entities shall measure impairment loss on loan and advances as the higher of amount derived as per norms prescribed by Nepal Rastra Bank for loan loss provision and amount determined as per paragraph 63; and shall apply paragraph 63 to measure the impairment loss on financial assets other than loan and advances. The entity shall disclose the impairment loss as per this carve-out and the amount of impairment loss determined as per paragraph 63.

The carve out is not optional and has been provided for the FY 2017-18 to 2019-20. Bank will measure the impairment of loan and advances to customers as higher of the impairment as assessed under NFRS or as per the norms prescribed by Nepal Rastra Bank. The provision is mandatory where impairment under NFRS and impairment under NRB norms has been disclosed for comparison and the higher of the two is charged as impairment and recognized in the financial statements.

b) Impracticability to determine transaction cost of all previous years which is the part of effective interest rate

In para 9, The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received, unless it is immaterial or impracticable to determine reliably, between parties to the contract that are an integral part of the effective interest rate (see NAS 18 Revenue), transaction costs and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to estimate reliably the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

The carve out is optional and has been provided for the FY 2017-18 and 2018-19. Accordingly, the bank has opted the carve out.

c) Impracticability to determine interest income on amortized cost

In para AG 93, once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is thereafter recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Interest income shall be calculated by applying effective interest rate to the gross carrying amount of a financial asset unless the financial asset is written off either partially or fully.

The carve out is optional and has been provided for the FY 2017-18 and 2018-19. Accordingly, the bank has opted the carve out.

2.5 New Standards in issue but not yet effective

For the reporting of financial instruments, NAS 32 Financial Instruments, Presentation, NAS 39 Financial Instruments Recognition and Measurements and NFRS 7 Financial Instruments – Disclosures have been applied. NFRS 9 has been complied for the classification of Financial Instruments.

A number of new standards and amendments to the existing standards and interpretations have been issued by IASB after the pronouncements of NFRS with varying effective dates. Those become applicable when ASB Nepal incorporates them within NFRS.

2.6 New Standards and Interpretations Not adapted

The following amendments are not mandatory for 2018 and have not been early adopted by the group. The Bank is still currently assessing the detailed impact of these amendments –

2.6.1 IFRS 9 'Financial Instruments'-Impairment

IFRS 9 'Financial Instruments' was issued by the IASB in July 2014 and effective internationally for the financials beginning on or after 1 January 2018. Accounting Standard Board of Nepal endorsed NFRS 9 Financial Instruments with some exceptions, mainly in the Impairment. Currently, Incurred Loss Model as specified in NAS 39 is used. The requirement of IFRS 9 is Expected Credit Loss Model.

Expected Credit Loss Model (ECL) of Impairment

The Expected Credit Loss (ECL) model is a forward-looking model. The ECL estimates are unbiased,

probability-weighted, and include supportable information about past events, current conditions, and forecasts of future economic conditions.

Under the general approach, IFRS 9 recognizes three stage approach to measure expected credit losses and recognized interest income.

Stage 1: 12-month ECL – No significantly increased credit risk Financial instruments that have not had a significant increase in credit risk since initial recognition require, at initial recognition a provision for ECL associated with the probability of default events occurring within the next 12 months (12-month ECL). For those financial assets with a remaining maturity of less than 12 months, a Probability of Default (PD) is used that corresponds to the remaining maturity. Interest will be calculated on the gross carrying amount of the financial asset before adjusting for ECL

Stage 2: Lifetime ECL – Significantly increased credit risk in the event of a significant increase in credit risk since initial recognition, a provision is required for the lifetime ECL representing losses over the life of the financial instrument (lifetime ECL).

Interest income will continue to be recognised on a gross basis.

Stage 3: Lifetime ECL – Defaulted Financial instruments that move into Stage 3 once credit impaired and purchases of credit impaired assets will require a lifetime provision. Interest income will be calculated based on the gross carrying amount of the financial asset less ECL

The management is still assessing the potential impact on its financial statements, if Expected Credit Loss (ECL) model is introduced.

2.6.2 IFRS-15: Revenue From Contract With Customers:

The IASB issued a new standard for revenue recognition which overhauls the existing revenue recognition standards. The standard requires the following five step model framework to be followed for revenue recognition:

Identification of the contracts with the customer

Identification of the performance obligations in the contract

Determination of the transaction price

Allocation of the transaction price to the performance obligations in the contract (as identified in step ii)

Recognition of revenue when the entity satisfies a performance obligation.

The new standard would be effective for annual periods starting from 1 January 2018 and early application is allowed. The management is assessing the potential impact on its financial statements resulting from application of IFRS 15.

IFRS 15 Revenue from contract with customers has not yet been adopted by the Accounting Standard Board of Nepal.

2.6.3 IFRS 16 'Leases'

IFRS 16 'Leases' is effective for annual periods beginning on or after 1 January 2019. IFRS 16 is the new accounting standard for leases and will replace IAS 17 'Leases' and IFRIC 4 'Determining whether an Arrangement contains a Lease'. The new standard removes the distinction between operating or finance leases for lessee accounting, resulting in all leases being treated as finance leases. All leases will be recognized on the statement of financial position with the optional exceptions for short-term leases with a lease term of less than 12 months and leases of low-value assets (for example mobile phones or laptops). A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. The main reason for this change is that this approach will result in a more comparable representation of a lessee's assets and liabilities in relation to other companies and, together with enhanced disclosures, will provide greater transparency of a lessee's financial leverage and capital employed. The standard permits a lessee to choose either a full retrospective or a modified retrospective transition approach.

IFRS 16 Leases has not yet been adopted by the Accounting Standard Board of Nepal.

2.7 Discounting

Discounting has been applied where assets and liabilities are non-current and the impact of the discounting is material.

2.8 Limitation of NFRS implementation

Wherever the information is not adequately available and the cost to develop the same would exceed the benefit derived, such exception to NFRS implementation has been noted and disclosed in respective sections.

3. Significant Accounting Policies

3.1 Basis of Measurement

The financial statements are prepared on a historical cost basis except for the following items which were measured or recognized as stated:

- 1) financial assets and liabilities are measured at fair value at its initial recognition. Subsequent recognition of FVTOCI and FVTPL financial instruments are measured at fair value.
- 2) liabilities for defined benefit obligations are recognized at the present value of the defined benefit obligation after deducting the net of the plan assets, plus unrecognized actuarial gains, less unrecognized past service cost and unrecognized actuarial losses.

3.2 Basis of Consolidation

a. Business Combination

The assets and liabilities from business combination with the acquisition of NIDC were accounted for using the pooling of interest method as at the acquisition date when control was transferred to the Bank.

As both the erstwhile entities of RBB and NIDC were under common control of the government, the assets and liabilities of the combined entity were accounted using the existing book values of pre merged entities. No bargain purchase gain / goodwill was recognised as a result of the merger. Any difference between the book values was reflected within equity.

b. Non-Controlling Interest (NCI)

For each business combination, the Bank elects to measure any non-controlling interests in the acquiree either at fair value; or at their proportionate share of the acquiree's identifiable net assets, which are generally at fair value.

Changes in the Bank's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. No adjustments are made to goodwill and no gain or loss is recognised in profit or loss.

The Bank does not have any NCI as on reporting date.

c. Subsidiaries

Subsidiaries are the entities controlled by the Bank. The Bank controls an entity if it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Financial Statements of subsidiaries are included in the Consolidated Financial Statements from the date that control commences until the date that control ceases.

The Bank reassesses whether it has control if there are changes to one or more of the elements of control. In preparing the consolidated financial statements, the financial statements are combined line by line by adding the like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiary. The carrying amount of the parent's investment in subsidiary and the parent's portion of equity of subsidiary are eliminated in full. All intra group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (such as interest income and technical fee) are eliminated in full while preparing the consolidated financial statements.

d. Loss of Control

Upon the loss of control, the Bank derecognizes the assets and liabilities of the subsidiary, carrying amount of non-controlling interests and the cumulative translation differences recorded in equity related to the subsidiary. Further parent's share of components previously recognized in Other Comprehensive Income (OCI) is reclassified to profit or loss or retained earnings as appropriate. Any surplus or deficit arising on the loss of control is recognized in the profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or in accordance with the Group's accounting policy for financial instruments depending on the level of influence retained

e. Transaction Elimination on Consolidation

All intra-group balances and transactions, and any unrealized income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment

3.3 Cash and Cash equivalent

Cash and cash equivalents include notes and coins on hand and highly liquid financial assets with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value and are used by the Bank in the management of its short-term commitments. Cash and cash equivalents are carried at amortised cost in the statement of financial position.

3.4 Financial Assets and Financial Liabilities

3.4.1 Recognition

The Bank initially recognizes a financial asset or a financial liability in its statement of financial position when, and only when, it becomes party to the contractual provisions of the instrument. The Bank initially recognizes loans and advances, deposits and debt securities/ subordinated liabilities issued on the date that they are originated which is the date that the Bank becomes party to the contractual provisions of the instruments. Investments in equity instruments, bonds, debenture, Government securities, NRB bond or deposit auction, reverse repos, outright purchase are recognized on trade date at which the Bank commits to purchase/ acquire the financial assets. Regular way purchase and sale of financial assets are recognized on trade date at which the Bank commits to purchase or sell the asset.

3.4.2 Classification

Financial Assets

The Bank classifies the financial assets as subsequently measured at amortized cost or fair value on the basis of the Bank's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The two classes of financial assets are as follows;

- a) Financial assets measured at amortized cost: a financial asset is measured at amortized cost if the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and if the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- b) Financial assets measured at fair value: a financial asset other than those measured at amortized cost are measured at fair value. They are further classified into two categories as below:
 - Financial assets are measured at fair value through profit or loss if they are held for trading or are designated at fair value through profit or loss. Upon initial recognition, transaction cost are directly attributable to the acquisition are recognized in profit or loss as incurred. Such assets are subsequently measured at fair value and changes in fair value are recognized in Statement of Profit or Loss.
 - Financial assets are measured at fair value through other comprehensive income if the investment in an equity instrument that is not held for trading and at the initial recognition, the Bank makes an irrevocable election that the subsequent changes in fair value of the instrument is to be recognized in other comprehensive income are classified as financial assets at fair value through other comprehensive income. Such assets are subsequently measured at fair value and changes in fair value are recognized in other comprehensive income.

Financial Liabilities

The Bank classifies its financial liabilities, other than financial guarantees and loan commitments, as follows:

- Financial Liabilities at Fair Value through Profit or Loss: Financial liabilities are classified at fair value through profit or loss if they are held for trading or are designated at fair value through profit or loss. Upon initial recognition, transaction cost are directly attributable to the acquisition are recognized in Statement of Profit or Loss as incurred. Subsequent changes in fair value is recognized at profit or loss
- Financial Liabilities measured at amortised cost: Financial liabilities other than those measured at fair value through profit or loss are classified as subsequently measured at amortized cost using effective interest method.

3.4.3 Measurement

Initial Measurement

A financial asset or financial liability is measured initially at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. Transaction cost in relation to financial assets and liabilities at fair value through profit or loss are

recognized in Statement of Profit or Loss.

Subsequent Measurement

A financial asset or financial liability is subsequently measured either at fair value or at amortized cost based on the classification of the financial asset or liability. Financial asset or liability classified as measured at amortized cost is subsequently measured at amortized cost using effective interest rate method.

The amortized cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility.

Financial assets classified at fair value are subsequently measured at fair value. The subsequent changes in fair value of financial assets at fair value through profit or loss are recognized in Statement of Profit or Loss whereas of financial assets at fair value through other comprehensive income are recognized in other comprehensive income.

3.4.4 De-recognition

De-recognition of Financial Assets

The Bank derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Bank neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset.

On de-recognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred) and the consideration received (including any new asset obtained less any new liability assumed) shall be recognized in profit and loss account.

In transactions in which the Bank neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset and it retains control over the asset, the Bank continues to recognize the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

De-recognition of Financial Liabilities

A financial liability is derecognized when the obligation under the liability is discharged or canceled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognized in Statement of Profit or Loss.

3.4.5 Determination of Fair Value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date. The fair value of a liability reflects its non-performance risk. The fair values are determined according to the following hierarchy:

Level 1 fair value measurements are those derived from unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 valuations are those with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.

Level 3 portfolios are those where at least one input, which could have a significant effect on the instrument's valuation, is not based on observable market data.

When available, the Bank measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis. If a market for a financial instrument is not active, the Bank establishes fair value using a valuation technique. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analyses.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price – i.e. the fair value of the consideration given or received. However, in some cases, the fair value of a financial

instrument on initial recognition may be different to its transaction price. If such fair value is evidenced by comparison with other observable current market transactions in the same instrument (without modification) or based on a valuation technique whose variables include only data from observable markets, then the difference is recognized in profit or loss on initial recognition of the instrument. In other cases the difference is not recognized in profit or loss immediately but is recognized over the life of the instrument on an appropriate basis or when the instrument is redeemed, transferred or sold, or the fair value becomes observable.

All unquoted equity instruments are recorded at average of price determined as per Capitalised Earning Method and Net Assets Value per share. Entities of which no data is whatsoever available, valuation has been done at cost net of impairment if any.

3.4.6 Impairment

At each reporting date the Bank assesses whether there is any indication that an asset may have been impaired. If such indication exists, the recoverable amount is determined. A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events occurring after the initial recognition of the asset (a loss event), and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The Bank considers the following factors in assessing objective evidence of impairment:

- Whether the counterparty is in default of principal or interest payments.
- When a counterparty files for bankruptcy and this would avoid or delay discharge of its obligation.
- Where the Bank initiates legal recourse of recovery in respect of a credit obligation of the counterpart.
- Where the Bank consents to a restructuring of the obligation, resulting in a diminished financial obligation, demonstrated by a material forgiveness of debt or postponement of scheduled payments.
- Where there is observable data indicating that there is a measurable decrease in the estimated future cash flows of a group of financial assets, although the decrease cannot yet be identified with specific individual financial assets.

The Bank considers evidence of impairment for loans and advances and amortised cost investment securities at both a specific asset and collective level. All individually significant loans and advances and amortised cost investment securities are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified.

Loans and advances and amortised cost investment securities that are not individually significant are collectively assessed for impairment by grouping together loans and advances and amortised cost investment securities with similar risk characteristics. Impairment test is done on annual basis for trade receivables and other financial assets based on the internal and external indication observed.

For calculation of collective impairment as per paragraph 63 of NAS 39, the average provision percentage of the related sector is applied to the total amortized value of assets. The average provision used is the provision as prescribed by NRB in excess of 1%. Such rate as derived is considered as default rate for the purpose of collective impairment.

a) Impairment losses on assets measured at amortised cost

As per NAS 39

Financial assets carried at amortised cost (such as amounts due from Banks, loans and advances to customers as well as held-to-maturity investments) is impaired, and impairment losses are recognized, only if there is objective evidence as a result of one or more events that occurred after the initial recognition of the asset. The amount of the loss is measured as the difference between the asset's carrying amount and the deemed recoverable value of loan.

Loans and advances to customers with significant value (More than NPR 10 Crore and borrowers classified as Non Performing as per Nepal Rastra Bank Directive) are assessed for individual impairment test. The recoverable value of loan is estimated on the basis of realizable value of collateral and the conduct of the borrower/past experience of the bank. Assets that are individually assessed and for which no impairment exists are grouped with financial assets with similar credit risk characteristics and collectively assessed for impairment. The credit risk statistics for each group of the loan and advances are determined by management prudently being based on the past experience. For the purpose of collective assessment of impairment, the assets

are categorized in to the following sixteen broad categories:

- 1 Agricultural and Forest Related
- 2 Fishery Related
- 3 Mining Related
- 4 Agriculture, Forestry & Beverage Production Related
- 5 Non-food Production Related
- 6 Construction
- 7 Power, Gas and Water
- 8 Metal Products, Machinery & Electronic Equipment & Assemblage
- 9 Transport, Communication and Public Utilities
- 10 Wholesaler & Retailer
- 11 Finance, Insurance and Real Estate
- 12 Hotel or Restaurant
- 13 Other Services
- 14 Consumption Loans
- 15 Local Government
- 16 Others

If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the income statement. If a future write-off is later recovered, the recovery is credited to the 'Income Statement'.

As per Loan Loss Provision of Nepal Rastra Bank

Loan loss provisions in respect of non-performing loans and advances are based on management's assessment of the degree of impairment of the loans and advances, subject to the minimum provisioning level prescribed in relevant NRB guidelines. Provision is made for possible losses on loans and advances including bills purchased at 1% to 100% on the basis of classification of loans and advances, overdraft and bills purchased in accordance with NRB directives.

Policies Adopted

As per the NFRS Carve out, the Bank measured impairment loss on loan and advances as the higher of amount derived as per norms prescribed by Nepal Rastra Bank for loan loss provision and amount determined as per paragraph 63 of NAS 39.

3.5 Trading Assets and Liabilities

Trading assets and liabilities are those assets and liabilities that the Bank acquires or incurs principally for the purpose of selling or repurchasing in the near term, or holds as part of a portfolio that is managed together for short-term profit or position taking. They are initially recognized at fair value and subsequently measured at fair value in the statement of financial position, with transaction costs recognized in profit or loss. All changes in fair value are recognized as part of net trading income in profit or loss as regarded as fair value through profit & loss account.

3.6 Derivatives Assets and Derivative Liabilities

Derivatives held for risk management purposes include all derivative assets and liabilities that are not classified as trading assets or liabilities. Derivatives held for risk management purposes are measured at fair value in the statement of financial position. Hedge accounting is not adopted for certain derivatives held for risk management such as Forward Exchange Contracts.

3.7 Property and Equipment

a. Recognition and Measurement

The cost of an item of property and equipment shall be recognized as an asset, initially recognized at cost, if, and only if it is probable that future economic benefits associated with the item will flow to the entity; and if the cost of the item can be measured reliably.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Bank has an obligation to remove the asset or restore the site, an estimate of the costs of

dismantling and removing the items and restoring the site on which they are located; and

- Capitalized borrowing costs.

The Bank adopts cost model for entire class of property and equipment. Neither, class of the property and equipment are measured at revaluation model nor is their fair value measured at the reporting date. Any revaluation reserve acquired from the merger accounted for using pooling of interest method are shown at the carrying amount. The items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

Subsequent expenditure is capitalized if it is probable that the future economic benefits from the expenditure will flow to the Bank. Ongoing repairs and maintenance to keep the assets in working condition are expensed as incurred. Any gain or loss on disposal of an item of property and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized within other income in profit or loss.

b. Capital Work in Progress

Fixed assets under construction and cost of assets not ready for use are shown as capital work in progress.

c. Depreciation

Straight line method of depreciation on fixed assets is applied to allocate their cost to their residual values over their estimated useful life as per management judgment, as follows:

Class of assets	Previous depreciation / amortization rate/useful life	Revised useful life	Residual Value
Computer	25%	up to 5 Years	1%
Furniture and Fixtures	25%	up to 5 Years	2%
Office Equipment	25%	up to 5 years	1%
Vehicle	20%	up to 7 Years	5%
Building	5%	up to 50 Years	10%
Leasehold	Lower of 5 Years or Lease Period	Lower of 15 Years or Lease Period	0
Software	5 years or expiry period whichever is lower	5 years or expiry period whichever is lower	0

Assets costing less than Rs2,000 are fully charged to profit loss account in the year of purchase.

Effect of Change in Depreciation Method in Existing Assets:

During the fiscal year, the Bank has changed its method of depreciation from the Written-down Method (WDV) into Straight Line method based on useful life of the assets and detailed disclosures has been provided under notes 5.22 in disclosure. Depreciation method, useful lives and residual value are reviewed at each reporting date and adjusted, if any.

d. De-recognition

The carrying amount of Property and Equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the de-recognition of an item of property and equipment is included in profit or loss when the item is derecognized (unless on a sale & lease back). The gain shall be classified as revenue.

3.8 Intangible Assets

Acquired Intangible Assets

Intangible assets are initially measured at fair value, which reflects market expectations of the probability that the future economic benefits embodied in the asset will flow to the Bank, and are amortized on the basis of their expected useful lives.

Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with the development of software are capitalized where it is probable that it will generate future economic benefits in excess of its cost. Computer software costs are amortized on the basis of expected useful life. Costs associated with maintaining software are recognized as an expense as incurred.

At each reporting date, these assets are assessed for indicators of impairment. In the event that an asset's carrying amount is determined to be greater than its recoverable amount, the asset is written down immediately. Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.9 Investment Property/Non-Current Assets Held for Sale

Investment Property

Investment properties includes land or land and buildings other than those classified as property and equipment and non-current assets held for sale. Generally, it includes land, land and building acquired by the Bank as non-banking assets but not sold as on the reporting date.

The Bank holds investment property that has been acquired through enforcement of security over the loans and advances.

Non-Current Assets Held for Sale

Non-current assets (such as property) and disposal groups (including both the assets and liabilities of the disposal groups) are classified as held for sale and measured at the lower of their carrying amount and fair value less cost to sell when: (i) their carrying amounts will be recovered principally through sale; (ii) they are FVTOCI in their present condition; and (iii) their sale is highly probable.

Immediately before the initial classification as held for sale, the carrying amounts of the assets (or assets and liabilities in a disposal group) are measured in accordance with the applicable accounting policies described above.

3.10 Income Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to items recognised directly in equity or in other comprehensive income.

a. Current Tax

Current tax is the expected tax payable or recoverable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

b. Deferred Tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred income tax is determined using tax rate applicable to the Bank as at the reporting date which is expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized where it is probable that future taxable profit will be available against which the temporary differences can be utilized.

3.11 Deposits, debts securities issued and subordinated liabilities

a. Deposits

The Bank accepts deposits from its customers under savings account, current account, term deposits and margin accounts which allows money to be deposited and withdrawn by the account holder. These transactions are recorded on the bank's books, and the resulting balance is recorded as a liability for the Bank and represents the amount owed by the Bank to the customer.

b. Debt Securities Issued

Deposits, debt securities issued and subordinated liabilities are initially measured at fair value minus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method, except where the Group designates liabilities at fair value through profit or loss.

c. Subordinated Liabilities

Subordinated liabilities are those liabilities which at the event of winding up are subordinate to the claims of depositors, debt securities issued and other creditors. The bank does not have any of such subordinated liabilities.

3.12 Provisions

The Bank recognizes a provision if, as a result of past event, the Bank has a present constructive or legal obligation that can be reliability measured and it is probable that an outflow of economic benefit will be required to settle

the obligation.

A disclosure for contingent liability is made when there is a possible obligation or a present obligation that may but probably will not require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

A provision for onerous contract is recognized when the expected benefits to be derived by the Bank from a contract are lower than the unavoidable cost of meeting its obligation under the contract.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed. Contingent assets are not recognized in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognized in the period in which the change occurs.

3.13 Revenue Recognition

Revenue is the gross inflow of economic benefits during the period arising from the course of the ordinary activities of an entity when those inflows result in increases in equity, other than increases relating to contributions from equity participants. Revenue is recognized to the extent it is probable that the economic benefits will flow to the Bank and the revenue can be reliably measured. Revenue is not recognized during the period in which its recoverability of income is not probable. The Bank's revenue comprises of interest income, fees and commission, foreign exchange income, cards income, remittance income, bancassurance commission, etc. and the bases of incomes recognition are as follows:

a. Interest Income

Interest income on FVTOCI assets and financial assets held at amortised cost shall be recognized using the bank's normal interest rate which is very close to effective interest rate using effective interest rate method.

For income from loans and advances to customers, initial charges are not amortised over the life of the loan and advances as the income so recognized closely approximates the income that would have been derived under effective interest rate method. The difference is not considered material. The Bank considers that the cost of exact calculation of effective interest rate method exceeds the benefit that would be derived from such compliance.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Gains and losses arising from changes in the fair value of financial instruments held at fair value through profit or loss are included in the statement of profit or loss in the period in which they arise. Contractual interest income and expense on financial instruments held at fair value through profit or loss is recognized within net interest income.

b. Fees & Commission

Fees and commissions are recognized on an accrual basis when the service has been provided or significant act performed whenever the benefit exceeds cost in determining such value. Whenever, the cost of recognizing fees and commissions on an accrual basis exceeds the benefit in determining such value, the fees and commissions are charged off during the year.

c. Dividend Income

Dividend income are recognized when right to receive such dividend is established. Usually this is the ex-dividend date for equity securities. Dividends are presented in net trading income, net income from other financial instruments at fair value through profit or loss or other revenue based on the underlying classification of the equity investment.

d. Net Trading Income

Net trading income comprises gains less losses related to trading assets and liabilities, and includes all realised and unrealised fair value changes, interest, dividends and foreign exchange differences.

e. **Net Income from other financial instrument at fair value through Profit or Loss**

Net income from other financial instruments at fair value through profit or loss relates to non-trading derivatives held for risk management purposes that do not form part of qualifying hedge relationships and financial assets and liabilities designated at fair value through profit or loss. It includes all realised and unrealised fair value changes, interest, dividends and foreign exchange differences.

3.14 Interest expense

Interest expense on all financial liabilities including deposits are recognized in profit or loss using effective interest rate method. Interest expense on all trading liabilities are considered to be incidental to the Bank's trading operations and are presented together with all other changes in fair value of trading assets and liabilities in net trading income.

3.15 Employees Benefits

a. **Short Term Employee Benefits**

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is also recognized for the amount expected to be paid under bonus required by the Bonus Act, 2030 to pay the amount as a result of past service provided by the employee and the obligation can be estimated reliably under short term employee benefits. The Bank provides bonus at 8% of Net Profit before tax. The Bank is a wholly owned enterprise of Government of Nepal. The percentage of bonus which is to be distributed by the Government owned enterprises has been determined by the Government of Nepal at 8%.

Short-term employee benefits include all the following items (if payable within 12 months after the end of the reporting period):

- wages, salaries and social security contributions,
- paid annual leave and paid sick leave,
- profit-sharing and bonuses and
- non-monetary benefits

b. **Post-Employment Benefits**

Post-employment benefit plan includes the followings;

i. **Defined Contribution Plan**

A defined contribution plan is a post-employment benefit plan under which the Bank pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as personnel expenses in profit or loss in the periods during which related services are rendered.

Contributions to a defined contribution plan that are due more than 12 months after the end of the reporting period in which the employees render the service are discounted to their present value.

All employees of the Bank are entitled to receive benefits under the provident fund, a defined contribution plan, in which both the employee and the Bank contribute monthly at a pre-determined rate of 10% of the basic salary. The Bank does not assume any future liability for provident fund benefits other than its annual contribution.

ii. **Defined Benefit plan**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Bank's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted.

The Bank recognises all actuarial gains and losses net of deferred tax arising from defined benefit plans immediately in other comprehensive income and all expenses related to defined benefit plans in employee benefit expense in profit or loss.

The Bank recognises gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment or settlement comprises any resulting change in the fair value of plan assets, any change in the present value of the defined benefit obligation, any related actuarial gains and losses and any past service cost that had not previously been recognised.

iii. **Termination Benefits**

Termination benefits are recognised as an expense when the Bank is demonstrably committed, without

realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Bank has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

3.16 Leases

Lease payments under an operating lease shall be recognized as an expense on a straight-line basis over the lease term unless either:

- (a) Another systematic basis is more representative of the time pattern of the user's benefit even if the payments to the lessors are not on that basis; or
- (b) The payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. If payments to the lessor vary because of factors other than general inflation, then this condition is not met.

Majority of lease agreements entered by the Banks are with the clause of normal increment of 5%-10% p.a. which the management assumes are in line with the lessor's expected inflationary cost increases.

3.17 Foreign Currency Translation

The financial statements are presented in Nepalese Rupees (NPR).

Transactions in foreign currencies are initially recorded at the functional currency rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange at the statement of financial position date.

Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss.

Non-monetary assets and liabilities are translated at historical exchange rates if held at historical cost, or year-end exchange rates if held at fair value, and the resulting foreign exchange gains and losses are recognized in either the statement of profit or loss or shareholders' equity depending on the treatment of the gain or loss on the asset or liability.

3.18 Financial guarantee and loan commitment

Financial guarantees are contracts that require the Bank to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of agreement.

Loan commitments are firm commitments to provide credit under pre-specified terms and conditions. Loan commitment is the commitment where the Bank has confirmed its intention to provide funds to a customer or on behalf of a customer in the form of loans, overdrafts, future guarantees, whether cancellable or not, or letters of credit and the Bank has not made payments at the reporting date, those instruments are included in these financial statement as commitments.

3.19 Share Capital and Reserves

The Bank classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. Equity is defined as residual interest in total assets of the Bank after deducting all its liabilities. Common shares are classified as equity of the Bank and distributions thereon are presented in statement of changes in equity.

Dividends on ordinary shares and preference shares classified as equity are recognized in equity in the period in which they are declared.

Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments considering the tax benefits achieved thereon.

The reserves include retained earnings and other statutory reserves such as general reserve, bond redemption reserve, foreign exchange equalization reserve, regulatory reserve etc.

Regulatory reserve includes any amount derived as result of NFRS convergence with effect in retained earning computed as per NRB Directive No. 4.

3.20 Earnings per share including diluted

The Bank presents basic and diluted earnings per share (EPS) data for its ordinary shares. The basic EPS is

calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3.21 Segment Reporting

The Bank’s segmental reporting is in accordance with NFRS 8 Operating Segments. Operating segments are reported in a manner consistent with the internal reporting provided to the bank’s management committee, which is responsible for allocating resources and assessing performance of the operating segments. Bank has no practice of accounting intra segment revenue or expenses. Geographical segments are considered for the purpose of segment reporting. Income and expenses directly associated with each segment are included in determining business segment performance

5. Disclosures and Additional Information

5.1 Risk Management

Risk Management structure of the Bank has set clear separation between Businesses function and risk management function. Accordingly, the Bank has set up a separate Risk Management and Credit Monitoring Department (RMCMD) headed by Chief Risk Officer (CRO) who is also the department chief. The RMCMD oversees global, macro, micro and departmental level risk that arise out of daily business operation as well as on periodic basis and are put to the oversight of Senior Management, Risk Management Committee and the Board to discuss the reports thereon and issue instructions as appropriate. The RMCMD also develops the mechanism for assessing and reviewing its risk management policies, processes and procedures for individual risk elements, at a regular interval, based on the main findings of the monitoring reports and the results of analysis of developments from external market changes and other environmental factors.

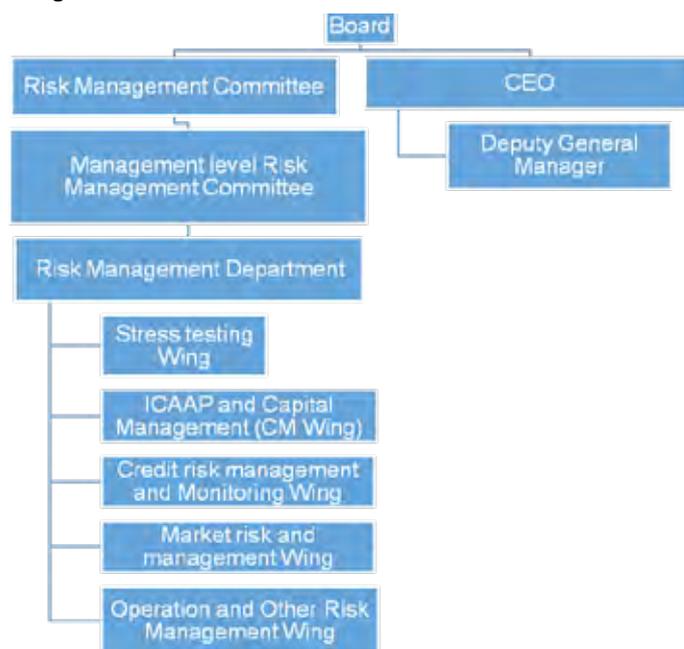


Figure: Risk Management - Structure

i. Risk Management Committee

Board of Directors is the apex and supreme authority of the Bank and is responsible to frame and implement robust policies and framework for effective compliance of regulation and direction issued by the regulatory authority. BOD ensures the strategies, policies and procedure is in accordance with the risk appetite/tolerance limit for effective management of risk within the Bank. The board understands the nature of risk of the bank, and periodically reviews reports on risk management, including policies and standards, stress testing, liquidity and capital adequacy through the reporting by the Risk Management Committee and the Asset- Liabilities Management Committee.

Pursuant to the NRB directive on corporate governance, the Bank has established Risk Management Committee with well-defined terms of reference in line the NRB directive. At least four quarterly meeting is conducted on annual basis however number of meeting can be increased as per the

requirement. The committee supervises overall risk management of the Bank broadly classified as liquidity risk, market risk, operational risk, credit risk and residual risk.

ii. Risk Governance

Bank has prepared and implemented policies and procedures to mitigate the risk at enterprises level arising to the bank and has inculcated risk culture among the employees by establishing ownership mentality, capacity building programs, well defined job responsibilities and inhabiting good ethical culture.

Through its Risk Management Framework, the Bank seeks to efficiently manage credit, market and liquidity risks which arise directly through the Bank's commercial activities as well as operational, regulatory and reputational risks which arise as a normal consequence of any business undertaking.

The Risk Management Committee is responsible for the establishment of, and compliance with, policies relating to management risk, supply risk, production risk, demand risk and collection risk.

The Assets and Liabilities Committee is responsible for the management of capital and establishment of, and compliance with, policies relating to balance sheet management, including management of liquidity, capital adequacy and structural foreign exchange and interest rate exposure and tax exposure.

The bank's risk governance structure is such that the responsibility for maintaining risk within the banks risk blanket is cascaded down from the Board to the appropriate functional, client business, senior management and committees. Information regarding material risk issues and compliance with policies and standards is communicated through the business, functional, senior management and committees.

iii. Risk Management Policy Guidelines

Risk management Policy guidelines 2016 has been designed in compliance to Nepal Rastra Bank's Risk Management Guidelines, 2010 in order to provide a framework for ensuring setting up of systematic Risk Management function at RastriyaBanijya Bank. "Risk Management Policy Guidelines, 2016" will play a vital role in laying a foundation stone towards identification, measurement, monitoring and control of all the major risks that the bank is exposed. Besides, the bank aims that these policy guidelines will go a long way in embedding a "calculated risk taking culture" in the organization. "Risk Management Policy Guidelines, 2016" of the bank shall provide guidance for designing the Risk Management Process of RastriyaBanijya Bank and the same shall include policies, standards, methodologies, procedures and limits for the implementation of the process. "Risk Management Policy Guidelines, 2016" will be in harmony with the ICAAP Policy of the bank and the same shall set a foundation stone for the adoption of the advanced approaches to identification, measurement, monitoring and control of risks that the bank is exposed.

iv. Internal Control

The Board is responsible for ensuring the Bank has appropriate internal control framework in place that supports the achievement of the strategies and objectives. The various functions of the Bank should be looked upon with a view to establish a proper control mechanism is in place during expansion and growth which enables it to maximize profitable business opportunities, avoid or reduce risks which can cause loss or reputational damage, ensure compliance with applicable laws and regulations and enhance resilience to external events.

The Board has set policies and procedures of risk identification, risk evaluation, risk mitigation and control/monitoring, in line with the NRB directives has effectively implemented the same at the Bank.

The effectiveness of the Company's internal control system is reviewed regularly by the Board, its Committees, Management and Internal Audit department.

The Internal Audit monitors compliance with policies/standards and the effectiveness of internal control structures across the Bank through regular audit, special audit, information system audit, Off Site review, AML/CFT/KYC audit, ISO audit as well as Risk based Internal Audit (RBIA) approach. The audits observations are reported to the Chief Executive Officer and Business Heads for initiating immediate corrective measures. Internal Audit reports are periodically forwarded to the Audit Committee for review and the committee issues appropriate corrective action in accordance with the issue involved to the respective department, regional offices or branches.

v. Risk Identified and its mitigation

■ Credit Risk

Credit risk is the probability of loss of principle and reward associated with it due to failure of counterparty to meet its contractual obligations to pay the Bank in accordance with agreed terms. The Credit Risk Monitoring and Reporting Framework/ have been prepared in order to mitigate/minimize the credit risk of the Bank through appropriate monitoring and reporting framework established within the Bank.

Bank has implemented various System/ Policies/ Procedures/ Guidelines for the effective management of Credit Risk. For the purpose of assessment of credit risk of the bank, following activities were carried out:

- Current system/policies/procedures/guidelines formulated were gone through;
- Actual Exposure of credit limit product wise, segment wise were checked against Risk Appetite, tolerance limit mentioned in Respective Product Paper Guidelines, Credit Policy and Risk Management Policy;
- Review of various reports prepared by the Departments such as Monitoring Report, Loan Overdue Report, Loan Report, NRB reports and risk assessment reports.

Credit Risk Management is ultimately the responsibility of the Board of Directors hence Overall strategy as well as significant policies has to be reviewed by the board regularly. Further, Senior Management is responsible for implementing the bank's credit risk management strategies and policies and ensuring that procedures are put in place to manage and control credit risk and the quality of credit portfolio in accordance with these policies.

Bank has following framework in place for the management of credit risk:

- Board of Directors of the Bank has approved renewal in Credit Policy and Credit Risk Management Policy.
- The Board of Directors has approved various product papers which need to be approved by the Board of Directors as per regulatory requirement.
- The Board level Risk Management Committee reviews various credit risks reported by the management and recommends the Board for management of identified credit risk.
- Management Level Risk Management department reviews the credit risks as reported by the department and recommends the related risk areas.
- Risk Management Department, supervised by Chief Risk Officer (CRO) or Department head has been formed for the overall Risk Management function of the Bank..
- Loan Recovery Department directly manages accounts with sustained deterioration along with all collection related activities.

Following major policies and procedural guidelines has been reviewed/approved and implemented to manage the Credit Risk.

- Credit Policy
- Agriculture Credit Manual
- Deprived Sector Loan Manual
- Internal Credit Risk Rating Guidelines
- Risk Management Policy Guidelines
- LRDR Loan Recovery Karyebidhi
- Collateral Security Valuation Bylaw
- Loan Write off Bylaw
- Credit Related Product Papers
- Various Credit related country circulars

Further, the Bank has following Departments in place which are responsible for performing prescribed activities related to credit. Primary responsibility for management of credit risk lies with the respective departments. These Departments are also responsible to perform the activities as per existing

internal control system established in line with the prescribed policies, guidelines and procedures for management of credit risk.

- Corporate Banking Department
- Institutional and SME Department
- Infrastructure and Consortium Department
- Agriculture and Social Banking Department
- Loan Recovery and Debt Restructuring Department
- Risk Management and Credit Monitoring Department

All the above departments report to the Chief Executive Officer directly as prescribed by the Organizational Structure of the Bank developed by the Board of Directors except in case of Risk Management and Credit Monitoring Department which reports to the Risk Management Committee through Department Head.

i. Maximum exposure to credit risk

The bank has financial assets consisting mainly of loans & advances and investments at amortized cost. In these cases, the maximum exposure to credit risk is the carrying amount of the related financial assets.

ii. Credit quality of neither past due nor impaired and past due or impaired

The table below shows the credit quality by class of asset for all financial assets exposed to credit risk, based on the Bank's internal credit rating system.

NPR in million

Particulars	Neither past due nor impaired	Past due less 90 days	Past due 91 to 180 days	Past due More than 180 days	Individually impaired	Total
Financial Assets						
Assets carried at Amortised Cost						
Cash and cash equivalent	28,333	-	-	-	-	28,333
Due from Nepal Rastra Bank	9,645	-	-	-	-	9,645
Placement with Bank and Financial Institutions	-	-	-	-	-	-
Loans and advances	16,576	-	18,735	38,361	47,789	121,460
Fair Value through Profit and Loss (FVTPL)						
Derivative financial instruments.	-	-	-	-	-	-
Fair Value through Other						
Comprehensive Income (FVTOCI)						
Investment securities	24,470	-	-	-	-	24,470
Investment in subsidiaries	200	-	-	-	-	200
Total						

Operational Risk

Operational Risk is defined as the risk of potential loss resulting from inadequate or failed internal processes, people and systems or from the impact of external events, including legal risks for the bank. Operational Risk is pervasive across all the functions of the Bank and is influenced by all resources, including human resource, systems and procedural designs, deployed by the Bank to carry out those functions. Operational Risk can be caused by both internal and external sources such as fraud, business interruptions, system failures, damage to physical infrastructure, failure in execution and service delivery, inherent risks in products, customers, inadequacy in procedures or flawed process designs, and business practices. The risk can occur in any business function or the business supporting functions.

The Bank is committed to be governed with a strong culture of risk management and ethical business practices and therefore to averse it from potentially damaging operational risk

events and is in a sound position to deal effectively with those events that do occur. The actions of the board and senior management, and policies, processes and systems provide the foundation for a sound risk management culture

Bank seek to minimize our exposure to operational risk by use of key control standards, key control self-assessments and key risk indicators as toolkits to identify, assess, monitor and control operational risk events through timely acknowledgement of emerging threats and underlying vulnerabilities. The Bank shall also ensure highest level of governance standards and adherence to Code of Conduct and robust compliance to all regulatory as well as the Bank's internal policy, procedures and guidelines.

Effective policies, procedural guidelines and standard operating procedure are crucial tools for sound risk management. Therefore, adequacy and effectiveness of the policies and procedures and their effective implementation is closely monitored by the department to ensure that they have continuing relevance in line with regulatory requirement and adjusts to dynamic risk environment of the industry.

Following major existing Policies/ guiding documents having close bearing with management of operation risk has been reviewed/approved and implemented:

- ❖ CARD and ATM Operational Manual
- ❖ eBanking Operational Manual
- ❖ Paybill Operational Manual
- ❖ Branch Operational Manual
- ❖ ICT Policy and Guidelines
- ❖ Risk Management Policy Guidelines

■ Market Risk & Liquidity Risk

Market risk refers to the risk to a bank resulting from movements in market prices, in particular, changes in interest rates, foreign exchange rates, and equity and commodity prices. Market risk is defined as the risk of losses in on and off-balance sheet positions arising from movements in market prices. The risks subject to this requirement are:

- a. **Interest Rate Risk:** Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.
- b. **Currency Risk:** Foreign exchange risk is the potential for the Bank to experience volatility in the value of its assets, liabilities and solvency and to suffer actual financial losses as a result of changes in value between the currencies of its assets and liabilities and its reporting currency.
- c. **Equity Price Risk:** Equity price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in equity prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or by factors affecting all similar financial instruments traded in the market.

The major sources of market risk for the bank are interest rate risk, exchange rate risk and liquidity risk. Bank has an Assets Liability Committee and Investment Management Committee which meets regularly to identify and manage these risks as per the laid down policies and procedures. Treasury Back Office (TBO) and risk units regularly assess and monitor the financial position and transaction of the Bank. TBO analyzed the net open position on a daily basis to mitigate all possible risk associated to foreign currency. Foreign Currency Assets and Liabilities are reported on weekly basis and ensured that the net position is within the tolerable limit (up to 30% of Core Capital). ALCO on regular interval evaluates the sensitivity of asset and liability towards interest rate. Further interest sensitivity analysis is conducted to act as a tool to mitigate possible interest rate risk. Movement of Bank's interest yield, cost and spread is calculated and analyzed on daily basis to identify, assess and mitigate possible risk exposure.

In order to evaluate the liquidity position, Bank has been calculating and evaluating liquidity ratio on daily basis. Major inflows/outflows having impact on the liquidity is monitored on daily basis. Transactions which have material impact on the liquidity position of the Bank are communicated without any delay to relevant department that manages fund. Sources and utilization of the fund are monitored on daily basis. Also regulatory limit of credit deposit position is also monitored and circulated to all concerned units on daily basis.

The following table depicts the maturity profile of the investment portfolio on a undiscounted cash flow basis which is designed and managed to meet the required level of liquidity as and when liquidity outgo arises taking into consideration the time horizon of the financial liabilities of the business.

Amount in NPR Million

Particulars	Less than 3 month	3 to 6 months	6 to 1 year	More than 1 year	Total
Assets					
Cash and cash equivalent	28,333	-	-	-	28,333
Due from Nepal Rastra Bank	9,645	-	-	-	9,645
Placement with Bank and Financial Institutions	-	-	-	-	-
Derivative financial instruments.	-	-	-	-	-
Other trading assets	-	-	-	-	-
Loans and advances	16,576	18,735	38,361	47,789	121,460
Investment Securities	24,470	-	-	-	24,470
Investment in subsidiaries	200	-	-	-	200
Investment in associates	230	-	-	-	230
Other assets	12,933	-	-	-	12,933
Total	92,448	18,735	38,361	47,789	197,332
Liabilities					
Due to Bank and Financial Institutions	5,292	-	-	-	5,292
Due to Nepal Rastra Bank	93	-	-	-	93
Derivative financial instruments	-	-	-	-	-
Deposits from customers	41,075	27,280	39,017	56,838	164,210
Borrowing	171	-	-	-	171
Other liabilities	8,495	-	-	-	8,495
Debt securities issued	-	-	-	0	0
Total	55,126	7,018	30,983	97,307	178,261

5.2 Capital Management

5.2.1 Qualitative disclosures

The Bank has formulated and implemented the “Internal Capital Adequacy Assessment Process 2017” (ICAAP 2017) which has been approved by the Board of Directors. The ICAAP 2017 is a system of sound, effective, and complete strategies and processes that allow the Bank to assess and maintain, ongoing basis, the amounts, types and distribution of internal capital that the Bank considers adequate to cover the nature and level of risk to which the Bank is or might be exposed to.

The Bank maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of the Nepal Rastra Bank. The adequacy of the Bank’s capital is monitored using, among other measures, the rules and ratios established by the Basel Committee and adopted by the Nepal Rastra Bank.

The Bank’s policy is to maintain a strong capital base to maintain investor, creditor and market confidence and sustain the future development of the business.

The Bank has complied with Capital Adequacy requirement of the Nepal Rastra Bank.

The Bank’s regulatory capital consists of the following elements

Tier 1 Capital or Core Capital, which includes Paid Up Capital, Statutory General Reserves, Capital Redemption Reserve, Retained Earnings and deductions of Deferred Tax Assets, Miscellaneous expenditure not written off, Investment in equity of institutions with financial interests

Tier 2 Capital or Supplementary Capital, which includes General Loan Loss Provision, Exchange Equalization Reserves, Subordinated Term Debt, Investment Adjustment Reserve, Other Reserve

Regulatory minimum paid up capital

Commercial banks were required by the Monetary Policy 2015/16 to attain a stipulated minimum paid up capital of NPR 8 billion by mid-July 2017. As on the reporting date, the Bank’s paid up capital stood at NPR

9 billion (Previous Year 8.58 Billion) and is in compliance the requirement.

5.2.2 Quantitative disclosures

- a) Capital Structure and Capital Adequacy
i. Tier 1 capital and a breakdown of its components

S.N	Particulars	Amount (in Rs million)
a	Paid up Equity Share Capital	9,005
b	Equity Share Premium	-
c	Proposed Bonus Equity Shares	-
d	Statutory General Reserves	7,173
e	Retained Earnings	789
f	Unaudited current year cumulative profit/(loss)	(4,725)
g	Capital Redemption Reserve	-
h	Capital Adjustment Reserve	481
i	Dividend Equalization Reserves	-
j	Other Free Reserve	5
k	Less: Goodwill	-
l	Less: Intangible Assets	(24)
m	Less: Deferred Tax Assets	0
n	Less: Fictitious Assets	-
o	Less: Investment in equity in licensed Financial Institutions	-
p	Less: Investment in equity of institutions with financial interests	(243)
q	Less: Investment in equity of institutions in excess of limits	(96)
r	Less: Investments arising out of underwriting commitments	-
s	Less: Reciprocal crossholdings	-
t	Less: Purchase of land & building in excess of limit and unutilized	-
u	Less: Cash Flow Hedge	-
v	Less: Defined Benefits Pension Assets	-
w	Less: Unrecognized Defined Benefit Pension Liabilities	-
x	Less: Other Deductions	-
	Core (Tier 1 Capital)	12,366

- ii. Tier 2 capital and a breakdown of its components

S.N	Particulars	Amount (in Rs million)
a	Cumulative and/or Redeemable Preference Share	-
b	Subordinated Term Debt	-
c	Hybrid Capital Instruments	-
d	Stock Premium	-
e	General Loan Loss Provision	1,348
f	Exchange Equalization Reserve	97
g	Investment Adjustment Reserve	63
h	Assets Revaluation Reserve	30
i	Other Reserves	59
	Total Supplementary Capital	1,534

The bank has not issued any subordinated term debt.

- iii. Total qualifying capital

S. N.	Particulars	Amount (in Rs. Million)
A	Core Capital	12,366
B	Supplementary Capital	1,534
	Total Qualifying Capital (Total Capital Fund)	13,900

- iv. Capital Adequacy Ratio

S. N.	Particulars	Ratio (%)
A	Core Capital	9.98
B	Supplementary Capital	1.24
	Total Qualifying Capital (Total Capital Fund)	11.22

v. Summary of Bank's internal approach to assess the adequacy of capital to support current and future activities, if applicable

The Bank prepares a long term 5 year's Strategy Plan and to achieve the long term plans the Bank prepares annual Budgets/ Operating/ Tactical plans as stipulated in the Budget Policy and strategy Document of the Bank. To ensure that the Bank's capital adequacy commensurate to demand of the Bank's capital required by the business planning, the Management and the Board prudently and proactively engage on ongoing process of capital and risk assessment, stress testing and scenarios testing, monitoring and reporting as per the ICAAP 2017.

The Bank has also formulated and implemented "Stress Testing Guidelines 2015" in order to assess of the vulnerability of the Bank under various stress situations typically, application of "what if" scenarios, especially in the problematic identification of low frequency but high severity events and identifying expected and unexpected losses. It focuses on capturing the impact of large, but still plausible events and understanding the overall risk profile in a coherent and consistent framework, including impact analysis on earnings, solvency and liquidity.

A formal monitoring and reporting mechanism have been established to provide the senior management necessary information on the risk profile, trends, and the capital requirements as per ICAAP 2017 and Stress Testing Guidelines 2015. Such reports are being prepared on a monthly and quarterly basis and circulated to relevant business units/departments, Integrated Risk Department (IRMD), and tabled in Assets Liability Committee (ALCO) meeting. Further quarterly reports are presented to the Risk Management Committee and the Board for review and discussions.

vi. Summary of the terms, conditions and main features of all capital instruments, especially in case of subordinated term debts including hybrid capital instruments

Ordinary share capital: The Bank has only one class of equity shares having a par value of Rs. 100 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Bank, holder of equity shares will be entitled to receive remaining assets of the Bank after distribution of preferential amount. The distribution will be in proportion to the number of equity shares held by the shareholders.

b) Risk Exposures

i. Risk weighted exposures for Credit Risk, Market Risk and Operational Risk

S.N.	Risk Weighted Exposure	Amount in NPR millions
a	Risk Weighted Exposure for Credit Risk	104,261
b	Risk Weighted Exposure for Operational Risk	11,185
c	Risk Weighted Exposure for Market Risk	251
	Adjustments under Pillar II	
	RWE equivalent to reciprocal of capital charge of 4 % of gross income.	3,530
	Overall risk management policies and procedures are not satisfactory. Add 4% of RWE	4,628
Total Risk Weighted Exposure		123,855

ii. Risk Weighted Exposures under each of 11 categories of Credit Risk

SN	Risk Classification	Amount in NPR millions
a	Claims on Govt. and Central Bank	-
b	Claims on other Financial Entities	-
c	Claims on Banks	484
d	Claims on Corporate and Securities Firm	35,479
e	Claims on Regulatory Retail Portfolio	39,103
f	Claims secured by Residential Properties	5,813
g	Claims secured by Commercial Real State	1,281
h	Past due Claims	1,527
i	High Risk Claims	7,095
j	Other Assets	8,103
k	Off balance sheet items	5,376
TOTAL		104,261

c) Total risk weighted exposure calculation table

Amount in NPR million

A. Balance Sheet Exposure	Gross Book Value (A)	Specific Provision & Valuation Adjustments (B)	Eligible CRM	Net Value (D) (A-B-C)	Risk Weight (E)	Risk Weight Exposure (D * E)
Cash Balance	5,084.38	-	-	5,084.38	0%	-
Balance With Nepal Rastra Bank	9,645.49	-	-	9,645.49	0%	-
Gold	-	-	-	-	0%	-
Investment in Nepalese Government Securities	43,975.35	-	-	43,975.35	0%	-
All Claims on Government of Nepal	9,845.57	-	-	9,845.57	0%	-
Investment in Nepal Rastra Bank securities	-	-	-	-	0%	-
All claims on Nepal Rastra Bank	-	-	-	-	0%	-
Claims on Foreign Government and Central Bank (ECA 0-1)	-	-	-	-	0%	-
Claims on Foreign Government and Central Bank (ECA -2)	-	-	-	-	20%	-
Claims on Foreign Government and Central Bank (ECA -3)	-	-	-	-	50%	-
Claims on Foreign Government and Central Bank (ECA-4-6)	-	-	-	-	100%	-
Claims on Foreign Government and Central Bank (ECA -7)	-	-	-	-	150%	-
Claims On BIS, IMF, ECB, EC and MDB's recognized by the framework	-	-	-	-	0%	-
Claims on Other Multilateral Development Banks	-	-	-	-	100%	-
Claims on Public Sector Entity (ECA 0-1)	-	-	-	-	20%	-
Claims on Public Sector Entity (ECA 2)	-	-	-	-	50%	-
Claims on Public Sector Entity (ECA 3-6)	1,366.73	259.61	-	1,107.12	100%	1,107.12
Claims on Public Sector Entity (ECA 7)	-	-	-	-	150%	-
Claims on domestic banks that meet capital adequacy requirements	1,408.45	-	-	1,408.45	20%	281.69
Claims on domestic banks that do not meet capital adequacy requirements	-	-	-	-	100%	-
Claims on foreign bank (ECA Rating 0-1)	113.62	-	-	113.62	20%	22.72
Claims on foreign bank (ECA Rating 2)	6.98	-	-	6.98	50%	3.49
Claims on foreign bank (ECA Rating 3-6)	245.97	69.61	-	176.36	100%	176.36
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	-	-	-	-	20%	-
Claims on Domestic Corporates	34,372.01	-	-	34,372.01	100%	34,372.01
Claims on Foreign Corporates (ECA 0-1)	-	-	-	-	20%	-
Claims on Foreign Corporates (ECA 2)	-	-	-	-	50%	-
Claims on Foreign Corporates (ECA 3-6)	-	-	-	-	100%	-
Claims on Foreign Corporates (ECA 7)	-	-	-	-	150%	-
Regulatory Retail Portfolio (Not Overdue)	63,752.22	-	11,614.81	52,137.41	75%	39,103.05
Claims fulfilling all criterion of regularity retail except granularity	-	-	-	-	100%	-

A. Balance Sheet Exposure						
	Gross Book Value (A)	Specific Provision & Valuation Adjustments (B)	Eligible CRM	Net Value (D) (A-B-C)	Risk Weight (E)	Risk Weight Exposure (D * E)
Claims secured by residential properties	9,688.80	-	-	9,688.80	60%	5,813.28
Claims not fully secured by residential properties	-	-	-	-	150%	-
Claims secured by residential properties (Overdue)	164.44	164.44	-	-	100%	-
Claims secured by Commercial real estate	1,280.79	-	-	1,280.79	100%	1,280.79
Past due claims (except for claims secured by residential properties)	5,575.33	4,557.50	-	1,017.82	150%	1,526.74
High Risk claims	4,729.80	-	-	4,729.80	150%	7,094.70
Investments in equity and other capital instruments of institutions listed in stock exchange	1,583.84	1,137.61	-	446.23	100%	446.23
Investments in equity and other capital instruments of institutions not listed in the stock exchange	58.95	53.65	-	5.30	150%	7.95
Staff loan secured by residential property	2,944.45	-	-	2,944.45	60%	1,766.67
Interest Receivable/claim on government securities	320.72	-	-	320.72	0%	-
Cash in transit and other cash items in the process of collection	92.68	7.00	-	85.67	20%	17.13
Other Assets (as per attachment)	7,258.40	1,393.06	-	5,865.34	100%	5,865.34
TOTAL (A)	203,514.95	7,642.48	11,614.81	184,257.66		98,885.27

B. Off Balance Sheet Exposure						
	Gross Book Value (A)	Specific Provision & Valuation Adjustments (B)	Eligible CRM	Net Value (D) (A-B-C)	Risk Weight (E)	Risk Weight Exposure (D * E)
Revocable Commitments	-	-	-	-	0%	-
Bills Under Collection	165.21	-	-	165.21	0%	-
Forward Exchange Contract Liabilities	-	-	-	-	10%	-
LC Commitments With Original Maturity Upto 6 months domestic counterparty	60.85	-	230.79	-	20%	-
Foreign counterparty (ECA Rating 0-1)	-	-	-	-	20%	-
Foreign counterparty (ECA Rating 2)	-	-	-	-	50%	-
Foreign counterparty (ECA Rating 3-6)	-	-	-	-	100%	-
Foreign counterparty (ECA Rating 7)	-	-	-	-	150%	-
LC Commitments With Original Maturity Over 6 months domestic counterparty	29.84	-	-	29.84	50%	14.92
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	1,404.74	-	178.50	1,226.25	50%	613.12
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%	-

B. Off Balance Sheet Exposure						
	Gross Book Value (A)	Specific Provision & Valuation Adjustments (B)	Eligible CRM	Net Value (D) (A-B-C)	Risk Weight (E)	Risk Weight Exposure (D *E)
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	57.72	-	-	57.72	100%	57.72
Financial Guarantee	88.23	-	-	88.23	100%	88.23
Acceptances and Endorsements	-	-	-	-	100%	-
Unpaid portion of Partly paid shares and Securities	-	-	-	-	100%	-
Irrevocable Credit commitments (short term)	2,298.99	-	-	2,298.99	20%	459.80
Irrevocable Credit commitments (long term)	3,156.73	-	-	3,156.73	50%	1,578.36
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	-	-	-	-	20%	-
Other Contingent Liabilities	2,563.82	-	-	2,563.82	100%	2,563.82
Unpaid Guarantee Claims	-	-	-	-	200%	-
TOTAL (B)	9,826.13	-	409.28	9,586.79		5,375.98
Total RWE for credit Risk Before Adjustment (A) +(B)	213,341.09	7,642.48	12,024.09	193,844.45		104,261.25
Adjustments under Pillar II						
SRP 6.4a(3) - Add 10% of the loans & facilities in excess of Single Obligor Limits to RWE						
SRP 6.4a(4) - Add 1% of the contract (sale) value in case of the sale of credit with recourse to RWE						
Total RWE for Credit Risk after Bank's adjustments under Pillar II	213,341.09	7,642.48	12,024.09	193,844.45		104,261.25

d) Amount of NPAs (both Gross and Net)

NPR in Millions

Particulars	Current Year		Previous Year	
	Gross NPAs	Net NPAs	Gross NPAs	Net NPAs
Restructured / Reschedule Loans	0	0	37	33
Sub Standard Loans	891	668	785	589
Doubtful Loans	699	349	675	338
Loss	4,150	0	2,518	0
Total NPAs	5,740	1,017	4,015	960

5.3 Classification of financial assets and financial liabilities

Financial assets	Notes	As at 16 July 2018		As at 15 July 2017		As at 16 July 2016	
		Carrying Value	Fair value	Carrying Value	Fair value	Carrying Value	Fair value
Assets							
Assets carried at Amortized Cost							
Cash and cash equivalent	4.1	28,333,121	28,333,121	21,943,186	21,943,186	34,968,391	34,968,391
Due from Nepal Rastra Bank	4.2	9,645,492	9,645,492	14,806,654	14,806,654	20,720,083	20,720,083
Placement with Bank and Financial Institutions	4.3	-	-	-	-	541,810	541,810
Loans and advances to customers	4.7	117,414,163	117,414,163	105,629,791	105,629,791	85,877,356	85,877,356
		<u>155,392,776</u>	<u>155,392,776</u>	<u>142,379,631</u>	<u>142,379,631</u>	<u>142,107,641</u>	<u>142,107,641</u>
Fair Value through Profit and Loss (FVTPL)							
Derivative financial instruments.	4.4	-	-	-	-	-	-
Fair Value through Other Comprehensive Income (FVTOCI)							
Investment securities	4.8	24,469,664	24,469,664	23,856,185	23,856,185	18,233,005	18,233,005
Investment in subsidiaries	4.1	200,000	200,000	100,000	100,000	100,000	100,000
		<u>24,669,664</u>	<u>24,669,664</u>	<u>23,956,185</u>	<u>23,956,185</u>	<u>18,333,005</u>	<u>18,333,005</u>
Liabilities							
Liabilities carried at Amortized Cost							
Due to Bank and Financial Institutions	4.17	5,291,528	5,291,528	7,514,531	7,514,531	7,598,756	7,598,756
Due to Nepal Rastra Bank	4.18	92,971	92,971	16,970	16,970	-	-
Deposits from customers	4.2	164,210,303	164,210,303	146,587,041	146,587,041	139,259,011	139,259,011
Debt securities issued	4.24	-	-	-	-	-	-
		<u>169,594,802</u>	<u>169,594,802</u>	<u>154,118,542</u>	<u>154,118,542</u>	<u>146,857,767</u>	<u>146,857,767</u>
Fair Value through Profit and Loss (FVTPL)							
Derivative financial instruments	4.19	-	-	-	-	-	-

5.3.1 Fair Value Hierarchy of Financial Assets and Financial Liabilities

Amount in NPR

Fair value Hierarchy (Level)	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016
Fair Value through profit and loss			
Financial Assets			
Forward exchange Contract held for trading	-	-	-
Financial Liabilities			
Forward exchange Contract held for trading	-	-	-
Fair Value through Other Comprehensive Income			
Financial assets			
Investment securities at OCI			

- Quoted equity securities	3	1,479,054,414	1,955,770,896	2,090,159,824
- Unquoted equity securities	3	237,877,968	41,781,261	39,943,656
Investment in subsidiaries		200,000,000	100,000,000	100,000,000
Total		1,916,932,382	2,097,552,157	2,230,103,480

Financial Instruments held at amortised cost

		As at 16 July 2018	As at 15 July 2017	As at 16 July 2016
Financial assets				
Debt securities	3	-	-	-
Government bonds	3	12,980,606,495	10,672,746,826	1,264,471,918
Government treasury bills	3	9,570,983,274	10,583,684,437	2,239,952,776
Nepal Rastra Bank bonds	3	-	-	11,757,823,973
Loan and advances to B/FIs	3	4,045,981,167	3,590,482,500	2,914,866,900
Loans and advances to customers	3	117,414,162,875	105,629,791,261	85,877,356,382
Accounts receivable		148,561,111	176,873,254	162,624,079
Accrued Income		-	-	-
Total		144,160,294,922	130,653,578,278	104,217,096,029

Financial liabilities

Due to Bank and Financial Institutions	3	5,291,528,118	7,514,530,758	7,598,755,960
Due to Nepal Rastra Bank	3	92,970,514	16,970,000	-
Deposits from customers	3	164,210,303,260	146,587,041,166	139,259,011,261
Borrowing	3	171,496,141	163,876,967	407,710,521
Provisions	3	-	-	-
Other liabilities	3	8,494,930,921	11,700,724,532	12,128,948,857
Debt securities issued	3	-	-	-
Subordinated Liabilities	3	-	-	-
Total		178,261,228,955	165,983,143,423	159,394,426,599

5.3.2 Valuation Techniques

Investment in equity instruments	Level	Valuation Techniques	Assumptions
Promoter Shares	3	Average value of market price and book value.	a. Market Price has been taken as the last traded price of promoter shares at or near around reporting date. On unavailability of the trade price, 50% of ordinary share price has been considered. b. Latest annual published result or the unaudited quarterly results have been taken to calculate book value for share.
Mutual Funds	1	Market Price	Not applicable
Unquoted Equity Instruments	3	Average of Capitalization Earning and Net Assets Value	a. Discount rate of 13.50% has been considered to compute capitalized earnings. For capitalized earning, average of profit after tax for past three year has been considered except for Nepal Oil Corporation for which 5 years have been considered owing to its profitability only in the recent years. b. Latest annual published results have been taken to calculate book value for share. On unavailability of such financial results, book value has been considered after increase in earnings by 5% c. For certain government entities, results have been verified from the Yellow Book which is published by Ministry of Finance, on an annual basis. d. Entities of which no data was available whatsoever, valuation has been done at cost. e. For defunct companies, value has been considered as zero.
Investment in subsidiary	3	Cost	Subsidiary has been valued at cost less impairment as per NAS 27 in separate financial statements.
Investment in associate	3	Cost	Investment in associates have been shown at cost less impairment as per NAS 28 in separate financial statements. Equity accounting has been applied in consolidated financial statements for associates except defunct entities.

5.4 Segment Analysis

5.4.1 General Information

The Bank's segmental reporting is in accordance with NFRS 8, Operating Segments. Operating segments are reported in a manner consistent with the internal reporting provided to the bank's management committee, which is responsible for allocating resources and assessing performance of the operating segments.

5.4.2 Information about profit or loss, assets and liabilities

NPR in million

Particulars	Biratnagar Region	Birgunj Region	Kathmandu Region	Nepalgunj Region	Pokhara Region	Central Office	Total
Revenue from external customers	2,171	1,936	4,815	2,143	2,206	317	13,589
Intersegment revenues	-	-	-	-	-	-	-
Net Revenue	2,171	1,936	4,815	2,143	2,206	3,17	13,589
Interest Revenue	1,880	1,665	3,719	1,758	1,970	1,105	12,098
Interest Expenses	413	274	1,581	329	376	11	2,983
Net Interest revenue	1,468	1,391	2,138	1,429	1,595	1,095	9,114
Depreciation and amortization	37	31	41	33	33	79	253
Segment profit/(loss)	1,265	1,311	2,302	1,263	1,489	(2,679)	4,951
Entity's interest in the profit or loss of associates	-	-	-	-	-	-	-
accounted for using equity method	-	-	-	-	-	-	-
Impairment of assets	-	-	-	-	-	-	-
Segment assets	34,764	23,621	62,144	31,427	28,380	16,995	197,332
Segment liabilities	33,499	22,310	53,323	30,164	26,891	12,074	178,261

5.4.3 Reconciliation of reportable segment revenues, profit or loss, assets and liabilities

NPR in millions

Revenue

Total revenue for reportable segments	13,589
Other revenues	-
Elimination of intersegment revenues	-
Entity's revenues	13,589

Profit or loss

Total profit or loss for reportable segment	4,951
Other profit or loss	-
Elimination of intersegment profits	-
Unallocated amount	-
Profit before income tax	4,951

Assets

Total assets for reportable segments	197,322
Other assets	-
Unallocated amounts	-
Entity's assets	197,322

Liabilities

Total liabilities for reportable segments	178,261
Other liabilities	0
Unallocated liabilities	0
Entity's liabilities	178,261

5.4.3 Information about major customers

The bank does not have any major customers which accounts for more than 10% of entity's revenue.

5.5 Share Options and Share based Payment

The Bank do not have a policy for share options to its employees. Similarly, during the year the Bank has not made any payments or settlements by issuing new shares to its employees.

5.6 Contingent Liabilities and Commitment

Details of contingent liabilities and commitments are given in note 4.28.

5.6.1 Income Tax Liability

The Bank has received assessment order from Large Taxpayers' Office (LTO) on the income tax return filed under self-assessment for the financial year 2059/60 to 2071/72. The Bank had appealed against assessments received from tax office in Revenue Tribunal. Further, the bank has appealed against the order of Revenue Tribunal in certain aspects to Supreme Court of Nepal.

For the tax assessments from 2065/66 to 2071/72 received from the tax office, the Bank has appealed in the Administrative Review. Pending decision, no provisions have been made against these additional demands and disclosed as contingent liabilities under Note 4.28 of Financial Statements.

The Bank has filed tax returns to the LTO up to the financial years 2073/74 under self-assessment procedures.

Financial year	Case pending at	Tax Payable determined by the Tax Office	Tax deductible determined by the Revenue Tribunal	Net tax payable
FY 2059/60	Supreme Court	40,154,866	-	40,154,866
FY 2060/61	Supreme Court	409,489,278	390,198,432	19,290,846
FY 2061/62	Supreme Court	821,594,031	759,571,388	62,022,643
FY 2062/63	Supreme Court	221,515,009	214,224,264	7,290,746
FY 2063/64	Supreme Court	426,024,658	338,535,663	87,488,995
FY 2064/65	Supreme Court	148,611,610	84,235,109	64,376,501
FY 2065/66	Supreme Court	537,808,899	478,073,854	59,735,045
FY 2066/67	Administrative Review	682,662,120	590,856,483	91,805,637
FY 2067/68	Administrative Review	311,560,379	233,182,946	78,377,433
FY 2068/69	Administrative Review	523,483,701	398,043,925	125,439,776
FY 2069/70	Administrative Review	649,453,255	546,836,153	102,617,102
FY 2070/71	Administrative Review	385,783,898	-	385,783,898
FY 2071/72	Administrative Review	737,438,854	335,089,776	402,349,078
Total		5,157,577,005	3,088,878,139	1,526,732,565

5.6.2 Status of legal cases filed in Debt Recovery Tribunal for loan recovery

The bank had filed a total of 903 cases on Debt Recovery Tribunal from FY 2060/61 to 2074/75 for recovery of amount NPR .1,37,37,936 thousand, which comprises, loan of NPR .32,95,300 thousand and interest of NPR 10,442,636 thousand. Out of the total litigations initiated, 724 cases were settled and an amount of NPR.33,63,144 thousand which includes loan of NPR 1,875,225 thousand and interest of NPR 1,487,919 thousand, had been recovered.173 Cases decided but not executed amount is Rs.1,350,299 thousand and 4 legal cases is still running amount to Rs.69,776 thousand.2 cases were withdrawn during the year.

5.6.3 Status of legal cases filed in other forum

Departmental action was initiated against 19 employees and were suspended from job on account of banking offence & punishment among them 12 cases has been finalized and 7 employees are still in suspension.

Out of the total 184 cases filed, of which 48 cases were initiated in the current year, final decisions of 37 legal cases were taken. Decision of 147 cases filed by the bank in different legal entities is pending. Out of the pending cases, possible liabilities in respect of income tax, has been disclosed in "Contingent Liabilities". The bank assumes that there are no other possible liabilities in respect of other litigations.

5.7 Related Party Disclosures

The Bank identifies the following as the related parties under the requirements of NAS 24.

Name	Relationship	Remarks
RBB Merchant Banking Company Limited	Subsidiary	
Everest Foods Limited (w.e.f 1 May 2018)	Subsidiary	Defunct company
Himal Cement Company (w.e.f 1 May 2018)	Associates	Defunct company
Sunrise Capital Limited	Associates	
Neco Insurance Company Limited	Associates	
ButwalSutiDhagoUdhyog	Associates	
Kiran Kumar Shrestha, Chief Executive Officer	Key Managerial Personnel	
BhupendraPandey, Deputy Chief Executive Officer	Key Managerial Personnel	
Kaviraj Adhikari, Deputy Chief Executive Officer	Key Managerial Personnel	
Sushil Shrestha, Deputy General Manager	Key Managerial Personnel	
Keshav Prasad Lamsal, Deputy General Manager	Key Managerial Personnel	
Tek Raj Joshi, Deputy General Manager	Key Managerial Personnel	
Uddhav Prasad Khanal, Deputy General Manager	Key Managerial Personnel	
Naresh Raj Aryal, Deputy General Manager	Key Managerial Personnel	
Kapilmani Gyawali, Department Chief	Key Managerial Personnel	
Mahendra Prasad Awasthi, Member Secretary	Key Managerial Personnel	

5.7.1 Board Member Allowances and Facilities

The Board of Directors have been paid meeting fees of NPR 2,860,000 during the fiscal year. There were 78 Board Meetings conducted during the fiscal year.

The Chairperson and other members of the Board are paid NPR 4,000 per meeting respectively for Board and Board Level Committees meeting.

Meeting fees paid to the directors are as follows:

Name of the Director	Position	Meeting Allowance
Dr. Rabindra Prasad Pandey	Chairman	260,000
Nirmalhari Adhikari	Director	492,000
Dr. Ramdev Singh	Director	296,000
Dr. Jitendra Prasad Upadhya	Director	184,000
Rabindra Lal Shrestha	Director	508,000
Bidyabaridhi Sigdel	Director	476,000
Mahendra Man Gurung	Chairman	96,000
Janak Kumar Baral	Director	296,000
Arjun Bahadur Adhikari	Director	152,000
Madhab Prasad Dahal	Director	100,000
Total		2,860,000

The Board Members have been provided with a monthly allowance of NPR 2,000 for newspapers, NPR 2,500 for telephone and for those directors who are not using transportation facility from the Bank are provided with amount equivalent to 20 liter of fuel.

5.7.2 Amount paid to Chief Executive Officer

The Board of Directors have appointed Mr. Kiran Kumar Shrestha as Chief Executive Officer of the Bank with effect from 2072/12/29 for the period of 4 years. CEO has been paid salary and allowance of NPR. 35,60,000.00 during the year. CEO has been reimbursed with the communication expense and has been provided vehicle facility for official purposed.

The Salary and benefits paid to the CEO are as follow:

Basic Salary	Provident Fund	Allowance	Bonus & Welfare	Other Perquisites	Total Income
600,000		25,20,000		440,000	3,560,000

5.7.3 Compensation Details for Key Management Personnel

Key Management Personnel includes members of Management Committee of the Bank and includes the following members;

Name	Designation
Kiran Kumar Shrestha	Chief Executive Officer
Bhupendra Pandey	Deputy Chief Executive Officer
Kabiraj Adhikari	Deputy Chief Executive Officer
Sushil Shrestha	Deputy General Manager
Keshav Prasad Lamsal	Deputy General Manager
Tek Raj Joshi	Deputy General Manager
Uddhav Prasad Khanal	Deputy General Manager
Naresh Raj Aryal	Deputy General Manager
Kapilmani Gyawali	Department Chief
Mahendra Prasad Awasthi	Member Secretary

The compensation paid to the members of management committee other than the Chief Executive Officer has been shown in table below;

Management Committee members	No.	Short Term Employee Benefits		Defined Retirement Benefits			Total
		Salary and allowances	Bonus	Provident Fund	Welfare fund	Medical Fund	
Deputy CEO	3	3,817,359	456,363	193,139	376,422	324,731	5,168,014
Deputy General Manager	5	5,953,164	747,464	334,924	435,310	549,420	8,020,282
Senior Officer	22	23,036,796	2,988,870	1,220,440	2,107,690	2,115,165	31,468,961
Total		32,807,319	4,192,697	1,748,503	2,919,422	2,989,316	44,657,257

NPR'Rs.¹

Key Management Personnel are also provided with Staff Loan, vehicle facility, communication and other allowances as per the Staff Byelaws. KMPs are also eligible for Pension and Gratuity, Compensated Leave Absence and Endowment policy as per the Staff Byelaws. Share based payments are not made to any of the Key Management Personnel.

5.7.4 Transaction with Subsidiary

Particulars	For the year ended 16 July 2018	For the year ended 15 July 2017
Transaction during the year		
Interest paid to subsidiaries	8,437,398	1,315,315
Fees and commission expense	1,200,000	510,000
Balance outstanding at year end		
Share capital	200,000,000	200,000,000
Deposit with the Bank	153,691,576	26,191,128
Borrowings		

The intra-group related figures have been excluded for presentation of the financial statement of the Group.

5.7.5 Transaction with Associates

The Bank holds 20% shares in Neco Insurance Company Limited and 21.43% shares in Sunrise Capital Limited. Himal Cement Company and ButwalSutiDhagoUdhyog are also associate company of the Bank but there are no transactions during the financial year.

Transaction with Neco Insurance Company Limited

Particulars	For the year ended 16 July 2018	For the year ended 15 July 2017
Insurance premium paid to associate	15,741,742	
Insurance Commission received from associate	5,056,625	

5.8 Merger and Acquisition

5.8.1 Business acquired

The bank merged with NIDC Development Bank Limited (NIDC), a “B” Class licensed financial institution operating with 6 branches at different locations and head office at Durbar Marga Kathmandu. during the FY 2017/18 and started joint operations after transfer of all assets and liabilities of NIDC on 2 May 2018. The existing shareholders of erstwhile NIDC were issued ordinary equity shares of the bank at the approved share swap ratio of 1:1.

Above merger is outside the scope of NFRS 3 Business Combination as both the merging entities are under common control of Nepal Government. The bank has accordingly considered to apply pooling of interest method on such business combinations under common control (BCUCC). Under pooling of interest method, the assets and liabilities of the combined entity were accounted using the existing book values of pre merged entities

The following table summarizes the share ownership structure of both the merging entities prior to merger and depicts common control over the entities by Nepal Government.

	RBB		NIDC	
	Share Capital	%	Share Capital	%
Nepal Government	8,588,972,300	100%	412,732,400	99.26%
Public	-	-	3,091,000	0.74%
	8,588,972,300	100%	415,823,400	100%

The changes in equity of the bank due to the acquisition is summarized below:

	Date of merger	Proportion of voting equity interests acquired (%)	Consideration transferred
During 2017-2018			
NIDC Development Bank Limited	1-May-2018*	100%	415,823,400
			415,823,400

* Merger was complete on 1 May 2018 with joint operations starting from 2 May 2018

5.8.2 Consideration transferred

The Bank has issued 4,158,234 shares to shareholders of NIDC as purchase consideration on the basis of swap ratio of 1 shares of RastriyaBanijya Bank Limited for each share of NIDC on the basis of valuation report prepared by an independent valuator in accordance with the valuation guidelines specified in the Merger and Acquisition Bylaw 2073, issued by the Nepal Rastra Bank for the purpose of merger. The valuation had been carried based on the details of assets and liabilities and other information as on Chaitra end 2074 for NIDC and Poush end 2074 for RBB, which was prior to acquisition date.

The acquisition date was 1 May 2018 on which the Bank considered adjusted net assets value of NIDC as fair value of purchase consideration and accordingly issued 4,158,234 number of shares to the shareholders of erstwhile NIDC as purchase consideration.

	Fair value
Cash	-
Equity shares issued	415,823,400
Transfer of land and buildings at date of acquisition	-
Contingent consideration arrangement	-
Plus: effect of settlement of legal claim against ABC	-
Total	415,823,400

5.8.3 Assets acquired and liabilities recognized at the date of acquisition

	Amount in NPR Fair value
Deposits	1,025,702,541
Bills Payable	834,800
Other Liabilities	253,719,490
Total liabilities	1,280,256,831
Cash Balance	14,011,143
Balance with Nepal Rastra Bank	87,040,003
Balance with Banks/Financial Institutions	1,649,338,266
Investments	130,765,700

Loans, Advances and Bills Purchased	2,799,671,834
Fixed Assets	104,430,088
Other Assets	100,478,212
Total Assets	4,885,735,247
Net Assets Acquired	3,605,478,416

5.8.4 Reserves taken over from merger

Particulars	Amount in NPR Amount
General Reserve Fund	956,755,182
Special Reserve Fund	45,111,656
Assets Revaluation Reserve	77,183,784
Deferred Tax Reserve	28,286,008
Investment Adjustment Reserves	3,930,516
Employee Training and Skill Enhancement Fund	3,476,351
Corporate Social Responsibility Fund	2,089,718
Accumulated Profit and Loss Account	2,072,821,801
	3,189,655,016

5.9 Additional Disclosures of non-consolidated entities

The Bank has 2 subsidiaries as at 16 July 2018, out of which one subsidiary i.e. RBB Merchant Banking Limited, which is consolidated for the year ended 16 July 2018.

Everest Food Limited, is a subsidiary of the Bank was engaged in processing of frozen meat. It is not in operation for a long period. Everest Food Limited has not been considered for Consolidation.

Except above, there are no such entities which are required to be consolidated but not done during the year.

5.10 Events after reporting date

The Bank monitors and assesses events that may have potential impact to qualify as adjusting and / or non-adjusting events after the end of the reporting period. All adjusting events are adjusted in the books with additional disclosures and non-adjusting material events are disclosed in the notes with possible financial impact, to the extent ascertainable.

There are no material events that have occurred subsequent to 16 July 2018 till the signing of this financial statement on 14 January 2019.

5.11 Disclosure effect of transition from previous GAAP to NFRSs

NFRS 1 (First-time Adoption of Nepal Financials Reporting Standards) provides a suitable starting point for accounting in accordance with NFRS and is required to be mandatorily followed by first-time adopters.

The Bank has prepared the opening Statement of Financial Position as per NFRS as of 1st Shrawan, 2073 (16 July 2016) (the transition date) by:

- recognizing all assets and liabilities whose recognition is required by NFRS,
- not recognizing items of assets or liabilities which are not permitted by NFRS,
- reclassifying items from previous Generally Accepted Accounting Principles (GAAP) to NFRS as required under NFRS, and
- applying NFRS in measurement of recognized assets and liabilities.

5.11.1 Significant changes from the policies adopted in the past

Significant changes from the accounting policies adopted under previous GAAP (erstwhile Nepal Accounting Standards and directives issued by Nepal Rastra bank) and the adoption of NFRS has been disclosed in the respective segments, including the impact. The detailed impact disclosure is given below.

5.11.2 Reconciliation of equity

Particulars	Explanatory Note	Amount in NPR	
		As at 15 July 2017 (End of last period presented under previous GAAP)	As at 15 July 2016 (Date of Transition)
Total equity under previous GAAP		10,484,033,174	8,606,249,451
Impairment on loans and advances		-	-
Fair value and employees benefit accounting of staff loan		-	-
Lease accounting		-	-
Measurement of investment securities at fair value	a	1,299,889,439	1,432,922,470
Revaluation of property and equipment		-	-
Recognition of investment property	b	76,941,827	83,647,853
Amortization of debt securities issued		-	-
Deferred tax		(1,770,612,787)	(1,712,849,164)
Defined benefit obligation of employees	c	(1,517,463,334)	(570,646,418)
Goodwill/Bargain purchase gain			
Interest income	d	4,059,777,708	3,862,397,918
Others			
Property, Plant and equipment-Useful Life		-	-
Reversal of provision on investment	e	4,563,000	5,563,000
Total adjustment to equity		2,153,095,853	3,101,035,659
Total Equity under NFRS		12,637,129,026	11,707,285,110

5.11.3 Reconciliation of profit or loss

	Explanatory Note	Amount in NPR
		Year ended 15 July 2017
Profit as per previous GAAP		2,776,308,812
Adjustments under NFRS		
Interest income	d	197,379,790
Impairment on loans and advances		-
Employees benefit amortization under staff loan		-
Defined benefit obligation of employees		-
Operating lease expense		-
Amortization expense of debt securities		-
Other Operating income		(4,505,600)
Interest expense		-
Depreciation and amortization		-
Other:		
Bargain Purchase Gain		-
Recognition of investment property	b	(6,706,026)
Reversal of provision on investment booked under GAAP	e	(1,000,000)
Deferred tax		(58,063,623)
Total Adjustment to profit or loss		127,404,541
Profit or loss under NFRS		2,903,713,353
Other Comprehensive Income	g	(1,997,318,396)
Total Comprehensive Income under NFRS		906,394,957

5.1.1.4 Reconciliation of Statement of Financial Position reported for 16 July 2018 due to the adoption of NFRS

Amount in NPR

Particulars	Explanatory Note	As at 01.04.2073 (Date of Transition)		As at 31.03.2074 (End of last period presented under previous GAAP)		Cumulative effect of transition to NFRS	Amount as per NFRS
		Previous GAAP	Effect of transition to NFRS	Opening NFRS statement of Financial Position	Previous GAAP		
Assets							
Cash and cash equivalent		34,968,391,344	-	34,968,391,344	21,943,185,607	-	21,943,185,607
Due from Nepal Rastra Bank		20,720,083,213	-	20,720,083,213	14,806,654,011	-	14,806,654,011
Placement with Bank and Financial Institutions		541,810,465	-	541,810,465	-	-	-
Derivative financial instruments.		-	-	-	-	-	-
Other trading assets		-	-	-	-	-	-
Loan and advances to B/FIs		2,914,866,900	-	2,914,866,900	3,590,482,500	-	3,590,482,500
Loans and advances to customers	f	82,770,980,791	3,106,375,592	85,877,356,382	102,329,598,221	3,300,193,041	105,629,791,261
Investment securities	h	16,180,410,094	2,052,595,100	18,233,005,194	21,994,636,986	1,861,547,907	23,856,184,894
Current tax assets		1,627,213,710	-	1,627,213,710	1,667,248,070	-	1,667,248,070
Investment in subsidiaries		100,000,000	-	100,000,000	100,000,000	-	100,000,000
Investment in associates		44,005,600	-	44,005,600	108,814,300	-	108,814,300
Investment Properties	b	-	83,647,853	83,647,853	-	76,941,827	76,941,827
Property, Plant & Equipment (PPE)	i	507,472,399	-	507,472,399	687,850,411	-	687,850,411
Intangible Assets		4,590,483	-	4,590,483	4,574,445	-	4,574,445
Deferred tax	4.15	372,355,316	(372,355,316)	-	468,306,657	(468,306,657)	-
Other assets	f	5,679,905,806	756,022,326	6,435,928,132	5,843,409,158	759,584,667	6,602,993,826
Total Assets		166,432,086,120	5,626,285,555	172,058,371,675	173,544,760,366	5,529,960,785	179,074,721,152
Liabilities							
Due to Banks and financial Institution		7,598,755,960	-	7,598,755,960	7,514,530,758	-	7,514,530,758
Due to Nepal Rastra Bank		-	-	-	16,970,000	-	16,970,000
Derivative financial instruments		-	-	-	-	-	-
Deposit from Customers		139,259,011,261	-	139,259,011,261	146,587,041,166	-	146,587,041,166
Borrowing		407,710,521	-	407,710,521	163,876,967	-	163,876,967
Current Tax Liabilities		-	-	-	-	-	-
Provisions		-	-	-	-	-	-
Deferred tax liabilities	4.15	-	956,659,966	956,659,966	-	454,448,706	454,448,706
Other liabilities		10,560,358,927	1,568,589,930	12,128,948,858	8,778,308,301	2,922,416,230	11,700,724,531
Debt securities issued		-	-	-	-	-	-
Subordinated Liabilities		-	-	-	-	-	-
Total Liabilities		157,825,836,669	2,525,249,896	160,351,086,565	163,060,727,192	3,376,864,937	166,437,592,129
Equity							
Share capital		8,588,972,300	-	8,588,972,300	8,588,972,300	-	8,588,972,300
Share premium		-	-	-	-	-	-
Retained earnings		(4,365,824,045)	2,493,288,192	(1,872,535,854)	(1,985,454,101)	2,774,731,894	789,277,793
Reserves		4,383,101,196	607,747,468	4,990,848,664	3,880,514,974	(621,636,044)	3,258,878,930
Total equity		8,606,249,451	3,101,035,659	11,707,285,110	10,484,033,174	2,153,095,849	12,637,129,023
Total liabilities and equity		166,432,086,120	5,626,285,555	172,058,371,675	173,544,760,366	5,529,960,786	179,074,721,152

5.11.5 Reconciliation of statement of comprehensive income for the year ended 16 July 2018 due to the adoption of NFRS

Amount in NPR

For the year ended

31.03.2074

(the latest period presented under previous GAAP)

Partuculars	Explanatory Note	Previous GAAP	Effect of transition to NFRS	Amount as per NFRS
Interest Income	d	8,887,855,745	332,921,906	9,220,777,652
Interest expense		1,909,488,825	-	1,909,488,825
Net interest income		6,978,366,920	332,921,906	7,311,288,826
Fees and Commission Income		1,142,339,382	-	1,142,339,382
Fees and commission expense		187,245,337	-	187,245,337
Net fee and commission income		955,094,046	-	955,094,046
Net Trading Income		131,806,174	-	131,806,174
Other Operating Income	i	(63,591,867)	(4,505,600)	(68,097,467)
Total operating income		8,001,675,272	328,416,306	8,330,091,578
Impairment charge/(reversal) for loan and other losses	b,e	586,342,348	7,706,026	594,048,374
Net Operating income		7,415,332,924	320,710,280	7,736,043,204
Personnel Expense	d	2,831,839,570	135,542,116	2,967,381,686
Other operating expense		721,873,448	-	721,873,448
Depreciation & Amortisation		111,070,030	-	111,070,030
Operating profit		3,750,549,876	185,168,164	3,935,718,040
Non-operating income		238,364,534	-	238,364,534
Non-operating expense		21,978,278	-	21,978,278
Profit before income tax		3,966,936,132	185,168,164	4,152,104,296
Income Tax Expense				
Current Tax		893,256,923	-	893,256,923
Deferred Tax		297,370,397	57,763,623	355,134,020
Profit For the Year		2,776,308,812	127,404,541	2,903,713,353
			-	-
Other Comprehensive Income				
Other comprehensive income	g	-	(1,997,318,400)	(1,997,318,400)
Total comprehensive income		2,776,308,812	(1,869,913,859)	906,394,953

5.11.6 Reconciliation of cash flow statement

Amount in NPR

Particulars	For the year ended 31.03.2074 (the latest period presented under previous GAAP)		
	Previous GAAP	Effect of transition to NFRS	Amount as per NFRS
Net cash flows from operating activities	-8,459,585,155	-5,287,605,855	-13,672,104,155
Net cash flows from investing activities	2,772,252,586	-1,872,956,859	899,295,727
Net cash flows from financing activities	-223,030,000	45,719,548	-252,397,307
Net increase / (Decrease) in cash and cash equivalent	-5,910,362,569	-7,114,843,168	-13,025,205,737
Cash and cash equivalent as the beginning of the period	26,496,546,888	8,471,844,456	34,968,391,344
Cash and cash equivalent at the end of the period	20,586,184,319	1,357,001,288	21,943,185,607

There is no any cash inflow due to NFRS. However due to reclassification major adjustments are observed mainly due to reclassification of Balance of BFIs from cash and cash equivalent to operating activities. Further investment was bifurcated into long term investment and short-term investment which has now been classified into investing activities.

Notes on first time adoption of NFRS

- a) Under previous GAAP, investments were measured at cost less diminution in value. Under NFRS, these financial assets have been classified as financial assets carried at Fair Value through Other Comprehensive Income (FVTOCI). On the date of transition to NFRS, these financial assets have been measured at their fair value which is higher than the cost as per previous GAAP, resulting in an increase in the carrying amount as explained in the table below. These changes do not affect profit before tax or total profit for the year ended 15 July 2017 and 16 July 2016 because the changes in fair value have been recognized under Other Comprehensive Income (OCI).

Particulars	As at 15 July 2017	As at 16 July 2016
Increase in carrying amount due to fair value	1,856,984,912	2,047,032,100
Deferred tax impact on the increased amount	557,095,474	614,109,630
Increment in fair value net of deferred tax	1,299,889,439	1,432,922,470
Net increment in total equity	1,299,889,439	1,432,922,470
Net movement in OCI during the year	(133,033,031)	

- b) Under previous GAAP, Non-Banking Assets (NBA) were recognized as per Directives of Nepal Rastra Bank and 100% provision were made. Under NFRS, these NBA have been classified as Non-Current Assets held for sale and measured at lower of their carrying amount and fair value less cost to sell. On the date of transition to NFRS, provision as per the Directives of NRB had been reversed, resulting in an increase in the carrying amount as explained in the table below.

Particulars	As at 15 July 2017	As at 16 July 2016
Increase in carrying amount due to reversal of provision on NBA	76,941,827	83,647,853
Net increment in total equity	76,941,827	83,647,853
Movement in profit and loss during the year	(6,706,026)	

- c) Under NFRS, the actuarial gains and losses form part of remeasurement of the net defined benefit liability / asset which is recognized in Other Comprehensive income (OCI). Consequently, the tax effect of the same has also been recognized in Other Comprehensive Income (OCI) under NFRS instead of profit or loss. There is remeasurement of Gratuity, Endowment Policy and Sick leave Liability as per the actuarial valuation report.

Particulars	As at 15 July 2017	As at 16 July 2016
Liability as per local GAAP	1,715,492,582	1,353,826,300
Liability as per NFRS (A)	4,637,908,812	2,922,416,230
Increase in liability	(2,922,416,230)	(1,568,589,930)
Actuarial Gains/loss in Gratuity and Endowment	(5,994,248,781)	(3,326,478,374)
Deferred tax Impact on Actuarial Gain/Loss (B)	1,798,274,634	997,943,512
Deferred tax assets already recognized in local GAAP (C)	393,321,740	-
Net Increment in Total Equity (A)+(B)- (C)	(1,517,463,336)	(570,646,418)
Net movement in OCI during the year	(1,867,439,285)	

- d) Under previous GAAP, Interest income on Loans and Advances was recognized on cash basis as per Directive 4 of Nepal Rastra Bank (NRB). Under NFRS, Interest income is recognised on accrual basis

Particulars	As at 15 July 2017	As at 15 July 2016
Interest suspense required by NFRS	-	-
Interest suspense recognised under Local GAAP reversed	4,059,777,708	3,862,397,918
Net Increase in Equity	4,059,777,708	3,862,397,918
Movement in profit and loss during the year	197,379,790	
Interest Income due to amortisation of prepayment on staff loan	135,542,116	
Net movement in Interest Income	332,921,906	

- e) Subsequent to measurement of Investments carried at FVTOCI in fair value, provision for investment recognised in local GAAP has been reversed in profit and loss and the resultant amount has been further transferred to regulatory reserve.

Particulars	As at 15 July 2017	As at 15 July 2016
Reversal of provision on investment recognised in local GAAP	4,563,000	5,563,000
Net Increase in Equity	4,563,000	5,563,000
Movement in profit and loss during the year	(1,000,000)	

- f) Under NFRS, accrued interest on loans and advances to customer has been shown along with loans and advances to customer which is carried at amortised cost. Similarly, the prepayment component on fair value of staff loan has reduced the staff loan amount. Such prepayment has been shown under other assets.

Particulars	As at 15 July 2017	As at 15 July 2016
Total loans and advances as per Local GAAP	102,329,598,221	82,770,980,791
Add: Accrual interest on loans and advances	4,059,777,708	3,862,397,918
Less: Prepayment component on fair value of staff loan	(759,584,667)	(756,022,326)
Net loans and Advances under NFRS	105,629,791,261	85,877,356,382

g) Reconciliation of net movement in OCI during the year ended 15 July 2017

Particulars	Year ended 15 July 2017
Net movement in OCI during the year due to FVTOCI investments (Refer Note (a) above)	(133,033,031)
Net movement in OCI during the year due to actuarial loss (Refer Note (c) above)	(1,867,439,285)
Net movement in OCI during the year	(2,000,472,316)

h) Reconciliation of investment securities as per NFRS as at 16 July 2016 and 15 July 2017.

Particulars	Year ended 15 July 2017	Year ended 16 July 2016
Investment securities under local GAAP	21,994,636,986	16,180,410,093
Increase in fair value of investment securities (Refer Note (a) above)	1,856,984,912	2,047,032,100
Reversal of investment provision as per local GAAP (Refer Note (e) above)	4,563,000	5,563,000
Investment securities as per NFRS	23,856,184,899	18,233,005,193

i) Reconciliation of investment securities as per NFRS as at 16 July 2016 and 15 July 2017.

Fair Value Reserve created on investment securities carried at fair value through other comprehensive income has been transferred to retained earnings on derecognition pursuant to NFRS 9. Such fair value reserves are not allowed to be recycle through profit or loss. As per local GAAP such gain was routed through profit or loss. However, there has been no change in total equity as per local GAAP and NFRS due to this change.

5.12 Non-Banking Assets

Non-current assets (such as property) and disposal groups (including both the assets and liabilities of the disposal groups) are classified as held for sale and measured at the lower of their carrying amount and fair value less cost to sell when: (i) their carrying amounts will be recovered principally through sale; (ii) they are FVTOCI in their present condition; and (iii) their sale is highly probable. Non-Banking Assets (NBA) has been shown under investment property. It has been recognized at lower of fair value or amount due at the time of assumption of NBA.

Immediately before the initial classification as held for sale, the carrying amounts of the assets (or assets and liabilities in a disposal group) are measured in accordance with the applicable accounting policies described above.

Name of Borrower	Date of assuming Non-Banking Assets	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016
Nepal Professional Garment	2004-12-3	-	19,671,267	19,671,267
Binod Kumar K.C.	1999-1-10	-	-	5,252,083
Dwar Devi Supp.	2006-7-10	708,808	708,808	708,808
Nepal Cloth Center	2006-7-5	-	-	365,636
Saurav&PankajGalla	2008-7-15	884,000	884,000	884,000
Shree Krishna Textile	2008-10-16	1,001,000	1,001,000	1,001,000
Sunita Rice Mill	2008-7-15	600,000	600,000	600,000
BirKiratSamuha	2006-12-8	27,317,000	27,317,000	27,317,000
PattelGalla	2006-7-10	-	-	58,348
Biki journal supplier	2005-12-6	235,000	235,000	235,000
DurgaGallaBhandar	2005-12-6	-	-	525,000
Jana SewaSamagri store	2005-12-6	350,000	350,000	350,000
Keshari Hardware store	2005-12-6	143,269	143,269	143,269
Mohan GallaBhandar	2005-7-16	2,135,000	2,135,000	2,135,000

Name of Borrower	Date of assuming Non-Banking Assets	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016
R.K. International	2005-12-6	455,655	455,655	455,655
Surya Impex	2005-12-6	412,500	412,500	412,500
BhagbatiGallaBhandar	2005-12-6	1,100,000	1,100,000	1,100,000
PashupatiBhandar	2007-1-1	1,400,000	1,400,000	1,400,000
Staff	1990-4-2	3,073	3,073	3,073
M.K. Suppliers	2006-7-13	-	-	504,959
Bramapuri Rice Mill	2006-7-16	948,967	948,967	948,967
Puja KhannaBhandar	2005-6-17	894,913	894,913	894,913
Yeti Creation	2004-7-15	17,716,875	17,716,875	17,716,875
GopalBahadur	1990-7-15	10,000	10,000	10,000
Sah KhadyaBhandar	2005-1-12	550,500	550,500	550,500
Kumari Hardware	2006-7-19	404,000	404,000	404,000
			-	-
		57,270,561	76,941,827	83,647,853

5.12.1 Movement of Non-Banking Assets

Particulars	2017/18	2016/17
Outstanding Balance as at 15 July 2017	76,942	83,648
Add: Assets accepted during the year	-	-
Less: Assets sold during the year	19,671	6,706
Outstanding Balance as at 15 July 2017	57,271	76,942

Rs '000

5.13 Earnings per share

The Bank measures earning per share on the basis of the earning attributable to the equity shareholders for the period. The number of shares is taken as the weighted average number of shares for the relevant period as required by NAS 33 Earnings per Share.

Particulars	Units	Year ended 16 July 2018	Year ended 15 July 2017
Profit attributable to equity shareholders (a)	NPR.	3,659,267,174	2,903,713,353
Weighted average of number of equity shares used in computing basic earnings per share (b)	Nos.	86,735,078	85,889,723
Basic and diluted earnings per equity share of Rs 100 each (a/b)	Rs	42.19	33.81

As there are no potential ordinary shares that would dilute current earning of equity holders, basic EPS and diluted EPS are equal for the period presented.

5.14 Unpaid Dividends(Balance transferred from NIDC Development Bank Ltd.)

As at the reporting date, unpaid dividend over five years amounts to as follows.

Particulars	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016
Not collected for more than 5 years	-	-	-
Not collected up to 5 years	1622	1622	-
Total	1622	1622	-

NPR. '000

5.15 Maturity Analysis

The table below shows an analysis of assets and liabilities analyzed according to when they are expected to be recovered or settled. Trading assets and liabilities including derivatives have been classified to mature and/or be repaid within 12 months, regardless of the actual contractual maturities of the products. With regard to loans and advances to customers, the Bank uses

the same basis of expected repayment behavior as used for estimating the EIR. Issued debt reflect the contractual coupon amortizations.

As at 16 July 2018

NPR'000

	As at 16 July 2018		
	Within 12 months	After 12 months	Total
Assets			
Cash and cash equivalent	28,333,121	-	28,333,121
Due from Nepal Rastra Bank	9,645,492	-	9,645,492
Placement with Bank and Financial Institutions	-	-	-
Derivative financial instruments.	-	-	-
Other trading assets	-	-	-
Loan and advances to B/FIs	4,045,981	-	4,045,981
Loans and advances to customers	117,414,163	-	117,414,163
Investment securities	24,469,664	-	24,469,664
Current tax assets	624,465	-	624,465
Investment in subsidiaries	-	200,000	200,000
Investment in associates	-	230,091	230,091
Investment property	-	57,271	57,271
Property and equipment	-	919,044	919,044
Goodwill and Intangible assets	-	23,729	23,729
Deferred tax assets	-	1,102,285	1,102,285
Other assets	10,266,695	-	10,266,695
Total Assets	194,799,581	2,532,419	197,332,000
Liabilities			
Due to Bank and Financial Institutions	5,291,528	-	5,291,528
Due to Nepal Rastra Bank	92,971	-	92,971
Derivative financial instruments	-	-	-
Deposits from customers	164,210,303	-	164,210,303
Borrowing	171,496	-	171,496
Current Tax Liabilities	-	-	-
Provisions	-	-	-
Deferred tax liabilities	-	-	-
Other liabilities	8,494,931	-	8,494,931
Debt securities issued	-	-	-
Subordinated Liabilities	-	-	-
Total liabilities	178,261,229	-	178,261,229

As at 15 July 2017

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	As at 15 July 2017		
	Within 12 months	After 12 months	Total
Assets			
Cash and cash equivalent	21,943,186	-	21,943,186
Due from Nepal Rastra Bank	14,806,654	-	14,806,654
Placement with Bank and Financial Institutions	-	-	-
Derivative financial instruments.	-	-	-
Other trading assets	-	-	-
Loan and advances to B/FIs	3,590,483	-	3,590,483
Loans and advances to customers	105,629,791	-	105,629,791
Investment securities	23,856,185	-	23,856,185
Current tax assets	1,667,248	-	1,667,248
Investment in subsidiaries	-	100,000	100,000
Investment in associates	-	108,814	108,814
Investment property	-	76,942	76,942
Property and equipment	-	687,850	687,850
Goodwill and Intangible assets	-	4,574	4,574
Deferred tax assets	-	-	-
Other assets	6,602,994	-	6,602,994
Total Assets	178,096,540	978,181	179,074,721

Liabilities

Due to Bank and Financial Institutions	7,514,531	-	7,514,531
Due to Nepal Rastra Bank	16,970	-	16,970
Derivative financial instruments	-	-	-
Deposits from customers	146,587,041	-	146,587,041
Borrowing	163,877	-	163,877
Current Tax Liabilities	-	-	-
Provisions	-	-	-
Deferred tax liabilities	454,449	-	454,449
Other liabilities	11,700,725	-	11,700,725
Debt securities issued	-	-	-
Subordinated Liabilities	-	-	-
Total liabilities	166,437,592	-	166,437,592

As at 16 July 2016

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As at 16 July 2016

	Within 12 months	After 12 months	Total
Assets			
Cash and cash equivalent	34,968,391	-	34,968,391
Due from Nepal Rastra Bank	20,720,083	-	20,720,083
Placement with Bank and Financial Institutions	541,810	-	541,810
Derivative financial instruments.	-	-	-
Other trading assets	-	-	-
Loan and advances to B/FIs	2,914,867	-	2,914,867
Loans and advances to customers	85,877,356	-	85,877,356
Investment securities	18,233,005	-	18,233,005
Current tax assets	1,627,214	-	1,627,214
Investment in subsidiaries	-	100,000	100,000
Investment in associates	-	44,006	44,006
Investment property	-	83,648	83,648
Property and equipment	-	507,472	507,472
Goodwill and Intangible assets	-	4,590	4,590
Deferred tax assets	-	-	-
Other assets	6,435,928	-	6,435,928
Total Assets	171,318,655	739,716	172,058,372

Liabilities

Due to Bank and Financial Institutions	7,598,756	-	7,598,756
Due to Nepal Rastra Bank	-	-	-
Derivative financial instruments	-	-	-
Deposits from customers	139,259,011	-	139,259,011
Borrowing	407,711	-	407,711
Current Tax Liabilities	-	-	-
Provisions	-	-	-
Deferred tax liabilities	956,660	-	956,660
Other liabilities	12,128,949	-	12,128,949
Debt securities issued	-	-	-
Subordinated Liabilities	-	-	-
Total liabilities	160,351,087	-	160,351,087

5.16 Movement of loans and advances:

The movement of loans and advances is excluding interest receivable and staff loan.

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Particulars	Year ended	Year ended
	16-Jul-18	15-Jul-17
Opening Balance	106,431	85,470
Add: Disbursements during the year	209,132	521,096
Less: Recovery during the year	194,690	500,135
Less: Write off during the year	-	-
Closing Balance	120,873	106,431

Interest Income of a total of NPR.11,099,878,916 (Previous Year: NPR. 8,281,732,21) has been recognized during the fiscal year. As per the Recovery Policy, total interest income, including penal interest and capitalized interest, of NPR.336,218,414.62 was waived during the year. No bad loans were written off during the financial year.

5.17 Deposits

Bank's deposit was NPR. 169,330,983,814.80 (Previous Year: NPR. 153,580,970,975.54) at the reporting date. In the current year total deposits increased by 10.25% or NPR 153,580,970,975.54. (Previous Year: increased by 5.04 % or NPR. 7,373,336,701.08).

Deposit Type	As at 16 July 2018	As at 15 July 2017	Change	
			Amount	Percentage
A. Current Deposits	45,813,872,495	41,963,283,657	3,850,588,838	9%
B. Margin Deposits	538,245,285	918,005,922	(379,760,638)	-41%
C. Saving Deposits	92,572,747,117	90,860,597,726	1,712,149,391	2%
D. Fixed Deposits	20,506,650,119	12,105,998,205	8,400,651,914	69%
E. Call Deposit	8,929,435,410	6,615,864,513	2,313,570,897	35%
F. Others	970,033,390	1,117,220,953	(147,187,563)	-13%
TOTAL	169,330,983,815	153,580,970,976	15,750,012,839	

5.18 Weighted Average Interest Rate Spread

Particulars	2017/18	2016/17
Cost on deposit liabilities	2.21%	1.74%
Yield on loans and advances	7.16%	6.43%
Net spread	4.95%	4.69%

Above yield and cost is calculated based on the annual average volume of loans, investments, deposits and bonds/borrowings.

5.19 Concentration of Deposits, Loans & Advances and Contingent Liabilities

Amount in NPR

Particulars	Loans and Advances	Deposits	Contingent Liability
Outstanding Balance as at 16 July 2018	120,872,895	169,330,984	9,826,132
Highest Exposure of a Single Unit	802,700	3,955,080	354,160
Concentration of Exposure (Current Year)	0.66%	2.34%	3.60%
Concentration of Exposure(Previous Year)	0.98%	2.30%	6.14%

5.20 Corporate Social Responsibility

NRB Circular 11/073/74 requires banks and financial institutions to create Corporate Social Responsibility Fund and annually appropriate an amount equivalent to 1% of net profit into this fund. The fund is created towards covering the Bank's expense in CSR activities in the subsequent year. Accordingly, the Bank appropriated NPR 39,236,448.35 to this fund for the reported period. In subsequent year, balance in this fund will be reclassified to Retained Earning and recognized as CSR Expense in the Statement of Profit or Loss.

Corporate Social Responsibility Expense- The expenses for the period for Corporate Social Responsibility Expense is Rs3,733,043.10 as on Ashad end 2074/75

Particulars	Amount Rs.
Opening Balance	27,763,088
Add: Transferred from NIDC	2,089,718
Add: 1% of Net Profit of this year	36,802,202
Less: Expenses for this year	(3,733,043)
Closing Balance	62,921,965

5.21 Details of Other Reserve

	Notes	As at 16-Jul-18	As at 15-Jul-17
Staff training fund	(a)	109,580,059	58,857,137
Corporate Social Responsibility Reserve	(b)	62,712,435	27,763,088
Investment Adjustment Reserve	(c)	63,003,700	3,332,194
Contingent Reserve	(d)	2,500,000	2,500,000
Institutional Development fund	(e)	3,000,000	3,000,000
Actuarial loss-Endowment & Gratuity (OCI)	(f)	(4,662,691,958)	(4,195,974,147)
Special Reserve Fund	(g)	45,111,656	-
Village and Cottage Industry Development Fund	(i)	525,000	-
Fund for Dissenting shareholder	(j)	13,461,869	-
		(4,362,797,240)	(4,100,521,728)

a) Employees Training and Development Fund

NRB Circular 10/073/74 requires banks and financial institutions to incur expenses towards employee training and development equivalent to at least 3% of the preceding year's total staff expenses. Such mandatory minimum amount to be expensed in the reporting period was NPR 75,434,540, whereas the actual amount expensed was NPR 28,187,969. The closing balance of employees training and development fund is 109,580,059. In the subsequent year, balance in this fund will be reclassified to Retained Earnings and recognized as Personnel Expense in the Statement of Profit or Loss.

Particulars	Amount (Rs.)
Opening Balance of RBBL	58,857,137
From NIDC	3,476,351
Addition during the Year 3% of Employee Expenses of FY 2073-74 2,514,484,679	75,434,540
Less: Training Expenses for the year	(28,187,969)
Closing Balance	109,580,059

b) Corporate Social Responsibility Reserve

	As at 16 July 2018	As at 15 July 2017
Opening Balance	27,763,088	0
From merger with NIDC	2,089,718	-
Transfer to CDR reserve during the year	36,592,672	27,763,088
Expense during the year	(3,733,043)	-
Closing balance	62,712,435	27,763,088

As per the NRB directive no. 6.16 on the Corporate Social Responsibility, the Bank has allocated 1% of the net profit of current fiscal year for CSR activities.

c) Investment adjustment reserve

As required by NRB directive, the Bank has created Investment Adjustment Reserve (IAR) for investment in newly opened corporate body if not listed in stock exchange within two year from the date of operation or investment being made, and investment in the shares and debentures of corporate body which are not listed in the stock exchange, and if such listing is not completed within two years from the date of investment, 100% provision of investment amount has been provided and credited in Investment Adjustment Reserve.

Particulars	Remarks	Cost	Investment Adjustment Reserve As at 16 July 2018
Sriram Sugar Mills 50000 Promoter Shares @Rs 100 paid up	Unlisted >2 years	5,000,000	5,000,000
Sunrise Capital Ltd 428580 Promoter Shares @Rs 100 paid up	Unlisted >2 years	42,858,000	42,858,000
Nepal Oil Corporation 1,500 Shares of Rs 100 Each	Unlisted >2 years	100,000	100,000
Nepal Stock Exchange Limited 184,089 Shares of Rs 100 Each	Unlisted >2 years	2,142,500	2,142,500
Timber Corporation of Nepal 6,000 Shares of Rs 100 Each	Unlisted >2 years	600,000	600,000
Nepal Metal Company 199,400 Shares of Rs 10 Each	Unlisted >2 years	1,994,000	1,994,000
BalajuYantrashala Private Limited 9,452 Shares of Rs 100 Each	Unlisted >2 years	945,200	945,200
AudhogenicKshetraByawasthapan Company 93,645 Shares of Rs 100 Each	Unlisted >2 years	9,364,000	9,364,000
Total investment adjustment reserve			63,003,700

d) Contingent reserve

The Bank has created contingency reserve to meet the obligations arising from various contingent events in future. There has not been any change in this reserve during the year.

e) Institutional Development Fund

Institutional development had been created with an object to meet any expenditure pertaining to development of the Bank. There has not been any movement in this reserve during the year.

f) Actuarial loss on Retirement Benefit

The Bank has carried out the actuarial valuation of Endowment and Gratuity payable to employees. The actuarial gain/losses on such valuation has been transferred to Other Comprehensive Income pursuant to the requirement of NAS 19 Employee Benefit.

g) Special Reserve Fund

Special Reserve Fund had been created by the erstwhile NIDC Development Bank Limited and has been carried forward to the Bank through merger.

h) Village and Cottage Industry Development Fund

Village and Cottage Industry Development Fund has been taken over from the erstwhile NIDC Development Bank Limited through merger on 1 May 2018.

i) Fund for Dissenting shareholder

Bank has created special reserve as per the interim order (074-WO-0693) dated 2075/01/21 of the Supreme Court directing the Bank to create a separate fund in respect of the litigation filed by dissenting shareholder until the final decision is taken. There were 3 shareholders in NIDC with 3002 no. of shares who dissented the merger of the Bank with NIDC at swap ratio of 1:1. Accordingly, the fund has been created for 3002 no of shares at Rs 4,484.30 per share.

5.22 Change in useful life of Property, Plant and Equipment

Management has estimated the revised useful life of the assets and the effect of such revision on net carrying value of assets and depreciation has been accounted prospectively resulting increase in depreciation charges for the year by NPR 86.18 million in assets value by net NPR 86.18 million.

The details of previously applied depreciation rates / useful life are as follows:

Class of assets	Previous depreciation / amortization rate/useful life	Revised useful life	Residual Value
Computer	25%	up to 5 Years	1%
Furniture and Fixtures	25%	up to 5 Years	2%
Office Equipment	25%	up to 5 years	1%
Vehicle	20%	up to 7 Years	5%
Building	5%	up to 50 Years	10%
Leasehold	Lower of 5 Years or Lease Period	Lower of 15 Years or Lease Period	0
Software	5 years or expiry period whichever is lower	5 years or expiry period whichever is lower	0

5.23 Provision for Employee Bonus

The Bank has provided NPR.260,583,006(Previous year NPR 317,354,890) as employee bonus computed at 5% of profit before tax.

5.24 Investment in Himal Cement Company

Investment in Himal Cement Company was made by the erstwhile NIDC Development Bank Limited. NIDC Development Bank has investment amounting NPR 36,892,100 in Himal Cement Company Limited. Himal Cement is not in operation at valuation date.

As per letter no 157 dated 2071/08/ 18 written by Ministry of Finance to Ministry of Industry, Ministry of Commerce and Supply and NIDC, proposals were put up for discussion in cabinet meeting which stated that investment of NPR 100 million made by the Finance Comptroller General Office (FCGO) should be recorded in the books of Himal Cement as Share Capital of the Company.

Total holding of the bank without considering shares of FCGO is 80.90%. The revised holding of the Bank in the shares of Himal Cement Company if the shares of FCGO is considered shall be 26.74%. The Bank for the purpose of recording investment in Himal Cement Company in the books of account has considered the holding at 80.90%.

Also, since there is no control in the company, the Bank has not considered it as subsidiary, rather shown it as investment in associates.

Existing share of NIDC	399,518
Total Shares before recording share of Finance Comptroller General Office (FCGO)	493,818
%age of holding without considering shares from Finance Comptroller General Office (FCGO)	80.90%
Total share after recording share of FCGO 1,000,000	1,493,818
Revised holding of NIDC if shares of FCGO is considered	26.74%

5.25 Provision for Long Outstanding and Unreconciled Balances:

Long Outstanding Balances which have been aged beyond one year has been shown under "Other Assets" and adequate provision has been made for such balances. An amount of NPR 293,237,830 has been provisioned for risk of such assets during the reported period (Previous Year: NPR 193,933,305). The detail of such balances are presented in the following table

Particulars	Amount in NPR	
	As at 16 July 2018	As at 15 July 2017
Agency balances	69,608,621	53,192,198
Draft Paid without Notice	74,050,465	91,225,778
Other Receivables	70,701,678	12,771,798
Other Transit Items	4,509,075	7,321,357
Cash in Transit	2,494,531	1,396,360
Other Unreconciled Balances	-	4,738,421
Overdrawn Deposits	54,023,885	59,223,711
Outstanding Balance of Central Office (0.5% of debit balance)	17,562,008	11,328,290
Stock of Stationery (5% of stock)	1,920,507	459,826
Outstanding Balance of advances (5% of balance amount)	1,456,692	1,254,633
Provision for NRB Reconciliation	1,459,395	1,459,395
Receivable from government transaction	1,959,463	1,959,463
Receivable regarding compensation on Pension Payment	3,696,805	3,696,805
Provision for reconciled balances of Gulariya Branch	7,191,426	7,191,426
Provision for other assets	89,270,181	86,573,549
Total	310,634,550	257,219,461

5.26 Representative Director in other entities

The Bank has representative directors in the following companies. The representative director does not have substantive rights to direct the relevant activities of the entity and there is no power exercised over the entities. Thus, the entities are not considered for consolidation.

- i) Employee Provident Fund Ltd.
- ii) Neco Insurance Company Ltd.
- iii) Nepal Life Insurance Company Ltd.

- iv) United Insurance Company Ltd.
- v) Rastriya Utthan Laghubitta Bitiya Sanstha Ltd.
- vi) Nepal Lube Oil Ltd.
- vii) Sunrise Capital Ltd.
- viii) Gorakhali Rubber Udhyog Ltd.
- ix) Nepal Stock Exchange Ltd.
- x) Himal Cement Ltd.

5.27 Details of Material Associates

Name of Associates	Place of incorporation and principal place of business	Principal Activity	Proportion of ownership interests and voting rights held by the Bank		
			As at 16 July 2018	As at 15 July 2017	As at 16 July 2016
Neco Insurance Company Limited	Nepal	Insurance Business	20.00%	20.00%	17.69%
Sunrise Capital Limited	Nepal	Merchant Banking	21.43%	0%	0%
Butwal Suti Dhago Udhyog Limited	Nepal	Manufacturing	20%	0%	0%
Himal Cement Company Limited	Nepal	Cement	80.9%	0%	0%

Neco Insurance Company Limited and Sunrise Capital Limited is accounted for using the equity method in these consolidated financial statements. Butwal Suti Dhago Udhyog Limited and Himal Cement Company Limited are defunct company and provision for impairment has been created in those entities.

5.27.1 Neco Insurance Company Limited

	As at 16 July 2018 Unaudited	As at 15 July 2017 Audited	As at 16 July 2016 Audited
Property Plant and Equipment	217,475,000	199,196,437	29,064,069
Long term investments	425,772,000	264,058,233	244,001,337
Short term investments	2,040,740,000	1,380,686,678	581,728,705
Current liabilities	227,573,000	242,576,433	145,114,715
Unexpired Risk Reserve	492,501,000	374,260,018	214,288,152
		Year ended 16 July 2018	Year ended 15 July 2017
Revenue		515,084,000	370,467,148
Profit (loss) for the year		291,019,000	208,531,771
Other comprehensive income for the year		-	-
Total comprehensive income for the year		291,019,000	208,531,771
Dividends received from the associate during the year		515,084,000	370,467,148

Reconciliation of the above summarized financial information to the carrying amount of the interest in Neco Insurance Company Limited recognized in the consolidated financial statements:

	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016
Net assets of the associate	1,983,169,000	1,228,800,282	615,086,520
Proportion of the Bank's ownership interest in Neco Insurance Company Limited	396,643,579	245,759,715	108,780,867
Goodwill			
Other adjustments			
Carrying amount of the Bank's interest in Neco Insurance Company Limited	396,643,579	245,759,715	108,780,867

5.27.2 Sunrise Capital Limited

	As at 16 July 2018 Audited	As at 15 July 2017 Audited	As at 16 July 2016 Audited
Property Plant and Equipment	3,291,969	-	-
Financial Investments - Held for trading	24,959,135		
Financial Investments - Held to Maturity	175,000,000	-	-
Current Assets	4,708,861	-	-
Due to public	147,022,823	-	-
Other financial liabilities	147,022,823		
		Year ended 16 July 2018	Year ended 15 July 2017
Income from Merchant Banking Activities		10,762,195	-
Interest income		36,786,293	
Profit (loss) for the year		17,450,138	-
Other comprehensive income for the year		-	-
Total comprehensive income for the year		17,450,138	-
Dividends received from the associate during the year			

Reconciliation of the above summarized financial information to the carrying amount of the interest in Sunrise Capital Limited recognized in the consolidated financial statements:

	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016
Net assets of the associate	254,003,693	-	-
Proportion of the Bank's ownership interest in Sunrise Capital Limited	54,430,451	-	-
Goodwill	-	-	-
Other adjustments	-	-	-
Carrying amount of the Bank's interest in Sunrise Capital Limited	54,430,451	-	-

5.28 Adjustment for Accrued Interest Receivable

As per NAS 18, revenue shall be recognized on accrual basis. Previously, as per local GAAP, the bank presented interest on a cash basis. The Bank, however, has considered the interest receivable on loans classified as Badwill be recovered only to the extent of principal outstanding. Thus such excess interest receivable has not been recognized as interest income.

Particulars	As at 16 July 2018	As at 15 July 2017	As at 16 July 2016
Closing interest suspense	11,653,843,131	10,174,916,055	9,527,537,748
Less: AIR reversed	(7,832,339,035)	(6,115,138,347)	(5,665,139,831)
Adjusted Interest Suspense	3,821,504,096	4,059,779,725	3,862,399,934

5.29 Tax liability due to change in accounting policy

Due to adoption of NFRS during the year, bank has changed its accounting policy in recognizing interest income on accrual basis from cash basis which has resulted into recognition of interest receivable of Rs 4,059,777,708 related to FY 2016-17 as interest income in the NFRS financial statements of the bank. Accordingly, the same has been considered for calculating taxable income as the bank. Also, the same has been transferred to Regulatory Reserve as per the requirement of the Nepal Rastra Bank Directive No. 4.

5.30 Principal Indicators

Particulars	Indicators	FY 2070-71	FY 2071-72	FY 2072-73	FY 2073-74	FY 2074-75
1. Percent of net Profit/ Gross Income	Percent	23.21	39.22	24.60	33.95	25.97
2. Adjusted Earning Per Share	Rs.	21.38	57.07	27.42	32.32	30.26
3 Market Value per Share	Rs.	-	-	-	-	-
4. Price Earning Ratio	Ratio	-	-	-	-	-
5. Dividend (including Bonus) on Share capital	Percent	-	-	-	-	-
6. Cash Dividend on Share Capital	Percent	-	-	-	-	-
7. Interest Income/ Loan and Advances	Percent	9.10	8.23	8.32	7.78	9.20
8. Staff Expenses/ Total Operating Expense	Percent	44.98	50.95	52.88	46.96	41.48
9 Interest Expense on Total Deposit and Borrowings	Percent	2.04	1.53	1.27	1.24	1.76
10. Exchange Gain/Total Income	Percent	0.43	0.36	0.14	0.69	0.30
11. Staff Bonus/Total Staff expenses	Percent	6.22	14.89	7.70	12.62	9.50
12. Net Profit /Loans and Advances	Percent	3.02	6.12	2.76	2.61	2.25
13. Net Profit/ Total Assets	Ratio	1.47	3.22	1.42	1.60	1.42
14. Total Credit/Deposits	Percent	56.73	61.05	58.46	69.30	71.38
15. Total Operating Expenses/ Total Assets	Percent	4.17	4.49	3.32	3.09	3.45
16. Adequacy of Capital Fund on Risk Weighted Assets						
a. Core Capital *	Percent	4.46	10.16	9.31	9.15	9.98
b. Supplementary Capital	Percent	0.16	-	1.14	1.24	1.48
c. Total Capital Fund	Percent	4.62	10.16	10.46	10.39	11.47
17. Liquidity (CRR)	Ratio	19.38	14.48	14.09	9.60	5.29
18 Non Performing Credit/ Total Credit	Percent	6.38	5.35	4.25	3.77	4.75
19. Base Rate		6.32	6.70	6.36	5.95	6.20
20 Weighted Average Interest Rate Spread*		4.14	4.53	4.73	4.92	4.95
21. Book Net Worth	Rs.	2,386,572,749	6,675,764,788	8,606,249,451	10,484,033,174	19,070,771,410
22. Total Shares	No.	85,889,723	85,889,723	85,889,723	85,889,723	90,047,957
23. Total Staff	No.	2,523	2,545	2,470	2,248	1,945
24. Others						

6. Comparison of Unaudited and Audited Financial Statements

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Statement of Financial Position	As per unaudited Financial Statement	As per Audited Financial Statement	Variance		Reasons for Variance
			In amount	In %	
Assets					
Cash and cash equivalent	6,594,968	28,333,121	21,738,153	329.62%	Reclassification and readjustment.
Due from NRB and placements with BFI's	16,425,697	9,645,492	(6,780,205)	-41.28%	Reclassification and readjustment.
Loan and advances	124,423,472	121,460,144	(2,963,328)	-2.38%	Impact of additional loan loss provision.
Investments Securities	47,209,027	24,469,664	(22,739,363)	-48.17%	Re classification and readjustment; read with investment in subsidiaries and associates
Investment in subsidiaris and associates	200,000	430,091	230,091	115.05%	Reclassification of investment in Himal Cement, Neco Insurance and Sunrise Capital, ButwalSutiDhagouDhyog to Investment in Associates from Investment securities
Goodwill and intangible assets	23,774	23,729	(45)	-0.19%	Impact of change in estimate on calculation of depreciation.
Other assets	13,663,140	12,969,759	(693,380)	-5.07%	Change in method of accounting (measured at amortised cost)
Total Assets	208,540,078	197,332,000	(11,208,077)	-5.37%	
Capital and Liabilities					
Paid up Capital	9,004,796	9,004,796	-	0.00%	
Reserves and surplus	13,099,801	10,065,976	(3,033,825)	-23.16%	Due to change adjustment in profit or loss and change in regulatory reserve.
Deposits	169,337,056	169,501,831	164,775	0.10%	Change in method of accounting (measured at amortised cost)
Borrowings	429,242	171,496	(257,746)	-60.05%	Change in method of accounting (measured at amortised cost)
Bond and Debenture	-	-	-	0.00%	
Other liabilities and provisions	16,669,183	8,587,901	(8,081,282)	-48.48%	Impact of deferred tax, staff bonus, loan loss provision and changes in accounting method.
Total Capital and Liabilities	208,540,078	197,332,000	(11,208,077)	-5.37%	

Statement of Profit or Loss	As per unaudited Financial Statement	As per Audited Financial Statement	Variance		Reasons for Variance
			In amount	In %	
Interest income	13,042,510	12,097,659	(944,850)	-7.24%	Due to reclassification of loans from performing to non performing, as a result of which interest income has reduced. Refer note 5.28
Interest expense	2,983,430	2,983,430	-	0.00%	
Net interest income	10,059,079	9,114,229	(944,850)	-9.39%	
Fee and commission income	1,230,891	1,233,820	2,929	0.24%	
Fee and commission expense	183,708	183,708	-	0.00%	Adjustment of fees expense.
Net fee and commission income	1,047,183	1,050,112	2,929	0.28%	
Other operating income	34,910	34,910	-	0.00%	Reclassification and adjustment.
Total operating income	11,141,172	10,199,251	(941,921)	-8.45%	
Impairment charge/(reversal) for loans and other losses	421,880	1,293,055	871,175	206.50%	Restatement of Loan Loss provision as per NRB directive 2.
Net operating income	10,719,293	8,906,196	(1,813,096)	-16.91%	
Personnel expenses	3,070,863	3,132,446	61,583	2.01%	Due to change in bonus expenses
Other operating expenses	1,026,460	1,036,177	9,717	0.95%	Impact of change in estimate on calculation of depreciation.
Operating profit	6,621,969	4,737,573	(1,884,396)	-28.46%	
Non operating income/expense	128,744	213,504	84,760	65.84%	Reclassification adjustment
Profit before tax	6,750,714	4,951,077	(1,799,637)	-26.66%	
Income tax	1,850,998	1,291,810	(559,188)	-30.21%	Impact on various adjustment in ultimate taxable income
Profit /(loss) for the period	4,899,716	3,659,267	(1,240,449)	-25.32%	
Other comprehensive income	(1,911,175)	(846,116)	1,065,058	-55.73%	Reclassification of actuarial loss on Sick Leave to profit or loss. Also, there has been change in fair value of investment including some reclassification of investment in associate from investment securities.
Total comprehensive income	2,988,541	2,813,151	(175,391)	-5.87%	
Distributable Profit					
Net profit/(loss) as per profit or loss	4,899,716	3,659,267	(1,240,449)	-25.32%	
Add/Less: Regulatory adjustment as per NRB Directive	(570,960)	(9,619,350)	(9,048,390)	1584.77%	Due to change in regulatory reserve to be transferred from retained earning
Free profit/(loss) after regulatory adjustments	4,328,756	(5,960,083)	(10,288,839)	-237.69%	

Note: These profits are before apportionment for various statutory reserves such as General Reserve, CSR reserve, Employees training fund, Investment Adjustment Reserve. For distributable profit, refer Statement of Distributable Profit or Loss forming part of the financial statements.



नेपाल राष्ट्र बैंक
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गैर-स्थलगत सुपरिवेक्षण इकाई



केन्द्रीय कार्यालय
बालुवाटार, काठमाडौं
पोष्ट बक्स नं. ७३
फोन नं. ४४१७४९७
आन्तरिक २०४,२०५ र २०६
फ्याक्स नं. ४४१२३०६
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पत्रसंख्या.- बैं सु वि अफसाइट/एजिएम/२५/२०७५-७६

मिति २०७५/११/०९

राष्ट्रिय वाणिज्य बैंक लिमिटेड,
सिंहदरवार प्लाजा, काठमाडौं।

विषय: आ व २०७४/७५ को वार्षिक वित्तीय विवरण प्रकाशन गर्ने सम्बन्धमा।

महाशय,

त्यस बैंकबाट पेश गरिएको वित्तीय विवरण तथा अन्य कागजातका आधारमा इजाजतपत्रप्राप्त बैंक तथा वित्तीय संस्थाको वित्तीय विवरण प्रकाशन गर्ने सहमति प्रदान गर्ने तथा लाभांश स्वीकृत गर्ने कार्यविधि २०७२ का प्रावधानहरू पालना गरेको देखिएकोले अन्य प्रचलित कानूनी व्यवस्थाको समेत पालना गर्ने गरी आ व २०७४/७५ को वार्षिक हिसाब वार्षिक साधारण सभामा स्वीकृतको लागि पेश गर्ने प्रयोजनाथं देहायका निर्देशन सहित सार्वजनिक गर्ने सहमति प्रदान गरिएको व्यहोरा निर्णयानुसार अनुरोध गर्दछु।

१. आ व २०७४/७५ को लेखापरिक्षण प्रतिवेदन तथा लेखापरिक्षण व्यवस्थापकिय पत्रमा उल्लेख गरिएका सबै कैफियतहरू प्रभावकारी रूपमा सुधार गरी त्यस्ता कैफियतहरू पुनः दोहोरिन नदिने व्यवस्था मिलाउनु हुन र सोको सुधारको सम्बन्धमा बैंकको लेखापरिक्षण समितिमा वैमासिक रूपमा समीक्षा गर्ने व्यवस्था गर्नुहुन। साथै, उक्त कैफियतहरू सुधारको प्रगती विवरण नेपाल राष्ट्र बैंक, बैंक सुपरिवेक्षण विभाग अन्तर्गत रहेको गैर-स्थलगत इकाईमा २०७५ चैत मसान्त भित्र पेश गर्नु हुन।
२. नेपाल राष्ट्र बैंकबाट जारी गरिएको एकीकृत निर्देशन, २०७५ को निर्देशन नं ८ को बुदा नं ४ मा भएको सहायक कम्पनी सम्बन्धी व्यवस्था विपरीत रहेको लगानी यथाशीघ्र विनिवेश गरी यस विभागलाई जानकारी गराउनु हुन।

उपरोक्त निर्देशनलाई त्यस बैंकको वार्षिक प्रतिवेदनको छुट्टै पानामा प्रकाशित गर्नु हुन अनुरोध गर्दछु।

भवदीय,

(यज्ञ श्रेष्ठ)
उप निर्देशक

धोधाधं

१. नेपाल राष्ट्र बैंक, बैंक तथा वित्तीय संस्था नियमन विभाग।
२. नेपाल राष्ट्र बैंक, बैंक सुपरिवेक्षण विभाग, प्रतिवेदन कार्यान्वयन इकाई, राष्ट्रिय वाणिज्य बैंक लिमिटेड।

बैंकका महत्वपूर्ण क्रियाकलापहरुको मलक



संस्थागत सामाजिक उत्तरदायित्व कार्यक्रम अन्तर्गत टिच फर नेपाललाई सहयोग हस्तान्तरण कार्यक्रम



संस्थागत सामाजिक उत्तरदायित्व कार्यक्रम अन्तर्गत मुस्कान सेवा नेपाललाई भवन निर्माणको लागि सहयोग हस्तान्तरण कार्यक्रम



राष्ट्रिय वाणिज्य बैंक लिमिटेडको ब्राण्ड एम्बेसेडरमा नियुक्त मिस नेपाल २०१८ श्री श्रृंखला खतिवडालाई प्रमाणपत्र हस्तान्तरण कार्यक्रम।



राष्ट्रिय वाणिज्य बैंकद्वारा आयोजित Business Meet 2075



माननीय परराष्ट्र मन्त्री श्री प्रदिप जवालीद्वारा शाखा कार्यालय रिडिबजार गुल्मीको समुदघाटन कार्यक्रम



माननीय अर्थ मन्त्री श्री युवराज खतिवडाद्वारा एन.आई.डी.सि. डेभलपमेन्ट बैंक लि. गाभिए पश्चात एकिकृत कारोवार सुभारम्भ कार्यक्रम



बैंकको १३औं वार्षिक उत्सव समारोहको एक क्लक



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