

# नेपाल इन्फ्रास्ट्रक्चर बैंक लिमिटेडका शेयरधनी महानुभावहरूलाई सातौ वार्षिक साधारण समाको सूचना

Opinion

We have audited the accompanying financial statements of Nepal Infrastructure Bank Ltd. (hereinafter referred to as "Bank"), which comprise statement of financial position as at Ashad 32, 2082 (July 16, 2025) and statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and notes to the financial statements.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank as at Ashad 32, 2082, its financial performance and its cash flows for the year then ended in accordance with Nepali Financial Reporting Standards (NFRS).

Basis for Opinion

We conducted our audit in accordance with Nepali Standards on Auditing (NSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of these reports. We are independent of the Bank and we have fulfilled our other ethical responsibilities in accordance with the IESAS Handbook and the Code of Ethics for Professional Accountants. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are matters based on our judgment of most significance in the audit of the financial statements of the current period, which were addressed in the context of the audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide separate opinion on these matters.

The results of our audit procedures, including the procedures performed to address the matters below, provides the basis for our audit opinion on the accompanying financial statements.

Following are the Key Audit Matters:

S.No.	Key Audit Matters	How the matters were addressed in our audit
1.	<b>Loan Loss Provision</b> Ref. note 4.7 and accounting policies to the financial statements.	<p>The Bank's advances to the customers represent 60.04% of its total assets at the end of the period under review and are stated at Rs. 24.95 billion which is net of provision of Rs. 664.18 million. The provision against advances was identified as a key audit matter as it involves a considerable degree of management judgment and compliance with Directives and Circulars issued by Nepal Rastra Bank.</p> <p>We applied following procedures in respect of verification of loan loss provision:</p> <ul style="list-style-type: none"> <li>Review of borrower's files, which includes evaluation of borrowers' repayment behavior, assessment of financial strength based on the available financial statements, adequacy of security/collateral, obtaining of required legal documents, CIC reports, and compliance with prudential regulations.</li> <li>Review of the IT system to provide loan loss provision based on overdue payments.</li> <li>On sampling basis, verification of accuracy of provision against non-performing loan calculated by the IT system and manual calculation sampling basis.</li> <li>Evaluation of appropriateness of subjective judgement made by the management in estimating loans' borrowers.</li> <li>Review of Board's evaluation and decisions on loans.</li> <li>Review of ECL calculation including assumptions considered for such calculation. Comparison of LIP required under NRB directives and ECL module. Loan loss provision made by the Bank is considered acceptable.</li> </ul> <p>Loan loss provision made by the Bank is considered acceptable.</p>

Other Information

Management is responsible for other information. Other information comprises the information included in Annual Report and Report of Board of Directors but does not include the financial statements and our reports thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and to evaluate our conclusions in the light of such other information in light of our audit of the financial statements or our knowledge obtained during the course of our audit or otherwise appear to be materially misstated. When we read the annual report, if we conclude that there is material misstatement, then we are required to request management and those charged with governance to correct the material misstatement.

**Responsibilities of the Management and Those charged with Governance for the Financial Statements**

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

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations or has no realistic alternative to such a plan.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance that it is a guarantee that an audit conducted in accordance with Nepali Financial Reporting Standards (NFRSs) will detect all material misstatements. These are considered material if individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with NSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error. Fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

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

**Report on Other Legal and Regulatory Requirements**

On the basis of our examination, we would like to further report that:

- I. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of audit.
- II. The accounts and records of the Bank have been maintained as required by law.
- III. Financial statements are in agreement with the books of account maintained by the Bank.
- IV. The capital fund, risk bearing fund and the provision for possible impairment of assets of the Bank are adequate as per the Directives issued by Nepal Rastra Bank.
- V. In our opinion, the financial statements are in accordance with the accounting principles generally accepted in the preparation of financial statements in Nepal and the explanations given to us by the Board of Directors, the representative or any employee of the Bank has not acted contrary to the provision of law relating to accounts nor caused direct loss or damage to the Bank deliberately or acted in a manner that would jeopardize the interest and security of the Bank.
- VI. The operations of the Bank are within its jurisdiction.
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