



रजिस्टर्ड (केन्द्रीय कार्यालय): काठमाडौं जिल्ला, का.म.न.पा. वडा नं. २२, धर्मपथ
पोस्ट बक्स नं. ३६, फोन नं. ४२२२३९७/४२३९८८८, फ्याक्स नं. ४२२०४१४
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सञ्चालक समितिको आज्ञाले
केशव प्रसाद भण्डारी
कम्पनी सचिव

लेखापरीक्षणको प्रतिवदन सहितको वार्षिक प्रतिवेदन बैंकको वेबसाइटमा पनि प्रकाशित गरिनेछ ।

१२. साधारण सभा सम्बन्धमा थप जानकारी आवश्यक परेमा कार्यालय समयभित्र बैंकको केन्द्रीय कार्यालय, सञ्चालक समिति सचिवालयमा सम्पर्क राख्न समेत अनुरोध गरिन्छ ।


नेपाल बैंक लिमिटेडको ६२औँ वार्षिक साधारण सभाको प्रयोजनार्थ आ.व. २०७७/७८ को बैंकको बासलात, नाफा/नोक्सान हिसाब, अन्य विस्तृत आम्दानीको नगद प्रवाह विवरण लगायत बैंकको समग्र कारोबारको सिंहावलोकन निम्नानुसार रहेको व्यहोरा यस संक्षिप्त वार्षिक आर्थिक विवरण मार्फत जानकारी गराउँदछौं।


S.A.R.
ASSOCIATES
CHARTERED ACCOUNTANTS

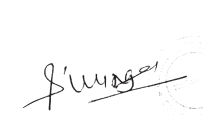
S. N.	Key Audit Matters	Auditor's Response
1.	<p data-bbox="741 2539 885 2551">Interest Recognition</p> <p data-bbox="741 2551 1030 2874">The interest income of the bank has to be recognized on accrual basis and following the Interest Income Recognition Guidelines 2019 issued by NRB. Though accrual basis of income recognition is prescribed in general, the guidelines require suspension of interest recognition on accrual basis for loans and advances with overdue of more than 12 months whereas for loans and advances with overdue interest/installment for 3 to 12 months, interest recognition on accrual basis is limited on the basis of result of collateral testing as specified. Given the lack of system capability to suspend recognition of income on the basis of overdue status of loan and fair value of collateral as well as review of fair valuation of collateral on regular basis, manual intervention will be required in interest recognition process and hence create risk of improper application of the guidelines and determination of the Fair Value of the collateral. This may, in turn, have effect on recognition of interest income the bank. Thus, we have considered it as key audit matter.</p>	<p data-bbox="1042 2539 1306 2567">Our audit approach regarding verification of process of interest recognition included:</p> <ul data-bbox="1042 2573 1306 2716" style="list-style-type: none"> a. Obtaining clear understanding of the process of accrual of interest income on loans and advances in the Core Banking Software of the bank. b. For fair valuation of collateral, we relied on the latest available engineer's valuation of the collateral and have test checked the hair cut in fair value of collateral as per NRB Income Recognition guidelines 2019. <p data-bbox="1042 2725 1306 2750">Test check of the interest income booking with manual computation.</p>
2.	<p data-bbox="741 2884 1030 2909">Investment Valuation, Identification, and Impairment</p> <p data-bbox="741 2912 1030 2977">Investment of the bank comprises of investment in government bonds, T-bills, development bonds and investment in quoted and unquoted equity instruments. The valuation of the aforesaid securities has been done in compliance with NFRS 9</p>	<p data-bbox="1042 2884 1306 2918">Our audit approach regarding verification of process of investment valuation, identification and impairment included:</p> <ul data-bbox="1042 2921 1306 2977" style="list-style-type: none"> a. Review of the investment of the bank and its valuation having reference to NFRS issued by the Accounting Standard Board of Nepal and NRB Directive 4 read with 8.

We have obtained satisfactory information and explanations asked for, which to the best of our knowledge and belief were necessary for the purpose of our audit; the returns received from the branch offices of the bank, though the statements are independently not audited, were adequate for the purpose of the audit; the financial statements including the statement of financial position, statement of profit or loss, statement of comprehensive income, statement of changes in equity, statement of cash flows, notes to the financial statements and the policies of significant accounting policies had been prepared in all material respect in accordance with the provisions of the Company Act, 2063, and they are in agreement with the books of accounts of the Bank; and the accounts and records of the Bank are properly maintained in accordance with the prevailing laws.

To the best of our information and according to the explanations given to us, in the course of our audit, we observed that the loans have been written off as specified; the business of the Bank was conducted satisfactorily, and the Bank's transactions were found to be within the scope of its authority. We did not come across cases of accounting related fraud and the cases where the board of directors or any director or any office bearer of the Bank has acted contrary to the provisions of law or caused loss or damage to the Bank or committed any misappropriation of the funds of Bank


CA. Narendra Bhattarai
Principal Partner
Narender K. Bhattarai & Co.


CA. Jagannath Upadhyay
Proprietor
J.N. Upadhyay & Co.


CA. Sunir Kumar Dhungel
Managing Partner
S.A.R. Associates

Place: Kathmandu, Nepal
Date: Kartik 07, 2078 (October 24, 2021)

UDIN: 211025CA00037U87qX UDIN: 211025CA001140n1V2 UDIN: 211025CA001097ffev

Statement of Financial Position

As at 31st Ashad 2078 (15 July 2021)

Figures in NPR

	Note	As at 31st Ashad 2078	As at 31st Ashad 2077
ASSETS			
Cash and cash equivalents	4.1	6,528,388,522	4,971,642,414
Due from Nepal Rastra Bank	4.2	6,803,871,032	6,125,276,757
Placement with Bank and Financial Institutions	4.3	4,319,424,975	6,117,450,000
Derivative Financial Instruments	4.4	8,516,607,098	6,590,488,467
Other Trading Assets	4.5	101,204,596	-
Loans and advances to B/FIs	4.6	6,538,592,437	3,521,188,673
Loans and advances to customers	4.7	135,420,466,422	103,303,752,458
Investment securities	4.8	30,009,312,731	32,596,093,012
Current tax assets	4.9	1,642,235,420	1,580,923,496
Investment in subsidiaries	4.10	-	-
Investment in associates	4.11	-	-
Investment property	4.12	111,028,379	103,105,851
Property and Equipment	4.13	12,240,078,095	12,008,022,975
Goodwill and Intangible assets	4.14	45,836,534	39,450,687
Deferred Tax Assets	4.15	-	-
Other assets	4.16	10,368,431,136	14,205,422,036
Total Assets		222,645,477,378	191,162,816,826
	Note	Asat 31stAshad2078	Asat 31stAshad2077
Liabilities			
Due to Bank and Financial Institutions	4.17	809,125,108	1,458,866,152
Due to Nepal Ratsra Bank	4.18	6,062,640,951	23,920,613
Derivative Financial Instrument	4.19	8,474,686,154	6,473,080,003
Deposits from customers	4.20	162,813,383,867	141,530,380,569
Borrowings	4.21	-	1,000,000,000
Current Tax Liabilities	4.9	-	-
Provisions	4.22	80,221,924	56,838,989
Deferred Tax Liabilities	4.15	4,435,213,927	3,825,757,799
Other liabilities	4.23	3,261,141,415	6,762,981,164
Debt securities issued	4.24	3,493,918,012	-
Subordinated Liabilities	4.25	-	-
Total liabilities		189,430,331,358	161,131,825,289
Equity			
Share Capital	4.26	12,636,758,600	11,282,820,200
Share Premium		431,883,262	1,789,915,042
Retained Earnings		3,732,371,500	3,102,720,519
Reserves	4.27	16,414,132,658	13,855,535,776
Total equity attributable to equity holders		33,215,146,020	30,030,991,537
Non-controlling interest			
Total Equity		33,215,146,020	30,030,991,537
Total Liabilities and Equity		222,645,477,378	191,162,816,826
Contingent Liabilities and commitment	4.28	47,493,553,964	31,256,719,710
Net Assets Value Per share		262.85	266.17

Statement of Profit or Loss

for the year ended 31st Ashad 2078 (15 July 2021)

Figures in NPR

	Note	Year ended 31st Ashad 2078	Year ended 31st Ashad 2077
Interest income	4.29	11,887,166,103	11,526,842,041
Interest expense	4.30	5,466,724,497	5,908,023,000
Net interest income		6,420,441,606	5,618,819,041
Fees and commission income	4.31	953,775,889	790,344,870
Fees and commission expense	4.32	67,347,585	43,956,719
Net fee and commission income		886,428,304	746,388,151
Net interest, fee and commission income		7,306,869,910	6,365,207,192

Net trading income	4.33	456,853,535	412,559,037
Other operating income	4.34	425,275,510	394,114,547
Total operating income		8,188,998,955	7,171,880,776
Impairment charge/(reversal) for loans and other losses	4.35	497,621,720	879,633,846
Net operating income		7,691,377,235	6,292,246,929
Operating expense			
Personnel expenses	4.36	2,353,459,424	2,224,846,358
Other Operating expenses	4.37	813,078,311	668,677,567
Depreciation and Amortisation	4.38	177,178,920	150,802,269
Operating Profit		4,347,660,580	3,247,920,735
Non operating Income	4.39	224,759,097	327,252,050
Non operating Expense	4.40	-	-
Profit before income tax		4,572,419,677	3,575,172,784
Income tax expense			
Current Tax	4.41	1,275,935,929	820,472,225
Deferred Tax		335,253,419	421,812,018
Profit for the period		2,961,230,329	2,332,888,541
Profit attributable to:			
Equity holders of the Bank		2,961,230,329	2,332,888,541
Non-controlling interests		-	-
Profit for the period		2,961,230,329	2,332,888,541
Earnings Per Share (EPS)			
Basic EPS		23.43	20.68
Diluted EPS		23.43	20.68

Statement of Other Comprehensive Income

for the year ended 31st Ashad 2078 (15 July 2021)

Figures in NPR

	Note	Year ended 31st Ashad 2078	Year ended 31st Ashad 2077
Profit for the year		2,961,230,329	2,332,888,541
Other Comprehensive Income, net of income tax			
a Items that will not be reclassified to Profit or Loss			
Gains / (Losses) from investment in equity instruments measured at fair value		(62,308,064)	305,618,333
Gains / (Losses) on revaluation		-	-
Actuarial Gains / (Losses) on defined benefit plans		1,088,636,594	(1,129,034,043)
Income tax relating to above items		(307,898,559)	247,024,713
Net other Comprehensive Income that will not be reclassified to Profit or Loss		718,429,972	(576,390,997)
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 equited method			
Other Comprehensive income for the year, net of income tax		718,429,972	(576,390,997)
Total Comprehensive income for the year		3,679,660,301	1,756,497,544
Total Comprehensive income attributable to:			
Equity shareholder of the bank		3,679,660,301	1,756,497,544
Non controlling interest		-	-
Total Comprehensive income for the period		3,679,660,301	1,756,497,544

Statement of Cash Flows

for the year ended 31st Ashad 2078 (15 July 2021)

Figures in NPR

Particulars	Year ended 31st Ashad 2078	Year ended 31st Ashad 2077
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	12,267,531,912	11,088,645,412
Fees and other income received	950,260,402	790,344,870
Dividend received	-	-
Receipts from other operating activities	928,692,591	1,025,418,501
Interest paid	(5,466,664,456)	(5,908,023,000)
Commission and fees paid	(62,004,934)	(43,956,719)
Cash payment to employees	(1,805,605,036)	(2,224,846,358)
Other expense paid	(1,288,608,636)	(1,548,311,414)
Operating cash flows before changes in operating assets and liabilities	5,523,601,842	3,179,271,292
(Increase)/Decrease in operating assets		

Statement of Changes in Equity

Figures in NPR

Particulars	Share Capital	Share premium	General reserve	Exchange equalisation reserve	Regulatory Reserve	Fair Value Reserve	Revaluation Reserve	Retained earning	Other reserve	Total	Non-controlling interest	Total equity
Balance at 1st Shrawan 2076	9,811,148,000	3,262,810,756	4,423,524,251	86,786,914	1,293,871,418	2,037,933,446	7,743,591,321	2,895,693,022	(2,274,022,613)	29,281,336,515	-	29,281,336,515
Adjustment/ Restatement												
Adjusted/Restated balance at 1st Shrawan 2076												
Comprehensive income for the year								-	-	-		-
Profit for the year								2,332,888,541	-	2,332,888,541		2,332,888,541
Other comprehensive income, net of tax									-	-		-
Gains/(losses) from investment in equity instruments measured at fair value.						213,932,833			-	213,932,833		213,932,833
Gains/(losses) on revaluation									-	-		-
Actuarial gains/(losses) on defined benefit plans									(790,323,830)	(790,323,830)		(790,323,830)
Gains/(losses) on cash flow hedges									-	-		-
Exchange gains/(losses) (arising from translating financial assets of foreign operation)									-	-		-
Total Comprehensive income for the year	-	-	-	-	-	213,932,833	-	2,332,888,541	(790,323,830)	1,756,497,544	-	1,756,497,544
Transfer to reserve during the year								(1,144,746,244)	(11,234,502)	(1,155,980,746)		(1,155,980,746)
Transfer from reserve during the year			466,577,708		689,403,037				-	1,155,980,746		1,155,980,746
Deferred tax impact of respective reserve									-	-		-
Transactions directly recognised in equity									-	-		-
Share issued									-	-		-
Share based payment									-	-		-
Dividends to equity holders									-	-		-
Bonus shares issued	1,471,672,200	(1,471,672,200)						(981,114,800)	-	(981,114,800)		(981,114,800)
Cash dividend paid									-	-		-
Other		(1,223,514)							(24,504,208)	(25,727,722)		(25,727,722)
Total contributions by and distributions	1,471,672,200	(1,472,895,714)	466,577,708	-	689,403,037	-	-	(2,125,861,044)	(35,738,710)	(1,006,842,522)	-	(1,006,842,522)
Balance at 31st Asadh 2077	11,282,820,200	1,789,915,042	4,890,101,959	86,786,914	1,983,274,456	2,251,866,279	7,743,591,321	3,102,720,519	(3,100,085,152)	30,030,991,537	-	30,030,991,537
Balance at 1st Shrawan 2077	11,282,820,200	1,789,915,042	4,890,101,959	86,786,914	1,983,274,456	2,251,866,279	7,743,591,321	3,102,720,519	(3,100,085,152)	30,030,991,537	-	30,030,991,537
Comprehensive income for the year									-	-		-
Profit for the year								2,961,230,329	-	2,961,230,329		2,961,230,329
Other comprehensive income, net of tax									-	-		-
Gains/(losses) from investment in equity instruments measured at fair value.						(43,615,645)			-	(43,615,645)		(43,615,645)
Gains/(losses) on revaluation									-	-		-
Actuarial gains/(losses) on defined benefit plans									762,045,616	762,045,616		762,045,616
Gains/(losses) on cash flow hedges									-	-		-
Exchange gains/(losses) (arising from translating financial assets of foreign operation)									-	-		-
Total Comprehensive income for the year	-	-	-	-	-	(43,615,645)	-	2,961,230,329	762,045,616	3,679,660,301	-	3,679,660,301
Transfer to reserve during the year			592,246,066		1,381,594,534			978,796,828	29,612,303	2,982,249,732		2,982,249,732
Transfer from reserve during the year						(78,623,650)		(2,859,063,369)	(10,866,863)	(2,948,553,882)		(2,948,553,882)
Deferred tax impact of respective reserve										-		-
Transactions directly recognised in equity									-	-		-
Share issued									-	-		-
Share based payment									-	-		-
Dividends to equity holders									-	-		-
Bonus shares issued	1,353,938,400	(1,353,938,400)							-	-		-
Cash dividend paid								(451,312,808)	-	(451,312,808)		(451,312,808)
Other		(4,093,380)							(73,795,480)	(77,888,860)		(77,888,860)
Total contributions by and distributions	1,353,938,400	(1,358,031,780)	592,246,066	-	1,381,594,534	(78,623,650)	-	(2,331,579,348)	(55,050,040)	(495,505,818)	-	(495,505,818)
Balance at 31st Asadh 2078	12,636,758,600	431,883,262	5,482,348,025	86,786,914	3,364,868,990	2,129,626,985	7,743,591,321	3,732,371,500	(2,393,089,576)	33,215,146,020	-	33,215,146,020