



नेपाल बैंक लिमिटेड

नेपाल राष्ट्र बैंकबाट 'क' वर्गको इजाजत प्राप्त संस्था।
रजिस्टर्ड (केन्द्रीय कार्यालय): काठमाडौं जिल्ला, का.म.त.पा. बडा नं. २२, धर्मपथ
पोस्ट बक्स नं. ३६, फोन नं. ४२२३९७/४२३९८८८, फ्याक्स नं. ४२२०४१४
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नेपाल बैंक लिमिटेडको ६३औं साधारण सभा सम्बन्धी सूचना

(प्रथम पटक प्रकाशित मिति : २०७९ पुस ७ गते)
यस बैंकको सञ्चालक समितिको मिति २०७९/०९/०६ गते बुधवार बसेको १७औं बैठकबाट देहायका विषयहरूमा छलफल तथा निर्णय गर्नका लागि निम्न मिति, स्थान र समयमा बैंकको ६३औं वार्षिक साधारण सभा बस्ने निर्णय भएको हुँदा कम्पनी ऐन, २०६३ को दफा ६७ बमोजिम सम्पूर्ण शेयरधनी महानुभावहरूको जानकारी तथा उपस्थितिका लागि अनुरोध गर्दै यो सूचना प्रकाशित गरिएको छ।

१. साधारण सभा हुने मिति, स्थान र समय :
मिति : २०७९ पुस २९ गते शुक्रवार
स्थान : बैंकको प्रधान कार्यालय, धर्मपथ, काठमाडौं
समय : बिहान ११:०० बजे

२. छलफलका विषयहरू :

- क. सामान्य प्रस्तावहरू :
 - आ.व. २०७८/७९ को सञ्चालक समितिको वार्षिक प्रतिवेदन छलफल गरी पारित गर्ने।
 - लेखापरीक्षकको प्रतिवेदन सहितको २०७९ आषाढ मसान्तको वासलात, सोही मितिमा समाप्त आ.व. २०७८/७९ को नाफा/नोक्सान हिसाब तथा नगद प्रवाह विवरण र सोही अवधिको वित्तीय विवरणसँग सम्बन्धित अनुसूचीहरू छलफल गरी पारित गर्ने।
 - सञ्चालक समितिबाट प्रस्तावित हालको चुक्ता पुँजी रु.१४,४०,४९,०४,८३१/३० को १० (दस) प्रतिशतका दरले हुन आउने रु.१,४४,०४,९०,४८३/३२ (अक्षरणी एक अर्ब चौरालीस करोड पाँच लाख नब्बे हजार चार सय त्रियासी र तेह्र पैसा मात्र) नगद लाभांश (लाभांश कर समेत) वितरण गर्न स्वीकृति प्रदान गर्ने।
 - कम्पनी ऐन, २०६३ को दफा १११ अनुसार आ.व. २०७९/८० का लागि लेखापरीक्षक नियुक्त गर्ने र निजको पारिश्रमिक निर्धारण गर्ने।

ख. विशेष प्रस्तावहरू :

- १. सञ्चालक समितिबाट प्रस्तावित हालको चुक्ता पुँजी रु.१४,४०,४९,०४,८३१/३० को २ (दुई) प्रतिशतका दरले हुन आउने रु.२८,८१,९८,०९६/६३ (अक्षरणी अठ्ठाइस करोड एकसी लाख अठार हजार छयानबन्ने र त्रिसठ्ठी पैसा मात्र) रकम बराबरको बोनस शेयर वितरण गर्न स्वीकृति प्रदान गर्ने र बोनस शेयर वितरणबाट बैंकको साविक जारी तथा चुक्ता पुँजीमा वृद्धि गरी रु.१४,६९,४०,२२,९२७/९० (अक्षरणी चौध अर्ब उनत्सरी करोड चालीस लाख चाडस हजार नौ सय सत्ताइस र नब्बे पैसा मात्र) कायम गर्ने र सोही बमोजिम प्रबन्ध पत्र तथा नियमावलीको सम्बन्धित दफामा संशोधन गर्ने।
- २. बैंकको प्रबन्ध पत्र/नियमावलीको प्रस्तावित संशोधनमा नियमनकारी निकायहरूबाट कुनै फेरबदलको सुभावा प्राप्त भएमा सो बमोजिम आवश्यक फेरबदल गर्न सञ्चालक समितिलाई अख्तियारी प्रदान गर्ने।

सञ्चालक समितिको आज्ञाले
केशव प्रसाद भण्डारी
कम्पनी सचिव

साधारण सभा सम्बन्धी अन्य जानकारी

- १. वार्षिक साधारण सभा प्रयोजनको निमित्त मिति २०७९/०९/१४ गते शेयरधनी दर्ता पुस्तिका (Book Closure) बन्द रहनेछ। नेपाल स्टक एक्सचेंज लिमिटेडमा मिति २०७९/०९/१३ गतेसम्म कारोबार भई नियमानुसार शेयर नामसारी भएका शेयरधनीहरूले मात्र साधारण सभामा सहभागी हुन तथा आ.व. २०७८/७९ को लाभांश पाउन योग्य हुनेछन्।
- २. सभामा भाग लिन इच्छुक शेयरधनी महानुभावहरूले शेयर प्रमाणपत्र वा हितग्राही (DMAT) खाता खोलिएको प्रमाण/हितग्राही खाता नं./शेयर किता सङ्ख्या तथा फोटो सहितको कुनै परिचय पत्र अनिवार्य रूपमा साथमा ल्याई सहभागी हुनुपर्नेछ।
- ३. सभामा भाग लिन प्रत्येक शेयरधनी महानुभावले सभामा हिस्सा हुने स्थानमा उपस्थित भई सभा स्थलमा रहेको हाजिरी पुस्तिकामा दर्ता गर्न पर्नेछ। हाजिरी पुस्तिका उक्त दिन बिहान १०:०० बजेदेखि खुला रहनेछ।
- ४. सभामा भाग लिनका लागि आफ्नो प्रतिनिधि (प्रोक्सी) नियुक्त गर्न चाहने शेयरधनीहरूले आफ्नो सम्पूर्ण शेयरको एउटै प्रतिनिधि हुने गरी प्रचलित कम्पनी कानूनले तोकेको ढाँचामा प्रतिनिधि पत्र (प्रोक्सी) फाराम भरी सभा सुरु हुनुभन्दा कम्तीमा ७२ घण्टाअगावै बिहान ११ बजेभित्र बैंकको शेयर रजिस्ट्रारको कार्यालय श्री सिम्बल क्यापिटल मार्केट लिमिटेड, सिटिसी मल, सुन्यारा काठमाडौंमा दर्ता गरिसक्नुपर्नेछ। प्रोक्सी नियुक्त गर्दा बैंकका शेयरधनीहरूलाई मात्र प्रोक्सी नियुक्त गर्न सकिनेछ। एकभन्दा बढी व्यक्तिलाई शेयर विभाजन गरी वा अन्य कुनै किसिमबाट छुट्ट्याएर दिइएको प्रोक्सी बद्द रहनेछ।
- ५. सभामा भाग लिनका लागि प्रतिनिधि (प्रोक्सी) नियुक्त गरिसकेपछि प्रतिनिधि फेरबदल गर्न चाहने यस अर्थ दिइएको प्रतिनिधि (प्रोक्सी) बद्द गरी यो प्रतिनिधि (प्रोक्सी) लाई मान्यता दिइयोस् भन्ने छुट्टै पत्र सहित प्रोक्सी फाराम सभा सुरु हुनुभन्दा कम्तीमा ४८ घण्टा अगावै बिहान ११ बजेभित्र बैंकको शेयर रजिस्ट्रार श्री सिम्बल क्यापिटल मार्केट लिमिटेडमा प्राप्त हुने गरी दर्ता गराएको अवस्थामा अघिल्लो प्रतिनिधिलाई स्वतः बद्द भएको मानी पछिल्लो प्रतिनिधिलाई मान्यता दिइनेछ। प्रतिनिधि नियुक्त गरिसकेको शेयरधनी स्वयं सभामा सहभागी भएमा निजले दिइएको प्रतिनिधि स्वतः बद्द हुनेछ।
- ६. संयुक्त रूपमा शेयर ग्रहण गर्ने शेयरधनीहरूको हकमा शेयर लागू कित्ताबमा पहिले नाम उल्लेख भएको व्यक्ति वा सर्वसम्मत नियुक्त प्रतिनिधिले मात्र सभामा भाग लिन पाउनेछन्।
- ७. नाबालक तथा मानसिक अशक्त नभएको तरिकाले शेयरधनीको तर्फबाट शेयर लागू कित्ताबमा संरक्षकका रूपमा नाम दर्ता भएको व्यक्तिले सभामा भाग लिन तथा प्रतिनिधि नियुक्त गर्न सक्नेछन्।
- ८. सङ्घाटित संस्थाका शेयरधनी भएमा त्यस्तो सङ्घाटित संस्थाको तर्फबाट बैंकको साधारण सभामा उपस्थित हुनका लागि मनोनित व्यक्तिले शेयरधनी संस्थाको आधिकारिक पत्रका साथ प्रोक्सी फाराममा संस्थाको छाप र आधिकारिक व्यक्तिको दस्तखत भएको कागजात पेश गर्नुपर्नेछ।
- ९. दफा ४ र ५ को उल्लेखित दिन कुनै सार्वजनिक विदा पर्ने गणमा पनि सो दफामा उल्लेखित प्रयोजनका लागि कार्यालय कक्ष खुला रहनेछ।
- १०. शेयरधनी महानुभावहरूको जानकारीका लागि बैंकको सक्षिप्त आर्थिक विवरण यसै सूचना साथ प्रकाशित गरिएको छ। साथै, वार्षिक साधारण सभामा प्रस्तुत छलफलका विषयहरू रहेको लेखापरीक्षकको प्रतिवेदन सहितको वार्षिक प्रतिवेदन बैंकको वेबसाइटमा पनि प्रकाशित गरिनेछ।
- ११. साधारण सभा सम्बन्धमा थप जानकारी आवश्यक परेमा कार्यालय समयभित्र बैंकको केन्द्रीय कार्यालय, सञ्चालक समिति सचिवालयमा सम्पर्क राख्न समेत अनुरोध गरिन्छ।

नेपाल बैंक लिमिटेडको आ.व. २०७८/७९ को सक्षिप्त आर्थिक विवरण

कम्पनी ऐन, २०६३ (पहिलो संशोधन २०७४) को दफा ८४(४)
प्रयोजनको निमित्त प्रकाशित विवरण
(सक्षिप्त आर्थिक विवरण बैंकको वार्षिक आर्थिक विवरण र सञ्चालकको प्रतिवेदनको सक्षिप्त विवरणका रूपमा रहेको छ।)

शेयरधनी महानुभावहरू,
नेपाल बैंक लिमिटेडको ६३औं वार्षिक साधारण सभामा प्रयोजनार्थ आ.व. २०७८/७९ को बैंकको वासलात, नाफा/नोक्सान हिसाब, अन्य विस्तृत आम्दानीको नगद प्रवाह विवरण लगायत बैंकको समग्र कारोबारको सिंहावलोकन निम्नानुसार रहेको व्यहोरा यस सक्षिप्त वार्षिक आर्थिक विवरण मार्फत जानकारी गराउँदछौं।
क) विगत वर्षको बैंकको कारोबारको सिंहावलोकन
आ.व. २०७८/७९ मा शेयरधनीहरूलाई सञ्चित मुनाफा र शेयर प्रिमियमबाट १४ प्रतिशतका दरले बोनस शेयर वितरण गरिसँगै आ.व. २०७८/७९ को अन्त्यमा बैंकको चुक्ता पुँजीमा १४ प्रतिशतले वृद्धि भई रु.१४ अर्ब ४० करोड ५९ लाख कायम भएको छ। समीक्षा वर्षमा चुक्ता पुँजीमा वृद्धि भएको कुल रकम मध्ये रु.४३ करोड १९ लाख शेयर प्रिमियममा ह्रास आई शून्य कायम भएको तथा बाँकी रकमले सञ्चित मुनाफा रकममा ह्रास आउन गएको छ।
आ.व. २०७८/७९ मा रु. ३ अर्ब ७३ करोड २४ लाख रहेको सञ्चित मुनाफाबाट रु.१ अर्ब ७१ करोड ६३ लाख बोनस तथा नगद लाभांश वितरण गरिएको र नियमनकारी व्यवस्था बापत ५२ करोड ४६ लाख नियमनकारी कोषमा समायोजन गरिएको साथै समीक्षा वर्षमा शेयर विक्रीबाट रु. ८६ लाख र वितरण योग्य मुनाफा रु.१ अर्ब ९२ करोड २१ लाख जम्मा हुन गइ आ.व. २०७८/७९ को अन्त्यमा सञ्चित मुनाफा रु.३ अर्ब ४२ करोड २२ लाख कायम भएको छ। गत आ.व.को तुलनामा समीक्षा वर्षमा जग्गा तथा कोषहरू ७.४४ प्रतिशतले वृद्धि भएको छ।
लागानीयोग्य रकममा सङ्कुचन आई कर्जा प्रवाह प्रभावित भएको अवस्थामा बावजुद आ.व. २०७८/७९ मा बैंकको समग्र कर्जामा २५.१३ प्रतिशतको बढोतरी हासिल भएको छ। समीक्षा अवधिमा बैंकको कुल निक्षेप एवं आर्थिक वर्षको तुलनामा २०.१० प्रतिशतले वृद्धि भई रु.१ खर्ब ९७ अर्ब १६ करोड ६८ लाख रुपैयाँ पुगेको छ। आ.व. २०७८/७९ मा बैंकको लागानीमा ४२.५८ प्रतिशतले वृद्धि भई रु.४२ अर्ब ७८ करोड ६९ लाख कायम भएको छ।
आ.व. २०७८/७९ मा १६.८० प्रतिशत रहेको बैंकको पुँजी कोषको अनुपात समीक्षा वर्षमा कुल जोखिम भाति समर्पितको १.७५ बिन्दुले घटेर १५.०५ प्रतिशत पुगेको छ भने निष्कृय कर्जा ०.२२ बिन्दुले घटेर समीक्षा वर्षमा १.८३ प्रतिशत पुगेको छ।

(रकम रु. लाखमा)			
वासलात	आ.व. २०७८/७९	आ.व. २०७७/७८	परिवर्तन
शेयर पुँजी	१,४४,०४,९०४	१,२६,३६८	१४.००%
शेयर प्रिमियम	-	४,३१९	-१००%
सञ्चित मुनाफा	३४,२२२	३७,३२४	-८.३१%
जग्गा तथा कोषहरू	१,७६,३४४	१,६४,१४१	७.४४%
कर्जा	१७,७६,४०१	१४,१९,५९१	२५.१३%
निक्षेप	१९,७१,६६८	१६,३६,२२५	२०.५०%
लागानी	४,२७,८६९	३,००,०९३	४२.५८%

आ.व. २०७८/७९ को तुलनामा समीक्षा वर्षमा बैंकको खुद ब्याज आम्दानीमा ४.५८ प्रतिशतले वृद्धि भएको छ। समीक्षा अवधिमा ब्याज खर्चमा ७.९० प्रतिशतले वृद्धि भए तापनि ब्याज आम्दानी ३.८० प्रतिशतले वृद्धि भएको कारण खुद ब्याज आम्दानीमा उक्त बढोतरी हासिल हुन गएको छ।
आ.व. २०७८/७९ मा रु.८ अर्ब १८ करोड ९० लाख रहेको बैंकको कुल सञ्चालन आम्दानीमा समीक्षा वर्षमा १.४५ प्रतिशतले ह्रास आई रु.८ अर्ब ६ करोड ९९ लाख रहेको छ। आ.व. २०७८/७९ मा बैंकले सञ्चालन मुनाफा रु.३ अर्ब ६३ करोड ७५ लाख आर्जन गरेको छ। जुन अघिल्लो आर्थिक वर्षको तुलनामा १६.३४ प्रतिशतले घटेको हो। सञ्चालन मुनाफामा ह्रास आएकोले कर्मचारी बोनस व्यवस्था, आयकर अधिको खुद मुनाफा, आयकर व्यवस्थाया समीक्षा अवधिमा बढोतरी हासिल हुन नसकेको हो।
बैंकले आ.व. २०७८/७९ मा रु.२ अर्ब ९६ करोड १२ लाख आयकर पछिको खुद मुनाफा गरेकोमा समीक्षा वर्षमा १.२८ प्रतिशतले ह्रास आई रु.२ अर्ब ९२ करोड ३३ लाख आयकर पछिको खुद मुनाफा आर्जन गरेको छ। लागानीयोग्य रकममा सङ्कुचन आई कर्जा प्रवाहमा परेको असरका कारण बैंकको आयकर पछिको खुद मुनाफामा सामान्य गिरावट आएको हो।

(रकम रु. लाखमा)			
नाफा नोक्सान हिसाब	आ.व. २०७८/७९	आ.व. २०७७/७८	परिवर्तन
खुद ब्याज आम्दानी	६७,१४६	६४,२०४	४.५८%
कुल सञ्चालन आम्दानी	८०,६९९	८१,८९०	-१.४५%
सञ्चालन मुनाफा	३६,३७५	४३,४७७	-१६.३४%
कर्मचारी बोनस व्यवस्था	२,०३०	२,४०७	-१५.६५%
आयकर अधिको खुद मुनाफा	३४,३४५	४१,०७०	-१५.६५%
आयकर व्यवस्था	९,८३७	१२,७५९	-२२.९१%
आयकर पछिको खुद मुनाफा	२९,२३३	२९,६१२	-१.२८%

ख) लेखापरीक्षकको मन्तव्य
बैंकको आ.व. २०७८/७९ को वासलात, नाफा-नोक्सानको हिसाब तथा सोही अवधिको एकीकृत नगद प्रवाह विवरण लगायतका वित्तीय विवरणहरूमा लेखापरीक्षकबाट नेपाल राष्ट्र बैंकद्वारा जारी निर्देशन तथा सर्वमान्य लेखाका सिद्धान्त अनुसार यथार्थ परिकर रहेको राय सहितको प्रतिवेदन निम्नानुसार रहेको छ।

Kuber N. Bhattarai & Co. J.N. Upadhyay & Co. S.A.R. ASSOCIATES
Chartered Accountants Chartered Accountants Chartered Accountants
Independent Auditor's Report

The Shareholders of Nepal Bank Limited

Report on the Audit of the Financial Statements

Opinion
We have audited the financial statements of Nepal Bank Limited (the "Bank"), which comprise the statement of financial position as at Ashadh 32, 2079 (July 16, 2022), and the statement of profit or loss, statement of other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at Ashadh 32, 2079 (16 July 2022), and of its financial performance and its cash flows for the year then ended in accordance with Nepal Financial Reporting Standards.

Basis for opinion
We conducted our audit in accordance with Nepal Standards on Auditing (NSAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our Report. We are independent of the Bank in accordance with the ICAN's Handbook of Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to our audit of the financial statements in Nepal, and we have fulfilled our other ethical responsibilities in accordance with these requirements and ICAN's Handbook of 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.

Emphasis of matter
We draw attention to the following matters as reflected in Notes to the financial statements. Our opinion is not modified in respect of these matters.

- 1. As included in Note 4.16 Other Assets of financial statements total net unrecconciled inter-branch balance is NPR 1,467.89 million as of Ashadh 32, 2079.
- 2. The bank has not obtained confirmation regarding long pending receivables of government transactions of NPR 1,725.90 million and TQ Pension reimbursable of NRs. 212.7 million outstanding as of Ashadh 32, 2079. The same is included in Note 4.16 of the financial statements.
- 3. As disclosed in the Statement of Changes in Equity of financial statements, retained earnings include a special reserve of NPR 1,197.87 million restricted by Nepal Rastra Bank for distribution as dividends to shareholders as well as bonuses to employees.

Key Audit Matters
Key audit matters are those matters that, in our professional judgment, were of the most significant in the audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

S.N	Key Audit Matters	Auditor's Response
1.	Interest Recognition The interest income of the bank has to be recognized on an accrual basis and following the Interest Income Recognition Guidelines 2019 issued by NRB. Though an accrual basis of income recognition is prescribed in general, the guidelines require suspension of interest recognition on an 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 an accrual basis is limited on the basis of the result of collateral testing as specified. Given the lack of system capability to suspend recognition of income on the basis of the overdue status of the loan and fair value of collateral as well as a review of fair valuation of collateral on regular basis, manual intervention will be required in the interest recognition process and hence create a risk of improper application of the guidelines and determination of the Fair Value of the collateral. This may, in turn, have an effect on the recognition of interest income of the bank. Other liabilities include excess interest payable to loan customers reversing the interest income which may vary when the bank commences the refund. This may, in turn, have an effect on the recognition of the interest income of the bank. Thus, we have considered it a key audit matter.	Our audit approach regarding verification of the process of interest recognition included: a. Obtaining a 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 haircut in fair value of collateral as per NRB Income Recognition Guidelines 2019. c. Test check of the interest income booking with manual computation. d. Test-check of the premium charged on sampled borrowers from the report provided and the basis taken by the management to arrive at the excess interest payable.
2.	Investment Valuation, Identification, and Impairment Investment of the bank comprises 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 and NRB Directive no. 8. The investment in the government and NRB bonds and T-bills should be recognized on reporting date on Amortized cost basis whereas other investments in equity instruments, other than those held for trading, should be valued at Fair Value through Other Comprehensive Income. Given the varieties of treatments recommended for the valuation of investment based on the nature of cash flow, the business model adopted the complexity of calculations and the significance of the amount involved in such investments, same has been considered a Key Audit Matter in our audit.	Our audit approach regarding verification of the process of investment valuation, identification, and impairment included: 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. b. We assessed the nature of the expected cash flow of the investments as well as the business model adopted by the management on the basis of available evidence/circumstances and ensured that the classification of investment is commensurate with the nature of cash flow and management intention of holding the investment. c. For the investment valuation that is done at amortized cost, we checked the EIR and amortization schedule on a test basis. d. For the investment valued through OCI for quoted investment, we ensured that fair valuation has been done at the closing transaction rate in NIFSE as of 16.07.2022 and for the unquoted investment, fair valuation has been done based on the book value derived from the latest available financial statements of the investee entity.

S.N	Key Audit Matters	Auditor's Response
3.	Impairment of Loans and Advances As per NRB Directive 4, the bank shall measure impairment loss on loans and advances at the higher of: ■ Amount derived as per norms prescribed by Nepal Rastra Bank for loan loss provisioning, and ■ Amount determined as per para 5.5 of NFRS 9, read with carve out issued by Institute of Chartered Accountants of Nepal dated 18 July 2022, adopting Incurred Loss Model As per the norms prescribed by NRB, the provision at a prescribed rate should be created on loans and advances based on the overdue status of loans and advances as well as the utilization status of the facility, status of security, borrower's whereabouts, etc. As per NFRS 9 read with carve out issued by the Institute of Chartered Accountants of Nepal dated 18 July 2022, impairment of loans and advances should be made on an individual impairment basis for loans and advances that are individually significant and collective impairment basis for homogeneous groups of loans that are not considered individually significant. On individual impairment, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows. Under collective impairment, the loss is determined after taking into account the Historical Loss Experience in portfolios of similar credit risk and Management's experienced judgment as to whether current economic and credit conditions are such that the actual level of inherent losses at the reporting date is likely to be greater or less than that suggested by historical experience. Given the fact that impairment of loans and advances under incurred loss model requires assessment of future cash flows as well as historical loss experiences of portfolios. Further, impairment of loans and advances under NRB norms for loan loss provisioning will require assessment of the overdue status of loans and advances and proper utilization of loans for the intended purposes. Hence, the assessment of the availability and accuracy of required data for impairment of loans and advances under incurred loss model as well as NRB provisioning norms are regarded as key audit matters.	Our audit approach regarding verification of impairment of loans and advances included: a. Review of the overdue status of loans and advances by obtaining data from the system and matching the same with the NRB 2.2 report. b. Sample credit files were reviewed, among other things, from the perspective of the utilization of loans and advances for the intended purpose by way of scrutiny of financial statements, account movement, account turnover, etc. c. Expected future cash flows from the individually significant loans and advances with an indication of impairment are assessed on the basis of the realizable value of collateral securities based on management estimate. d. Grouping of homogeneous groups of loans was assessed on the basis of the nature and purpose of loans and data of historical loss experience in portfolios are assessed on the basis of past due data from the system as well as data of loan loss provisions of the defined group in the past.

S.N	Key Audit Matters	Auditor's Response
4.	Information Technology General Controls IT controls with respect to recording transactions, generating various reports in compliance with NRB guidelines, and other compliances with regulators are an important part of the process. Such reporting is highly dependent on the effective working of Core Banking Software and other allied systems. We have considered this a key audit matter as any control lapses, validation failures, incorrect input data, and wrong extraction of data may result in wrong reporting of data to the management, shareholders, and regulators	Our audit approach regarding the Information Technology of the bank is based upon the Information Technology Guidelines 2012 issued by NRB and it included: a. Understanding the coding system adopted by the bank for various categories of customers b. Understanding the feeding of the data in the system and going through the extraction of the financial information and statements from the IT system in the bank c. Checking of the user requirements for any changes in the regulations/ policy of the bank d. Reviewed the reports generated by the system on a sample basis. We verified the interest income and expense booking regarding loan and deposit on a test basis with the CBS or the bank. e. We relied on the IT audit conducted by the bank. f. We verified the provisioning of the loan and advances based on aging on the test check basis as on 16.07.2022.

Other Matter
Considering the Supreme Court verdict, NPR 102,457,179.39 is the amount of potential impact of incremental pension that may need to be paid to retired employees, out of which provision of NPR 9,896,596.78 only has been made by the bank considering the opportunity cost of the bank on pension paid in advance.
As per Section 56 (3) of the Income Tax Act 2058, if any entity distributes dividends except from profits, the amount of such dividends shall be included in computing the income of the entity. Further, the Annual Report of the Office of Auditor General of Nepal 2078 specifically mentions that corporate tax should be paid by the bank in case a bonus share is issued out of the share premium. However, the bank has utilized Share Premium amounting to NPR 3,257,493,862 to issue bonus shares from FY 2076-77 to 2078-79 not considering corporate tax as mentioned above.

Information Other than Financial Statements and Auditor's Report Thereon
Management is responsible for the other information. The other information comprises the information included in the Management Report, Report of the Director's Report, and Chairman's Statement but does not include the financial statements and our auditor's report thereon. Such information is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.
When we read such other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibility of 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 Nepal Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations or has no realistic alternative but to do so.

Those charged with Governance are responsible for overseeing the Bank's financial reporting process.

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

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

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

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 financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on requirements of Banks and Financial Institutions Act, 2073, and Company Act, 2063

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 including a summary of significant accounting policies have been prepared in all material respects in accordance with the provisions of the

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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 any cases of accounting-related fraud and 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
Kuber N. Bhattarai & Co.



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



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

Place: Kathmandu, Nepal
Date: December 16, 2022

UDIN: 221216CA0037Yc3Qf UDIN: 221216CA00114wqHjB UDIN: 221216CA00109eZlhx

Statement of Financial Position

As at 32nd Ashad 2079 (16 July 2022) Figures in NPR

	Note	Year ended 32nd Ashad 2079	Year ended 31st Ashad 2078
ASSETS			
Cash and cash equivalents	4.1	6,391,601,653	6,528,388,522
Due from Nepal Rastra Bank	4.2	6,841,253,290	6,803,871,032
Placement with Bank and Financial Institutions	4.3	491,033,317	4,319,424,975
Derivative Financial Instruments	4.4	491,906,856	8,516,607,098
Other Trading Assets	4.5	105,284,481	101,204,596
Loans and advances to B/FIs	4.6	6,159,622,876	6,538,592,437
Loans and advances to customers	4.7	171,480,501,866	135,420,466,422
Investment securities	4.8	42,786,906,220	30,009,312,731
Current tax assets	4.9	1,950,389,288	1,642,235,420
Investment in subsidiaries	4.10	-	-
Investment in associates	4.11	-	-
Investment property	4.12	108,545,596	111,028,379
Property and Equipment	4.13	13,243,156,680	12,240,078,095
Goodwill and Intangible assets	4.14	35,435,219	45,836,534
Deferred Tax Assets	4.15	-	-
Other assets	4.16	9,992,240,038	10,368,431,136
Total Assets		260,077,877,377	222,645,477,378
Liabilities			
Due to Bank and Financial Institutions	4.17	1,090,678,643	809,125,108
Due to Nepal Rastra Bank	4.18	5,888,868,046	6,062,640,951
Derivative Financial Instrument	4.19	508,072,543	8,474,686,154
Deposits from customers	4.20	196,076,149,283	162,813,383,867
Borrowings	4.21	7,304,175,000	-
Current Tax Liabilities	4.9	-	-
Provisions	4.22	65,966,539	80,221,924
Deferred Tax Liabilities	4.15	4,269,152,641	4,435,213,928
Other liabilities	4.23	5,917,390,293	3,261,141,414
Debt securities issued	4.24	3,493,811,042	3,493,918,012
Subordinated Liabilities	4.25	-	-
Total liabilities		224,614,264,030	189,430,331,358
Equity			
Share Capital	4.26	14,405,904,831	12,636,758,624
Share Premium		-	431,883,238
Retained Earnings		3,422,196,158	3,732,371,500
Reserves	4.27	17,635,512,359	16,414,132,658
Total equity attributable to equity holders		35,463,613,348	33,215,146,020
Non-controlling interest		-	-
Total Equity		35,463,613,348	33,215,146,020
Total Liabilities and Equity		260,077,877,377	222,645,477,378
Contingent Liabilities and commitment	4.28	76,408,160,485	47,493,553,964
Net Assets Value Per share		246.17	262.85

Statement of Profit or Loss

for the year ended 32nd Ashad 2079 (16 July 2022) Figures in NPR

	Note	Year ended 32nd Ashad 2079	Year ended 31st Ashad 2078
Interest income	4.29	16,439,950,427	11,887,166,103
Interest expense	4.30	9,725,363,453	5,466,724,497
Net interest income		6,714,586,974	6,420,441,606
Fees and commission income	4.31	968,755,635	953,775,889
Fees and commission expense	4.32	81,812,510	67,347,585
Net fee and commission income		886,943,125	886,428,305
Net interest, fee and commission income		7,601,530,100	7,306,869,910

Net trading income	4.33	198,141,763	456,853,535
Other operating income	4.34	270,185,989	425,275,510
Total operating income		8,069,857,851	8,188,998,956
Impairment charge/(reversal) for loans and other losses	4.35	853,658,796	497,621,720
Net operating income		7,216,199,055	7,691,377,236
Operating expense			
Personnel expenses	4.36	2,451,901,299	2,353,459,424
Other Operating expenses	4.37	787,734,063	813,078,311
Depreciation and Amortisation	4.38	339,099,823	177,178,920
Operating Profit		3,637,463,869	4,347,660,581
Non operating Income	4.39	219,327,299	224,759,097
Non operating expense	4.40	-	-
Profit before income tax		3,856,791,168	4,572,419,678
Income tax expense	4.41	-	-
Current Tax		983,650,423	1,275,935,929
Deferred Tax		(50,136,823)	335,253,419
Profit for the period		2,923,277,569	2,961,230,330
Profit attributable to,			
Equity holders of the Bank		2,923,277,569	2,961,230,330
Non-controlling interests		-	-
Profit for the period		2,923,277,569	2,961,230,330
Earnings Per Share (EPS)			
Basic EPS		20.29	23.43
Diluted EPS		20.29	23.43

Statement of Other Comprehensive Income

for the year ended 32nd Ashad 2079 (16 July 2022) Figures in NPR

	Note	Year ended 32nd Ashad 2079	Year ended 31st Ashad 2078
Profit for the year		2,923,277,569	2,961,230,329
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		(45,374,232)	(62,308,064)
Gains / (Losses) on revaluation		-	-
Actuarial Gains / (Losses) on defined benefit plans		(373,991,469)	1,088,636,594
Income tax relating to above items		125,809,710	(307,898,559)
Net other Comprehensive Income that will not be reclassified to Profit or Loss		(293,555,991)	718,429,972
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		(293,555,991)	718,429,972
Total Comprehensive income for the year		2,629,721,578	3,679,660,301
Total Comprehensive income attributable to,			
Equity shareholder of the bank		2,629,721,578	3,679,660,301
Non controlling interest		-	-
Total Comprehensive income for the period		2,629,721,578	3,679,660,301

Statement of Cash Flows

for the year ended 32nd Ashad 2079 (16 July 2021) Figures in NPR

	Year ended 32nd Ashad 2079	Year ended 31st Ashad 2078
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	15,932,104,926	12,267,531,812
Fees and other income received	965,944,085	950,260,402
Receipts received	-	-
Receipts from other operating activities	1,234,078,037	928,692,591
Interest paid	(9,725,363,453)	(5,466,664,456)
Commission and fees paid	(79,471,040)	(62,004,934)
Cash payment to employees	(2,053,598,304)	(1,805,605,036)
Other expense paid	(787,734,063)	(1,288,608,636)
Operating cash flows before changes in operating assets and liabilities	5,485,960,188	5,523,601,842

(Increase)/Decrease in operating assets		
Due from Nepal Rastra Bank	(37,382,258)	(678,594,275)
Placement with Bank and Financial Institutions	3,828,391,658	1,798,025,025
Other trading assets	(4,079,885)	(101,204,596)
Loans and advances to bank and financial institutions	378,969,562	(3,017,403,764)
Loans and advances to customers	(43,622,047,795)	(33,033,408,735)
Other assets	8,794,804,961	2,045,269,212
Increase/(Decrease) in operating liabilities		
Due to bank and financial institutions	281,553,535	(649,741,044)
Due to Nepal Rastra Bank	(173,772,905)	6,038,720,339
Deposit from customers	33,262,765,416	21,283,003,298
Borrowings	7,304,175,000	(1,000,000,000)
Other liabilities	(1,004,492,608)	(330,774,130)
Net cash flow from operating activities before tax paid	14,494,844,869	(2,122,506,828)
Income taxes paid	(983,650,423)	(1,337,247,853)
Net cash flow from operating activities	13,511,194,447	(3,459,754,682)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of investment securities	(12,829,548,534)	-
Receipts from sale of investment securities	3,208,318	2,361,078,611
Purchase of property and equipment	(458,985,922)	(367,357,168)
Receipt from the sale of property and equipment	5,293,760	2,897,567
Acquisition of intangible assets	(5,200,258)	(21,253,362)
Receipt from the sale of intangible assets	-	-
Purchase of investment properties	(2,617,364)	(39,879,899)
Receipt from the sale of investment properties	31,564,660	89,497,864
Interest received	-	-
Dividend received	13,768,570	22,707,451
Net cash used in investing activities	(13,242,516,770)	2,047,691,065
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipt from issue of debt securities	-	3,493,918,012
Repayment of debt securities	-	-
Receipts from issue of subordinated liabilities	-	-
Repayment of subordinated liability	-	-
Receipts from issue of shares	-	-
Dividends paid	(379,102,759)	(451,312,808)
Interest paid	(26,361,787)	(73,795,480)
Other receipt/payment	-	-
Net cash from financing activities	(405,464,546)	2,968,809,724
Net increase (decrease) in cash and cash equivalents	(136,786,870)	1,556,746,108
Cash and cash equivalents at beginning of the period	6,528,388,522	4,971,642,414
Effect of exchange rate fluctuations on cash and cash equivalents held	-	-
Cash and cash equivalents at the end of the period	6,391,601,653	6,528,388,522

Statement of Distributable profit or loss

For the year ended 32nd Ashad 2079 As per NRB Regulation

Particulars	Current Year	Previous Year
Accumulated profit / (loss) upto previous year	2,016,005,772	437,988,734
Adjustments / Restatement / Reclassification	23,866,880	-
Adjusted restated balance	2,039,872,651	437,988,734
Income		
Net Profit/(loss) as per Statement of Profit or Loss	2,923,277,569	2,961,230,329
Appropriation		
a. General Reserve	(584,884,458)	(592,246,066)
b. Foreign Exchange Fluctuation fund	-	-
c. Capital redemption reserve	-	-
d. Corporate social responsibility fund	(29,232,776)	(29,612,303)
e. Employees training fund	(21,987,586)	10,204,448
f. Other	-	-
- Debenture Redemption Reserve	(388,888,889)	-
Profit/(loss) before regulatory adjustment	1,898,283,860	2,349,576,408
Regulatory Adjustments		
a. Interest Receivable (-)/previous accrued interest received(+)	(264,432,435)	82,345,803
b. Short loan loss provision in accounts(-)/reversal(+)	-	-
c. Short provision for possible losses on investment(-)/reversal(+)	-	662,415
d. Short provision for possible losses on Non-Banking Assets (-)/reversal(+)	1,651,051	(5,096,638)
e. Deferred Tax Assets recognized(-)/reversal(+)	-	-
f. Goodwill recognized (-)/Impairment of Goodwill(+)	-	-
g. Bargain purchase gain recognized (-)/reversal(+)	-	-
h. Actuarial Loss recognized (-)/reversal(+)	(261,794,028)	762,045,616
i. Other (+/-)	-	-
- Fair Value of Investment Securities	8,615,058	104,849,162
- Others	-	-
Total Adjustments	(515,960,354)	944,806,358
Distributable Profit	3,422,196,158	3,732,371,500

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 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
Adjustment/ Restatement	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted/Restated 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	-	-	-	-	-							