

(नेपाल राष्ट्र बैंकबाट 'क' वर्गको इजाजत प्राप्त संस्था) रजिस्टर्ड (केन्द्रीय कार्यालय)ः काठमाडौँ जिल्ला, का.म.न.पा. वडा नं. २२, धर्मपथ पोस्ट बक्स नं. ३६, फोन नं. ०१-५९७१२२/५३४७९९९

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#### नेपाल बैंक लिमिटेडको ६८औं साधारण सभा सम्बन्धी सूचना

(प्रथम पटक प्रकाशित मिति : २०८० पुस ७ गते)

यस बैंकको सञ्चालक समितिको मिति २०५०/०९/०६ गते शुक्रबार बसेको २२औँ बैठकबाट देहायका विषयहरूमा छलफल तथा निर्णय गर्नका लागि निम्न मिति, स्थान र समयमा बैंकको ६४औँ वार्षिक साधारण सभा बस्ने निर्णय भएको हुँदा कम्पनी ऐन, २०६३ को दफा ६७ बमोजिम सम्पूर्ण शेयरधनी महानुभावहरूको जानकारी तथा उपस्थितिका लागि अनुरोध गर्दे यो सुचना प्रकाशित गरिएको छ ।

#### साधारण सभा हुने मिति, स्थान र समय

मिति : २०८० पस २९ गते आइतबार

स्थान : बैंकको प्रधान कार्यालय, धर्मपथ, काठमाडौँ

समय : बिहान ११:०० बजे

#### १. छलफलका विषयहरू

#### क. सामान्य प्रस्तावहरू:

- आर्थिक वर्ष २०७९/५० को सञ्चालक सिमतिको वार्षिक प्रतिवेदन छलफल गरी पारित गर्ने लेखा परीक्षकको प्रतिवेदन सहितको २०५० आषाढ मसान्तको वासलात, सोही मितिमा समाप्त आर्थिक वर्ष २०७९/५० को नाफा/नोक्सान हिसाब तथा नगद प्रवाह विवरण र सोही अवधिको वित्तीय विवरणसँग सम्बन्धित अनुसूचीहरू छलफल गरी पारित गर्ने ।
- ३. कम्पनी ऐन, २०६३ को दफा १९१ र बैंक तथा वित्तीय संस्था सम्बन्धी ऐन, २०७३ को दफा ६३ **ख) लेखापरीक्षकको मन्तव्य** अनुसार आर्थिक वर्ष २०५०/५१ का लागि लेखा परीक्षक नियुक्त गर्ने र पारिश्रमिक निर्धारण गर्ने । सञ्चालक समितिको आज्ञाले

केशव प्रसाद भण्डारी कम्पनी सचिव

#### साधारण सभा सम्बन्धी अन्य जानकारी

- वार्षिक साधारण सभा प्रयोजनको निमित्त मिति २०५०/०९/२० गते शेयरधनी दर्ता पुस्तिका (Book Close) बन्द रहनेछ। नेपाल स्टक एक्सचेञ्ज लिमिटेडमा मिति २०५०/०९/१९ गतेसम्म कारोबार भई नियमानुसार शेयर नामसारी भएका शेयरधनीहरू मात्र साधारण सभामा सहभागी हन योग्य हनेछन्।
- २. सभामा भाग लिन इच्छुक शेयरधनी महानुभावहरूले शेयर प्रमाणपत्र वा हितग्राही (DMAT) खाता खोलिएको प्रमाण/हितग्राही खाता नं./शेयर कित्ता सङ्ख्या तथा फोटो सहितको कुनै परिचय पत्र अनिवार्य रूपमा साथमा लिई सहभागी हुनुपर्नेछ ।
- ३. सभामा भाग लिने प्रत्येक शेयरधनी महानुभावले सभाको दिन सभा हुने स्थानमा उपस्थित भई सभा स्थलमा रहेको हाजिरी पुस्तिकामा दस्तखत गर्नुपर्नेछ । 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 घण्टा अगावै बिहान ११:०० बजेभित्र बैंकको शेयर रजिस्ट्रारको कार्यालय श्री हिमालयन क्यापिटल लिमिटेड, त्रिदेवी मार्ग, ठमेल, काठमाडौँमा दर्ता गरिसक्नुपर्नेछ । प्रोक्सी नियुक्त गर्दा बैंकका शेयरधनीहरूलाई मात्र प्रोक्सी नियक्त गर्न सिकनेछ। एकभन्दा बढी व्यक्तिलाई शेयर विभाजन गरी वा अन्य कुनै किसिमबाट छुट्याएर दिइएको प्रोक्सी बदर हुनेछ।
- सभामा भाग लिनका लागि प्रतिनिधि (प्रोक्सी) नियुक्त गरिसकेपछि प्रतिनिधि फेरबदल गर्न चाहेमा यस अघि दिएको प्रतिनिधि (प्रोक्सी) बदर गरी यो प्रतिनिधि (प्रोक्सी) लाई मान्यता दिइयोस् भन्ने छुट्टै पत्र सहित प्रोक्सी फाराम सभा सुरू हुनुभन्दा कम्तीमा ४८ घण्टा अगावै बिहान ११:०० बजेभित्र बैंकको शेयर रजिस्ट्रार श्री हिमालयन क्यापिटल लिमिटेडमा प्राप्त हुने गरी दर्ता गराएको अवस्थामा अघिल्लो प्रतिनिधिलाई स्वतः बदर भएको मानी पछिल्लो प्रतिनिधिलाई मान्यता दिइनेछ । प्रतिनिधि नियुक्त गरिसकेको शेयरधनी स्वयं सभामा सहभागी भएमा निजले दिएको प्रतिनिधि स्वतः बदर हनेछ।
- संयुक्त रूपमा शेयर ग्रहण गर्ने शेयरधनीहरूको हकमा शेयर लगत किताबमा पहिले नाम उल्लेख भएको व्यक्ति वा सर्वसम्मत नियुक्त प्रतिनिधिले मात्र सभामा भाग लिन पाउनेछन्।
- नाबालक तथा मानसिक सन्तुलन ठीक नरहेको शेयरधनीको तर्फबाट शेयर लगत दर्ता किताबमा संरक्षकका रूपमा नाम दर्ता भएको व्यक्तिले सभामा भाग लिन तथा प्रतिनिधि नियुक्त गर्न सक्नेछन्।
- सङ्गठित संस्थाका शेयरधनी भएमा त्यस्तो सङ्गठित संस्थाका तर्फबाट बैंकको साधारण सभामा उपस्थित हुनका लागि मनोनित व्यक्तिले शेयरधनी संस्थाको आधिकारिक पत्रका साथ प्रोक्सी फाराममा संस्थाको छाप र आधिकारिक व्यक्तिको दस्तखत भएको कागजात पेस गर्नपर्नेछ।
- बुँदा ४ र ५ को उल्लिखित दिन कुनै सार्वजनिक बिदा पर्न गएमा पनि सो बुँदामा उल्लिखित प्रयोजनका लागि कार्यालय कक्ष खुला रहनेछ।
- १०. शेयरधनी महानुभावहरूको जानकारीका लागि बैंकको संक्षिप्त आर्थिक विवरण यसै सुचना साथ प्रकाशित गरिएको छ । साथै, वार्षिक साधारण सभामा प्रस्तुत छलफलका विषयहरू रहेको लेखा परीक्षणको प्रतिवेदन सहितको वार्षिक प्रतिवेदन बैंकको वेबसाइटमा पनि प्रकाशित गरिनेछ।
- ११. साधारण सभा सम्बन्धमा थप जानकारी आवश्यक परेमा कार्यालय समयभित्र बैंकको प्रधान कार्यालय, सञ्चालक समिति सचिवालयमा सम्पर्क राख्न समेत अनुरोध गरिन्छ।

# नेपाल बैंक लिमिटेडको आ.त. १०७५/८० को सङ्क्षिप्त आर्थिक विवरण

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

# शेयरधनी महानुभावहरू,

नेपाल बैंक लिमिटेडको ६४औँ वार्षिक साधारण सभाको प्रयोजनार्थ आ.व. २०७९/८० को बैंकको वासलात, नाफा/नोक्सान हिसाब, अन्य विस्तत आम्दानीको नगद प्रवाह विवरण लगायत बैंकको समग्र कारोबारको सिंहावलोकन निम्नानुसार रहेको व्यहोरा यस सङ्क्षिप्त वार्षिक आर्थिक विवरण मार्फत जानकारी गराउँदछौँ।

# क) विगत वर्षको बैंकको कारोबारको सिंहावलोकन

आ.व. २०७८/७९ मा शेयरधनीहरूलाई शेयर प्रिमियमबाट २ प्रतिशतका दरले बोनस शेयर वितरण गरिएसँगे आ.व. २०७९/५० को अन्त्यमा बैंकको चुक्ता पुँजीमा २ प्रतिशतले वृद्धि भई रु. १४ अर्ब ६९ करोड ४० लाख कायम भएको छ।

आ.व. २०७८/७९ मा रु. ३ अर्ब ४२ करोड २१ लाख रहेको सञ्चित मुनाफाबाट रु. १ अर्ब ७२ करोड ५७ लाख बोनस तथा नगद लाभांश वितरण गरिएको र नियमनकारी व्यवस्था बापत रु. १ अर्ब ५१ करोड ४५ लाख नियमनकारी कोषमा समायोजन गरिएको साथै समीक्षा वर्षमा शेयर प्रिमियमबाट वितरण गरिएको बोनस शेयर बापतको कर, आयकर ऐन २०५८, दफा ५६(३) बमोजिम रु. ९७ करोड ७२ लाख दाखिला गरिएको र नेपाल राष्ट्र बैंकको निर्देशन बमोजिम रु. १ अर्ब १९ करोड साधारण जगेडा कोषमा सारिएको कारण यस आ.व.मा वितरण योग्य सञ्चित मुनाफा रु. ३ लाख कायम भएको छ।

आर्थिक गतिविधिमा शिथिलता आई कर्जा मागमा कमी आएको कारण कर्जा प्रवाह प्रभावित भएको छ । तथापि आ.व. २०७९/५० मा बैंकको समग्र कर्जामा ३.६१ प्रतिशतको समान्य बढोत्तरी हासिल भएको छ । समीक्षा अवधिमा बैंकको कुल निक्षेप गत आर्थिक वर्षको तुलनामा २४.६६ प्रतिशतले वृद्धि भई रु. २ खर्ब ४५ अर्ब ७८ करोड ९४ लाख रुपैयाँ पुगेको छ । आ.व. २०७९/८० मा बैंकको लगानीमा ३९.४९ प्रतिशतले वृद्धि भई रु.४९ अर्ब ६८ करोड ३१ लाख कायम भएको छ।

आ.व. २०७८/७९ मा १४.०५ प्रतिशत रहेको बैंकको पुँजी कोषको अनुपात समीक्षा वर्षमा कुल जोखिम भारित सम्पत्तिको १.३१ बिन्दुले घटेर १३.७४ प्रतिशत पुगेको छ भने निष्कृय कर्जा १.०२ बिन्दुले वृद्धि भई समीक्षा वर्षमा २.५५ प्रतिशत पुगेको छ ।

(रकम रु लाखमा)

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वासलात	आ.व. २०७९/८०	आ.व. २०७८/७९	परिवर्तन
शेयर पुँजी	१४६,९४०.२३	१४४,०५९.०५	२.००%
सञ्चित मुनाफा	₹.९०	३४,२२१.९६	-
जगेडा तथा कोषहरू	२१८,२८२.५९	१७६,३५५.१२	२३.७७%

कर्जा	१८,४०,५६२.२९	१७,७६,४०१.२५	₹.६१%
निक्षेप	२४,५७,८९४.४१	१९,७१,६६८.२८	२४.६६%
लगानी	५९६,८३१.३६	४२७,८६९.०६	३९.४९%

आ.व. २०७८/७९ को तुलनामा समीक्षा वर्षमा बैंकको खुद ब्याज आम्दानीमा ४०.१० प्रतिशतले वृद्धि भएको छ । समीक्षा अवधिमा ब्याज आम्दानी ५३.०३ प्रतिशतले वृद्धि भएको साथै ब्याज खर्चमा ६१.९६ प्रतिशतले वृद्धि भएको कारण खुद ब्याज आम्दानीमा उक्त बढोत्तरी हुन गएको हो । आ.व. २०७८/७९ मा रु. ८ अर्ब ६ करोड ९९ लाख रहेको बैंकको कुल सञ्चालन आम्दानी समीक्षा वर्षमा ३१.६७ प्रतिशतले वृद्धि भई रु. १० अर्ब ६२ करोड ४८ लाख रहेको छ । आ.व. २०७९/८० मा बैंकले सञ्चालन मुनाफा रु. ४ अर्ब ३३ करोड ४३ लाख आर्जन गरेको छ । जुन अघिल्लो आर्थिक वर्षको तुलनामा १९.१६ प्रतिशतले वृद्धि भएको हो । सञ्चालन मुनाफा वृद्धि आएकोले कर्मचारी बोनस व्यवस्था, आयकर अघिको खुद मुनाफा तथा आयकर व्यवस्थामा समीक्षा अविधमा बढोत्तरी हासिल हन गएको हो।

बैंकले आ.व. २०७८/७९ मा रु. २ अर्ब ९२ करोड ३३ लाख आयकर पछिको खुद मुनाफा आर्जन गरेकोमा समीक्षा वर्षमा १७.५९ प्रतिशतले बढोत्तरी भई रु. ३ अर्ब ४३ करोड ७५ लाख

(रकम रु. लाखमा)

			<u> </u>
नाफा नोक्सान हिसाब	आ.व. २०७९/८०	आ.व. २०७८/७९	परिवर्तन
खुद ब्याज आम्दानी	९४,०६९.५३	६७,१४५.८७	४०.१०
कुल सञ्चालन आम्दानी	१,०६,२५८.९	<i>८०,६९८.५८</i>	રૂ૧.૬૭
सञ्चालन मुनाफा	83,383.88	३६,३७४.६४	१९.१६
कर्मचारी बोनस व्यवस्था	२,३२१.४२	२,०२९.८९	१४.३६
आयकर अधिको खुद मुनाफा	४४,११६.०६	३८,५६७.९१	१४.३९
आयकर व्यवस्था	૧૧,૭૭૪.૪૪	९,८३६.५०	१९.७०
आयकर पछिको खुद मुनाफा	३४,३७४.७९	२९,२३२.७८	ঀ७.५९

बैंकको आ.व. २०७९/५० को वासलात, नाफा-नोक्सानको हिसाब तथा सोही अवधिको एकीकृत नगद प्रवाह विवरण लगायतका वित्तीय विवरणहरूमा लेखा परीक्षकबाट नेपाल राष्ट्र बैंकद्वारा जारी निर्देशन तथा सर्वमान्य लेखाका सिद्धान्त अनुसार यथार्थपरक रहेको राय सहितको प्रतिवेदन निम्नानुसार रहेको छ।

# Kuber N. Bhattarai & Co. J.N. Upadhyay & Co. S.A Chartered Accountants

#### **Independent Auditor's Report**

The Shareholders of Nepal Bank Limited

#### Report on the Audit of the Financial Statements

We have audited the financial statements of Nepal Bank Limited (the "Bank"), which comprise the statement of financial position as at Ashadh 31, 2080 (July 16, 2023), 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 31, 2080 (July 16, 2023), 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

## 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.

- As included in Note 4.16 Other Assets of financial statements total net unreconciled inter-branch balance is NPR 1,096.75 million as of Ashadh 31, 2080.
- The bank has not obtained confirmation regarding long pending receivables of government transactions of NPR 400.66 million and TU Pension reimbursable of NRs. 8.64 million outstanding as of Ashadh 31, 2080. The same is included in Note 4.16 of the financial statements

# **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 **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.

Impairment

Investment Valuation, Identification, and

# Our audit approach regarding verification of the process of interest recognition included:

Auditor's Response

- 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.
- 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
- Test check of the interest income booking with manual computation
- . 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
- Our audit approach regarding verification of the process of investment valuation identification, and impairment included:
- Investment of the bank comprises investment in government bonds, T-bills, development bonds, and 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.

- 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 assessed the nature of the expected cash flow of the investments as well as the business model adopted by 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
- 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 NEPSE as of 16.07.2023 or by applying appropriate valuation 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.
- Impairment of Loans and Advances As per NRB Directive 4, the bank shall measure

impairment loss on loans and advances at the higher

- Our audit approach regarding verification of impairment of loans and advances included:
- a. Review of the overdue status of loans and

S.N Kev Audit Matters

- 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 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 whethe current economic and credit conditions are such that the actual level of inherent losses at the reporting date is like to be greater or less than that suggested by

Given the fact that impairment of loans and advances under incurred loss model requires assessment of future cash flows as well as historical loss experience 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.

**Information Technology General Controls** 

an important part of the process. Such

Banking Software and other allied systems We have considered this a key audit matter as any

IT controls with respect to recording transactions

generating various reports in compliance with NRB

control lapses, validation failures, incorrect input data,

and wrong extraction of data may result in wrong

reporting of data to the management, shareholders,

Our audit approach regarding the Information Technology of the bank is based upon the Information Technology Guidelines 2012 issued by NRB and it included

guidelines, and other compliances with regulators are . Understanding the coding system adopted highly dependent on the effective working of Core by the bank for various categories of

**Auditor's Response** 

NRB 2.2 report.

account turnover, etc.

management estimate.

defined group in the past.

advances by obtaining data from the

. 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,

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

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

d. Grouping of homogeneous groups of loans

system and matching the same with the

- 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
- Checking of the user requirements for any changes in the regulations/ policy of the
- 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
- We verified the provisioning of the loan and advances based on aging on the test check basis as on 16.07.2023

#### 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 cism 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,

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 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 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. Jagannath Upadhyay J.N. Upadhyav & Co.

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

Place: Kathmandu, Nepal Date: December 20, 2023

UDIN: 231220CA00037sBQNw UDIN: 231220CA00114IXvMq UDIN: 231220CA00109hyQ4C

# **Statement of Financial Position**

As at 31st Ashad 2080 (16 July 2023)

Figures in N							
	Note	Year ended	Year ended				
	Ivoie	31st Ashad 2080	32nd Ashad 2079				
ASSETS							
Cash and cash equivalents	4.1	8,656,502,983	6,391,601,65				
Due from Nepal Rastra Bank	4.2	19,748,872,262	6,841,253,29				
Placement with Bank and Financial Institutions	4.3	582,511,250	491,033,31				
Derivative Financial Instruments	4.4	8,594,260	491,906,850				
Other Trading Assets	4.5	115,040,866	i				
Loans and advances to B/FIs	4.6						
Loans and advances to customers	1						
	4.7						
Investment securities	4.8	56,946,182,687	40,978,841,992				
Current tax assets	4.9	1,202,965,540	1,950,389,28				
Investment in subsidiaries	4.10						
Investment in associates	4.11	2,736,953,345					
Investment property	4.12	198,109,605	108,545,59				
Property and Equipment	4.13	13,363,622,774	13,243,156,679				
Goodwill and Intangible assets	4.14	31,844,285	35,435,219				
Deferred Tax Assets	4.15	-					
Other assets	4.16	9,088,169,165	9,992,240,03				
Total Assets		296,735,597,837	260,077,877,37				
		Year ended	Year ended				
	Note	31st Ashad 2080	32nd Ashad 2079				
Liabilities							
Due to Bank and Financial Institutions	4.17	1,275,441,704	1,090,678,643				
Due to Nepal Ratsra Bank	4.18	70,000,000	5,888,868,04				
Derivative Financial Instrument	4.19	8,541,000	508,072,543				
Deposits from customers	4.20	244,513,999,703	196,076,149,28				
Borrowings	4.21	262,300,000	7,304,175,00				
Current Tax Liabilities	4.9	-					
Provisions	4.22	247,896,915	65,966,539				
Deferred Tax Liabilities	4.15						
Other liabilities	4.23		5,917,390,29				
Debt securities issued	4.24		3,493,811,042				
Subordinated Liabilities	4.25	3,474,331,000	] 3, <del>4</del> /3,611,04.				
Total liabilities	7.23	260,212,926,029	224,614,264,029				
Equity		200,212,920,029	224,014,204,02				
Share Capital	4.26	14 604 022 028	14 405 004 92				
Share Capital Share Premium	4.20	14,694,022,928	14,405,904,83				
		200.050	2 422 106 15				
Retained Earnings		389,959	3,422,196,15				
Reserves	4.27	21,828,258,921	17,635,512,359				
Total equity attributable to equity		36,522,671,808	35,463,613,34				
holders		, , , , , , , , , , , , , , , , , , , ,	, , , , , , ,				
Non-controlling interest	1	24 522 454 655	25 462 652 5 1				
Total Equity		36,522,671,808	35,463,613,34				
	1	296,735,597,837	260,077,877,37				
Total Liabilities and Equity	+	1 1					
Total Liabilities and Equity  Contingent Liabilities and commitment  Net Assets Value Per share	4.28	85,559,209,036 248.55	76,408,160,483 246.1				

## Statement of Profit or Loss

for the year ended 31st Ashad 2080 (16 July 2023)

Figures in NPR

	Note	Year ended	Year ended
	Note	31st Ashad 2080	32nd Ashad 2079
Interest income	4.29	25,158,116,908	16,439,950,427
Interest expense	4.30	15,751,164,273	9,725,363,453
Net interest income		9,406,952,635	6,714,586,974
Fees and commission income	4.31	1,019,377,814	968,755,635
Fees and commission expense	4.32	188,311,060	81,812,510
Net fee and commission income		831,066,754	886,943,125
Net interest, fee and commission income		10,238,019,389	7,601,530,100
Net trading income	4.33	78,642,010	198,141,763
Other operating income	4.34	309,231,092	270,185,989
Total operating income		10,625,892,491	8,069,857,851
Impairment charge/(reversal) for loans and	4.35	1,113,348,200	853,658,790
other losses			
Net operating income		9,512,544,291	7,216,199,055
Operating expense			
Personnel expenses	4.36	3,885,515,968	2,451,901,299
Other Operating expenses	4.37	916,767,870	787,734,063
Depreciation and Amortisation	4.38	375,915,989	339,099,823
Operating Profit		4,334,344,464	3,637,463,869

Non operating Income	4.39	77,261,406	219,327,299
Non operating expense	4.40	-	-
Profit before income tax		4,411,605,870	3,856,791,168
Income tax expense	4.41		
Current Tax		1,177,445,202	983,650,423
Deferred Tax		(203,418,327)	(50,136,823)
Profit for the period		3,437,578,995	2,923,277,569
Profit attributable to:			
Equity holders of the Bank		3,437,578,995	2,923,277,569
Non-controlling interests		-	-
Profit for the period		3,437,578,995	2,923,277,569
Earnings Per Share (EPS)			
Basic EPS		23.39	20.29
Diluted EPS		23.39	20.29

#### Statement of Other Comprehensive Income

for the year ended 31st Ashad 2080 (16 July 2023)

	101 the year ended 515t 115h		,	Figures in NPR
		Note	Year ended 31st Ashad 2080	Year ended 32nd Ashad 2079
Pr	ofit for the year		3,437,578,995	2,923,277,569
Ot	ther 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		1,511,339,134	(45,374,232)
	Gains/(Losses) on revaluation			
	Actuarial Gains/(Losses) on defined benefit plans		(1,455,170,409)	(373,991,469)
	Income tax relating to above items		(16,850,617)	125,809,710
ı	et other Comprehensive Income that will of be reclassified to Profit or Loss		39,318,107	(293,555,991)
b	Items that are or may be reclassified to Profit or Loss			
	Gains (Losses) on cash flow hedge		-	-
	Exchange gains (Losses) arising from			
	translationg financial assets of foreign operation		-	-
	Income tax relating to above items		-	-
	Reclassify to Profit or Loss		-	-
l	et other Comprehensive Income that are or		_	_
m	ay be reclassified to Profit or Loss			
c	Share of other comprehensive income of associate accounted as per equited method		-	-
O	ther Comprehensive income for the year,		39,318,107	(293,555,991)
ne	et of income tax		39,310,107	(293,333,991)
To	otal Comprehensive income for the year		3,476,897,102	2,629,721,578
To	otal Comprehensive income attributable to:			
	Equity shareholder of the bank		3,476,897,102	2,629,721,578
	Non controlling interest		-	-
To	otal Comprehensive income for the period		3,476,897,102	2,629,721,578

### **Statement of Cash Flows**

for the year ended 31st Ashad 2080 (16 July 2023)

Figures in NPR

	Year ended	Year ended
	31st Ashad 2080	32nd Ashad 2079
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	20,042,974,217	15,932,104,926
Fees and other income received	1,019,377,814	965,944,085
Dividend received		
Receipts from other operating activities	450,060,494	1,234,078,037
Interest paid	(15,378,295,555)	(9,725,363,453)
Commission and fees paid	(188,311,060)	(79,471,040)
Cash payment to employees	(3,885,515,968)	(2,053,598,304)
Other expense paid	(3,846,622,542)	(787,734,063)
Operating cash flows before changes in operating	(1.796.222.600)	5,485,960,188
assets and liabilities	(1,786,332,600)	3,403,900,100
(Increase)/Decrease in operating assets		
Due from Nepal Rastra Bank	(12,907,618,972)	(37,382,258)
Placement with Bank and Financial Institutions	(91,477,933)	3,828,391,658
Other trading assets	473,556,211	(4,079,885)
Loans and advances to bank and financial institutions	659,963,077	378,969,562
Loans and advances to customers	(7,076,067,150)	(43,622,047,795)
Other assets	1,869,890,369	8,794,804,961
Increase/(Decrease) in operating liabilities		
Due to bank and financial institutions	184,763,061	281,553,535
Due to Nepal Rastra Bank	(5,818,868,046)	(173,772,905)

Deposit from customers	48,437,850,420	33,262,765,416
Borrowings	(7,041,875,000)	7,304,175,000
Other liabilities	(51,468,877)	(1,004,492,608)
Net cash flow from operating activities before tax paid	16,852,314,560	14,494,844,869
Income taxes paid	(413,170,838)	(983,650,423)
Net cash flow from operating activities	16,439,143,723	13,511,194,447
CASH FLOW FROM INVESTING ACTIVITIES		, , ,
Purchase of investment securities	(15,967,340,696)	(12,829,548,534)
Receipts from sale of investment securities		3,208,318
Purchase of property and equipment	(120,466,095)	(458,985,922)
Receipt from the sale of property and equipment		5,293,760
Acquisition of intangible assets		(5,200,258)
Receipt from the sale of intangible assets	3,590,934	-
Purchase of investment properties	(89,564,009)	(2,617,364)
Receipt from the sale of investment properties		31,564,660
Interest received	3,220,434,077	-
Dividend received	15,074,014	13,768,570
Net cash used in investing activities	(12,938,271,775)	(13,242,516,770)
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipt from issue of debt securities	-	-
Repayment of debt securities		
Reciepts from issue of subordinated liabilities		
Repayment of subordinated liability		
Receipts from issue of shares		
Dividends paid	1,440,590,483	(379,102,759)
Interest paid	(298,040,566)	
Other recepit/payment	(2,378,520,534)	(26,361,787)
Net cash from financing activities	(1,235,970,617)	(405,464,546)
Net increase (decrease) in cash and cash equivalents	2,264,901,330	(136,786,870)
Cash and cash equivalents at begining of the period	6,391,601,653	6,528,388,522
Effect of exchange rate fluctuations on cash and cash		
equivalents held		

#### Statement of Distributable Profit or Loss

Cash and cash equivalents at the end of the period 8,656,502,983

For the year ended 31st Ashad 2080 As per NRB Regulation

Particulars Current Year | Previous Year Net Profit/(loss) as per Statement of Profit or Loss 3,437,578,995 2,923,277,569 **Appropriation** a. General Reserve (687,515,799) (584,884,458) (553,971) b. Foreign Exchange Fluctuation fund Capital redemption reserve d. Corporate social responsibility fund (27,960,623) (29,232,776) (1,742,702) (21,987,586) e. Employees training fund f. Other (388,888,889) (388,888,889) Debenture Redemption Reserve Employees Welfare Fund (34,375,790) Profit/(loss) before regulatory adjustment 2,296,541,219 1,898,283,860 Regulatory Adjustments: (681,559,976) (264,432,435) a. Interest Receivable (-)/previous accrued interest received (+) b. Short loan loss provision in accounts (-)/reversal (+) Short provision for possible losses on investment (-)/reversal (+) d. Short provision for possible losses on Non-Banking 1,651,051 (59,560,066) Assets (-)/reversal (+) e. Deferred Tax Assets recognized (-)/reveral (+) (54,777,267) f. Goodwill recognized (-)/Impairment of Goodwill (+) g. Bargain purchase gain recognized (-)/reversal (+) Actuarial Loss recognized (-)/reversal(+) (1,018,619,286) (261,794,028) Other (+/-) 8,615,058 Fair Value of Investment Securities Net Profit/(loss) for the year end Ashad 2080 available 482,024,624 1,382,323,506 for distribution 3,422,196,158 3,732,371,500 Opening Retain Earning as on Shrawan 1 2080 Adjustment (+/-) Tax on issue of bonus shares from Share premium as per (977,248,159) section 56(3) of Income tax act 2058. (1,197,874,084) Trasfer to General Reserve as per NRB letter No. BSD/ offsite/ AGM/148/2079-80 dated on 2079/09/06 Others 23,866,879 **Distribution:** (288,118,097) (1,337,262,969) Bonus shares issued Cash Dividend paid (1,440,590,483) (379,102,758) 389,959 3,422,196,158 Total Distributable profit or (loss) as on Ashad end 2080

Annualised Distributable Profit/Los

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Statamont	of Changes	in Family
Stattennent	or Changes	III Maulty

Exchange

Figures in NPR

0.00%

Non-

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 2078	12,636,758,624	431,883,238	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
Adjustment/ Restatement								23,866,880		23,866,880		23,866,880
Adjusted/Restated balance at 1st Shrawan 2078	12,636,758,624	431,883,238	5,482,348,025	86,786,914	3,364,868,990	2,129,626,985	7,743,591,321	3,756,238,380	(2,393,089,576)	33,239,012,899	j -	33,239,012,899
Comprehensive income for the year									_	-	İ	-
Profit for the year								2,923,277,569	-	2,923,277,569		2,923,277,569
Other comprehensive income, net of tax									-	-		-
Gains/(losses) from investment in equity instruments measured at fair value.						(31,761,962)			-	(31,761,962)		(31,761,962)
Gains/(losses) on revaluation									_	_	İ	i `
Actuarial gains/(losses) on defined benefit plans		İ							(261,794,028)	(261,794,028)	İ	(261,794,028)
Gains/(losses) on cash flow hedges									_	_	İ	-
Exchange gains/(losses) (arising from translating financial assets of foreign operation)									_	i _	İ	_
Total Comprehensive income for the year	-	i _	_	_	_	(31,761,962)	_	2,923,277,569	(261,794,028)	2,629,721,578	i -	2,629,721,578
Transfer to reserve during the year			584,884,458		526,226,463	(01,701,702)		10,266,109				1,150,609,805
Transfer from reserve during the year			201,001,120		(9,121,389)	(801,304)		(1,551,220,172)	410,876,475		! 	(1,150,266,389)
Deferred tax impact of respective reserve		] 			(2,121,362)	(601,504)		(1,331,220,172)	10,670,473	(1,130,200,307)	I I	(1,130,200,367)
Transactions directly recognised in equity									_	-	l I	]
Share issued									- 	-	l I	-
		}							-	-		-
Share based payment		 							- 	-	l I	-
Dividends to equity holders	1.760.146.207	(421 002 220)						(1 227 262 060)	- i	-	l i	-
Bonus shares issued	1,769,146,207	(431,883,238)						(1,337,262,969)	-	-		
Cash dividend paid								(379,102,759)	-	(379,102,759)		(379,102,759)
Other	1 = 40 114 20=	(121 002 220)				-		(2.2.2.2.2.2.2.2.2.2.2.2.2.2.2.2.2.2.2.	(26,361,787)			(26,361,787)
Total contributions by and distributions	1,769,146,207	(431,883,238)		-	517,105,074	(801,304)	-	(3,257,319,791)			-	(405,121,130)
Balance at 32nd Ashad 2079	14,405,904,831	-	6,067,232,483	86,786,914	3,881,974,064	2,097,063,718	7,743,591,321	3,422,196,158	(2,241,136,141)	35,463,613,348	-	35,463,613,348
Balance at 1st Shrawan 2079	14,405,904,831	-	6,067,232,483	86,786,914	3,881,974,064	2,097,063,718	7,743,591,321	3,422,196,158	(2,241,136,141)	35,463,613,348	-	35,463,613,348
Adjustment/ Restatement								-		-		
Adjusted/Restated balance at 1st Shrawan 2079	14,405,904,831	-	6,067,232,483	86,786,914	3,881,974,064	2,097,063,718	7,743,591,321	3,422,196,158	(2,241,136,141)	35,463,613,348	j -	35,463,613,348
Comprehensive income for the year									-	-		-
Profit for the year								3,437,578,995	-	3,437,578,995		3,437,578,995
Other comprehensive income, net of tax									-	-		-
Gains/(losses) from investment in equity instruments measured at fair value.		İ				1,057,937,394			-	1,057,937,394	İ	1,057,937,394
Gains/(losses) on revaluation									-	-	İ	-
Actuarial gains/(losses) on defined benefit plans									(1,018,619,286)	(1,018,619,286)	İ	(1,018,619,286)
Gains/(losses) on cash flow hedges									-	_	İ	-
Exchange gains/(losses) (arising from translating financial assets of foreign operation)		İ							_	i _	i	<u> </u>
Total Comprehensive income for the year	<u> </u>	<u> </u>	_	_	_	1,057,937,394	_	3,437,578,995	(1,018,619,286)	3,476,897,102	¦ _	3,476,897,102
Transfer to reserve during the year			1,885,389,883	553 971	1,814,516,596	1,007,507,057		0,101,010,00	452,968,005			4,153,428,455
Transfer from reserve during the year		1	1,005,507,005	333,771	1,014,510,570	_		(4,153,428,455)	132,700,003	(4,153,428,455)	I I	(4,153,428,455)
Deferred tax impact of respective reserve		] 			_	_		(4,133,426,433)	_ 	(4,133,426,433)	I I	(4,133,426,433)
Transactions directly recognised in equity									_	-	l I	]
Share issued		 							- 	-		-
Share based payment		}							-	-		
Dividends to equity holders		-							- 	_	<u> </u>	-
± *	200 110 007							(200 110 007)	- 	-		-
Bonus shares issued	288,118,097							(288,118,097)		(1 440 500 402)		(1 440 500 402)
Cash dividend paid								(1,440,590,483)	l	(1,440,590,483)		(1,440,590,483)
Other (FPO Tax)	200 440 00=		1.00#.200.000	##0.051	1014 = 1 = 2 = 2			(977,248,159)		(977,248,159)		(977,248,159)
Total contributions by and distributions	288,118,097		1,885,389,883		1,814,516,596	-	-	(6,859,385,193)			-	(2,417,838,642)
Balance at 31st Ashad 2080	14,694,022,928	_	7,952,622,366	87,340,885	5,696,490,660	3,155,001,112	7,743,591,321	389,959	(2,806,787,423)	36,522,671,808	-	36,522,671,808