



नेपाल बैंक लिमिटेडको ६४औँ साधारण सभा सम्बन्धी सूचना

સાધારણ સભા સમ્બન્ધી અન્ય જાનકારી

- नेपाल बैंक लिमिटेडको आ.व. २०७८/८० को
सङ्क्षिप्त आर्थिक विवरण**

(सङ्क्षिप्त आर्थिक विवरण बैंकको वार्षिक आर्थिक विवरण र सञ्चालकको प्रतिवेदनको सङ्क्षिप्त विवरणका रूपमा रहेको छ ।)

वासलात	आ.व. २०७९/८०	आ.व. २०७८/७९	परिवर्तन
शेयर पुँजी	१४६,९४०.२३	१४४,०५९.०५	२.००%
सज्जित मुनाफा	३.९०	३४,२२१.९६	-
जगडा तथा कोपहरू	२१८,२८२.५९	१७६,३५४.१२	२३.७७%

S.N	Key Audit Matters	Auditor's Response
1.	<p>Interest Recognition</p> <p>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.</p> <p>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.</p> <p>Thus, we have considered it a key audit matter.</p>	<p>Our audit approach regarding verification of the process of interest recognition included:</p> <ol style="list-style-type: none"> 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 payable.
2.	<p>Investment Valuation, Identification, and Impairment</p> <p>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.</p> <p>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.</p>	<p>Our audit approach regarding verification of the process of investment valuation, identification, and impairment included:</p> <ol style="list-style-type: none"> 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 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. For the investment valuation that is done at amortized cost, we checked the EIR and amortization schedule on a test basis. 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 technique 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.
3.	<p>Impairment of Loans and Advances</p> <p>As per NRB Directive 4, the bank shall measure impairment loss on loans and advances at the higher of:</p>	<p>Our audit approach regarding verification of impairment of loans and advances included:</p> <ol style="list-style-type: none"> Review of the overdue status of loans and

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Statement of Financial Position			
As at 31st Ashad 2080 (16 July 2023)			
Figures in NPR			
	Note	Year ended 31st Ashad 2080	Year ended 32nd Ashad 2079
ASSETS			
Cash and cash equivalents	4.1	8,656,502,983	6,391,601,653
Due from Nepal Rastra Bank	4.2	19,748,872,262	6,841,253,290
Placement with Bank and Financial Institutions	4.3	582,511,250	491,033,317
Derivative Financial Instruments	4.4	8,594,260	491,906,856
Other Trading Assets	4.5	115,040,866	105,284,481
Loans and advances to B/FIs	4.6	5,499,659,799	6,159,622,876
Loans and advances to customers	4.7	178,556,569,017	171,480,501,866
Investment securities	4.8	56,946,182,687	40,978,841,992
Current tax assets	4.9	1,202,965,540	1,950,389,288
Investment in subsidiaries	4.10	-	-
Investment in associates	4.11	2,736,953,345	1,808,064,228
Investment property	4.12	198,109,605	108,545,596
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	9,992,240,038
Total Assets		296,735,597,837	260,077,877,377
	Note	Year ended 31st Ashad 2080	Year ended 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	5,888,868,046
Derivative Financial Instrument	4.19	8,541,000	508,072,543
Deposits from customers	4.20	244,513,999,703	196,076,149,283
Borrowings	4.21	262,300,000	7,304,175,000
Current Tax Liabilities	4.9	-	-
Provisions	4.22	247,896,915	65,966,539
Deferred Tax Liabilities	4.15	4,082,584,932	4,269,152,641
Other liabilities	4.23	6,257,810,167	5,917,390,293
Debt securities issued	4.24	3,494,351,608	3,493,811,042
Subordinated Liabilities	4.25	-	-
Total liabilities		260,212,926,029	224,614,264,029
Equity			
Share Capital	4.26	14,694,022,928	14,405,904,831
Share Premium		-	-
Retained Earnings		389,959	3,422,196,158
Reserves	4.27	21,828,258,921	17,635,512,359
Total equity attributable to equity holders		36,522,671,808	35,463,613,348
Non-controlling interest			
Total Equity		36,522,671,808	35,463,613,348
Total Liabilities and Equity		296,735,597,837	260,077,877,377
Contingent Liabilities and commitment	4.28	85,559,209,036	76,408,160,485
Net Assets Value Per share		248.55	246.17

Statement of Profit or Loss			
for the year ended 31st Ashad 2080 (16 July 2023)			
Figures in NPR			
	Note	Year ended 31st Ashad 2080	Year ended 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 other losses	4.35	1,113,348,200	853,658,796
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)			
Figures in NPR			
	Note	Year ended 31st Ashad 2080	Year ended 32nd Ashad 2079
Profit for the year		3,437,578,995	2,923,277,569
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		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
Net other Comprehensive Income that will not 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 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		39,318,107	(293,555,991)
Total Comprehensive income for the year		3,476,897,102	2,629,721,578
Total Comprehensive income attributable to:			
Equity shareholder of the bank		3,476,897,102	2,629,721,578
Non controlling interest		-	-
Total 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 31st Ashad 2080	Year ended 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 assets and liabilities	(1,786,332,600)	5,485,960,188
(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)

Statement of Changes in Equity		
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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 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	-	33,239,012,899
Comprehensive income for the year								-	-	-	-	-
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								-	-	-		-
Actuarial gains/(losses) on defined benefit plans								(261,794,028)		(261,794,028)		(261,794,028)
Gains/(losses) on cash flow hedges								-	-	-		-
Exchange gains/(losses) (arising from translating financial assets of foreign operation)								-	-	-		-
Total Comprehensive income for the year	-	-	-	-	-	(31,761,962)	-	2,923,277,569	(261,794,028)	2,629,721,578	-	2,629,721,578
Transfer to reserve during the year			584,884,458		526,226,463			10,266,109	29,232,776	1,150,609,805		1,150,609,805
Transfer from reserve during the year					(9,121,389)	(801,304)		(1,551,220,172)	410,876,475	(1,150,266,389)		(1,150,266,389)
Deferred tax impact of respective reserve								-	-	-		-
Transactions directly recognised in equity								-	-	-		-
Share issued								-	-	-		-
Share based payment								-	-	-		-
Dividends to equity holders								-	-	-		-
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								(26,361,787)		(26,361,787)		(26,361,787)
Total contributions by and distributions	1,769,146,207	(431,883,238)	584,884,458	-	517,105,074	(801,304)	-	(3,257,319,791)	413,747,463	(405,121,130)	-	(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	-	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.						1,057,937,394		-	-	1,057,937,394		1,057,937,394
Gains/(losses) on revaluation								-	-	-		-
Actuarial gains/(losses) on defined benefit plans								(1,018,619,286)		(1,018,619,286)		(1,018,619,286)
Gains/(losses) on cash flow hedges								-	-	-		-
Exchange gains/(losses) (arising from translating financial assets of foreign operation)								-	-	-		-
Total Comprehensive income for the year	-	-	-	-	-	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			-	452,968,005	4,153,428,455		4,153,428,455
Transfer from reserve during the year					-			(4,153,428,455)	-	(4,153,428,455)		(4,153,428,455)
Deferred tax impact of respective reserve								-	-	-		-
Transactions directly recognised in equity								-	-	-		-
Share issued								-	-	-		-
Share based payment								-	-	-		-
Dividends to equity holders								-	-	-		-
Bonus shares issued	288,118,097							(288,118,097)	-	-		-
Cash dividend paid								(1,440,590,483)	-	(1,440,590,483)		(1,440,590,483)
Other (FPO Tax)								(977,248,159)	-	(977,248,159)		(977,248,159)
Total contributions by and distributions	288,118,097	-	1,885,389,883	553,971	1,814,516,596	-	-	(6,859,385,193)	452,968,005	(2,417,838,642)	-	(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