

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Conclude on the appropriateness of management's use of the going concern basis of accounting.

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report on Other Legal and Regulatory Requirements

We have determined to communicate following matters in accordance with the requirements of NRB Directives, Companies Act, 2063, RAFA, 2073 and other regulatory requirements:-

We have obtained all the information and the explanations, which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

Based on our audit, proper books of accounts as required by law have been kept by the Bank.

The Statement of Financial Position, the Statement of Profit or Loss or Other Comprehensive Income, the Cash Flow Statement, and the Statement of Changes in Equity dealt with by this report are in agreement with the books of accounts maintained by the Bank.

Returns received from the branch offices of the Bank were adequate for the purpose of our audit though the statements are independently not audited.

The capital fund, risk bearing fund and the provisions for possible impairment of assets of the bank are adequate considering the Directives issued by Nepal Rastra Bank.

In our opinion and to the best of our information and according to the explanations and from our examination of the books of accounts of the Bank, we have not come across any case where the Board or Directors or any officer bearer of the Bank have acted contrary to the provisions of law, or committed any misappropriation or caused any loss or damage to the Bank and violated Directives issued by Nepal Rastra Bank or acted in a manner, as would jeopardize the interest and security of the Bank, its shareholders and its depositors.

The business of the Bank has been conducted satisfactorily and operated within its jurisdiction and has been functioning as per NRB Directives.



	Consolidated Statement of Profit or Loss For the year ended 31st Ashad 2076					
	Note	Group		Bank		
	Current Year	Previous Year	Current Year	Previous Year		
Interest income	4.29	10,177,522,844	7,766,355,770	10,177,522,844	7,766,355,770	
Interest expense	4.30	6,618,727,741	5,026,556,648	6,627,767,028	5,026,556,648	
<b>Net interest income</b>		<b>3,558,795,103</b>	<b>2,739,799,122</b>	<b>3,549,755,816</b>	<b>2,739,799,122</b>	
Fee and commission income	4.31	790,519,271	491,068,818	790,519,271	491,068,818	
Fee and commission expense	4.32	69,975,241	51,568,932	69,975,241	51,568,932	
<b>Net fee and commission income</b>		<b>720,544,030</b>	<b>439,499,886</b>	<b>720,544,030</b>	<b>439,499,886</b>	
<b>Net trading income, fee and commission income</b>		<b>4,279,319,133</b>	<b>3,179,299,008</b>	<b>4,279,319,133</b>	<b>3,179,299,008</b>	
Net trading income	4.33	309,331,669	166,803,239	309,331,669	166,803,239	
Other trading income	4.34	28,138,768	9,034,108	28,138,768	9,034,108	
<b>Total operating income</b>		<b>4,610,789,570</b>	<b>3,355,136,355</b>	<b>4,601,770,283</b>	<b>3,355,136,355</b>	
Impairment charge/(reversal) for loans and other losses	4.35	117,170,866	152,735,872	117,170,866	152,735,872	
<b>Net operating income</b>		<b>4,493,618,705</b>	<b>3,202,400,483</b>	<b>4,484,599,418</b>	<b>3,202,400,483</b>	
<b>Operating expense</b>						
Personnel expenses	4.36	1,230,381,075	874,639,789	1,230,381,075	874,639,789	
Other operating expenses	4.37	723,801,947	419,489,928	723,801,947	419,489,928	
Depreciation & Amortisation	4.38	130,386,029	100,013,185	130,386,029	100,013,185	
<b>Operating Profit</b>		<b>2,408,937,793</b>	<b>1,808,257,581</b>	<b>2,400,282,097</b>	<b>1,808,257,581</b>	
Non operating income	4.39	121,903,001	3,120,460	121,903,001	3,120,460	
Non operating expense	4.40	94,891,802	1,448,209	94,891,802	1,448,209	
<b>Profit before income tax</b>		<b>2,435,948,993</b>	<b>1,809,929,832</b>	<b>2,427,939,296</b>	<b>1,809,929,832</b>	
Income tax expense	4.41	732,801,947	560,241,516	730,205,216	560,241,516	
Current tax		732,801,947	558,867,013	730,205,216	558,867,013	
Deferred tax		(30,706,790)	1,374,503	(30,706,790)	1,374,503	
<b>Profit for the year</b>		<b>1,703,147,046</b>	<b>1,249,688,316</b>	<b>1,697,088,243</b>	<b>1,249,688,316</b>	
<b>Profit attributable to:</b>						
Equity holders of the Bank		1,703,147,046	1,249,688,316	1,697,088,243	1,249,688,316	
Non-controlling interest		-	-	-	-	
<b>Profit for the year</b>		<b>1,703,147,046</b>	<b>1,249,688,316</b>	<b>1,697,088,243</b>	<b>1,249,688,316</b>	
<b>Earnings per share</b>						
Basic earnings per share		21.14	15.81	21.07	15.81	
Diluted earnings per share		21.14	15.81	21.07	15.81	

	Consolidated Statement of Comprehensive Income For the year ended 31st Ashad 2076					
	Note	Group		Bank		
	Current Year	Previous Year	Current Year	Previous Year		
<b>Profit for the year</b>		<b>1,703,147,046</b>	<b>1,249,688,316</b>	<b>1,697,088,243</b>	<b>1,249,688,316</b>	
<b>Other comprehensive income, net of income tax</b>						
<b>a) Items that will not be reclassified to profit or loss</b>						
Gain/(Losses) from investments in equity instruments measured at fair value		(4,996,603)	(15,374,257)	(4,996,603)	(15,374,257)	
Gain/(Losses) on revaluation		-	-	-	-	
Actuarial gain/(loss) on defined benefit plans	(11,459,433)	(26,853,845)	(11,459,433)	(26,853,845)		
Income tax relating to above items	4,936,811	12,668,431	4,936,811	12,668,431		
<b>Net other comprehensive income that will not be reclassified to profit or loss</b>		<b>(11,519,225)</b>	<b>(29,559,671)</b>	<b>(11,519,225)</b>	<b>(29,559,671)</b>	
<b>b) Items that are or may be classified to profit or loss</b>						
Gain/(Losses) on cash flow hedge		-	-	-	-	
Exchange gain/(loss) (arising from translating financial assets of foreign operation)		-	-	-	-	
Income tax relating to above items		-	-	-	-	
<b>Reclassify to profit or loss</b>						
Net other comprehensive income that are or may be reclassified to profit or loss		-	-	-	-	
<b>c) Share of other comprehensive income of associate accounted as per equity method</b>						
<b>Other comprehensive income for the period, net of income tax</b>		<b>(11,519,225)</b>	<b>(29,559,671)</b>	<b>(11,519,225)</b>	<b>(29,559,671)</b>	
<b>Total comprehensive income for the year</b>		<b>1,691,627,821</b>	<b>1,220,128,644</b>	<b>1,685,569,018</b>	<b>1,220,128,644</b>	
<b>Total comprehensive income attributable to:</b>						
Equity holders of the Bank		1,691,627,821	1,220,128,644	1,685,569,018	1,220,128,644	
Non-controlling interest		-	-	-	-	
<b>Total comprehensive income for the year</b>		<b>1,691,627,821</b>	<b>1,220,128,644</b>	<b>1,685,569,018</b>	<b>1,220,128,644</b>	

	Consolidated Statement of Cash Flows For the year ended 31st Ashad 2076					
	Note	Group		Bank		
	Current Year	Previous Year	Current Year	Previous Year		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Interest received		9,850,604,524	7,453,215,409	9,850,604,524	7,453,215,409	
Fees and other income received		790,519,271	491,068,818	790,519,271	491,068,818	
Dividend received		-	-	-	-	
Receipts from other operating activities		424,495,043	169,923,699	424,495,043	169,923,699	
Interest paid		(6,779,253,963)	(5,026,556,648)	(6,779,253,963)	(5,026,556,648)	
Commission and fees paid		(69,975,241)	(51,568,932)	(69,975,241)	(51,568,932)	
Placement with bank and financial institutions		(1,201,198,486)	(851,508,950)	(1,201,198,486)	(851,508,950)	
Other expense paid		(3,273,013,807)	(419,889,328)	(3,273,013,807)	(419,889,328)	
<b>Operating cash flows before changes in operating assets and liabilities</b>		<b>2,300,277,422</b>	<b>1,765,083,462</b>	<b>2,291,621,725</b>	<b>1,765,083,462</b>	
<b>(Increase)/Decrease in operating assets</b>						
Due from Nepal Rastra Bank		3,869,645,721	(1,635,168,484)	3,869,645,721	(1,635,168,484)	
Placement with bank and financial institutions		(62,300,027)	(1,322,765,949)	(62,300,027)	(1,322,765,949)	
Other trading assets		(106,653,833)	(171,811,041)	(106,653,833)	(171,811,041)	
Loan and advances to bank and financial institutions		(647,420,779)	(105,175,767)	(647,420,779)	(105,175,767)	
Loans and advances to customers		(12,952,495,340)	(12,610,192,215)	(12,952,495,340)	(12,610,192,215)	
Other assets		(656,558,405)	(75,820,218)	(656,558,405)	(75,820,218)	
<b>Increase/(Decrease) in operating liabilities</b>		<b>(10,556,194,664)</b>	<b>(15,920,934,274)</b>	<b>(10,556,194,664)</b>	<b>(15,920,934,274)</b>	
Due to bank and financial institutions		5,029,409,039	30,126,526	5,029,409,039	30,126,526	
Due to Nepal Rastra Bank		382,721,807	477,699,221	382,721,807	477,699,221	
Deposit from customers		13,848,607,704	13,815,516,434	14,056,029,503	13,815,516,434	
Borrowings		211,790,541	101,817,298	211,671,546	101,817,298	
Other liabilities		(19,472,610,090)	(14,424,559,479)	(19,472,610,090)	(14,424,559,479)	
<b>Net cash flow from operating activities before tax paid</b>		<b>19,472,610,090</b>	<b>14,424,559,479</b>	<b>19,472,610,090</b>	<b>14,424,559,479</b>	
Income taxes paid		(771,870,275)	(498,577,603)	(770,517,381)	(498,577,603)	
<b>Net cash flow from operating activities</b>		<b>10,444,822,574</b>	<b>(229,868,937)</b>	<b>10,444,822,574</b>	<b>(229,868,937)</b>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Purchase of investment securities		(3,924,030,102)	(3,904,263,403)	(4,124,020,102)	(3,904,263,403)	
Receipts from sale of investment securities		1,345,079,880	980,840,000	1,345,079,880	980,840,000	
Purchase of property and equipment		(394,174,259)	(281,471,169)	(394,174,259)	(281,471,169)	
Receipt from the sale of property and equipment		22,595,768	8,218,283	22,595,768	8,218,283	
Purchase of intangible assets		(7,950,264)	(7,771,792)	(7,950,264)	(7,771,792)	
Receipt from the sale of intangible assets		268,375	-	268,375	-	
Purchase of investment properties		(53,586,919)	-	(53,586,919)	-	
Receipt from the sale of investment properties		645	645	645	645	
Interest received		3,207,495	1,762,843	3,207,495	1,762,843	
<b>Net cash used in investing activities</b>		<b>(2,607,808,543)</b>	<b>(2,889,534,232)</b>	<b>(2,607,808,543)</b>	<b>(2,889,534,232)</b>	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
Receipt from issue of debt securities		-	-	-	-	
Repayment of debt securities		-	-	-	-	
Receipt from issue of subordinated liabilities		-	-	-	-	
Repayment of subordinated liabilities		-	-	-	-	
Receipt from issue of shares		-	-	-	-	
Dividends paid		(781,143,647)	(393,271,730)	(781,143,647)	(393,271,730)	
Interest paid		-	-	-	-	
Other receipt/payment		(781,143,647)	(23,302,065)	(781,143,647)	(23,302,065)	
<b>Net cash increase/decrease in cash and cash equivalents</b>		<b>7,055,870,384</b>	<b>(3,142,705,233)</b>	<b>7,055,870,384</b>	<b>(3,142,705,233)</b>	
Cash and cash equivalents at Shrawan 1, 2075		504,435,268	9,056,154	2,364,190,960	5,801,151,243	
Effect of exchange rate fluctuations on cash and cash equivalents held		22,839,007	5,744,950	22,839,007	5,744,950	
<b>Cash and cash equivalents at Ashad end 2076</b>		<b>5,493,900,351</b>	<b>2,364,190,960</b>	<b>9,442,900,351</b>	<b>2,364,190,960</b>	

	Machhapuchhre Bank Limited Consolidated Statement of Financial Position As on 31st Ashad 2076					
	Note	Group		Bank		
	Current Year	Previous Year	Current Year	Previous Year		
<b>Assets</b>						
Cash and cash equivalent	4.1	9,442,900,351	2,364,190,960	9,442,900,351	2,364,190,960	
Due from Nepal Rastra Bank	4.2	3,226,962,097	7,096,607,818	3,226,962,097	7,096,607,818	
Placement with Bank and Financial Institutions	4.3	1,458,033,992	1,395,303,965	1,458,033,992	1,395,303,965	
Derivative financial instruments	4.4	72,597,160	-	72,597,160	-	
Other trading assets	4.5	358,694,537	252,058,704	358,694,537	252,058,704	
Loan and advances to B/FIs	4.6	2,440,166,215	1,798,387,585	2,440,166,215	1,798,387,585	
Loans and advances to customers	4.7	75,095,773,816	62,417,217,568	75,095,773,816	62,417,217,568	
Investment securities	4.8	10,306,077,788	7,732,134,169	10,306,077,788	7,732,134,169	
Current tax assets	4.9	208,733,311	200,371,773	200,371,773	200,371,773	
Investment in subsidiaries	4.10	-	-	200,000,000	-	
Investment in associates	4.11	-	-	-	-	
Investment property	4.12	78,457,743	24,870,824	78,457,743	24,870,824	
Property and equipment	4.13	1,122,933,578	877,983,812	1,122,933,578	877,983,812	
Goodwill and intangible assets	4.14	49,006,075	45,439,230	49,006,075	45,439,230	
Deferred tax assets	4.15	21,424,000	-	21,424,000	-	
Other assets	4.16	1,162,941,666	583,081,406	1,163,041,666	583,081,406	
<b>Total Assets</b>		<b>105,044,702,329</b>	<b>84,787,647,814</b>	<b>105,246,046,329</b>	<b>84,787,647,814</b>	
<b>Liabilities</b>						
Due to Bank and Financial Institutions	4.17	6,361,837,039	1,332,347,000	6,361,837,039		