INTERIM FINANCIAL STATEMENT
AS AT END OF 1st QUARTER
OF FY 2079/80

MEGA BANK NEPAL LIMITED
मेगा बैंक नेपाल लिमिटेड

MEGA BANK NEPAL LIMITED
Condensed Consolidated Statement of Financial Position
As on Quarter ended 31st Ashwin 2079

Amount in NPR

Particulars	Group		Bank	
	This Quarter Ending	Immediate Previous Year Ending	This Quarter Ending	Immediate Previous Year Ending
Assets				
Cash and cash equivalent	18,444,998,721	19,929,159,037	18,439,479,593	19,923,508,278
Due from Nepal Rastra Bank	6,094,360,280	4,475,404,639	6,094,360,280	4,475,404,639
Placement with Bank and Financial Institutions	489,865,833	485,014,919	63,365,833	63,014,919
Derivative financial instruments	-	24,777,952	-	24,777,952
Other trading assets	62,159,389	69,713,193	-	-
Loan and advances to B/FIs	2,575,522,988	2,761,831,794	2,575,522,988	2,761,831,794
Loans and advances to customers	149,233,109,110	144,860,663,190	149,233,109,110	144,860,663,190
Investments securities	32,077,087,296	41,979,142,632	32,077,087,296	41,979,142,632
Current tax assets	320,943,840	530,185,163	320,835,375	526,040,896
Investment in subsidiaries	-	-	800,000,000	200,000,000
Investment in associates	-	-	-	-
Investment property	510,986,007	510,986,007	510,986,007	510,986,007
Property and equipment	4,399,570,530	4,421,912,779	4,387,077,650	4,408,157,804
Goodwill and Intangible assets	263,557,997	269,768,118	262,202,154	268,302,319
Deferred tax assets	19,750,108	-	8,201,026	-
Other assets	2,363,885,334	2,074,392,197	2,350,898,022	2,064,633,021
Total Assets	**216,855,797,433**	**222,392,951,621**	**217,123,125,334**	**222,066,463,453**

Particulars	This Quarter Ending	Immediate Previous Year Ending	This Quarter Ending	Immediate Previous Year Ending
Liabilities				
Due to Bank and Financial Institutions	10,385,061,916	7,446,151,319	10,385,061,916	7,446,151,319
Due to Nepal Rastra Bank	15,825,969,878	26,281,427,577	15,825,969,878	26,281,427,577
Derivative financial instruments	-	-	-	-
Deposits from customers	154,561,147,099	153,482,277,360	155,163,053,947	153,482,277,360
Borrowing	10,844,634,780	10,283,596,221	10,844,634,780	10,283,596,221
Current Tax Liabilities	-	-	-	-
Provisions	-	-	-	-
Deferred tax liabilities	-	25,979,327	-	35,004,975
Other liabilities	3,342,231,585	3,414,967,117	3,040,299,749	3,103,147,787
Debt securities issued	-	-	-	-
Subordinated Liabilities	-	-	-	-
Total liabilities	**194,959,045,257**	**200,934,398,921**	**195,259,020,271**	**200,631,605,239**
Equity				
Share capital	16,120,461,453	16,120,461,453	16,120,461,453	16,120,461,453
Share premium	207,849,581	207,849,581	207,849,581	207,849,581
Retained earnings	1,161,824,821	643,700,416	1,136,018,254	626,848,976
Reserves	4,406,616,321	4,486,541,250	4,399,775,775	4,479,698,204
Total equity attributable to equity holders	**21,896,752,176**	**21,458,552,700**	**21,864,105,063**	**21,434,858,214**
Non-controlling interest	-	-	-	-
Total equity	**21,896,752,176**	**21,458,552,700**	**21,864,105,063**	**21,434,858,214**
Total liabilities and equity	**216,855,797,433**	**222,392,951,621**	**217,123,125,334**	**222,066,463,453**

MEGA BANK NEPAL LIMITED
Condensed Consolidated Statement of Profit or Loss
For the Quarter ended 31st Ashwin 2079

Amount in NPR

Particulars	Group				Bank			
	Current Year		Previous Year Corresponding		Current Year		Previous Year Corresponding	
	This Quarter	Up to This Quarter(YTD)	This Quarter	Up to This Quarter(YTD)	This Quarter	Up to This Quarter(YTD)	This Quarter	Up to This Quarter (YTD)
Interest income	5,612,695,410	5,612,695,410	3,554,424,374	3,554,424,374	5,601,808,693	5,601,808,693	3,549,134,145	3,549,134,145
Interest expense	3,802,339,244	3,802,339,244	2,031,702,234	2,031,702,234	3,802,261,193	3,802,261,193	2,031,780,513	2,031,780,513
Net interest income	**1,810,356,166**	**1,810,356,166**	**1,522,722,140**	**1,522,722,140**	**1,799,547,500**	**1,799,547,500**	**1,517,353,632**	**1,517,353,632**
Fee and commission income	178,661,762	178,661,762	228,277,341	228,277,341	164,773,025	164,773,025	211,094,024	211,094,024
Fee and commission expense	50,534,500	50,534,500	32,031,356	32,031,356	49,134,705	49,134,705	28,802,666	28,802,666
Net fee and commission income	**128,127,262**	**128,127,262**	**196,245,985**	**196,245,985**	**115,638,320**	**115,638,320**	**182,291,358**	**182,291,358**
Net interest, fee and commission income	**1,938,483,429**	**1,938,483,429**	**1,718,968,125**	**1,718,968,125**	**1,915,185,820**	**1,915,185,820**	**1,699,644,990**	**1,699,644,990**
Net trading income	14,519,686	14,519,686	60,315,725	60,315,725	21,230,990	21,230,990	65,586,958	65,586,958
Other operating income	105,666,264	105,666,264	130,708,913	130,708,913	101,139,539	101,139,539	129,079,902	129,079,902
Total operating income	**2,058,669,378**	**2,058,669,378**	**1,909,992,763**	**1,909,992,763**	**2,037,556,349**	**2,037,556,349**	**1,894,311,850**	**1,894,311,850**
Impairment charge/(reversal) for loans and other losses	499,872,609	499,872,609	(293,132,470)	(293,132,470)	499,872,609	499,872,609	(293,132,470)	(293,132,470)
Net operating income	**1,558,796,769**	**1,558,796,769**	**2,203,125,233**	**2,203,125,233**	**1,537,683,740**	**1,537,683,740**	**2,187,444,320**	**2,187,444,320**
Operating expense								
Personnel expenses	543,680,542	543,680,542	612,620,053	612,620,053	537,784,815	537,784,815	608,011,128	608,011,128
Other operating expenses	236,224,719	236,224,719	216,151,397	216,151,397	233,989,435	233,989,435	214,210,389	214,210,389
Depreciation & Amortization	60,499,070	60,499,070	58,634,284	58,634,284	59,921,374	59,921,374	58,108,928	58,108,928
Operating Profit	**718,392,438**	**718,392,438**	**1,315,719,500**	**1,315,719,500**	**705,988,116**	**705,988,116**	**1,307,113,874**	**1,307,113,874**
Non operating income	1,446,567	1,446,567	2,337,343	2,337,343	1,446,567	1,446,567	2,337,343	2,337,343
Non operating expense	-	-	321,998	321,998	-	-	321,998	321,998
Profit before income tax	**719,839,005**	**719,839,005**	**1,317,734,845**	**1,317,734,845**	**707,434,683**	**707,434,683**	**1,309,129,220**	**1,309,129,220**
Income tax expense	201,714,599	201,714,599	395,901,441	395,901,441	198,265,405	198,265,405	394,442,531	394,442,531
Current Tax	215,147,156	215,147,156	398,129,412	398,129,412	209,174,528	209,174,528	393,337,424	393,337,424
Deferred Tax	(13,432,557)	(13,432,557)	(2,227,971)	(2,227,971)	(10,909,123)	(10,909,123)	1,105,107	1,105,107
Profit/(loss) for the period	**518,124,406**	**518,124,406**	**921,833,404**	**921,833,404**	**509,169,278**	**509,169,278**	**914,686,689**	**914,686,689**

Condensed Consolidated Statement of Comprehensive Income

Profit/(loss) for the period	518,124,406	518,124,406	921,833,404	921,833,404	509,169,278	509,169,278	914,686,689	914,686,689
Other Comprehensive Income	(75,359,378)	(75,359,378)	19,667,467	19,667,467	(75,359,378)	(75,359,378)	19,667,467	19,667,467
Total Comprehensive Income	**442,765,028**	**442,765,028**	**941,500,871**	**941,500,871**	**433,809,900**	**433,809,900**	**934,354,156**	**934,354,156**
Earnings per share								
Basic earnings per share		12.61		24.42		12.40		24.24
Diluted earnings per share		12.61		24.42		12.40		24.24
Profit attributable to:								
Equity holders of the Bank	442,765,028	442,765,028	941,500,871	941,500,871	433,809,900	433,809,900	934,354,156	934,354,156
Non- controlling interest	-	-	-	-	-	-	-	-
Total	**442,765,028**	**442,765,028**	**941,500,871**	**941,500,871**	**433,809,900**	**433,809,900**	**934,354,156**	**934,354,156**

MEGA BANK NEPAL LIMITED
Consolidated Statement of cash flows
For the Quarter ended 31st Ashwin 2079

Amount in NPR

Particulars	Group		Bank	
	As at 17th October 2022	As at 17th October 2021	As at 17th October 2022	As at 17th October 2021
CASH FLOWS FROM OPERATING ACTIVITIES				
Interest received	4,387,182,226	2,374,047,355	4,376,295,509	2,360,446,979
Fees and other income received	178,661,762	211,094,024	164,773,025	211,094,024
Divided received	-	-	-	-
Receipts from other operating activities	74,240,017	96,361,111	77,267,096	96,671,481
Interest paid	(3,215,657,358)	(1,870,672,557)	(3,212,934,694)	(1,872,483,642)
Commission and fees paid	(50,534,500)	(29,159,581)	(49,134,705)	(28,802,666)
Cash payment to employees	(763,399,335)	(943,462,741)	(757,503,608)	(938,993,754)
Other expense paid	(236,224,719)	(221,315,028)	(233,989,435)	(214,210,389)
Operating cash flows before changes in operating assets and liabilities	**374,268,092**	**(383,107,417)**	**364,773,188**	**(386,277,967)**
(Increase)/Decrease in operating assets				
Due from Nepal Rastra Bank	(1,618,955,640)	(326,551,994)	(1,618,955,640)	(326,551,994)
Placement with bank and financial institutions	(4,850,914)	(278,514)	(350,914)	(278,514)
Other trading assets	7,553,804	32,451,383	-	-
Loan and advances to bank and financial institutions	191,264,396	(1,329,676)	191,264,396	(1,329,676)
Loans and advances to customers	(4,264,045,046)	(3,904,266,853)	(4,264,045,046)	(3,904,266,853)
Other assets	(52,351,663)	83,522,465	(53,267,793)	297,827,245
Increase/(Decrease) in operating liabilities				
Due to bank and financial institutions	2,938,910,598	(3,479,473,506)	2,938,910,598	(3,479,473,506)
Due to Nepal Rastra Bank	(10,906,116,439)	4,441,139,390	(10,903,672,173)	4,441,139,390
Deposit from customers	1,079,681,828	5,461,570,654	1,681,588,677	5,426,039,902
Borrowings	561,038,559	39,182,072	561,038,559	39,182,072
Other liabilities	32,013,199	96,100,384	41,233,208	344,200,348
Net cash flow from operating activities before tax paid	**(11,661,589,226)**	**2,058,958,390**	**(11,061,482,940)**	**2,450,210,447**
Income taxes paid	(4,059,431)	(17,891,346)	(3,391,355)	(14,063,351)
Net cash flow from operating activities	**(11,665,648,657)**	**2,041,067,044**	**(11,064,874,295)**	**2,436,147,097**
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investment securities	10,618,206,060	(2,442,349,025)	10,018,206,060	(2,411,670,512)
Receipts from sale of investment securities	-	227,665,168	-	31,573,383
Purchase of property and equipment	(27,946,973)	(1,274,197,369)	(27,946,973)	(1,272,331,944)
Receipt from the sale of property and equipment	-	3,758,682	-	3,758,682
Purchase of intangible assets	(505,456)	(1,661,350)	(395,500)	(1,661,350)
Receipt from the sale of intangible assets	-	-	-	-
Purchase of investment properties	-	-	-	-
Receipt from the sale of investment properties	-	-	-	-
Interest received	131,476,161	829,832,166	131,476,161	829,832,166
Dividend received	47,392,500	81,688,737	46,550,000	81,688,737
Net cash used in investing activities	**10,768,622,293**	**(2,575,262,991)**	**10,167,889,749**	**(2,738,810,838)**
CASH FLOWS FROM FINANCING ACTIVITIES				
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	0	-	-	-
Dividends paid	-	(9,933,871)	-	(9,933,871)
Interest paid	(588,075,301)	(92,163,453)	(587,985,487)	(92,163,453)
Other receipt/payment	-	-	-	-
Net cash from financing activities	**(588,075,301)**	**(102,097,324)**	**(587,985,487)**	**(102,097,324)**
Net increase (decrease) in cash and cash equivalents	**(1,485,101,664)**	**(636,293,270)**	**(1,484,970,033)**	**(404,761,065)**
Cash and cash equivalents at Shrawan 1, 2079	19,929,159,036	18,113,591,251	19,923,508,278	17,870,223,014
Effect of exchange rate fluctuations on cash and cash equivalents held	941,349	18,124,997	941,349	18,124,997
Cash and cash equivalents at Ashwin end 2079	**18,444,998,721**	**17,495,422,978**	**18,439,479,593**	**17,483,586,945**

MEGA BANK NEPAL LIMITED
Consolidated Statement of changes in equity
For the Quarter ended 31st Ashwin 2079

Amount in NPR

Particulars	Group											
	Attributable to equity holders of the Bank										Non-controlling interest	Total equity
	Share Capital	Share premium	General reserve	Exchange equalisation reserve	Regulatory reserve	Fair value reserve	Revaluation reserve	Retained earning	Other reserve	Total		
Balance at Shrawan 1, 2078	**14,654,964,958**	**306,371,378**	**2,846,458,125**	**12,110,908**	**492,184,578**	**141,203,066**	**176,668,240**	**1,705,983,454**	**8,882,222**	**20,344,826,929**	**-**	**20,344,826,929**
Adjustment/Restatement												
Taken over on acquisition through Business Combination										**-**	**-**	**-**
Adjusted/Restated balance at Shrawan 1, 2078	**14,654,964,958**	**306,371,378**	**2,846,458,125**	**12,110,908**	**492,184,578**	**141,203,066**	**176,668,240**	**1,705,983,454**	**8,882,222**	**20,344,826,929**	**-**	**20,344,826,929**
Comprehensive income for the year												
Profit for the year								**1,310,584,306**		**1,310,584,306**		**1,310,584,306**
Other comprehensive income, net of tax												
Gains/(losses) from investments in equity instruments measured at fair value						93,212,826				**93,212,826**		**93,212,826**
Gains/(loses) on revaluation							74,363,412			**74,363,412**		**74,363,412**
Actuarial gains/(losses) on defined benefit plans									(13,940,651)	**(13,940,651)**		**(13,940,651)**
Gains/(losses) on cash flow hedge												
Exchanges gains/(losses) (arising from transalting financial assest of foreign operation)												
Total comprehensive income for the year												
Transfer to reserve during the year			260,293,874	2,067,139	390,993,640	(7,109,745)		(670,850,304)	24,605,397	**-**		
Transfer from reserve during the year					-	-		-	(15,451,781)	**(15,451,781)**		**(15,451,781)**
Transactions with owners, directly recognised in equity												
Share issued												
Share based payments												
Dividends to equity holders												
Bonus shares issued	1,465,496,496	(98,521,798)						(1,366,974,698)				
Cash dividend paid								(335,357,775)		**(335,357,775)**		**(335,357,775)**
Others								315,433		**315,433**		**315,433**
Total contributions by and distributions	**1,465,496,496**	**(98,521,798)**	**260,293,874**	**2,067,139**	**390,993,640**	**86,103,081**	**74,363,412**	**(1,062,283,038)**	**(4,787,035)**	**1,113,725,771**	**-**	**1,113,725,771**
Balance at Ashad end 2079	**16,120,461,454**	**207,849,581**	**3,106,751,999**	**14,178,046**	**883,178,218**	**227,306,147**	**251,031,652**	**643,700,416**	**4,095,187**	**21,458,552,700**	-	**21,458,552,699**

Particulars	Group											
	Attributable to equity holders of the Bank										Non-controlling interest	Total equity
	Share Capital	Share premium	General reserve	Exchange equalisation reserve	Regulatory reserve	Fair value reserve	Revaluation reserve	Retained earning	Other reserve	Total		
Balance at Shrawan 1, 2079	**16,120,461,454**	**207,849,581**	**3,106,751,999**	**14,178,046**	**883,178,218**	**227,306,147**	**251,031,652**	**643,700,416**	**4,095,187**	**21,458,552,699**	**-**	**21,458,552,699**
Adjustment/Restatement												
Adjusted/Restated balance at Shrawan 1, 2079	**16,120,461,454**	**207,849,581**	**3,106,751,999**	**14,178,046**	**883,178,218**	**227,306,147**	**251,031,652**	**643,700,416**	**4,095,187**	**21,458,552,699**	-	**21,458,552,699**
Comprehensive income for the year												
Profit for the year								**518,124,406**		**518,124,406**		**518,124,406**
Other comprehensive income, net of tax												
Gains/(losses) from investments in equity instruments measured at fair value						(75,359,378)				**(75,359,378)**		**(75,359,378)**
Gains/(loses) on revaluation							-			**-**		**-**
Actuarial gains/(losses) on defined benefit plans									-	**-**		**-**
Gains/(losses) on cash flow hedge										**-**		**-**
Exchanges gains/(losses) (arising from transalting financial assest of foreign operation)										**-**		**-**
Cash flow hedges:										**-**		**-**
Effective portion of changes in fair value										**-**		**-**
Net Amount reclassified to profit or loss										**-**		**-**
Total comprehensive income for the year										**-**		**-**
Transfer to reserve during the year										**-**		**-**
Transfer from reserve during the year						-		-	(4,565,551)	**(4,565,551)**		**(4,565,551)**
Transactions with owners, directly recognised in equity										**-**		**-**
Share issued										**-**		**-**
Share based payments												**-**
Dividends to equity holders												**-**
Bonus shares issued										**-**		**-**
Cash dividend paid										**-**		**-**
Revaluation Surplus										**-**		**-**
Others (Consolidation)										**-**		**-**
Total contributions by and distributions	**-**	**-**	**-**	**-**	**-**	**(75,359,378)**	**-**	**518,124,406**	**(4,565,551)**	**438,199,476**	**-**	**438,199,476**
Balance at Ashwin end 2079	**16,120,461,454**	**207,849,581**	**3,106,751,999**	**14,178,046**	**883,178,218**	**151,946,769**	**251,031,652**	**1,161,824,822**	**(470,365)**	**21,896,752,176**	**-**	**21,896,752,176**

Particulars	Bank											
	Attributable to equity holders of the Bank										Non-controlling interest	Total equity
	Share Capital	Share premium	General reserve	Exchange equalisation reserve	Regulatory reserve	Fair value reserve	Revaluation Reserve	Retained earning	Other reserve	Total		
Balance at Shrawan 1, 2078	**14,654,964,958**	**306,371,378**	**2,841,845,036**	**12,110,908**	492,184,579	141,203,066	**176,668,240**	**1,673,672,037**	**8,420,913**	**20,307,441,114**	**-**	**20,307,441,114**
Adjustment/Restatement												**-**
Taken over on acquisition through Business Combination										**-**	-	**-**
Adjusted/Restated balance at Shrawan 1, 2078	**14,654,964,958**	**306,371,378**	**2,841,845,036**	**12,110,908**	**492,184,579**	**141,203,066**	**176,668,240**	**1,673,672,037**	**8,420,913**	**20,307,441,114**	**-**	**20,307,441,114**
Comprehensive income for the year												
Profit for the year								**1,292,354,430**		**1,292,354,430**		**1,292,354,430**
Other comprehensive income, net of tax												
Gains/(losses) from investments in equity instruments measured at fair value						93,212,826				**93,212,826**		**93,212,826**
Gains/(loses) on revaluation							74,363,412			**74,363,412**		**74,363,412**
Actuarial gains/(losses) on defined benefit plans									(13,940,651)	**(13,940,651)**		**(13,940,651)**
Gains/(losses) on cash flow hedge												
Exchanges gains/(losses) (arising from transalting financial assest of foreign operation)												
Total comprehensive income for the year												
Transfer to reserve during the year			258,470,886	2,067,138.92	390,993,640	-7109745.111		(668,845,018)	24,423,098	**0.00**		**0.00**
Transfer from reserve during the year					-			-	(15,215,141)	**(15,215,141)**		**(15,215,141)**
Transactions with owners, directly recognised in equity												
Share issued										**-**		**-**
Premium received on issuance of unsubscribed number of right shares												
Share based payments												
Dividends to equity holders										**-**		**-**
Bonus shares issued	1,465,496,496	(98,521,798)						(1,366,974,698)		**0**		**0**
Cash dividend paid								(303,357,775)		**(303,357,775)**		**(303,357,775)**
Other (Business Combination & Consolidation)										**-**		
Total contributions by and distributions	**1,465,496,496**	**(98,521,798)**	**258,470,886**	**2,067,139**	**390,993,640**	**86,103,081**	**74,363,412**	**(1,046,823,061)**	**(4,732,695)**	**1,127,417,100**	**-**	**1,127,417,100**
Balance at Ashad end 2079	**16,120,461,454**	**207,849,581**	**3,100,315,922**	**14,178,046**	**883,178,219**	**227,306,147**	**251,031,652**	**626,848,976**	**3,688,218**	**21,434,858,214**	**-**	**21,434,858,214**

Particulars	Bank											
	Attributable to equity holders of the Bank										Non-controlling interest	Total equity
	Share Capital	Share premium	General reserve	Exchange equalisation reserve	Regulatory reserve	Fair value reserve	Revaluation Reserve	Retained earning	Other reserve	Total		
Balance at Shrawan 1, 2079	**16,120,461,454**	**207,849,581**	**3,100,315,922**	**14,178,046**	**883,178,219**	**227,306,147**	**251,031,652**	**626,848,976**	**3,688,218**	**21,434,858,214**	**-**	**21,434,858,214**
Adjustment/Restatement												**-**
Adjusted/Restated balance at Shrawan 1, 2079	**16,120,461,454**	**207,849,581**	**3,100,315,922**	**14,178,046**	**883,178,219**	**227,306,147**	**251,031,652**	**626,848,976**	**3,688,218**	**21,434,858,214**	**-**	**21,434,858,214**
Comprehensive income for the year												
Profit for the year								**509,169,278**		**509,169,278**		**509,169,278**
Other comprehensive income, net of tax										**-**		
Gains/(losses) from investments in equity instruments measured at fair value						(75,359,378)				**(75,359,378)**		**(75,359,378)**
Gains/(loses) on revaluation							-			**-**		
Actuarial gains/(losses) on defined benefit plans									-	**-**		
Gains/(losses) on cash flow hedge										**-**		
Exchanges gains/(losses) (arising from transalting financial assest of foreign operation)										**-**		
Total comprehensive income for the year										**-**		
Transfer to reserve during the year										**-**		
Transfer from reserve during the year						-		-	(4,563,051)	**(4,563,051)**		**(4,563,051.39)**
Transactions with owners, directly recognised in equity										**-**		
Shares issued										**-**		**-**
Share based payments										**-**		
Dividends to equity holders										**-**		
Bonus shares issued										**-**		
Cash dividend paid										**-**		
Revaluation Surplus										**-**		
Total contributions by and distributions	**-**	**-**	**-**	**-**	**-**	**(75,359,378)**	**-**	**509,169,278**	**(4,563,051)**	**429,246,849**	**-**	**429,246,849**
Balance at Ashwin end 2079	**16,120,461,454**	**207,849,581**	**3,100,315,922**	**14,178,046**	**883,178,219**	**151,946,769**	**251,031,652**	**1,136,018,254**	**(874,833)**	**21,864,105,063**	**-**	**21,864,105,063**

Other reserves as at 17th October 2022 includes Corporate Social Responsibility Reserve, Interest Capitalisation Reserve and Actuarial Loss on Gratuity.

Ratios as per NRB Directives

Particulars	Group				Bank			
	Current Year		Previous Year Corresponding		Current Year		Previous Year Corresponding	
	This Quarter	Up to This Quarter (YTD)	This Quarter	Up to This Quarter (YTD)	This Quarter	Up to This Quarter (YTD)	This Quarter	Up to This Quarter (YTD)
Capital fund to RWA	11.68	11.68	12.89	12.89	11.26	11.26	12.76	12.76
Non-performing loan (NPL) to total loan	2.55	2.55	0.89	0.89	2.55	2.55	0.89	0.89
Total loan loss provision to Total NPL	150.59	150.59	242.55	242.55	150.59	150.59	242.55	242.55
Cost of Funds	8.27	8.27	4.96	4.96	8.27	8.27	4.96	4.96
Credit to Deposit Ratio (Calculated as per NRB Directives)	88.41	88.41	91.21	91.21	88.41	88.41	91.21	91.21
Base Rate	10.84	10.84	9.81	9.81	10.84	10.84	9.81	9.81
Interest Rate Spread (Calculated as per NRB Directives)	4.05	4.05	3.48	3.48	4.05	4.05	3.48	3.48

Statement of Distributable Profit or Loss
For the Quarter ended 31st Ashwin 2079

Particulars	Amount (NPR)
Opening Retained Earning	**626,848,976**
Net profit or (loss) as per statement of profit or loss	**509,169,278**
1. Appropriations	
1.1 Profit required to be appropriated to statutory reserve	**107,160,886**
a. General Reserve	101,833,856
b. Capital Redemption Reserve	-
c. Exchange Fluctuation Fund	235,337
d. Corporate Social Responsibility Fund	5,091,693
e. Employees Training Fund	
f. Other	
1.2 Profit required to be transferred to Regulatory Reserve	**242,512,620**
a. Transfer to Regulatory Reserve	242,512,620
b. Transfer from Regulatory Reserve	-
Distributable profit or (loss)	**786,344,749**

Corporate Information and Nature of operations

MEGA BANK NEPAL LIMITED ("MEGA" or "the Bank") is a limited liability company domiciled in Nepal which has been in operation in Nepal since 2010. The Bank is registered with the Office of the Company Registrar as a public limited company and carries out commercial banking activities in Nepal under the license from Nepal Rastra Bank as Class "Ka" licensed institution. It's registered, and corporate office is at Rising Mall, Kamaladi, Kathmandu, Nepal.

The Bank offers full commercial banking services of banking products and services including loans and advances, deposits, trade finance, e-commerce services, bullion, etc. to wide range of clients encompassing individuals, corporates, multinationals, large public sector companies, government corporations, etc. as authorized by the Nepal Rastra Bank (Central Bank of Nepal).

The Bank is listed in Nepal Stock Exchange Limited (the sole stock exchange in Nepal) for public trading and its stock symbol is "MEGA"

1. Basis of preparation

The Interim condensed consolidated financial statements of the bank have been prepared in accordance with NAS 34 'Interim Financial Reporting (NAS 34)' as issued by the Accounting Standards Board (ASB), Nepal to the extent applicable and as pronounced by the Institute of Chartered Accountants of Nepal (ICAN) and in the format issued by Nepal Rastra Bank (Central Bank of Nepal).

Therefore, they include an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the bank since the previous year end.

These interim condensed consolidated financial statements should be read in conjunction with the Annual Report of Fiscal Year 2020/21.

These policies have been consistently applied to all the years presented except otherwise stated.

2. Statement of Compliances

The Interim condensed consolidated financial statements of the bank have been prepared on accrual basis of accounting in accordance with NAS 34 'Interim Financial Reporting. The Interim condensed consolidated financial statements comprise the Statement of Financial Position, Statement of Profit or Loss and Statement of Other Comprehensive Income shown in a single statement, the Statement of Changes in Equity, the Statement of Cash Flows and the Notes to the Interim financial statements.

Historical cost convention has been used for financial statement recognition and measurement except otherwise required by NFRS. Where, other method(s), other than historical costs, such as fair value has been applied these have been disclosed in accordance with the applicable reporting framework.

3. Use of Estimates, assumptions and Judgments

Management believes that the Bank's critical accounting estimates and judgements are those which is related to impairment of amortised cost and the FVOCI financial assets, the valuation of financial instruments, deferred tax assets and provisions. The Para 5 of curve-outs "Incurred loss model" resulted in a change to the assessment of the critical accounting estimates and judgements related to impairment of financial assets.

In determining Impairment, Management is required to exercise judgement in defining what is considered to be a significant increase in credit risk and in making assumptions and estimates to incorporate relevant information about past events, current conditions and Judgement has been applied in determining cash flow of a security assets.
The exercise of judgement in making estimates requires the use of assumptions which are highly subjective and very sensitive to the risk factor. Many of the factors have a high degree of interdependency and there is no single factor to which loan impairment allowances as a whole are sensitive. There were no changes in the current period and cumulative current period to the critical accounting estimates and judgements applied in 15th July 2021, which are stated in the Annual Report of Fiscal Year 2020/21.

4. Changes in accounting policies

Except as described below, the accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 15th July 2021.

5. Significant Accounting Policies

The accounting policies applied by the bank for these Interim condensed consolidated financial statements are consistent with those described in the Annual Report of FY 2020/21, as are the method of computation.

5.1 Basis of Measurement

The Interim condensed consolidated financial statements have been prepared on historical cost basis except for the following material items in the statement of financial position:

- derivative financial instruments are measured at fair value
- financial instruments at fair value through profit or loss are measured at fair value
- financial instruments at fair value through other comprehensive income are measured at fair value
- freehold land at fair value
- investment property is measured at fair value
- liabilities for cash-settled share-based payment arrangements are measured at fair value
- the liability for defined benefit obligations is recognized as the present value of the defined benefit obligation less the net total of the plan assets, plus unrecognized actuarial gains, less unrecognized past service cost and unrecognized actuarial losses.

5.2 Basis of Consolidation

a. Business Combination

Business combinations are accounted for using the acquisition method as at the acquisition date i.e. when control is transferred to the Bank. Control is the power to govern the financial and operating policies of an entity to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

The Bank measures goodwill at the acquisition date as;

- the fair value of the consideration transferred, plus
- the recognized amount of any non-controlling interests in the acquire, plus
- if the business combination is achieved in stages, the fair value of the preexisting equity interest in the acquire, less
- the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed.
- When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss.
- The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.
- Transaction costs, other than those associated with the issue of debt or equity securities, that the Bank incurs in connection with a business combination are expensed as incurred.
- Any contingent consideration payable is measured at fair value at the acquisition date. If the

contingent consideration is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

b. Non-Controlling Interest (NCI)

For each business combination, the Bank elects to measure any non-controlling interests in the acquire either:

- at fair value; or
- at their proportionate share of the acquire identifiable net assets, which are generally at fair value.

Changes in the Bank's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. No adjustments are made to goodwill and no gain or loss is recognized in profit or loss.

c. Subsidiaries

Subsidiaries are the entities controlled by the Bank. The Bank controls an entity if it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Financial Statements of subsidiaries are included in the Consolidated Financial Statements from the date that control commences until the date that control ceases.

The Bank reassesses whether it has control if there are changes to one or more of the elements of control. In preparing the consolidated financial statements, the financial statements are combined line by line by adding the like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiary. The carrying amount of the parent's investment in subsidiary and the parent's portion of equity of subsidiary are eliminated in full. All intra group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (such as interest income and technical fee) are eliminated in full while preparing the consolidated financial statements.

d. Loss of Control

Upon the loss of control, the Bank derecognizes the assets and liabilities of the subsidiary, carrying amount of non-controlling interests and the cumulative translation differences recorded in equity related to the subsidiary. Further parent's share of components previously recognized in Other Comprehensive Income (OCI) is reclassified to profit or loss or retained earnings as appropriate. Any surplus or deficit arising on the loss of control is recognized in the profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or in accordance with the Group's accounting policy for financial instruments depending on the level of influence retained.

e. Special Purpose Entities

Special purpose entities (SPEs) are entities that are created to accomplish a narrow and well-defined objectives. An SPE is consolidated if, based on an evaluation of the substance of its relationship with the Bank and the SPE's risks and rewards, the Bank concludes that it controls the SPE.

The following circumstances may indicate a relationship in which, in substance, the Bank controls and consequently consolidates an SPE:

- The activities of the SPE are being conducted on behalf of the Bank according to it specific business needs so that the Bank obtains benefits from the SPE's operation.
- The Bank has the decision-making powers to obtain the majority of the benefits of the activities of the SPE or, by setting up an 'autopilot' mechanism, the Bank has delegated these decision-making powers.
- The Bank has rights to obtain the majority of the benefits of the SPE and therefore may be exposed to risks incident to the activities of the SPE.
- The Bank retains the majority of the residual or ownership risks related to the SPE or its assets in order to obtain benefit from its activities.

f. Transaction Elimination on Consolidation

All intra-group balances and transactions, and any unrealized income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

5.3 Cash and Cash equivalent

Cash and cash equivalents include cash in hand, balances with B/FIs, money at call & short notice and highly liquid financial assets with original maturities of three months or less from the acquisition dates that are subject to an insignificant risk of changes in their fair value and are used by the Bank in the management of its short-term commitments.

Cash and cash equivalents are carried at amortized cost in the statement of financial position.

5.4 Financial Assets and Financial Liabilities

A. Recognition

The Bank initially recognizes a financial asset or a financial liability in its statement of financial position when, and only when, it becomes party to the contractual provisions of the instrument. The Bank initially recognize loans and advances, deposits and debt securities/ subordinated liabilities issued on the date that they are originated which is the date that the Bank becomes party to the contractual provisions of the instruments. Investments in equity instruments, bonds, debenture, Government securities, NRB bond or deposit auction, reverse repos, outright purchase are recognized on trade date at which the Bank commits to purchase/ acquire the financial assets. Regular way purchase and sale of financial assets are recognized on trade date at which the Bank commits to purchase or sell the asset.

B. Classification

I. Financial Assets

The Bank classifies the financial assets and subsequently measured at amortized cost or fair value on the basis of the Bank's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The two classes of financial assets are as follows;

i. Financial assets measured at amortized cost

The Bank classifies a financial asset measured at amortized cost if both of the following conditions are met:

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows.
- The cash flows consist solely of payment relating to principal and interest on principal.

Business Model Criterion

Financial assets are managed within a business model whose objective is to hold financial assets in order to collect cash flows through the collection of contractual payments over the life of the instruments.

The realization of disposals close to the maturity of the instrument and for an amount close to the remaining contractual cash-flows, or due to an increase in the counterparty's credit risk is consistent with a business model whose objectives is to collect the contractual cash flows. Sales imposed by regulatory requirements or to manage the concentration of credit risk (without an increase in the asset's credit risk) are also consistent with this business model when they are infrequent or insignificant in value.

Cash flow criterion

The cash flow criterion is satisfied if the contractual terms of the debt instrument give rise, on specified dates, to cash flows that are solely repayments of principal and interest on the principal amount outstanding.

The criterion is not met in the event of a contractual characteristic that exposes the holder to risks or to the volatility of contractual cash flows that are inconsistent with those of a basic lending arrangement. It is also not satisfied in the event of leverage that increases the variability of the contractual cash flows.

The financial assets at amortized cost category includes, in particular, loans granted to customer and BFIs, repurchase agreement and some securities held within the activity of Asset and Liability Management in order to collect contractual flows (treasury bills, government bonds, other debt securities).

ii. Financial assets measured at fair value

Financial assets other than those measured at amortized cost are measured at fair value. Financial assets measured at fair value are further classified into two categories as below:

- Financial assets at fair value through profit or loss.

  Financial assets are classified as fair value through profit or loss (FVTPL) if they are held for trading or are designated at fair value through profit or loss.

  The trading portfolio includes instruments held for trading (trading transactions), including derivatives. Other financial assets measured at fair value through profit or loss include debt instruments that do not meet the "collect" or "collect and sales" business model criterion or that do not meet the cash-flow criterion, as well as equity instruments for which the fair value through other comprehensive income has not been acceptable.

  Upon initial recognition, transaction costs are directly attributable to the acquisition are recognized in profit or loss as incurred. Such assets are subsequently measured at fair value and changes in fair value are recognized in Statement of Profit or Loss in Statement of Profit or Loss.

- Financial assets at fair value through other comprehensive income

  Investment in an equity instrument that is not held for trading and at the initial recognition, the Bank makes an irrevocable election that the subsequent changes in fair value of the instrument is to be recognized in other comprehensive income are classified as financial assets at fair value through other comprehensive income. Such assets are subsequently measured at fair value and changes in fair value are recognized in other comprehensive income.

Business Model Criterion

Financial assets are held in a business model whose objective is achieved by both holding the financial assets in order to collect contractual cash flows and selling the financial assets ("collect and sale"). The latter is not incidental but is an integral part of the business model.

Cash flow criterion

The principles are identical to those applicable to financial assets at amortized cost.

II. Financial Liabilities

The Bank classifies its financial liabilities, other than financial guarantees and loan commitments, as follows;

- Financial Liabilities at Fair Value through Profit or Loss

  Financial liabilities are classified as fair value through profit or loss if they are held for trading or are designated at fair value through profit or loss. Upon initial recognition, transaction costs are directly attributable to the acquisition are recognized in Statement of Profit or Loss as incurred. Subsequent changes in fair value is recognized at profit or loss

- Financial Liabilities measured at amortized cost

  All financial liabilities other than measured at fair value though profit or loss are classified as subsequently measured at amortized cost using effective interest rate method.

C. Measurement

i. Initial Measurement

A financial asset or financial liability is measured initially at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. Transaction cost in relation to financial assets and liabilities at fair value through profit or loss are recognized in Statement of Profit or Loss.

ii. Subsequent Measurement

A financial asset or financial liability is subsequently measured either at fair value or at amortized cost based on the classification of the financial asset or liability. Financial asset or liability classified as measured at amortized cost is subsequently measured at amortized cost using effective interest rate method.

The amortized cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction for impairment or uncollectible.

Financial assets classified at fair value are subsequently measured at fair value. The subsequent changes in fair value of financial assets at fair value through profit or loss are recognized in Statement of Profit or Loss whereas of financial assets at fair value through other comprehensive income are recognized in other comprehensive income.

In the case of financial liability where the fair value is not capable of reliable measurement, they should be measured at cost.

5.4.1 Derecognition

Derecognition of Financial Assets

The Bank derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Bank neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset.

Any interest in such transferred financial assets that qualify for derecognition that is created or retained by the Bank is recognized as a separate asset or liability. On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

In transactions in which the Bank neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset and it retains control over the asset, the Bank continues to recognize the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

Derecognition of Financial Liabilities

A financial liability is derecognized when the obligation under the liability is discharged or canceled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognized in Statement of Profit or Loss.

5.4.2 Determination of Fair Value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date. The fair value of a liability reflects its non-performance risk.

The fair values are determined according to the following hierarchy:

Level 1 fair value measurements are those derived from unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 valuations are those with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.

Level 3 portfolios are those where at least one input, which could have a significant effect on the instrument's valuation, is not based on observable market data.

When available, the Bank measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis. If a market for a financial instrument is not active, the Bank establishes fair value using a valuation technique. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analyses.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price – i.e., the fair value of the consideration given or received. However, in some cases, the fair value of a financial instrument on initial recognition may be different to its transaction price. If such fair value is evidenced by comparison with other observable current market transactions in the same instrument (without modification) or based on a valuation technique whose variables include only data from observable markets, then the difference is recognized in profit or loss on initial recognition of the instrument. In other cases the difference is not recognized in profit or loss immediately but is recognized over the life of the instrument on an appropriate basis or when the instrument is redeemed, transferred or sold, or the fair value becomes observable.

All unquoted equity investments are valued at net worth basis, considering the non-trading of promoter shares and on the assumption that in the event of liquidation shareholders shall get proportionate value of net worth of company up to the date of balance sheet, and the market price of such shares could not be ascertained with certainty. Hence, these investments are recognized at fair value using net worth of company and net of impairment, if any.

5.4.3 Impairment

At each reporting date the Bank assesses whether there is any indication that an asset may have been impaired. If such indication exists, the recoverable amount is determined. A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events occurring after the initial recognition of the asset (a loss event), and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The Bank considers the following factors in assessing objective evidence of impairment:

- Whether the counterparty is in default of principal or interest payments.
- When a counterparty files for bankruptcy and this would avoid or delay discharge of its obligation.
- Where the Bank initiates legal recourse of recovery in respect of a credit obligation of the counterpart
- Where the Bank consents to a restructuring of the obligation, resulting in a diminished financial obligation, demonstrated by a material forgiveness of debt or postponement of scheduled payments.
- Where there is observable data indicating that there is a measurable decrease in the estimated future cash flows of a group of financial assets, although the decrease cannot yet be identified with specific individual financial assets.

The Bank considers evidence of impairment for loans and advances and held-to-maturity investment securities at both a specific asset and collective level. All individually significant loans and advances and held-to-maturity investment securities are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified.

Loans and advances and held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together loans and advances and held-to-maturity investment securities with similar risk characteristics. Impairment test is done on annual basis for trade receivables and other financial assets based on the internal and external indication observed.

In assessing collective impairment, the Bank uses statistical modelling of historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends. Default rates, loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate.

a) Impairment losses on assets measured at amortized cost

As per Para 5 of carve outs

Financial assets carried at amortized cost (such as amounts due from Banks, loans and advances to customers as well as held-to-maturity investments is impaired, and impairment losses are recognized, only if there is objective evidence as a result of one or more events that occurred after the initial recognition of the asset. The amount of the loss is measured as the difference between the asset's carrying amount and the deemed recoverable value of loan.

Loans and advances to customers with significant value (Top 100 borrowers and borrowers classified as bad as per Nepal Rastra Bank Directive) are assessed for individual impairment test. The recoverable value of loan is estimated on the basis of realizable value of collateral and the conduct of the borrower/past experience of the bank. Assets that are individually assessed and for which no impairment exists are grouped with financial assets with similar credit risk characteristics and collectively assessed for impairment. The credit risk statistics for each group of the loan and advances are determined by management prudently being based on the past experience. For the purpose of collective assessment of impairment bank has categorized assets in to 10 broad products as follows:

1. Term Loan
2. Overdraft Loan
3. Import Loan
4. Demand and Working capitals Loan
5. Personal residential Loan
6. Real estate Loan
7. Margin lending Loan
8. Hire Purchase Loan
9. Deprived Sector Loan
10. Others

If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the other reserves and funds (impairment reserve) in other comprehensive income and statement of changes in equity. If a future write-off is later recovered, the recovery is credited to the 'Income Statement'.

As per Loan Loss Provision of Nepal Rastra Bank

Loan loss provisions in respect of non-performing loans and advances are based on management's assessment of the degree of impairment of the loans and advances, subject to the minimum provisioning level prescribed in relevant NRB guidelines. Provision is made for possible losses on loans and advances including bills purchased at 1% to 100% on the basis of classification of loans and advances, overdraft and bills purchased in accordance with NRB directives.

Policies Adopted

As per the Carve out notice issued by ICAN, the Bank has measured impairment loss on loan and advances as the higher of amount derived as per norms prescribed by Nepal Rastra Bank for loan loss provision and amount determined as per paragraph 5 of carve-outs

b) Impairment of investment in equity instrument classified as fair value through other comprehensive income

Where objective evidence of impairment exists for available-for-sale financial assets, the cumulative loss (measured as the difference between the transaction cost and the current fair value, less any impairment loss on that financial asset previously recognized in the statement of profit or loss) is reclassified from equity and recognized in the statement of profit and loss account. A significant or prolonged decline in the fair value of an equity security below its cost is considered, among other factors in assessing objective evidence of impairment for equity securities.

If, in a subsequent period, the fair value of equity investment classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized, the impairment loss is reversed through other comprehensive income.

5.5 Trading Assets

Trading assets and liabilities are those assets and liabilities that the Bank acquires or incurs principally for the purpose of selling or repurchasing in the near term, or holds as part of a portfolio that is managed together for short-term profit or position taking.

Trading assets and liabilities are initially recognized at fair value and subsequently measured at fair value in the statement of financial position, with transaction costs recognized in profit or loss. All changes in fair value are recognized as part of net trading income in profit or loss as regarded as fair value through profit & loss account.

5.6 Derivative Assets and Derivative Liabilities

Derivatives held for risk management purposes include all derivative assets and liabilities that are not classified as trading assets or liabilities. Derivatives held for risk management purposes are measured at fair value in the statement of financial position.

Considering the requirement of NAS 39 for qualification of hedge accounting and cost benefits along with materiality, Bank has not adopted hedge accounting for certain derivatives held for risk management.

5.7 Investment in Associates

Investment in associates are accounted for under equity method of accounting. An associates is an entity in which the group has significant influence, but not a controlling interest, over the operating and financial management policy decisions of the entity. Significant influence is generally presumed when the group holds between 20% and 50% of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered in assessing whether the Group has significant influence. Among the other factors that are considered in determining whether the Group has significant influences are representation on the board of directors and material intercompany transaction. The existence of these factors could require the application of the equity method of accounting for a particular investment even though the Group's investment is less than 20% of the voting stock.

Under the equity method of accounting, the Group's investment in associates and jointly controlled entities are initially recorded at cost including any directly related transaction costs incurred in acquiring the associates, and subsequently increased (or decreased) to reflect both the Group's pro-rata share of the post -acquisition net income (or loss) of the associate or jointly controlled entity and other movements included directly in the equity of the associates or jointly controlled entity. The Group's share of the results of associates is adjusted to conform to the accounting policies of the Group and is reported in the Consolidated Statement as Net income (loss) from equity method investments. The Group's share in the associate's profits and losses resulting from intercompany sales is eliminated on consolidation. Goodwill arising on the acquisition of an associate, or a jointly controlled entity is included in the carrying value of the investment. As goodwill is not reported separately it is not specifically tested for impairment. Rather, the entire equity method investment is tested for impairment at each balance sheet data.

If there is objective evidence of impairment, an impairment test is performed by comparing the investment's recoverable amount, which is the higher of its value in use and fair value less costs to sell, with its carrying amount. An impairment loss recognized in prior periods is only reversed if there has been a positive change in the estimates used to determine the investment's recoverable amount since the last impairment loss was recognized. If this is the case the carrying amount of the investment is increased to its higher recoverable amount. The increased carrying amount of the investment in the associate attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognized for the investment in prior years.

At the date that the Group ceases to have significant influence over the associate or jointly controlled entity the Group recognizes a gain or loss on the disposal of the equity method investment equal to the difference between the sum of the fair value of any retained investment and the proceeds from disposing of the associate and the carrying amount of the investment. Amounts recognized in prior periods in other comprehensive income in relation to the associate are accounted for on the same basis as would have been required if the investee had directly disposed of the related assets or liabilities.

5.8 Property and Equipment

a. Recognition and Measurement

The cost of an item of property and equipment shall be recognized as an asset, initially recognized at cost, if, and only if:

- it is probable that future economic benefits associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use.
- when the Bank has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- Capitalized borrowing costs.

The Bank adopts cost model for entire class of property and equipment except for land. Apart from land neither class of the property and equipment are measured at revaluation model nor is their fair value measured at the reporting date. The items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

Subsequent expenditure is capitalized if it is probable that the future economic benefits from the expenditure will flow to the Bank. Ongoing repairs and maintenance to keep the assets in working condition are expensed as incurred. Any gain or loss on disposal of an item of property and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized within other income in profit or loss.

b. Capital Work in Progress

Fixed assets under construction and cost of assets not ready for use are shown as capital work in progress.

c. Depreciation

Depreciation on other assets is calculated using the straight- line method to allocate their cost to their residual values over their estimated useful life as per management judgement as follows:

Group	Useful Life (In Years)
Computer	5-10
Metal Furniture	10
Office Equipment & Others	3 -10

Vehicle	8
Wooden Furniture	10
Building	50

Lease Hold Assets are amortized on a straight-line basis in profit or loss over the period of the lease agreement, from the date that it is available for use.

Non-consumable items having life less than one year or costing less than NPR 10,000 are expensed off during the year of purchase. Capital nature expenditures on immovable non-consumable items of more than NPR 3,000 are recognized as fixed assets on the basis of their useful life and required level of control.

d. Derecognition

The carrying amount of Property and Equipment shall be derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property and equipment shall be included in profit or loss when the item is derecognized (unless on a sale & lease back).The gain shall not be classified as revenue.

Depreciation method, useful lives and residual value are reviewed at each reporting date and adjusted, if any.

5.9 Intangible Assets / Goodwill

Goodwill

Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired in Business Combination is recognized as goodwill. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is reviewed for impairment annually, or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired.

Goodwill Impairment Test

For the purposes of impairment testing, goodwill acquired in a business combination is allocated to CGUs. The Bank has identified CGUs as those asset or group of assets which generates individually identified and independent cash flow. Goodwill is tested individually for impairment on the level of each of the non-integrated investments. Goodwill is tested for impairment annually in the fourth quarter by comparing the recoverable amount of each goodwill-carrying CGU with its carrying amount. In addition, in accordance with NAS 36, the Bank tests goodwill whenever a triggering event is identified. The recoverable amount is the higher of a CGU's fair value less costs of disposal and its value in use. The annual goodwill impairment tests conducted in these periods did not result in an impairment loss on the goodwill-carrying CGU as the recoverable amount of the CGU was higher than the respective carrying amounts.

Acquired Intangible Assets

Intangible assets are initially measured at fair value, which reflects market expectations of the probability that the future economic benefits embodied in the asset will flow to the Bank, and are amortized on the basis of their expected useful lives.

Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with the development of software are capitalized where it is probable that it will generate future economic benefits in excess of its cost. Computer software costs are amortized on the basis of expected useful life. Costs associated with maintaining software are recognized as an expense as incurred.

At each reporting date, these assets are assessed for indicators of impairment. In the event that an asset's carrying amount is determined to be greater than its recoverable amount, the asset is written down immediately.

Software is amortized on a straight-line basis in profit or loss over its estimated useful life, from the date that it is available for use. The estimated useful life of software for the current and comparative periods is five years.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

5.10 Investment Property/Non-Current Assets Held for Sale

Investment Property

Investment properties include land or land and buildings other than those classified as property and equipment and non-current assets held for sale. Generally, it includes land, land and building acquired by the Bank as non-banking assets but not sold as on the reporting date.

The Bank holds investment property that has been acquired through enforcement of security over the loans and advances.

Non-Current Assets Held for Sale

Non-current assets (such as property) and disposal groups (including both the assets and liabilities of the disposal groups) are classified as held for sale and measured at the lower of their carrying amount and fair value less cost to sell when: (i) their carrying amounts will be recovered principally through sale; (ii) they are available-for-sale in their present condition; and (iii) their sale is highly probable.

Immediately before the initial classification as held for sale, the carrying amounts of the assets (or assets and liabilities in a disposal group) are measured in accordance with the applicable accounting policies described above.

5.11 Income Tax

Income tax expense is recognized at an amount determined by multiplying the profit (loss) before tax for the interim reporting period by annual income tax rate expected for the full financial year, adjusted for the tax effect of certain items recognized in full in the interim period hence effective tax rate in the interim financial statements may differ from management's estimate of the effective tax rate for the annual financial statements.

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that they relate to items recognized directly in equity or in other comprehensive income.

a. Current Tax

Current tax is the expected tax payable or recoverable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

b. Deferred Tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred income tax is determined using tax rate applicable to the Bank as at the reporting date which is expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized where it is probable that future taxable profit will be available against which the temporary differences can be utilized.

5.12 Deposits, debts securities issued and subordinated liabilities

a. Deposits

The Bank accepts deposits from its customers under savings account, current, term deposits and margin accounts which allows money to be deposited and withdrawn by the account holder. These transactions are recorded on the bank's books, and the resulting balance is recorded as a liability for the Bank and represents the amount owed by the Bank to the customer.

b. Borrowings

Borrowings obtained by the Bank that are not designated at fair value through profit or loss, are classified as liabilities under 'Borrowings'; where the substance of the contractual arrangement results in the bank having an obligation to repay in full on the Termination Date.

After initial measurement, borrowings are subsequently measured at amortized cost using the effective Interest Rate.

c. Debt Securities Issued

It includes debentures, bonds or other debt securities. Deposits, debt securities issued and subordinated liabilities are initially measured at fair value minus incremental direct transaction costs, and subsequently measured at their amortized cost using the effective interest method, except where the Group designates liabilities at fair value through profit or loss. However, the bank does not have any issue of such debt securities.

d. Subordinated Liabilities

Subordinated liabilities are those liabilities which at the event of winding up are subordinate to the claims of depositors, debt securities issued and other creditors. The bank does not have any of such subordinated liabilities.

5.13 Provisions

The Bank recognizes a provision if, as a result of past event, the Bank has a present constructive or legal obligation that can be reliably measured and it is probable that an outflow of economic benefit will be required to settle the obligation.

A disclosure for contingent liability is made when there is a possible obligation that arises from past events, and whose existence will be confirmed by the occurrence, or non -occurrence, of uncertain future events; or present obligation that do not meet the recognition criteria because either it is not probable that an outflow of resources embodying economic benefits will be required to settled the obligation or, a sufficiently reliable estimate of the amount of the obligation cannot be made.

When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

A provision for onerous contract is recognized when the expected benefits to be derived by the Bank from a contract are lower than the unavoidable cost of meeting its obligation under the contract.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed. Contingent assets are not recognized in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognized in the period in which the change occurs.

5.14 Revenue Recognition

Revenue is the gross inflow of economic benefits during the period arising from the course of the ordinary activities of an entity when those inflows result in increases in equity, other than increases relating to contributions from equity participants. Revenue is recognized to the extent it is probable that the economic benefits will flow to the Bank and the revenue can be reliably measured. Revenue is not recognized during the period in which its recoverability of income is not probable. The Bank's revenue comprises of interest income, fees and commission, foreign exchange income, cards income, remittance income, bancassurance commission, etc. and the bases of incomes recognition are as follows:

a. Interest Income

Interest income on financial assets measured at fair value through other comprehensive income (FVOCI) and financial assets held at amortized cost shall be recognized using the bank's normal interest rate which is very close to effective interest rate using effective interest rate method.

Similarly, only accrued interest on loans and advances to the extent allowed by Guideline on Recognition of Interest Income, 2019 as issued by Nepal Rastra Bank has been recognized as interest income. Interest accrual falls outside the scope of recognition criteria as per the guidelines has been barred and shall be recognized on a cash basis.

Gains and losses arising from changes in the fair value of financial instruments held at fair value through profit or loss are included in the statement of profit or loss in the period in which they arise. Contractual interest income and expense on financial instruments held at fair value through profit or loss is recognized within net interest income.

b. Fees & Commission

Fees and commissions are recognized on an accrual basis when the service has been provided or significant act performed whenever the benefit exceeds cost in determining such value. Whenever, the cost of recognizing fees and commissions on an accrual basis exceeds the benefit in determining such value, the fees and commissions are charged off during the year.

c. Dividend Income

Dividend incomes are recognized when right to receive such dividend is established. Usually this is the ex-dividend date for equity securities. Dividends are presented in net trading income, net income from other financial instruments at fair value through profit or loss or other revenue based on the underlying classification of the equity investment.

d. Net Trading Income

Net trading income comprises gains less losses related to trading assets and liabilities, and includes all realized and unrealized fair value changes, interest, dividends and foreign exchange differences.

e. Net Income from other financial instrument at fair value through Profit or Loss

Net income from other financial instruments at fair value through profit or loss relates to non-trading derivatives held for risk management purposes that do not form part of qualifying hedge relationships and financial assets and liabilities designated at fair value through profit or loss. It includes all realized and unrealized fair value changes, interest, dividends and foreign exchange differences.

5.15 Interest expense

Interest expense on all financial liabilities including deposits are recognized in profit or loss using effective interest rate method. Interest expense on all trading liabilities are considered to be incidental to the Bank's trading operations and are presented together with all other changes in fair value of trading assets and liabilities in net trading income.

5.16 Employees Benefits

a. Short Term Employee Benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is also recognized for the amount expected to be paid under bonus required by the Bonus Act, 2030 to pay the amount as a result of past service provided by the employee and the obligation can be estimated reliably under short term employee benefits.

Short-term employee benefits include all the following items (if payable within 12 months after the end of the reporting period):

- wages, salaries and social security contributions,
- paid annual leave and paid sick leave,
- profit-sharing and bonuses and
- non-monetary benefits

b. Post-Employment Benefits

Post-employment benefit plan includes the followings.

I. Defined Contribution Plan

A defined contribution plan is a post-employment benefit plan under which the Bank pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as personnel expenses in profit or loss in the periods during which related services are rendered.

Contributions to a defined contribution plan that are due more than 12 months after the end of the reporting period in which the employees render the service are discounted to their present value.

All employees of the Bank are entitled to receive benefits under the provident fund, a defined contribution plan, in which both the employee and the Bank contribute monthly at a pre-determined rate of 10% of the basic salary. The Bank does not assume any future liability for provident fund benefits other than its annual contribution. The bank has not considered the gratuity of 8.33% as required by new Labor Act 2074 however, provision of gratuity has been done on the basis of actuarial valuation done as per HR bylaw of the Bank.

II. Defined Benefit plan

The Bank continues to operate gratuity payments as post-retirement benefits as defined benefit schemes.

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Bank's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted.

The Bank recognizes all actuarial gains and losses net of deferred tax arising from defined benefit plans immediately in other comprehensive income and all expenses related to defined benefit plans in employee benefit expense in profit or loss.

The Bank recognizes gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment or settlement comprises any resulting change in the fair value of plan assets, any change in the present value of the defined benefit obligation, any related actuarial gains and losses and any past service cost that had not previously been recognized.

III. Other Long – Term Employee benefit

The Bank operate accumulated annual leave and sick leave payment which are long term employee benefits other than defined employment benefits and termination benefits. These benefits are not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees rendered the related services.

The bank recognizes amount as liability for long term employee benefits the net total, at the end of the reporting periods, of the present value of the defined obligation and the fair value of the plan assets (If any) out of which the obligations are to be settled directly.

All the assets, liabilities, income and expenditure relating to such benefits should be accounted for in the same way, and subject to the same restriction on the recognition of those relating to a defined benefit pension plan except that remeasurements are recognized in profit or loss.

The measurement of other long -term employee benefits is not usually subject to the same degree of uncertainty as that of define employment benefits.

IV. Termination Benefits

Termination benefits are recognized as an expense when the Bank is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense if the Bank has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

5.17 Leases

Bank assesses whether a contract is, or contains, a lease, at inception of the contract. The bank recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the bank recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the bank uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date
- The amount expected to be payable by the lessee under residual value guarantees
- The exercise price of purchase options if the lessee is reasonably certain to exercise the options
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease

The lease liability is presented as a separate line in the consolidated statement of financial position

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Bank remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate

- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used)
- A lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease

The right-of-use assets are presented as a separate line in the consolidated statement of financial position

The bank applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line “Other expenses” in profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

5.18 Foreign Currency Translation

The financial statements are presented in Nepalese Rupees (NPR).

Transactions in foreign currencies are initially recorded at the functional currency rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange at the statement of financial position date.

Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of profit or loss.

Non-monetary assets and liabilities are translated at historical exchange rates if held at historical cost, or year-end exchange rates if held at fair value, and the resulting foreign exchange gains and losses are recognized in either the statement of profit or loss or shareholders’ equity depending on the treatment of the gain or loss on the asset or liability.

5.19 Financial guarantee and loan commitment

Financial guarantees are contracts that require the Bank to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Loan commitments are firm commitments to provide credit under pre-specified terms and conditions.

Loan commitment is the commitment where the Bank has confirmed its intention to provide funds to a customer or on behalf of a customer in the form of loans, overdrafts, future guarantees, whether cancellable or not, or letters of credit and the Bank has not made payments at the reporting date, those instruments are included in these financial statement as commitments.

5.20 Share Capital and Reserves

The Bank classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. Equity is defined as residual interest in total assets of the Bank after deducting all its liabilities. Common shares are classified as equity of the Bank and distributions thereon are presented in statement of changes in equity.

Dividends on ordinary shares and preference shares classified as equity are recognized in equity in the period in which they are declared.

Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments considering the tax benefits achieved thereon.

The reserves include retained earnings and other statutory reserves such as general reserve, foreign exchange equalization reserve, regulatory reserve, investment adjustment reserve, CSR reserve and Actuarial Gain/Loss reserve.

5.21 Earnings per share including diluted

The Bank presents basic and diluted earnings per share (EPS) data for its ordinary shares. The basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

6. Segment Reporting

The basis used to identify the Bank's reporting segments are discussed in Annual report of Fiscal Year 2020/21.

a. Information about reportable segments

Amount in NPR

Particulars	Cards		General Banking		Micro		Remittance		Treasury		Total	
	Current Quarter	Corresponding Previous Year Quarter	Current Quarter	Corresponding Previous Year Quarter	Current Quarter	Corresponding Previous Year Quarter	Current Quarter	Corresponding Previous Year Quarter	Current Quarter	Corresponding Previous Year Quarter	Current Quarter	Corresponding Previous Year Quarter
Revenues from external customers	95,521,559	64,560,678	4,822,813,889	3,372,349,812	125,524,634	105,756,612	15,113,329	8,936,862	831,425,403	405,628,408	5,890,398,814	3,957,232,372
Intersegment revenues	-	-	228,228,428	171,851,376	(228,228,428)	(171,851,376)	-	-	-	-	-	-
Segment profit (loss) before tax	24,162,048	24,024,245	695,438,909	1,260,724,030	(113,722,205)	(78,844,675)	7,681,711	7,141,651	254,394,240	306,660,683	867,954,703	1,519,705,935
Segment Assets	348,541,928	431,804,902	159,692,734,857	145,494,561,815	8,802,485,735	10,105,650,511	9,278,456	8,952,212	48,269,626,539	32,798,085,246	217,123,125,334	188,839,054,686
Segment Liabilities	122,915,975	395,268,092	165,904,059,059	152,519,497,931	-	-	1,740,933	2,981,741	29,230,304,304	14,673,341,492	195,259,020,270	167,591,089,257

b. Reconciliation of reportable segment profit and loss

Amount in NPR

Particulars	Current Quarter	Corresponding Previous Quarter
Total Profit before Tax for reportable segments	867,954,703	1,519,705,935
Profit before Tax for other segments	-	-
Elimination of inter segment profit	-	-
Elimination of discontinued operation	-	-
Unallocated amounts:	-	-
-Bonus Expense	78,603,854	145,458,802
-Other Corporate expenses	81,916,167	65,117,914
Profit before Tax	**707,434,683**	**1,309,129,220**

7. Related party disclosures

There were no changes in the related party transactions described in the Annual Report of Fiscal Year 2020/21 that have a material effect on the financial position or performance of the bank in the first quarter to 31st Ashwin 2079 (17th October 2022). All related party transactions that took place in the first quarter to Ashwin 2079 (17th October 2022) were similar in nature to those disclosed in the Annual Report of Fiscal Year 2020/21.

8. Dividend paid (aggregate or per share) separately for ordinary shares and other shares

There were no such transaction takes place in the first quarter to 31st Ashwin 2079 (17th October 2022)

9. Issues, repurchases and repayments of debt and equity securities

There were no such transaction takes place in the first quarter to 31st Ashwin 2079 (17th October 2022).

10. Events after Interim period

There have been no material events after the reporting which would require disclosure or adjustment to these interim condensed consolidated financial statements.

11. Effect of changes in the composition of the entity during the Interim period including merger and acquisition.

There are no changes in the composition of the Group in the first quarter to 31st Ashwin 2079 (17th October 2022). However, as per the decision of the board of directors meeting of the bank on 27th Jestha 2079 (10th June 2022) a memorandum of understanding agreement has been signed between this bank and Nepal Investment bank Limited regarding merger and acquisition, which is expected to increase the bank's capital, business and expand the reach of the Bank.

धितोपत्र दर्ता तथा निष्काशन नियमावली, २०७३ को अनुसूची १४

(नियम २६ को उपनियम (१) सँग सम्बन्धित)

आर्थिक वर्ष २०७९/८० को प्रथम त्रैमासिक प्रतिवेदन

१. वित्तीय विवरण

(क) त्रैमासिक अवधिको वासलात, नाफा नोक्सान सम्बन्धी विवरण ।

- आर्थिक वर्ष २०७९/८० को प्रथम त्रैमासिक अवधिको वित्तीय विवरणहरु यसै साथ प्रकाशित गरिएको छ ।
- यस बैंकको पूर्ण स्वामित्वको सहायक कम्पनी मेगा क्यापिटल मार्केट्स् लिमिटेडको यसै साथ प्रकाशित वित्तीय प्रतिवेदनमा उल्लेखित कारोबारहरुका कारणबाट सिर्जित बाहेक अन्य सम्बन्धित पक्ष बीच कुनै कारोबार नभएको । साथैं यस बैंकको पूर्ण स्वामित्वको सहायक कम्पनी मेगा स्टक मार्केट्स लिमिटेड मिति २०७६/०४/२४ मा कम्पनी रजिष्ट्रारको कार्यालयबाट पब्लिक कम्पनीको रुपमा दर्ता भई धितोपत्र सम्बन्धी कारोबार सञ्चालनको लागि नेपाल धितोपत्र बोर्डबाट स्वीकृतिको प्रक्रियामा रहेको छ ।

(ख) प्रमुख वित्तीय अनुपातहरु ।

प्रति सेयर आम्दानी : रु. १२.४०	प्रति सेयर कूल सम्पत्तिको मूल्य : रु. १३४६.८८
मूल्य आम्दानी अनुपात : १८.२३	तरलता अनुपात : २२.८६
प्रति सेयर नेटवर्थ : रु. १३५.६३	

२. व्यवस्थापकीय विश्लेषण

(क) त्रैमासिक अवधिमा संस्थाको मौज्दात, आम्दानी र तरलतामा कुनै परिवर्तन भएको भए सोको प्रमुख कारण सम्बन्धी विवरण ।

- अघिल्लो त्रैमासिक अवधिको तुलनामा यस त्रयमासको अन्त्यसम्म बैंकको खूद कर्जा रु. ४ अर्ब १९ करोडले वृद्धि भएको छ भने कूल निक्षेप (बैंक तथा वित्तीय संस्थाबाट प्राप्त निक्षेप सहित) मा रु. ९५.६३ करोडले वृद्धि भएको छ । अघिल्लो वर्षको तुलनामा समीक्षा अवधिसम्म भएको व्यवसायको आकारमा सामान्य वृद्धि भएको छ ।

(ख) आगामी अवधिको व्यवसायिक योजना सम्बन्धमा व्यवस्थापनको विश्लेषणात्मक विवरण ।

- सेवा तथा सुविधाको गुणस्तरलाई अभिवृद्धि गर्दै ग्राहकवर्गहरुको आवश्यकता एवं चाहनालाई ध्यानमा राखि विभिन्न आकर्षक योजनाहरुको माध्यमबाट व्यवसायिक विविधिकरण गर्दै लैजाने, सम्भाव्यताको आधारमा शाखा संख्या, एटिएम संख्या एवं रेमिट्यान्स केन्द्रहरु विस्तार गर्दै लैजाने, बैंकिङ्ग क्षेत्रको पहुँचलाई ग्रामिण क्षेत्र/विपन्न वर्गमा पुऱ्याउन शाखा/शाखारहित बैंकिङ्ग सेवालाई निरन्तरता दिई थप प्रविधिमूलक एवं नविनतम सेवाहरु विस्तार गर्दै ग्राहकहरुमा सेवा सुविधा अझ स्तरीय पारिदै लैजाने, लघुवित्त कर्जा तर्फको प्राथमिकता कायमै राख्ने, साना तथा मझौला उद्योग/व्यवसाय तर्फको लगानी अभिवृद्धि गर्ने, कृषि, उत्पादनशील एवं उर्जा क्षेत्रमा लगानी अभिवृद्धि गर्दै लैजाने, जोखिम व्यवस्थापन प्रणालीलाई थप मजबुद बनाउदै लैजाने जस्ता योजनाहरु बैंकको रहेको छ ।

यसै गरी बैंकको सञ्चालक समितिको बैंठकको निर्णय अनुसार मिति २०७९ जेष्ठ २७ गते यस बैंक र नेपाल इन्भेष्टमेण्ट बैंक लिमिटेड बीच एक आपसमा गाभ्ने र गाभिने सम्बन्धी सैद्धान्तिक सहमतिमा हस्ताक्षर भएको छ जसले निकट भविष्यमा बैंकको पुँजी वृद्धि, व्यवसाय वृद्धि, एवं बैंकिङ्ग क्षेत्रको पहुच पनि विस्तार हुने अपेक्षा गरिएको छ ।

(ग) विगतको अनुभवबाट बैंकको मौज्दात, नाफा वा नगद प्रवाहमा तात्विक असर पार्न सक्ने घटना, अवस्था आदि भएमा सो सम्बन्धी विश्लेषणात्मक विवरण ।

- नीतिगत परिवर्तनहरु, घट्दो प्रतिफल, जोखिमको दायरामा निरन्तर रुपमा वृद्धि जस्ता कारणहरुले बैंकको नाफा वा नगद प्रवाहमा असर पारेको अनुभव गरिएको छ ।

३. कानूनी कारवाही सम्बन्धी विवरण

(क) त्रैमासिक अवधिमा बैंकले वा बैंकको विरुद्ध कुनै मुद्दा दायर भएको भए ।

- बैंकले वा बैंक विरुद्ध सामान्य बैंकिङ्ग व्यवसायसंग सम्बन्धित नियमित प्रकृतिका बाहेक अन्य मुद्दा दायर नभएको ।

(ख) बैंकको संस्थापक वा सञ्चालकले वा संस्थापक वा सञ्चालकको विरुद्धमा प्रचलित नियमको अवज्ञा वा फौजदारी अपराध गरेको सम्बन्धमा कुनै मुद्दा दायर गरेको वा भएको भए ।

- बैंकको संस्थापक वा सञ्चालकको विरुद्धमा प्रचलित नियमको अवज्ञा वा फौजदारी अपराध गरेको सम्बन्धमा कुनै मुद्दा दायर भएको जानकारी हालसम्म यस बैंकमा नआएको ।

(ग) कुनै संस्थापक वा सञ्चालक विरुद्ध आर्थिक अपराध गरेको सम्बन्धमा कुनै मुद्दा दायर भएको भए ।

- कुनै संस्थापक वा सञ्चालक विरुद्ध आर्थिक अपराध सम्बन्धी कुनै मुद्दा दायर भएको जानकारी हालसम्म यस बैंकमा नआएको ।

४. बैंकको सेयर कारोबार सम्बन्धी विश्लेषण

(क) धितोपत्र बजारमा भएको संगठित संस्थाको सेयरको कारोबार सम्बन्धमा व्यवस्थापनको धारणा ।

- २०७९ जेष्ठ २७ गते यस बैंक र नेपाल इन्भेष्टमेण्ट बैंक लिमिटेड बीच एक आपसमा गाभ्ने र गाभिने सम्बन्धी सैद्धान्तिक सहमति भए पश्चात् बैंकको सेयर कारोबार २०७९ जेष्ठ ३० गते देखि रोक्का रहेको छ ।

(ख) त्रैमासिक अवधिको सेयरको अधिकतम, न्यूनतम, अन्तिम मूल्य, कारोबार भएको कूल दिन तथा कारोबार संख्या ।

- नभएको ।

५. समस्या तथा चुनौती

(क) आन्तरिक

- बढ्दो सञ्चालन खर्च
- जोखिमको दायरामा वृद्धि
- व्यवसायमा भएको प्रतिस्पर्धाका कारण दक्ष जनशक्तिको अभाव

(ख) वाह्य

- तीव्र प्रतिस्पर्धा
- ब्याजदर घटबढ
- लगानीका न्यून अवसरहरु
- नीतिगत परिवर्तनहरु
- कोरोना भाइरस (कोभिड-१९) कारणले गर्दा बैकिङ्ग व्यवसायमा परेको प्रभाव
- अन्य क्षेत्रहरुमा विद्यमान समस्याहरुले निम्त्याएको जोखिम

उल्लेखित समस्या तथा चुनौतीहरुको सामना गर्नको निमित्त बैंकमा विभिन्न उपसमितिहरु कृयाशील रहेका छन् जसले आवश्यक अध्ययन, अनुसन्धान एवं छलफल गरी उपयुक्त सुझावहरु प्रदान गर्दै समाधानका उपायहरु कार्यान्वयन गर्न बैंक व्यवस्थापनलाई मद्दत गर्दै आएका छन् ।

६. संस्थागत सुशासन

बैंकको सञ्चालक समिति तथा व्यवस्थापनले संस्थागत सुशासन सम्बन्धी नेपाल राष्ट्र बैंक लगायत अन्य नियामक निकायहरुद्वारा जारी नीति एवम् निर्देशनको पालना गर्दै आएको छ । विस्तृत मापदण्ड सहितका नीति, नियमावली तथा कार्यविधिहरुका साथै प्रभावकारी ढंगले स्थापित संरचनात्मक ढाँचा तथा सो बमोजिमको कार्यक्षेत्र तथा अधिकार विभाजनले बैंकको आन्तरिक नियन्त्रण प्रणाली प्रभावकारी बनाउनुका साथै बैंकमा अनुगमन तथा नियन्त्रण गर्न गठित विभिन्न समिति/उपसमितिहरुको सकृय भुमिकाले संस्थागत सुशासनलाई थप मजबुत बनाएको छ ।

७. सत्य, तथ्यता सम्बन्धमा कार्यकारी प्रमुखको उद्घोषण

आजका मितिसम्म यस प्रतिवेदनमा उल्लेखित जानकारी तथा विवरणहरुको शुद्धता सम्बन्धमा म व्यक्तिगत रुपमा उत्तरदायित्व लिन्छु । साथै म यो उद्घोष गर्दछु की मैले जानेबुझेसम्म यस प्रतिवेदनमा उल्लेखित विवरणहरु सत्य, तथ्य र पूर्ण छन् र लगानीकर्ताहरुलाई सूसुचित निर्णय लिन आवश्यक कुनै विवरण, सूचना तथा जानकारीहरु लुकाइएको छैन ।