

**INTERIM FINANCIAL STATEMENT
AS AT END OF 3rd QUARTER
OF FY 2077/78**



MEGA BANK NEPAL LIMITED
Condensed Consolidated Statement of Financial Position
As on Quarter ended 31st Chaitra 2077

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	18,120,456,123	18,743,428,105	18,111,828,431	18,741,583,621
Due from Nepal Rastra Bank	3,857,984,702	3,599,948,114	3,857,984,702	3,599,948,114
Placement with Bank and Financial Institutions	204,028,655	221,203,982	54,028,655	51,203,982
Derivative financial instruments	-	77,117,583	-	77,117,583
Other trading assets	38,131,001	14,699,767	-	-
Loan and advances to B/FIs	4,716,158,580	3,333,683,518	4,716,158,580	3,333,683,518
Loans and advances to customers	133,003,518,571	110,493,341,161	133,003,518,571	110,493,341,161
Investments securities	14,874,738,369	15,466,894,740	14,874,738,369	15,466,894,740
Current tax assets	39,368,637	325,484,495	38,750,230	325,413,049
Investment in subsidiaries	-	-	200,000,000	200,000,000
Investment in associates	44,940,618	44,940,618	38,600,000	38,600,000
Investment property	116,460,251	219,897,315	116,460,251	219,897,315
Property and equipment	1,506,019,607	1,600,938,113	1,494,863,245	1,589,884,682
Goodwill and Intangible assets	268,806,383	277,121,102	267,917,126	276,312,782
Deferred tax assets	-	41,633,823	-	42,814,840
Other assets	1,321,482,293	998,729,143	1,474,263,624	989,301,393
Total Assets	178,112,093,789	155,459,061,580	178,249,111,783	155,445,996,782

Particulars	This Quarter Ending	Immediate Previous Year Ending	This Quarter Ending	Immediate Previous Year Ending
Liabilities				
Due to Bank and Financial Institutions	14,034,862,005	4,214,934,770	14,034,862,005	4,214,934,770
Due to Nepal Rastra Bank	4,316,061,711	614,534,631	4,316,061,711	614,534,631
Derivative financial instruments	20,154,978	-	20,154,978	-
Deposits from customers	132,992,979,029	127,878,725,703	133,352,290,833	127,894,614,502
Borrowing	4,811,702,286	2,440,271,029	4,811,702,286	2,440,271,029
Current Tax Liabilities	-	-	-	-
Provisions	-	-	-	-
Deferred tax liabilities	12,504,921	-	11,381,843	-
Other liabilities	1,979,324,223	2,275,041,569	1,792,903,851	2,270,066,182
Debt securities issued	-	-	-	-
Subordinated Liabilities	-	-	-	-
Total liabilities	158,167,589,155	137,423,507,703	158,339,357,506	137,434,421,114
Equity				
Share capital	14,654,964,958	13,138,621,453	14,654,964,958	13,138,621,453
Share premium	306,371,378	235,746,619	306,371,378	235,746,619
Retained earnings	2,006,371,647	1,733,558,672	1,972,983,383	1,710,942,557
Reserves	2,976,796,651	2,927,627,134	2,975,434,558	2,926,265,039
Total equity attributable to equity holders	19,944,504,634	18,035,553,877	19,909,754,277	18,011,575,668
Non-controlling interest	-	-	-	-
Total equity	19,944,504,634	18,035,553,877	19,909,754,277	18,011,575,668
Total liabilities and equity	178,112,093,789	155,459,061,580	178,249,111,783	155,445,996,782

MEGA BANK NEPAL LIMITED
Condensed Consolidated Statement of Profit or Loss
For the Quarter ended 31st Chaitra 2077

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	3,151,278,632	9,800,130,966	2,589,883,642	7,770,336,315	3,147,979,906	9,789,638,769	2,586,663,403	7,758,888,986
Interest expense	1,759,432,174	5,700,390,034	1,534,585,202	4,574,280,484	1,759,593,826	5,701,421,164	1,535,805,127	4,575,500,409
Net interest income	1,391,846,458	4,099,740,932	1,055,298,440	3,196,055,831	1,388,386,080	4,088,217,605	1,050,858,276	3,183,388,576
Fee and commission income	208,815,445	562,416,197	94,898,184	423,315,004	202,229,848	548,049,445	94,447,555	421,237,097
Fee and commission expense	27,395,069	56,645,700	9,972,633	30,610,838	25,880,270	53,280,656	9,685,697	29,834,171
Net fee and commission income	181,420,376	505,770,497	84,925,551	392,704,166	176,349,578	494,768,789	84,761,859	391,402,926
Net interest, fee and commission income	1,573,266,834	4,605,511,429	1,140,223,991	3,588,759,997	1,564,735,658	4,582,986,394	1,135,620,134	3,574,791,503
Net trading income	79,551,866	219,129,724	83,246,777	224,416,529	70,924,846	208,896,462	77,542,011	211,518,090
Other operating income	64,062,633	354,375,212	49,758,060	109,242,651	48,389,758	338,123,637	50,488,240	109,218,306
Total operating income	1,716,881,333	5,179,016,365	1,273,228,828	3,922,419,177	1,684,050,262	5,130,006,492	1,263,650,385	3,895,527,899
Impairment charge/(reversal) for loans and other losses	65,218,546	278,514,372	45,526,860	261,838,845	65,218,546	278,514,372	45,526,860	261,838,845
Net operating income	1,651,662,787	4,900,501,993	1,227,701,969	3,660,580,332	1,618,831,716	4,851,492,120	1,218,123,526	3,633,689,054
Operating expense								
Personnel expenses	416,572,986	1,306,154,831	306,292,860	976,570,393	411,255,609	1,295,881,277	303,902,201	969,168,680
Other operating expenses	211,644,137	613,727,168	162,028,481	483,298,956	211,195,422	609,872,659	160,888,322	479,390,714
Depreciation & Amortization	55,237,240	177,034,561	35,506,073	108,866,854	54,629,068	175,534,979	35,518,240	107,552,540
Operating Profit	968,208,423	2,803,585,433	723,874,555	2,091,844,129	941,751,617	2,770,203,204	717,814,763	2,077,577,120
Non operating income	11,948,853	15,921,758	1,423,871	5,474,538	11,948,853	15,921,758	1,256,725	2,529,190
Non operating expense	-	13,562,804	-	8,152,904	-	13,562,804	-	8,152,904
Profit before income tax	980,157,276	2,805,944,386	725,298,426	2,089,165,763	953,700,470	2,772,562,157	719,071,488	2,071,953,407
Income tax expense	292,025,838	808,416,695	220,003,890	625,143,067	285,416,488	799,806,617	218,185,953	620,862,964
Current Tax	292,596,984	812,039,158	221,423,352	624,404,427	286,516,473	803,371,141	218,185,953	620,862,964
Deferred Tax	(571,146)	(3,622,463)	(1,419,462)	738,640	(1,099,984)	(3,564,524)	-	-
Profit/(loss) for the period	688,131,438	1,997,527,691	505,294,536	1,464,022,696	668,283,981	1,972,755,540	500,885,535	1,451,090,442

Condensed Consolidated Statement of Comprehensive Income

Profit/(loss) for the period	688,131,438	1,997,527,691	505,294,536	1,464,022,696	668,283,981	1,972,755,540	500,885,535	1,451,090,442
Other Comprehensive Income	30,241,401	57,732,290	12,107,852	6,523,850	30,241,401	57,732,290	12,107,852	6,523,850
Total Comprehensive Income	718,372,840	2,055,259,981	517,402,388	1,470,546,546	698,525,382	2,030,487,830	512,993,388	1,457,614,292
Earnings per share								
Basic earnings per share		18.42		19.00		18.19		18.83
Diluted earnings per share		18.42		19.00		18.19		18.83
Profit attributable to:								
Equity holders of the Bank	718,372,840	2,055,259,981	517,402,388	1,470,546,546	698,525,382	2,030,487,830	512,993,388	1,457,614,292
Non- controlling interest	-	-	-	-	-	-	-	-
Total	718,372,840	2,055,259,981	517,402,388	1,470,546,546	698,525,382	2,030,487,830	512,993,388	1,457,614,292

MEGA BANK NEPAL LIMITED
Consolidated Statement of cash flows
For the Quarter ended 31st Chaitra 2077

Amount in NPR

Particulars	Group		Bank	
	As at 13 January 2021	As at 12 April 2020	As at 13 April 2021	As at 12 April 2020
CASH FLOWS FROM OPERATING ACTIVITIES				
Interest received	9,616,817,153	6,328,394,464	9,128,687,600	6,316,947,135
Fees and other income received	562,416,197	426,570,407	548,049,445	424,492,499
Dividend received	-	-	-	-
Receipts from other operating activities	338,405,680	286,112,744	311,932,529	273,189,960
Interest paid	(5,598,344,887)	(4,277,351,267)	(5,600,980,323)	(4,278,571,192)
Commission and fees paid	(56,645,700)	(30,610,838)	(53,280,656)	(29,834,171)
Cash payment to employees	(1,339,136,231)	(1,010,554,059)	(1,283,435,643)	(1,003,152,346)
Other expense paid	(613,727,168)	(484,046,631)	(609,872,659)	(478,824,075)
Operating cash flows before changes in operating assets and liabilities	2,909,785,044	1,238,514,818	2,441,100,294	1,224,247,809
(Increase)/Decrease in operating assets				
Due from Nepal Rastra Bank	(258,036,588)	516,468,265	(258,036,588)	516,468,265
Placement with bank and financial institutions	17,175,328	(613,911,389)	(2,824,672)	(643,297,234)
Other trading assets	(23,431,234)	-	-	-
Loan and advances to bank and financial institutions	(1,404,219,337)	(1,014,217,491)	(1,404,219,337)	(1,014,217,491)
Loans and advances to customers	(23,455,136,676)	(7,553,790,974)	(23,455,136,676)	(7,553,790,974)
Other assets	(225,480,589)	(517,923,616)	(387,689,669)	(520,191,343)
Increase/(Decrease) in operating liabilities				
Due to bank and financial institutions	9,819,927,235	1,516,235,041	9,819,927,235	1,516,235,041
Due to Nepal Rastra Bank	3,701,527,080	(118,050,448)	3,701,527,080	(118,050,448)
Deposit from customers	5,114,408,496	6,197,129,063	5,457,831,501	6,222,021,851
Borrowings	2,371,431,257	2,448,758,499	2,371,431,257	2,448,758,499
Other liabilities	(152,050,162)	799,557,363	108,128,430	799,835,696
Net cash flow from operating activities before tax paid	(1,584,100,146)	2,898,769,132	(1,607,961,147)	2,878,019,671
Income taxes paid	(521,754,174)	(364,666,462)	(517,185,391)	(363,831,115)
Net cash flow from operating activities	(2,105,854,320)	2,534,102,670	(2,125,146,537)	2,514,188,556
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investment securities	-	(1,008,838,598)	-	(1,008,838,598)
Receipts from sale of investment securities	995,080,707	-	995,080,707	-
Purchase of property and equipment	(75,173,986)	(65,806,531)	(75,048,986)	(55,633,757)
Receipt from the sale of property and equipment	4,149,188	1,301,694	4,149,188	1,301,694
Purchase of intangible assets	(7,294,068)	(2,264,400)	(7,294,068)	(2,264,400)
Receipt from the sale of intangible assets	-	-	-	-
Purchase of investment properties	-	-	-	-
Receipt from the sale of investment properties	147,500,000	-	147,500,000	-
Interest received	571,909,480	167,155,655	571,909,480	167,155,655
Dividend received	29,507,930	18,792,028	29,496,244	18,792,028
Net cash used in investing activities	1,665,679,251	(889,660,151)	1,665,792,564	(879,487,377)
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	282,595,760	-	282,595,760	-
Dividends paid	(375,491,061)	(1,128,786,852)	(361,491,061)	(1,128,786,852)
Interest paid	(98,991,729)	(136,435,021)	(100,596,035)	(136,435,021)
Other receipt/payment	-	-	-	-
Net cash from financing activities	(191,887,030)	(1,265,221,872)	(179,491,335)	(1,265,221,872)
Net increase (decrease) in cash and cash equivalents	(632,062,100)	379,220,646	(638,845,309)	369,479,307
Cash and cash equivalents at Shrawan 1, 2077	18,743,428,105	8,110,648,145	18,741,583,622	8,109,864,957
Effect of exchange rate fluctuations on cash and cash equivalents held	9,090,118	2,616,250	9,090,118	2,616,250
Cash and cash equivalents at Poush end 2077	18,120,456,123	8,492,485,041	18,111,828,431	8,481,960,514

MEGA BANK NEPAL LIMITED
Consolidated Statement of changes in equity
For the Quarter ended 31st Chaitra 2077

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, 2076	10,388,621,453	-	1,339,301,209	3,679,906	586,758,224	(102,835,260)	37,491,475	1,229,735,921	37,013,822	13,519,766,748	-	13,519,766,748
Adjustment/Restatement												
Taken over on acquisition through Business Combination	2,750,000,000	27,897,038	720,214,897	-	651,120,341	(6,615,602)	-	(365,268,544)	(15,446,560)	3,761,901,571	-	3,761,901,571
Adjusted/Restated balance at Shrawan 1, 2076	13,138,621,453	27,897,038	2,059,516,106	3,679,906	1,237,878,564	(109,450,862)	37,491,475	864,467,377	21,567,261	17,281,668,319	-	17,281,668,319
Comprehensive income for the year												
Profit for the year								1,602,541,586		1,602,541,586		1,602,541,586
Other comprehensive income, net of tax												
Gains/(losses) from investments in equity instruments measured at fair value						41,440,473				41,440,473		41,440,473
Gains/(losses) on revaluation							139,176,765			139,176,765		139,176,765
Actuarial gains/(losses) on defined benefit plans									10,157,650	10,157,650		10,157,650
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			318,481,251	7,423,690		6,185,317		(348,076,234)	15,985,976			
Transfer from reserve during the year					(835,505,978)			835,505,978	(26,400,462)	(26,400,462)		(26,400,462)
Transactions with owners, directly recognised in equity												
Share issued												
Share based payments												
Dividends to equity holders												
Bonus shares issued												
Cash dividend paid								(1,220,756,074)		(1,220,756,074)		(1,220,756,074)
Others		207,849,581						(123,961)		207,725,619		207,725,619
Total contributions by and distributions	-	207,849,581	318,481,251	7,423,690	(835,505,978)	47,625,790	139,176,765	869,091,295	(256,836)	753,885,557	-	753,885,557
Balance at Asar end 2077	13,138,621,453	235,746,619	2,377,997,357	11,103,596	402,372,586	(61,825,072)	176,668,240	1,733,558,673	21,310,425	18,035,553,877	-	18,035,553,877

Particulars	Group											Non-controlling interest	Total equity
	Attributable to equity holders of the Bank												
	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, 2077	13,138,621,453	235,746,619	2,377,997,357	11,103,596	402,372,586	(61,825,072)	176,668,240	1,733,558,673	21,310,425	18,035,553,876	-	18,035,553,876	
Adjustment/Restatement													
Adjusted/Restated balance at Shrawan 1, 2077	13,138,621,453	235,746,619	2,377,997,357	11,103,596	402,372,586	(61,825,072)	176,668,240	1,733,558,673	21,310,425	18,035,553,876	-	18,035,553,876	
Comprehensive income for the year													
Profit for the year								1,997,527,691		1,997,527,691		1,997,527,691	
Other comprehensive income, net of tax													
Gains/(losses) from investments in equity instruments measured at fair value						57,732,290				57,732,290		57,732,290	
Gains/(losses) on revaluation													
Actuarial gains/(losses) on defined benefit plans													
Gains/(losses) on cash flow hedge													
Exchanges gains/(losses) (arising from transacting financial asset 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									(8,562,772)	(8,562,771.80)		(8,562,772)	
Transactions with owners, directly recognised in equity													
Share issued	184,073,963	98,521,798								282,595,760.56		282,595,761	
Share based payments												-	
Dividends to equity holders												-	
Bonus shares issued	1,332,269,542	(27,897,038)						(1,304,372,504)				-	
Cash dividend paid								(420,342,210)		(420,342,210)		(420,342,210)	
Revaluation Surplus												-	
Total contributions by and distributions	1,516,343,505	70,624,760	-	-	-	57,732,290	-	272,812,977	(8,562,772)	1,908,950,760	-	1,908,950,760	
Balance at Chaitra end 2077	14,654,964,958	306,371,378	2,377,997,357	11,103,596	402,372,586	(4,092,782)	176,668,240	2,006,371,650	12,747,653	19,944,504,635	-	19,944,504,634	

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, 2076	10,388,621,453	-	1,339,301,209	3,679,906	586,758,224	(102,835,260)	37,491,475	1,221,867,361	37,013,822	13,511,898,190	-	13,511,898,190
Adjustment/Restatement												
Taken over on acquisition through Business Combination	2,750,000,000	27,897,038	720,214,897		651,120,341	(6,615,602)	-	(365,268,544)	(15,446,560)	3,761,901,571	-	3,761,901,571
Adjusted/Restated balance at Shrawan 1, 2076	13,138,621,453	27,897,038	2,059,516,107	3,679,906	1,237,878,565	(109,450,862)	37,491,475	856,598,817	21,567,261	17,273,799,761	-	17,273,799,761
Comprehensive income for the year												
Profit for the year								1,586,214,922		1,586,214,922		1,586,214,922
Other comprehensive income, net of tax												
Gains/(losses) from investments in equity instruments measured at fair value						41,440,473				41,440,473		41,440,473
Gains/(losses) on revaluation							139,176,765			139,176,765		139,176,765
Actuarial gains/(losses) on defined benefit plans									10,157,650			10,157,650
Gains/(losses) on cash flow hedge												
Exchanges gains/(losses) (arising from transacting financial asset of foreign operation)												
Total comprehensive income for the year												
Transfer to reserve during the year			317,242,984	7,423,689.86	-	6185317.147		(346,714,140)	15,862,149	(0.00)		(0.00)
Transfer from reserve during the year					(835,505,978)			835,505,978	(26,400,462)	(26,400,462)		(26,400,462)
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												
Cash dividend paid								(1,220,663,021)		(1,220,663,021)		(1,220,663,021)
Other (Business Combination & Consolidation)		207,849,581								207,849,581		
Total contributions by and distributions	-	207,849,581	317,242,984	7,423,690	(835,505,978)	47,625,790	139,176,765	854,343,739	(380,663)	737,775,907	-	737,775,907
Balance at Asar end 2077	13,138,621,453	235,746,619	2,376,759,091	11,103,596	402,372,587	(61,825,072)	176,668,240	1,710,942,557	21,186,598	18,011,575,668	-	18,011,575,668

Particulars	Bank											Non-controlling interest	Total equity
	Attributable to equity holders of the Bank												
	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, 2077	13,138,621,453	235,746,619	2,376,759,091	11,103,596	402,372,587	(61,825,072)	176,668,240	1,710,942,557	21,186,598	18,011,575,668	-	18,011,575,668	
Adjustment/Restatement													
Adjusted/Restated balance at Shrawan 1, 2077	13,138,621,453	235,746,619	2,376,759,091	11,103,596	402,372,587	(61,825,072)	176,668,240	1,710,942,557	21,186,598	18,011,575,668	-	18,011,575,668	
Comprehensive income for the year													
Profit for the year								1,972,755,540		1,972,755,540		1,972,755,540	
Other comprehensive income, net of tax													
Gains/(losses) from investments in equity instruments measured at fair value						57,732,290				57,732,290		57,732,290	
Gains/(losses) 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									(8,562,772)	(8,562,772)			
Transfer from reserve during the year													
Transactions with owners, directly recognised in equity													
Shares issued	184,073,963	98,521,798								282,595,761		282,595,760.56	
Share based payments													
Dividends to equity holders													
Bonus shares issued	1,332,269,542	(27,897,038)						(1,304,372,504)					
Cash dividend paid								(406,342,210)		(406,342,210)			
Revaluation Surplus													
Total contributions by and distributions	1,516,343,505	70,624,760	-	-	-	57,732,290	-	262,040,827	(8,562,772)	1,898,178,609	-	2,313,083,591	
Balance at Chaitra end 2077	14,654,964,958	306,371,378	2,376,759,091	11,103,596	402,372,587	(4,092,782)	176,668,240	1,972,983,383	12,623,826	19,909,754,277	-	19,909,754,277	

Other reserves as at 13th April 2021 includes Corporate Social Responsibility Reserve, Investment Adjustment Reserve, Interest Capitalisation Reserve and Actuarial Gain 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		12.31		12.76		12.22		12.56
Non-performing loan (NPL) to total loan		1.31		1.32		1.31		1.32
Total loan loss provision to Total NPL		159.23		145.30		159.23		145.30
Cost of Funds		5.55		7.18		5.55		7.18
Credit to Deposit Ratio (Calculated as per NRB Directives)		83.54		77.48		83.54		77.48
Base Rate		7.59		9.94		7.59		9.94
Interest Rate Spread (Calculated as per NRB Directives)		3.62		5.22		3.62		5.22

Statement of Distributable Profit or Loss
For the quarter ended 31st Chaitra 2077

Particulars	Amount (NPR)
Net profit or (loss) as per statement of profit or loss	1,972,755,540
1. Appropriations	
<u>1.1 Profit required to be appropriated to statutory reserve</u>	416,551,193
a. General Reserve	394,551,108
b. Capital Redemption Reserve	-
c. Exchange Fluctuation Fund	2,272,529
d. Corporate Social Responsibility Fund	19,727,555
e. Employees Training Fund	
f. Other	-
<u>1.2 Profit required to be transfer to Regulatory Reserve</u>	258,473,431
a. Transfer to Regulatory Reserve	373,182,890
b. Transfer from Regulatory Reserve	(114,709,459)
Distributable profit or (loss)	1,297,730,916

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 2019/20.

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 IAS 39 “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 2020, which are stated in the Annual Report of Fiscal Year 2019/20.

4. Changes in accounting policies

While the following new accounting standards are not mandatory till date and have not been voluntarily adopted by the Bank and therefore, the bank has applied same accounting policies and methods of computation in its Interim condensed consolidated financial statement as in its Fiscal Year 2019/20 annual financial statements.

4.1 New and Amended NFRS Standards that are effective from 16th July 2021 (1st Shrawan 2078)

The Institution of Chartered Accountants of Nepal vide dated 9th July 2020, issued notice regarding the implementation of New Accounting Standards. Those Accounting Standards shall be effective from on and after 16th July 2021 (1st Shrawan 2078).

The following New Accounting Standards have not been early adopted by the bank in the current fiscal year. The Bank is still currently assessing the detailed impact of these amendments.

NFRS 9 Financial Instruments- Impairment

IFRS 9 'Financial Instruments' was issued by the IASB in July 2014 and effective internationally for the financials beginning on or after 1st January 2018.

NFRS 9 replaces NAS 39 Financial Instruments: Recognition and Measurement relating to the classification and measurement of financial instruments. ASB endorsed IFRS 9 financial instruments with some exceptions, mainly in the impairment.

Currently, Incurred Loss Model as specified in NAS 39 is used. The requirement of NFRS 9 is Expected Credit Loss Model.

NFRS 16 Leases

NFRS 16 leases, issued in January 2016, will supersede NAS 17 Leases and the interpretations relating to the recognition of such contracts. The new definitions of leases relies on both the identification of an assets and the control of the right to use the assets by the lessee.

From the perspective of lessor, the expected impact should be limited, as the main requirements remain essentially unchanged versus the current standards, NAS 17.

For the lessee, NFRS 16 will require all leases to be recognized on the balance sheet, in the form of a right-of-use on the leased asset, along with the recognition of a financial liability for the lease payments and other payments to be made over the leasing period. The right-of-use will be amortised on a straight -line basis and the financial liabilities will be amortised on an actuarial basis over the lease period. This Standards therefore results mainly in a change for contracts defined under NAS 17 as operating leases and as such do not require the leased assets to be recorded in the balance sheet.

NFRS 15 Revenue from contracts with Customers

The IASB issued a new standard for revenue recognition which overhauls the existing revenue recognition standards. The core principle of the guidance is that the entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

NFRS 15 defines a single five-step model for revenue recognition. In particular, these five steps allow for the identification of the distinct performance obligations included in the contracts and for the allocation of a transaction price to each one. Revenue relating to each performance obligation is recognized when the performance obligation is fulfilled, i.e., when control of an asset has been transferred or a service has been rendered.

The Impact of adoption of these standards may have material effects in its financial statement and the bank is still assessing the impact of adoption to its financial statements.

NAS 29 Financial Reporting in Hyperinflationary Economies

NAS 29 Financial Reporting in Hyperinflationary Economies applies to the financial statements, including the consolidated financial statements, of any undertaking whose functional currency is the currency of a hyperinflationary economy. Inflation-adjusted financial statements are an extension to, not a departure from, historical cost accounting. NAS 29 aims to overcome the limitations of historical cost financial reporting in hyperinflationary environments.

In a hyperinflationary economy, reporting of operating results and financial position in the local currency without restatement is not useful and comparisons of results over time mean little. As prices rise, the value of money (the general purchasing power) falls, as you can buy less with each unit of currency. Financial statements unadjusted for inflation do not properly reflect the company's position at the balance sheet date, the results of its operations, or cash flows.

NAS 29 does not establish an absolute rate at which hyperinflation is deemed to arise. It is a matter of judgment when the restatement of financial statements in accordance with NAS 29 becomes necessary.

Hyperinflation is indicated by characteristics of the economic environment of a country which include, but are not limited to, the following:

1. the general population prefers to keep its wealth in non-monetary assets (preferring barter to cash) or in a relatively stable foreign currency. Amounts of local currency held are immediately invested to maintain purchasing power;
2. The general population regards monetary amounts not in terms of the local currency but in terms of a relatively stable foreign currency. Prices may be quoted in that currency;
3. Sales and purchases on credit take place at prices that compensate for the expected loss of purchasing power during the credit period, even if the period is short;
4. Interest rates, wages, and prices are linked to a price index; and
5. the cumulative inflation rate over three years is approaching, or exceeds, 100%.

Nevertheless, NAS 29 applies to the financial statements of any undertaking from the start of the reporting period in which it identifies the existence of hyperinflation in the country in whose currency it reports.

4.2 New and revised Standards in issue but not yet effective

Amendments to NFRS 3: Definition of a Business

The aim of the amendments to NFRS 3 Business Combinations is to establish a better distinction between the acquisition of a business and the acquisition of a group of assets.

The amendment clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exit without including all of the inputs and processes needed to create outputs. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired

set of activities and assets is not a business if substantially all of the fair value of the gross asset acquired is concentrated in a single identifiable asset or group of similar assets.

These amendments had no impact on the consolidated financial statement of the Bank, but may impact future periods should the Bank enter into any business combinations.

Amendments to NAS 1 and NAS 8: Definition of Material

The Amendments NAS 1 and NAS 8 is to tighten up the definition of the term 'material' without fundamentally altering the application of the principal of materiality. In particular, the amendments introduce the new notion of 'obscuring information' and place 'obscuring' on a par with omitting or misstating information.

The amendments provide a new definition of material that states, "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments are intended to make the definition of material in NAS 1 easier to understand and are not intended to alter the underlying concept of materiality in NFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition. The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'

The definition of material in NAS 8 has been replaced by a reference to the definition of material in NAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of material or refer to the term 'material' to ensure consistency. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to the Bank.

IFRIC Interpretation 23: *Uncertainty over Income Tax Treatment*

The Interpretation addresses the accounting for income taxes when tax treatment involve uncertainty that affects the application of NAS 12 Income Taxes. IFRIC 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatment. The interpretation required to

- determine whether uncertain tax positions are assessed separately or as a group.
- assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used by, an entity in its income tax filings;
- If yes, the bank should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings.
- If not, the bank should reflect the effect of uncertain in determining its accounting tax position using either the most likely amount or the expected value method.

The Interpretation didn't have an impact on the consolidated financial statements of the Bank.

Amendments to NFRS 9 : *Prepayment features with negative Compensation*

The amendments to NFRS 9 clarify that for the purpose of assessing whether a prepayment feature meets the 'solely payments of principal and interest' (SPPI) condition, the party exercising option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, financial assets with prepayment features with negative compensation do not automatically fail SPPI. These amendments has no impact on the consolidated financial statement of the Bank.

Amendments to NAS 19: *Employee Benefit Plan Amendment, Curtailment or Settlement*

The amendments clarify that the past service cost (or of the gain or loss on settlement) is calculated by measuring the defined benefit liability (asset) using updated assumptions and comparing benefit offered and plan assets before and after the plan amendments (or, curtailment or settlement) but ignoring the effect of the asset ceiling (that may arise when the defined benefit plan is in a surplus position). NAS 19 is now clear that the change in the effect of the asset ceiling that may result from the plan amendment (or curtailment or settlement) is determined in a second step and is recognised in the normal manner in other comprehensive Income.

Amendments to NFRS 10 and NAS 18: *Sales or Contribution of Assets between an investor and its Associate or Joint Venture.*

The amendments to NFRS 10 and NAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

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 2019/20, 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 its 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 amortised 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 cost 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 amortised 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 amortised 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 uncollectibility.

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 amortised cost

As per NAS 39

Financial assets carried at amortised 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 recognised, the previously recognised 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 63 of NAS 39.

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 recognised in the statement of profit or loss) is reclassified from

equity and recognised 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 recognised, 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

The Bank has a 16.39% interest in Sparsha Laghubitta Bittiya Sanstha Ltd. licensed by Nepal Rastra Bank as “D” class financial institution which involves in the providing micro -finance service in rural area such as development of agriculture, irrigation, drinking water, cottage and rural industries, forestry and alternative energy. Sparsha Laghubitta Bittiya Sastha Ltd is a public limited company that is listed in stock exchange Limited. The Bank’s Interest in Sparsha Laghubitta Bittiya Sanstha Limited is accounted for using the equity method in the consolidation of financial statements.

Similarly, the bank also has a 16.39% interest in Aviyan Laghubitta Bittiya Sanstha Ltd licensed by Nepal Rastra Bank as “D” class financial Institution that objective of this institute is to serve the agriculture enterprises, enterprises, small entrepreneur and small enterprises with the low investment within the area of its operation with the facilities of Micro Credit and allied micro finance facilities and to earn the profit for the benefit of the stakeholders whether directly or indirectly. The investment on shares of Aviyan Laghubitta Bittiya Sanstha Limited is not listed on the stock exchange as on reporting date .The Bank’s Interest in Aviyan Laghubitta Bittiya Sanstha Limited is accounted for using the equity method in the consolidation of financial statements.

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	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.

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 amortised 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

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 amortised 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 amortised 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.

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 realised and unrealised 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 recognised 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 unrecognised past service costs and the fair value of any plan assets are deducted.

The Bank recognises 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 recognises 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 recognised.

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 recognises 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 recognised 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 recognised 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 recognised 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

Lease payments under an operating lease excluding costs for services such as insurance and maintenance, shall be recognized as an expense on a straight-line basis over the lease term unless another systematic basis is representative of the time pattern of the user's benefit, even if the payment are not on that basis.

IAS 17 requires a straight-line recognition of the lease expenses even when amounts are not payable on this basis.

Generally, lease payments are increased by fixed minimum increments intended to compensate for expected annual inflation over the lease period. The fixed minimum increment will have to be spread so as to take the payments on a straight-line basis over the lease term.

6. Segment Reporting

The basis used to identify the Bank's reporting segments are discussed in Annual report of Fiscal Year 2019/20.

a. Information about reportable segments

Particulars	Amount in NPR											
	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	162,152,253	124,528,908	9,226,265,990	6,358,241,450	334,258,802	398,394,756	29,164,998	17,235,457	1,148,788,027	592,931,123	10,900,630,070	7,491,331,694
Intersegment revenues	-	-	353,606,757	340,554,617	(353,606,757)	(340,554,617)	-	-	-	-	-	-
Segment profit (loss) before tax	152,184,882	64,718,148	1,987,076,037	1,494,283,695	(32,908,094)	83,471,285	26,187,622	17,119,509	1,072,850,669	766,315,502	3,205,391,116	2,425,908,140
Segment Assets	239,019,448	285,904,516	138,800,668,383	82,438,086,613	9,389,679,764	6,065,813,741	17,675,754	24,803,056	29,802,068,434	21,185,949,598	178,249,111,783	110,000,557,523
Segment Liabilities	86,194,760	9,885,275	148,299,757,312	92,847,951,351	-	-	1,481,880	-	9,951,923,555	3,320,769,091	158,339,357,507	96,178,605,716

b. Reconciliation of reportable segment profit and loss

Particulars	Amount in NPR	
	Current Quarter	Corresponding Previous Quarter
Total Profit before Tax for reportable segments	3,205,391,116	2,425,908,140
Profit before Tax for other segments	-	-
Elimination of inter segment profit	-	-
Elimination of discontinued operation	-	-
Unallocated amounts:	-	-
-Bonus Expense	308,062,462	230,217,045
-Other Corporate expenses	124,766,497	123,737,688
Profit before Tax	2,772,562,157	2,071,953,407

7. Related party disclosures

There were no changes in the related party transactions described in the Annual Report of Fiscal Year 2019/20 that have a material effect on the financial position or performance of the bank in the third quarter to 31st Chaitra 2077 (13th April 2021). All related party transactions that took place in the third quarter to 31st Chaitra 2077 (13th April 2021) were similar in nature to those disclosed in the Annual Report of Fiscal Year 2019/20.

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

Final dividend, 3.05%, equivalent to amount Rs 406,342,210.19 as cash dividend and Bonus Share (stock dividend) at 10.00%, equivalent amount of Rs.1,332,269,541.60, per ordinary share proposed and paid during the period relating to the previous financial years results.

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

There were no such transaction takes place in the third quarter to 31st Chaitra 2077 (13th April 2021).

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 is no changes in the composition of the Group in the first quarter to 31st Chaitra 2077 (13th April 2021).

धितोपत्र दर्ता तथा निष्काशन नियमावली, २०७३ को अनुसूची १४

(नियम २६ को उपनियम (१) सँग सम्बन्धित)

आर्थिक वर्ष २०७७/७८ को तेस्रो त्रैमासिक प्रतिवेदन

१. वित्तीय विवरण

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

- आर्थिक वर्ष २०७७/७८ को तेस्रो त्रैमासिक अवधिको वित्तीय विवरणहरु यसै साथ प्रकाशित गरिएको छ ।
- यस बैंकको पूर्ण स्वामित्वको सहायक कम्पनी मेगा क्यापिटल मार्केटस् लिमिटेड र सम्बद्ध कम्पनी स्पर्स लघुवित्त वित्तीय संस्था लिमिटेड र अभियान लघुवित्त वित्तीय संस्था लिमिटेडसंगको यसै साथ प्रकाशित वित्तीय प्रतिवेदनमा उल्लेखित कारोबारहरुका कारणबाट सिर्जित बाहेक अन्य सम्बन्धित पक्ष बीच कुनै कारोबार नभएको । साथै यस बैंकको पूर्ण स्वामित्वको सहायक कम्पनी मेगा स्टक मार्केट्स लिमिटेड मिति २०७६/०४/२४ मा कम्पनी रजिष्ट्रारको कार्यालयबाट पब्लिक कम्पनीको रूपमा दर्ता भई धितोपत्र सम्बन्धी कारोबार सञ्चालनको लागि नेपाल स्टक एक्सचेन्ज लिमिटेडबाट स्वीकृतिको प्रक्रियामा रहेको छ ।

(ख) प्रमुख वित्तीय अनुपातहरु ।

प्रति सेयर आम्दानी	: रु. १८.१९	प्रति सेयर कूल सम्पत्तिको मूल्य	: रु. १,२२१.२६
मूल्य आम्दानी अनुपात	: १७.६५	तरलता अनुपात	: २१.५३
प्रति सेयर नेटवर्थ	: रु. १३६.४१		

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 कूल निक्षेप (बैंक तथा वित्तीय संस्थाबाट प्राप्त निक्षेप सहित) रु. ७ अर्ब ६० करोडले वृद्धि भएको छ भने समिक्षा अवधिमा बजारमा माग बमोजिम तरलताको अवस्था सहज रहेका तथा सोको अधितम् उपयोग गरे सँगै खूद कर्जा रु. १० अर्ब ४३ करोडले वृद्धि भएको छ । अघिल्लो वर्षको तुलनामा समीक्षा अवधिसम्म भएको व्यवसायको आकारमा सन्तोषजनक वृद्धिसँगै बैंकको आम्दानीमा पनि वृद्धि भएको छ ।

(ख) आगामी अवधिको व्यावसायिक 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, बैंकिङ क्षेत्रको पहुँचलाई ग्रामिण क्षेत्र/विपन्न वर्गमा पुऱ्याउन शाखा/शाखारहित बैंकिङ 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 ।

- (ग) विगतको अनुभवबाट बैंकको मौज्जात, 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 बैकिङ्ग व्यावसायसंग 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 ।
- सेयर कारोबार सम्बन्धमा बैंकको विशेष धारणा नभएको ।
- (ख) त्रैमासिक अवधिको सेयरको अधिकतम, न्यूनतम, अन्तिम मूल्य, कारोबार भएको कूल दिन तथा कारोबार संख्या ।

अधिकतम मूल्य (रु.)	न्यूनतम मूल्य (रु.)	अन्तिम मूल्य (रु.)	कुल कारोबार भएको दिन	कुल कारोबार संख्या	कुल कारोबार सेयर संख्या
३३८	२६९	३२९	५९	४८१०४	१३,९४२,३८५

५. समस्या तथा चुनौति

(क) आन्तरिक

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

(ख) वाह्य

- तीव्र प्रतिस्पर्धा
- ब्याज दर घटबढ
- लगानीका न्यून अवसरहरु
- नीतिगत परिवर्तनहरु
- कोरोना भाइरस (कोभिड- १९) कारणले गर्दा बैकिङ्ग व्यवसायमा परेको प्रभाव

- अन्य क्षेत्रहरूमा विद्यमान समस्याहरूले निम्त्याएको जोखिम

उल्लेखित समस्या तथा चुनौतिहरूको सामना गर्नको निमित्त बैंकमा विभिन्न उपसमितिहरू कृयाशील रहेका छन् जसले आवश्यक अध्ययन, अनुसन्धान एवं छलफल गरी उपयुक्त सुझावहरू प्रदान गर्दै समाधानको उपायहरू 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 निकायहरूद्वारा जारी नीति एवम् निर्देशनको पालना गर्दै आएको छ । विस्तृत मापदण्ड सहितका नीति, नियमावली तथा कार्यविधिहरूका 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/उपसमितिहरूको सकृय भूमिकाले संस्थागत सुशासनलाई थप मजबुत बनाएको छ ।

७. सत्य, तथ्यता सम्बन्धमा कार्यकारी प्रमुखको उद्घोषण

आजका मितिसम्म यस प्रतिवेदनमा उल्लेखित जानकारी तथा विवरणहरूको शुद्धता सम्बन्धमा म व्यक्तिगत रूपमा उत्तरदायित्व लिन्छु । साथै म यो उद्घोष गर्दछु की मैले जानेबुझेसम्म यस प्रतिवेदनमा उल्लेखित विवरणहरू सत्य, तथ्य र पूर्ण छन् र लगानीकर्ताहरूलाई सूचित निर्णय लिन आवश्यक कुनै विवरण, सूचना तथा जानकारीहरू लुकाइएको छैन ।