बैंक अफ काठमाण्डू लिमिटेड

BANK OF KATHMANDU LTD.

we make your life easier

INTERIM FINANCIAL STATEMENTS
AS ON CHAITRA END 2075

Bank of Kathmandu Ltd.

Condensed Consolidated Statement of Financial Position
As on Quarter ended 30th Chaitra 2075

Particular	Group		Bank	
Assets	**This Quarter Ending**	**Immediate Previous Year Ending**	**This Quarter Ending**	**Immediate Previous Year Ending**
Cash and cash equivalent	3,041,487,191	3,443,147,831	2,819,319,720	3,422,839,977
Due from Nepal Rastra Bank	2,948,320,626	5,264,474,339	2,948,320,626	5,264,474,339
Placement with Bank and Financial Institutions	2,842,122,438	1,846,730,283	2,842,122,438	1,846,730,283
Derivative Financial Instruments	-	-	-	-
Other Trading Assets	8,090,444	34,088,008	8,090,444	25,260,000
Loans and Advances to BFIs	3,046,503,717	1,831,831,471	3,046,503,717	1,831,831,471
Loan and advances to customers	71,261,503,527	65,789,082,434	71,261,503,527	65,789,082,434
Investments Securities	12,303,431,938	11,576,903,649	12,179,079,091	11,521,903,649
Current Tax Assets	45,995,545	116,611,234	45,995,545	114,044,790
Investment in Subsidiaries	-	-	140,000,000	140,000,000
Investment in Associates	-	-	-	-
Investment Property	24,658,425	24,658,425	24,658,425	24,658,425
Property and Equipment	958,493,574	943,626,345	951,719,548	935,253,000
Goodwill and intangible assets	19,322,332	23,004,038	17,129,059	20,496,581
Deferred Tax Assets	-	-	-	-
Other assets	386,376,575	270,313,772	379,343,726	270,239,238
Total Assets	**96,886,306,332**	**91,164,471,829**	**96,663,785,866**	**91,206,814,187**
Liabilities				
Due to Bank and Financial Institutions	-	-	-	-
Due to Nepal Rastra Bank	603,580,627	18,596,626	603,580,627	18,596,626
Derivative Financial Instruments	-	-	-	-
Deposits from Customers	81,077,454,878	76,777,155,724	81,135,068,525	76,913,753,905
Borrowings	-	-	-	-
Current Tax Liabilities	2,913,167	-	-	-
Provisions	17,443,857	17,443,857	17,443,857	17,443,857
Deferred Tax Liabilities	171,071,336	172,354,089	171,071,336	172,666,474
Other Liabilities	1,019,319,447	592,555,777	822,804,087	571,895,766
Debt Securities Issued	-	-	-	-
Subordinated Liabilities	1,019,633,438	1,041,215,712	1,019,633,438	1,041,215,712
Total Liabilities	**83,911,416,750**	**78,619,321,785**	**83,769,601,870**	**78,735,572,340**
Equity				
Share Capital	8,063,101,335	7,072,895,908	8,063,101,335	7,072,895,908
Share Premium	-	929,926,067	-	929,926,067
Retained Earnings	1,232,487,721	861,571,352	1,224,619,573	858,234,796
Reserves	3,606,463,088	3,610,185,076	3,606,463,088	3,610,185,076
Total Equity Attributable to Equity Holders	**12,902,052,144**	**12,474,578,403**	**12,894,183,996**	**12,471,241,847**
Non Controlling Interest	72,837,438	70,571,641	-	-
Total Equity	**12,974,889,582**	**12,545,150,044**	**12,894,183,996**	**12,471,241,847**
Total Liabilities and Equity	**96,886,306,332**	**91,164,471,829**	**96,663,785,866**	**91,206,814,187**

Bank of Kathmandu Ltd.

Condensed Consolidated Statement of Profit or Loss

For the Quarter ended 30th Chaitra 2075

Particular	Group				Bank			
	Current Year		Previous Year Corresponding		Current Year		Previous Year Corresponding	
	This Quarter	Upto This Quarter(YTD)	This Quarter	Upto This Quarter(YTD)	This Quarter	Upto This Quarter(YTD)	This Quarter	Upto This Quarter(YTD)
Interest income	2,472,431,420	7,238,602,376	2,067,331,954	5,956,507,625	2,469,051,430	7,232,137,461	2,065,660,114	5,953,945,861
Interest expense	1,501,922,954	4,488,649,996	1,304,484,785	3,887,253,916	1,502,878,476	4,496,852,767	1,308,147,373	3,891,226,230
Net interest income	**970,508,466**	**2,749,952,380**	**762,847,169**	**2,069,253,709**	**966,172,954**	**2,735,284,694**	**757,512,741**	**2,062,719,631**
Fee and commission income	111,360,069	384,946,996	121,296,472	383,862,339	110,053,757	381,623,817	120,608,848	382,707,791
Fee and commission expense	14,389,663	46,127,004	18,173,204	46,616,125	14,311,618	45,916,684	18,173,204	46,616,125
Net fee and commission income	**96,970,406**	**338,819,992**	**103,123,268**	**337,246,214**	**95,742,139**	**335,707,133**	**102,435,644**	**336,091,666**
Net Interest, Fee and Commisson Income	**1,067,478,872**	**3,088,772,372**	**865,970,437**	**2,406,499,923**	**1,061,915,093**	**3,070,991,827**	**859,948,385**	**2,398,811,297**
Net Trading Income	85,887,847	248,533,478	64,317,186	182,148,975	85,887,847	248,533,478	64,317,186	182,148,975
Other operating income	6,370,527	17,568,205	6,179,731	34,947,491	5,347,530	15,013,835	6,179,731	34,947,491
Total operaing income	**1,159,737,246**	**3,354,874,055**	**936,467,354**	**2,623,596,389**	**1,153,150,470**	**3,334,539,140**	**930,445,302**	**2,615,907,763**
Impairment charge/(reversal) for loans and other losses	4,698,837	249,508,842	12,967,259	180,258,394	4,698,837	249,508,842	12,967,259	180,258,394
Net operating income	**1,155,038,409**	**3,105,365,213**	**923,500,095**	**2,443,337,995**	**1,148,451,633**	**3,085,030,298**	**917,478,043**	**2,435,649,369**
Operating Expense								
Personnel expenses	280,085,467	858,299,757	247,619,285	728,522,952	278,291,746	854,015,142	247,362,830	727,441,497
Other operating expenses	150,038,801	411,856,830	105,032,792	319,242,645	148,757,879	407,648,402	104,124,644	317,829,088
Depreciation & Amortisation	60,258,751	114,884,303	26,284,818	75,862,649	59,554,632	112,752,986	25,513,046	74,692,625
Operating profit	**664,655,390**	**1,720,324,323**	**544,563,200**	**1,319,709,749**	**661,847,376**	**1,710,613,768**	**540,477,523**	**1,315,686,159**
Non operating income/expense	5,500,000	10,361,500	946,020	13,706,940	5,500,000	10,361,500	946,020	13,706,940
Non Operating Expense	-	-	-	-	-	-	-	-
Profit before income tax	**670,155,390**	**1,730,685,823**	**545,509,220**	**1,333,416,689**	**667,347,376**	**1,720,975,268**	**541,423,543**	**1,329,393,099**
Income tax expense	-	-	-	-	-	-	-	-
Current Tax	201,046,616	519,205,747	162,455,944	398,846,810	200,204,212	516,292,580	162,427,063	398,817,930
Deferred Tax	-	-	-	-	-	-	-	-
Profit /(loss) for the period	**469,108,774**	**1,211,480,076**	**383,053,276**	**934,569,879**	**467,143,164**	**1,204,682,688**	**378,996,480**	**930,575,169**

Bank of Kathmandu Ltd.

Statement of Comprehensive Income

For the Quarter ended 30th Chiatra 2075

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)
Profit or Loss for the period	469,108,774	1,211,480,076	383,053,276	934,569,879	467,143,164	1,204,682,688	378,996,480	930,575,169
Other comprehensive income								
a) Items that will not be reclassified to profit or loss								
-Gains/(losses) from investments in equity instruments measured at fair value	10,281,867	(5,317,126)	-		10,281,867	(5,317,126)		
-Gain/(Loss) on Revaluation			-					
-Actuarial gain /(loss) on Defined Benefit Plans			-					
-Income Tax relating to above items	(3,084,560)	1,595,138	-		(3,084,560)	1,595,138	-	-
Net other comprehensive income that will not be reclassified to profit or loss	**7,197,307**	**(3,721,988)**	**-**		**7,197,307**	**(3,721,988)**	**-**	**-**
b) Items that are or may be reclassified to profit or loss								
-Gains/(losses) on cash flow hedge								
-Exchange gains/(losses) (arising from translating financial assets of foreign operation)								
-Income Tax relating to above items								
Net other comprehensive income that are or may be reclassified to profit or loss								
c) Share of other comprehensive income of associate accounted as per equity method								
Other Comprehensive Income for the Period, Net of Income Tax	**7,197,307**	**(3,721,988)**	**-**	**-**	**7,197,307**	**(3,721,988)**	**-**	**-**
Total Comprehensive Income for the Period	**476,306,081**	**1,207,758,088**	**383,053,276**	**934,569,879**	**474,340,471**	**1,200,960,700**	**378,996,480**	**930,575,169**
Profit attributable to:								
Equity-Holders of the Bank	475,650,878	1,205,492,292	381,780,882	933,318,181	474,340,471	1,200,960,700	378,996,480	930,575,169
Non-Controlling Interest	655,203	2,265,796	1,272,394	1,251,698	-	-	-	-
Total	**476,306,081**	**1,207,758,088**	**383,053,276**	**934,569,879**	**474,340,471**	**1,200,960,700**	**378,996,480**	**930,575,169**
Earnings per share								
Basic earnings per share		15.02		13.21		14.94		13.16
Annualized Basic Earnings Per Share		20.03		17.62		19.92		17.54
Diluted earnings per share		20.03		17.62		19.92		17.54

Bank of Kathmandu Ltd.

Ratios as per NRB Directive

Particulars	Group				Bank			
	Current Year		Previous Year Corresponding		Current Year		Previous Year Corresponding	
	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)
Capital fund to RWA		13.89%		15.22%		13.73%		15.02%
Non performing loan (NPL) to toal loan (As per NRB Directive)		2.12%		1.82%		2.12%		1.82%
Total loan loss provision to Total NPL (As per NRB Directive)		122.60%		118.02%		122.60%		118.02%
Cost of Funds		7.37%		8.01%		7.37%		8.01%
Credit to Deposit Ratio (As per NRB Directive)		78.51%		77.24%		78.51%		77.24%
Base Rate		10.07%		10.78%		10.07%		10.78%
Interest Rate Spread		4.28%		4.04%		4.28%		4.04%

Bank of Kathmandu Ltd.

Condensed Consolidated Statement of Changes in Equity
For the Quarter ended 30th Chaitra 2075

Group

Particulars	Share Capital	Share Premium	General Reserve	Exchange Equalisation	Regulatory Reserve	Fair Value Reserve	Revaluation Reserve	Retained Earning	Other Reserve	Total	Non-Controlling Interest	Total Equity
	Attributable to Equity-Holders of the Bank											
Balance at Shrawan 01, 2074	5,629,576,000	-	1,956,406,063	63,176,612	-	842,645,766	-	960,174,108	507,194,811	9,959,173,360	68,903,364	10,028,076,724
Profit for the period	-	-	-	-	-	-	-	1,324,524,203	-	1,324,524,203	1,668,278	1,326,192,481
Other Comprehensive Income	-	-	-	-	-	(348,605,653)	-	-	(4,949,329)	(353,554,982)		(353,554,982)
Total Comprehensive Income	**-**	**-**	**-**	**-**	**-**	**(348,605,653)**	**-**	**1,324,524,203**	**(4,949,329)**	**970,969,221**	**1,668,278**	**972,637,499**
Contributions from and distributions to owners	-	-	-	-	-	-	-	-	-	-		-
Share issued	615,806,700	929,926,067	-	-	-	-	-	-	-	1,545,732,767		1,545,732,767
Share Based Payments	-	-	-	-	-	-	-	-	-	-		-
Dividend to Equity-Holders	-	-	-	-	-	-	-	-	-	-		-
Bonus Shares Issued	827,513,208	-	-	-	-	-	-	(827,513,208)	-	-		-
Cash Dividend Paid	-	-	-	-	-	-	-	-	-	-		-
Other	-	-	264,237,529	3,872,611	140,825,262	-	-	(595,613,751)	185,381,405	(1,296,944)		(1,296,944)
Total Contributions by and Distributions	1,443,319,908	929,926,067	264,237,529	3,872,611	140,825,262	-	-	(1,423,126,959)	185,381,405	1,544,435,823	-	1,544,435,823
Balance at Asar 31, 2075	**7,072,895,908**	**929,926,067**	**2,220,643,592**	**67,049,223**	**140,825,262**	**494,040,113**	**-**	**861,571,352**	**687,626,887**	**12,474,578,404**	**70,571,642**	**12,545,150,044**
												-
Balance at Shrawan 01, 2075	7,072,895,908	929,926,067	2,220,643,592	67,049,223	140,825,262	494,040,113	-	858,234,796	687,626,887	12,474,578,404	70,571,642	12,545,150,046
Profit for the period	-	-	-	-	-	-	-	1,209,214,280	-	1,209,214,280	2,265,796	1,211,480,076
Other Comprehensive Income	-	-	-	-	-	(3,721,988)	-	-	-	(3,721,988)		(3,721,988)
Total Comprehensive Income	**-**	**-**	**-**	**-**	**-**	**(3,721,988)**	**-**	**1,209,214,280**	**-**	**1,205,492,292**	**2,265,796**	**1,207,758,088**
Contributions from and distributions to owners	-	-	-	-	-	-	-	-	-	-		-
Share issued	-	-	-	-	-	-	-	-	-	-		-
Share Based Payments	-	-	-	-	-	-	-	-	-	-		-
Dividend to Equity-Holders	-	-	-	-	-	-	-	-	-	-		-
Bonus Shares Issued	990,205,427	(929,926,067)	-	-	-	-	-	(60,279,360)	-	-		-
Cash Dividend Paid	-	-	-	-	-	-	-	(778,018,550)	-	(778,018,550)		(778,018,550)
Other												-
Total Contributions by and Distributions	990,205,427	(929,926,067)	-	-	-	-	-	(838,297,910)	-	(778,018,550)	-	(778,018,550)
Balance at Chaitra 30, 2075	**8,063,101,335**	**-**	**2,220,643,592**	**67,049,223**	**140,825,262**	**490,318,125**	**-**	**1,229,151,166**	**687,626,887**	**12,902,052,146**	**72,837,438**	**12,974,889,584**

Bank

Particulars	Share Capital	Share Premium	General Reserve	Exchange Equalisation	Regulatory Reserve	Fair Value Reserve	Revaluation Reserve	Retained Earning	Other Reserve	Total	Non-Controlling Interest	Total Equity
	Attributable to Equity-Holders of the Bank											
Balance at Shrawan 01, 2074	5,629,576,000		1,956,406,063	63,176,612		842,645,766		960,174,108	507,194,811	9,959,173,356		9,959,173,356
Profit for the period								1,321,187,647		1,321,187,647		1,321,187,647
Other Comprehensive Income						(348,605,653)			(4,949,329)	(353,554,982)		(353,554,982)
Total Comprehensive Income	**-**	**-**	**-**	**-**	**-**	**(348,605,653)**	**-**	**1,321,187,647**	**(4,949,329)**	**967,632,665**		**967,632,665**
Contributions from and distributions to owners										-		-
Share issued	615,806,700	929,926,067								1,545,732,767		1,545,732,767
Share Based Payments										-		-
Dividend to Equity-Holders										-		-
Bonus Shares Issued	827,513,208							(827,513,208)		-		-
Cash Dividend Paid										-		-
Other			264,237,529	3,872,611	140,825,262			(595,613,751)	185,381,405	(1,296,944)		(1,296,944)
Total Contributions by and Distributions	1,443,319,908	929,926,067	264,237,529	3,872,611	140,825,262	-	-	(1,423,126,959)	185,381,405	1,544,435,823		1,544,435,823
Balance at Asar 31, 2075	**7,072,895,908**	**929,926,067**	**2,220,643,592**	**67,049,223**	**140,825,262**	**494,040,113**	**-**	**858,234,796**	**687,626,887**	**12,471,241,844**		**12,471,241,844**
												-
Balance at Shrawan 01, 2075	7,072,895,908	929,926,067	2,220,643,592	67,049,223	140,825,262	494,040,113	-	858,234,796	687,626,887	12,471,241,844		12,471,241,844
Profit for the period								1,204,682,688		1,204,682,688		1,204,682,688
Other Comprehensive Income						(3,721,988)				(3,721,988)		(3,721,988)
Total Comprehensive Income	**-**	**-**	**-**	**-**	**-**	**(3,721,988)**	**-**	**1,204,682,688**	**-**	**1,200,960,700**		**1,200,960,700**
Contributions from and distributions to owners										-		-
Share issued										-		-
Share Based Payments										-		-
Dividend to Equity-Holders										-		-
Bonus Shares Issued	990,205,427	(929,926,067)						(60,279,360)		-		-
Cash Dividend Paid	-	-						(778,018,550)		(778,018,550)		(778,018,550)
Other												-
Total Contributions by and Distributions	990,205,427	(929,926,067)	-	-	-	-	-	(838,297,910)	-	(778,018,550)		(778,018,550)
Balance at Chaitra 30, 2075	**8,063,101,335**	**-**	**2,220,643,592**	**67,049,223**	**140,825,262**	**490,318,125**	**-**	**1,224,619,574**	**687,626,887**	**12,894,183,996**		**12,894,183,996**

Bank of Kathmandu Ltd.

Condensed Consolidated Statement of cash flows

For the Quarter ended 30th Chaitra 2075

Particulars	Group		Bank	
	Up to this Quarter	Corresponding Previous Year Up to this quarter	Up to this Quarter	Corresponding Previous Year Up to this quarter
CASH FLOWS FROM OPERATING ACTIVITIES				
Interest Received	6,843,057,705	5,960,479,597	6,836,592,790	5,953,945,861
Fee and Other Income Received	381,968,494	547,771,536	379,206,963	546,882,931
Dividend Received	108,946	-		
Receipts from Other Operating Activities	250,474,076	48,751,747	250,474,076	48,654,431
Interest Paid	4,395,475,487	3,891,226,230	4,403,678,258	3,891,226,230
Commissions and Fees Paid	46,127,004	28,331,450	45,916,684	28,331,450
Cash Payment to Employees	834,035,206	728,762,569	830,730,212	727,441,497
Other Expenses Paid	443,856,837	573,133,623	439,648,409	573,090,946
Operating Cash Flows before Changes in Operating Assets and Liabilities	**1,756,114,687**	**1,335,549,008**	**1,746,300,266**	**1,329,393,100**
(Increase) Decrease in Operating Assets	**(5,663,544,411)**	**(2,222,681,403)**	**(5,674,467,444)**	**(2,223,091,034)**
Due from Nepal Rastra Bank	2,316,153,713	2,325,184,844	2,316,153,713	2,325,184,844
Placement with Banks and Financial Institutions	(975,392,155)	308,243,870	(995,392,155)	308,243,870
Other Trading Assets	9,090,142	-	17,169,556	-
Loans and Advances to BFIs	(1,214,672,246)	1,454,442,469	(1,214,672,246)	1,454,442,469
Loans and Advances to Customers	(5,711,568,435)	(6,584,266,165)	(5,711,568,435)	(6,584,266,165)
Other Assets	(87,155,430)	273,713,579	(86,157,877)	273,303,948
Increase (Decrease) in Operating Liabilities	**5,184,820,117**	**1,251,122,323**	**5,036,338,866**	**1,258,918,444**
Due to Banks and Financials Institutions	-	-	-	-
Due to Nepal Rastra Bank	584,984,001	62,033,000	584,984,001	62,033,000
Deposit from Customers	4,193,700,973	1,007,350,329	4,221,314,620	1,021,018,424
Borrowings	-	-	-	-
Other Liabilities	406,135,143	181,738,994	230,040,245	175,867,020
Net Cash Flow from Operating Activities before Tax Paid	**1,277,390,393**	**363,989,928**	**1,108,171,688**	**365,220,510**
Income Tax Paid	453,577,930	465,125,364	449,838,473	465,096,484
Net Cash Flow from Operating Activities	**823,812,463**	**(101,135,436)**	**658,333,215**	**(99,875,974)**
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of Investment Securities	(630,897,430)	(511,206,610)	(660,897,430)	(381,206,610)
Receipts from Sale of Investment Securities	-	-		
Purchase of Property and Equipment	(100,316,311)	(3,599,177)	(100,098,499)	(2,192,136)
Receipts from Sale of Property and Equipment	9,194,307	-	9,194,307	
Purchase of Intangible Assets	(1,515,481)	2,515,897	(1,515,481)	2,515,897
Purchase of Investment Properties	-	-		
Receipts from Sale of Investment Properties	-	-		
Interest Received	339,039,989	-	339,039,989	
Dividend Received	11,640,905	-	11,640,905	
Net Cash Used in Investing Activities	**(372,854,021)**	**(512,289,890)**	**(402,636,209)**	**(380,882,849)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts from Issue of Debt Securities	-	-		
Repayments of Debt Securities	-	-		
Receipts from Issue of Subordinated Liabilities	-	-		
Repayments of Subordinated Liabilities	-	-		
Receipt from Issue of Shares	-	1,545,732,767		1,545,732,767
Dividends Paid	(778,018,551)	-	(778,018,551)	
Interest Paid	(81,198,712)	(20,178,890)	(81,198,712)	(20,178,890)
Other Receipts/Payments	-	-		
Net Cash from Financing Activities	**(859,217,263)**	**1,525,553,877**	**(859,217,263)**	**1,525,553,877**
Net Increase (Decrease) in Cash and Cash Equivalents	(408,258,821)	912,128,551	(603,520,257)	1,044,795,054
Cash and Cash Equivalents at Shrawan 01, 2075	3,449,746,012	3,059,778,288	3,422,839,977	2,905,205,156
Effect of Exchange Rate fluctuations on Cash and Cash Equivalents Held	-	-	-	
Cash and Cash Equivalents at Chaitra End 2075	**3,041,487,191**	**3,971,906,839**	**2,819,319,720**	**3,950,000,210**

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. Basis of Preparation

The interim financial statements of the Group (Bank and its Subsidiary, BOK Capital Limited) have been prepared in accordance with NFRS issued by ASB-N and as endorsed by the Institute of Chartered Accountants of Nepal and Nepal Rastra Bank, The accounting policies have been applied consistently to the periods presented in these unaudited interim financial statements and have been applied consistently by bank.
The disclosures made in the condensed consolidated interim financial information have been limited based on the format prescribed by Nepal Rastra Bank through NRB Circular 19 dated Falgun 14, 2075 (Ref No: Bai.Bi.Ni.Bi/Niti/Paripatra/ka kha ga/19/075/76). And these financial information should be read in conjunction with the audited financial statements of the Bank for the period ended 31stAshad 2075.

The Condensed Consolidated Interim Financial Statements comprise of:

- Condensed Consolidated Statement of Financial Position,
- Condensed Consolidated Statement of Profit or Loss,
- Condensed Consolidated Statement of Comprehensive Income,
- Condensed Consolidated Statement of Changes in Equity,
- Condensed Consolidated Statement of Cash Flows and
- Notes to Interim Financial Statements
- Ratios as per NRB Directive,

1.1. Functional and Presentation Currency

The functional currency of the bank is Nepalese Rupees (NPR), which is also the presentation currency of the condensed consolidated financial statements of the group.

1.2. New Standards issued but not yet effective

Management has used its assumptions and understandings for preparation of financial statements under compliance with NFRS, however, certain interpretations might vary regarding the recognition, measurement, and other related provisions where the standards are not specific and not clear.

2. Statement of Compliance with NFRSs

The interim financial statements of the Bank have been prepared in accordance with Nepal Financial Reporting Standards (NFRS) to the extent applicable and as issued by Accounting Standard Board- Nepal

3. Use of Estimates, assumptions and judgments

NFRS requires the Bank to make estimates and assumptions that will affect the assets, liabilities, disclosure of contingent assets and liabilities, and profit or loss as reported in the financial statements.

The Bank applies estimates in preparing and presenting the interim financial statements. The estimates and underlying assumptions are reviewed periodically. Revision to accounting estimates are recognized in the period in which the estimates is revised, and are applied prospectively.

Disclosures of the accounting estimates have been included in the notes wherever the estimates have been applied along with the nature and effect of changes of accounting estimates, if any.

4. Changes in accounting policies

There has been no significant change in the accounting policies adopted by the bank except where required due to adoption of Nepal Financial Reporting Standards.

5. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these Financial Statements, unless otherwise indicated.

5.1. Basis of Measurement

The Financial Statements of the Bank have been prepared on the historical cost basis, except for the following material items in the Statement of Financial Position:

- Financial investments- Fair value through other comprehensive income (quoted) are measured at fair value.
- Liabilities for defined benefit obligations and long term benefit obligation are recognized at the present value of the defined benefit obligation less the fair value of the plan assets.
- Financial assets and financial liabilities held at amortized cost are measured using a rate that is a close approximation of effective interest rate.

5.2. Basis of consolidation

a. Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method as per the requirements of Nepal Financial Reporting Standard - NFRS 03 (Business Combinations). The Bank measures goodwill as the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquiree, less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. When the excess is negative, a bargain purchase gain is immediately recognized in the profit or loss.

The Bank elects on a transaction-by transaction basis whether to measure non-controlling interest at its fair value, or at its proportionate share of the recognized amount of the identifiable net assets, at the acquisition date. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss. Transactions 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.

b. Non-Controlling Interest (NCI)

The group presents non-controlling interests in its consolidated statement of financial position within equity, separately from the equity of the owners of the parent. The group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests. The proportion allocated to the Bank of Kathmandu Limited and non-controlling interests are determined on the basis of present ownership interests.

The group also attributes total comprehensive income to the owners of the Bank and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

c. Subsidiaries

Subsidiaries are entities that are controlled by the Bank. The Bank is presumed to control an investee when 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. At each reporting date the Bank reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more elements of control mentioned above.

The Financial Statements of Subsidiaries are fully consolidated from the date on which control is transferred to the Bank and continue to be consolidated until the date when such control ceases. The Financial Statements of the Bank's Subsidiaries are prepared for the same reporting year as per the Bank and adjusted using consistent accounting policies.

The acquired identifiable assets, liabilities are measured at their cost at the date of acquisition. After the initial measurement, the Bank continues to recognize the investments in subsidiaries at cost.

This Subsidiary of the Bank i.e.; B.O.K. Capital Limited has been incorporated in Nepal.

d. Loss of Control

When the Bank loses control over a Subsidiary, it derecognizes the assets and liabilities of the former subsidiary from the consolidated statement of financial position. The Bank recognizes any investment retained in the former subsidiary at its fair value when control is lost and subsequently accounts for it and for any amounts owed by or to the former subsidiary in accordance with relevant NFRSs. That fair value shall be regarded as the fair value on initial recognition of a financial asset in accordance with relevant NFRS or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture. The Bank recognizes the gain or loss associated with the loss of control attributable to the former controlling interest.

e. Special Purpose Entity (SPE)

An entity may be created to accomplish a narrow and well-defined objective (eg. to effect a lease, research and development activities or a securitization of financial assets). Such a special purpose entity ('SPE') may take the form of a corporation, trust, partnership or unincorporated entity. SPEs often are created with legal arrangements that impose strict and sometimes permanent limits on the decision-making powers of their governing board, trustee or management over the operations of the SPE. Examples of SPEs include entities set up to effect a lease, a securitization of financial assets, or R&D activities. Nepal Financial Reporting Standard 10 Consolidated Financial Statement is applicable in relation to consolidation of special purpose entity.

The Bank does not have any special purpose entity.

f. Transaction elimination on consolidation

In consolidating a subsidiary, the group eliminates full intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between the subsidiary and the bank (profits or losses resulting from intra-group transactions that are recognized in assets, such as inventory and fixed assets, are eliminated in full).

5.3. Cash and cash equivalents

Cash and Cash Equivalents include cash in hand, balances with banks and money at call and at short notice. These are subject to insignificant risk of changes in their fair value and are used by the Bank in the management of short term commitments

5.4. Financial assets and Financial Liabilities

i. Initial Recognition

a) Date of Recognition

All financial assets and liabilities are initially recognized on the trade date, i.e. the date on which the Bank becomes a party to the contractual provisions of the instrument.

b) Recognition and Initial Measurement of Financial Instruments

The classification of financial instruments at the initial recognition depends on their purpose and characteristics and the management's intention in acquiring them. All financial instruments are measured initially at their fair value plus transaction costs that are directly attributable to acquisition or issue of such financial instruments except in the case of such financial assets and liabilities at fair value through profit or loss, as per the Nepal Accounting Standard - NAS 39 (Financial Instruments: Recognition and Measurement). Transaction costs in relation to financial assets and financial liabilities at fair value through profit or loss are dealt with the Statement of Profit or Loss.

ii. Classification and Subsequent Measurement of Financial Instruments

5.4.1 Classification and Subsequent Measurement of Financial Assets

At the inception, a financial asset is classified into one of the following:

(a) Financial assets at fair value through profit or loss
  i. Financial assets held for trading
  ii. Financial assets designated at fair value through profit or loss
(b) Financial assets measured at amortized cost
  i. Held to Maturity Financial Assets

ii. Loans and Receivables

(c) Financial assets measured at fair value through other comprehensive income (OCI)

The subsequent measurement of financial assets depends on their classification.

(a) Financial Assets at Fair Value through Profit or Loss

A financial asset is classified as fair value through profit or loss if it is held for trading or is designated at fair value through profit or loss.

(a) (i) Financial Assets Held for Trading

Financial assets are classified as held for trading if they are acquired principally for the purpose of selling or repurchasing in the near term or holds as a part of a portfolio that is managed together for short-term profit or position taking. This category also includes derivative financial instruments entered into by Bank that are not designated as hedging instruments in hedge relationships as defined by Nepal Accounting Standards (NAS) 39 “Financial Instruments: Recognition and Measurement”.

Financial assets held for trading are recorded in the Statement of Financial Position at fair value. Changes in fair value are recognized in ‘Net trading income’. Dividend income is recorded in ‘Net trading income’ when the right to receive the payment has been established.

Bank evaluates its held for trading asset portfolio, other than derivatives, to determine whether the intention to sell them in the near future is still appropriate. When Bank is unable to trade these financial assets due to inactive markets and management’s intention to sell them in the foreseeable future significantly changes, the Bank may elect to reclassify these financial assets. Financial assets held for trading include instruments such as government securities and equity instruments that have been acquired principally for the purpose of selling or repurchasing in the near term.

(a) (ii) Financial Assets Designated at Fair Value through Profit or Loss

Bank designates financial assets at fair value through profit or loss in the following circumstances:

- Such designation eliminates or significantly reduces measurement or recognition inconsistency that would otherwise arise from measuring the assets.
- The assets are part of a group of Financial assets, financial liabilities or both, which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.
- The assets contain one or more embedded derivatives that significantly modify the cash flows that would otherwise have been required under the contract.

Financial assets designated at fair value through profit or loss are recorded in the Statement of Financial Position at fair value. Changes in fair value are recorded in ‘Net gain or loss on financial instruments designated at fair value through profit or losses’ in the Statement of Profit or Loss. Interest earned is accrued under ‘Interest income’,

using the effective interest rate method, while dividend income is recorded under 'Other operating income' when the right to receive the payment has been established.
The Bank has not designated any financial assets upon initial recognition as designated at fair value through profit or loss.

(a) Financial assets measured at amortized cost
(b) (i) Held to Maturity Financial Assets

Held to Maturity Financial Assets are non-derivative financial assets with fixed or determinable payments and fixed maturities which the Bank has the intention and ability to hold to maturity. After the initial measurement, held to maturity financial investments are subsequently measured at amortized cost using the effective interest rate, less impairment. The amortization is included in 'Interest income' in the Statement of Profit or Loss. The losses arising from impairment of such investments are recognized in the Statement of Profit or Loss.

(b)(ii) Loans and Receivables to Customers
Loans and receivables include non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

- Those that the Bank intends to sell immediately or in the near term and those that the Bank, upon initial recognition, designates as fair value through profit or loss.
- Those that the Bank, upon initial recognition, designates as fair value through OCI.
- Those for which the Bank may not recover substantially all of its initial investment through contractual cash flows, other than because of credit deterioration.

After initial measurement, loans and receivables are subsequently measured at amortized cost using a rate that closely approximates effective interest rate, less allowance for impairment. Within this category, loans and advances to the customers have been recognized at amortized cost using the method that very closely approximates effective interest rate method. The amortization is included in 'Interest Income' in the Statement of Profit or Loss. The losses arising from impairment are recognized in 'Impairment charge / reversal for loans and other losses' in the Statement of Profit or Loss.

(b) Financial assets measured at fair value through other comprehensive income(OCI)
This include equity and debt securities. Equity Investments classified as 'fair value through OCI' are those which are neither classified as 'Held for Trading' nor 'Designated at fair value through profit or loss'. Debt securities in this category are intended to be held for an indefinite period of time and may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, fair value through OCI financial investments are subsequently measured at fair value. Unrealized gains and losses are recognized directly in equity through ‘Other comprehensive income / expense’ in the ‘Fair value reserve’. When the investment is disposed of the cumulative gain or loss previously recognized in equity is recognized in the Statement of Profit or Loss under ‘Other operating income’. Dividend earned whilst holding these investments are recognized in the Statement of Profit or Loss as ‘other operating income’ when the right to receive the payment has been established. The losses arising from impairment of such investments are recognized in the Statement of Profit or Loss under ‘Impairment charge for loans and other losses’ and removed from the ‘Fair value reserve’.

Financial assets under this category that are monetary securities denominated in a foreign currency – translation differences related to changes in the amortized cost of the security are recognized in income statement and other changes in the carrying amount are recognized in other comprehensive income.

In the normal course of business, the fair value of a financial instrument on initial recognition is the transaction price (that is, the fair value of the consideration given or received). In certain circumstances, however, the fair value will be based on other observable current market transactions in the same instrument, without modification or repackaging, or on a valuation technique whose variables include only data from observable markets, such as interest rate yield, option volatilities and currency rates. When such evidence exists, the Bank recognizes a trading gain or loss on inception of the financial instrument, being the difference between the transaction price and fair value.

When unobservable market data have a significant impact on the valuation of financial instruments, the entire initial difference in fair value from the transaction price as indicated by the valuation model is not recognized immediately in the income statement. Instead, it is recognized over the life of the transaction on an appropriate basis, when the inputs become observable, the transaction matures or is closed out, or when the Bank enters into an offsetting transaction.

5.4.2 Classification and Subsequent Measurement of Financial Liabilities

At the inception, Bank determines the classification of its financial liabilities. Accordingly financial liabilities are classified as:

(a) Financial liabilities at fair value through profit or loss
   i. Financial liabilities held for trading
   ii. Financial liabilities designated at fair value through profit or loss

(b) Financial liabilities at amortized cost

(a) Financial Liabilities at Fair Value through Profit or Loss

Financial Liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as fair value through profit or loss. Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value and changes therein are recognized in profit or loss.

(a) (i) Financial Liabilities Held for Trading

Financial liabilities are classified as held for trading if they are acquired principally for the purpose of selling or repurchasing in the near term or holds as a part of a portfolio that is managed together for short-term profit or position taking. This category includes derivative financial instrument entered into by Bank that are not designated as hedging instruments in hedge relationships as defined by Nepal Accounting Standard - NAS 39 (Financial Instruments: Recognition and Measurement).

a) (ii) Financial Liabilities Designated at Fair Value through Profit or Loss

Bank designates financial liabilities at fair value through profit or loss at following circumstances:

- Such designation eliminates or significantly reduces measurement or recognition inconsistency that would otherwise arise from measuring the liabilities.
- The liabilities are part of a group of Financial assets, financial liabilities or both, which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy
- The liability contains one or more embedded derivatives that significantly modify the cash flows that would otherwise have been required under the contract.

(b) Financial Liabilities At Amortized Cost

Financial instruments issued by Bank that are not classified as fair value through profit or loss are classified as financial liabilities at amortized cost, where the substance of the contractual arrangement results in Bank having an obligation either to deliver cash or another financial asset to another Bank, or to exchange financial assets or financial liabilities with another Bank under conditions that are potentially unfavorable to the Bank or settling the obligation by delivering variable number of Bank's own equity instruments.

After initial recognition, such financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Within this category, deposits and debt instruments with fixed maturity period have been recognized at amortized cost using the method that very closely approximates effective interest rate method. The amortization is included in 'Interest Expenses' in the Statement of Profit or Loss. Gains and losses are recognized in the Statement of Profit or Loss when the liabilities are derecognized.

5.4.3 De-recognition of Financial Assets and Liabilities

(a) De-recognition of Financial Assets

Bank derecognizes a financial asset (or where applicable a part of financial asset or part of a group of similar financial assets) when:

- The rights to receive cash flows from the asset have expired; or

- Bank has transferred its rights to receive cash flows from the asset or
- Bank has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either Bank has transferred substantially all the risks and rewards of the asset or it has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On de-recognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized) and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

When Bank has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Bank's continuing involvement in the asset. In that case, Bank also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that Bank has retained.

When securities classified as fair value thorough OCI are sold, the accumulated fair value adjustments recognized in other comprehensive income are reclassified to income statement as gains and losses from investment securities.

(b) De-recognition of Financial Liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled 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 de-recognition 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 profit or loss.

(c) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount presented in the Statement of Financial Position when and only when Bank has a legal right to set off the recognized amounts and it intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted under NFRSs or for gains and losses arising from a group of similar transaction such as in trading activity.

5.4.4 Amortized Cost Measurement

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

5.4.5 Fair Value Measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability (exit price) in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Bank has access at that date. The fair value of liability reflects its non-performance risk. When available, the Bank measures the fair value of an instrument using the quoted price in an active market for that instrument (Level 01 valuation). A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis on an arm's length basis.

If there is no quoted price in an active market, then the Bank uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction. 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 and option pricing models. Inputs to valuation techniques reasonably represent market expectations and measures of the risk-return factors inherent in the financial instrument.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. The fair value of a demand deposit is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

The Bank recognizes transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

5.4.6 Impairment of Financial Assets

Bank assesses at each reporting date, whether there is any objective evidence that a financial asset or group of financial assets not carried at fair value through profit or loss is impaired. A financial asset or group of financial assets is deemed to be impaired if and only if there is objective evidence of impairment as a result of one or more events, that have occurred after the initial recognition of the asset (an 'incurred 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.

Evidence of impairment may include: indications that the borrower or a group of borrowers is experiencing significant financial difficulty; the probability that they will enter bankruptcy or other financial reorganization; default or delinquency in interest or principal payments; and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

(a) Impairment of Financial Assets carried at Amortized Cost

For financial assets carried at amortized cost, such as amounts due from banks, held to maturity investments etc., bank first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant or collectively for financial assets that are not individually significant. In the event Bank determines that no objective evidence of impairment exists for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics such as collateral type, past due status and other relevant factors and collectively assesses them for impairment.

If there is an objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the income statement.

The calculation of the present value of the estimated future cash flows of a collateralized financial assets reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

(a) (i) Individually Assessed Financial Assets

The criteria used to determine whether there is objective evidence of impairment include and not limited to:

- Known Cash Flow difficulties experienced by the borrowers:
- Past due contractual payments of either principal or interest;
- Breach of loan covenants or conditions;
- The probability that the borrower will enter bankruptcy or other financial reorganization; and
- A significant downgrading in credit rating by an external credit rating agency.

If there is objective evidence that an impairment loss on financial assets measured at amortized cost has been incurred, the amount of the loss is measured by discounting the expected future cash flows of a financial asset at its original effective interest rate and comparing the resultant present value with the financial asset's current carrying amount. The impairment allowances on individually significant accounts are reviewed more regularly when circumstances require. This normally encompasses re-assessment of the enforceability of any collateral held and the timing and amount of actual and anticipated receipts. Individually assessed impairment allowances are only released when there is reasonable and objective evidence of reduction in the established loss estimate. However, assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Bank. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write off is later recovered, the recovery is shown under non-operating income.

When impairment losses are determined for those financial assets where objective evidence of impairment exists, the following common factors are considered:

- Bank's aggregate exposure to the customer;
- The viability of the customer's business model and their capacity to trade successfully out of financial difficulties and generate sufficient cash flows to service debt obligations;
- The amount and timing of expected receipts and recoveries;
- The extent of other creditors 'commitments ranking ahead of, or pari-pasu with the Bank and the likelihood of other creditors continuing to support the company;
- The realizable value of security and likelihood of successful repossession;

(a) (ii) Collectively Assessed Financial Assets

Impairment is assessed on a collective basis in two circumstances:

- To cover losses which have been incurred but have not yet been identified on loans subject to individual assessment; and
- For homogeneous groups of loans that are not considered individually significant.

Incurred but not yet identified impairment

Individually assessed financial assets for which no evidence of loss has been specifically identified on an individual basis are grouped together according to their credit risk characteristics for the purpose of calculating an estimated collective loss. This reflects impairment losses that the bank has incurred as a result of events occurring before the reporting date, which the Bank is not able to identify on an individual loan basis and that can be reliably estimated.

These losses will only be individually identified in the future. As soon as information becomes available which identifies losses on individual financial assets within the group, those financial assets are removed from the group and assessed on an individual basis for impairment.

The collective impairment allowance is determined after taking into account:

- Historical Loss Experience in portfolios of similar credit risk; and
- Management's experienced judgment as to whether current economic and credit conditions are such that the actual level of inherent losses at the reporting date is like to be greater or less than that suggested by historical experience.

Homogeneous groups of Financials Assets

Statistical methods are used to determine impairment losses on a collective basis for homogenous groups of financial assets. Losses in these groups of financial assets are recorded on an individual basis when individual financial assets are written off, at which point they are removed from the group. Loans are grouped into ranges according to the number of days in arrears and statistical analysis is used to estimate the likelihood that loans in each range will progress through the various stages of delinquency and ultimately prove irrecoverable.

(a) (iii) Reversal of Impairment

If the amount of an impairment loss decreases in a subsequent period and the decrease can be related objectively to an event occurring after the impairment was recognized, the excess is written back by reducing the financial asset Impairment allowance account accordingly. The write-back is recognized in the Statement of Profit or Loss.

(a) (iv) Write-off of Financial Assets Carried At Amortized Cost

Financial assets (and the related impairment allowance accounts) are normally written off either partially or in full, when there is no realistic prospect of recovery. Where financial assets are secured, this is generally after receipt of any proceeds from the realization of security.

(a) (v) Collateral Valuation

The Bank seeks to use collateral, where possible, to mitigate its risks on financial assets. The collateral comes in various forms such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements. The fair value of collateral is generally assessed, at a minimum, at inception and based on the guidelines issued by the Nepal Rastra Bank. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as independent valuator and audited financial statements.

(a) (vi) Collateral Legally Repossessed or Where Properties have Devolved to the Bank

Legally Repossessed Collateral represents Non-Financial Assets acquired by the Bank in settlement of the overdue loans. The assets are initially recognized at fair value when acquired. The Bank's policy is to determine whether a repossessed asset is best used for its internal operations or should be sold. The proceeds are used to reduce or repay the outstanding claim. The immovable property acquired by foreclosure of collateral from defaulting customers, or which has devolved on the Bank as part settlement of debt, has not been occupied for business use.

These assets are shown as Legally Repossessed Collateral that are land and buildings are presented under investment property and other repossessed collateral are shown under "Other Assets."

(b) Impairment of Financial Assets classified as fair value through OCI

For fair value through OCI financial investments, Bank assesses at each reporting date whether there is objective evidence that an investment is impaired.

In the case of equity investments classified as fair value through OCI, objective evidence would also include a 'significant' or 'prolonged' decline in the fair value of the investment below its cost. Where there is evidence of impairment, the cumulative loss measured as the difference between the acquisition cost and the current fair value,

less any impairment loss on that investment previously recognized in profit or loss is removed from equity and recognized in the Statement of profit or loss. However, any subsequent increase in the fair value of an impaired security is recognized in other comprehensive income.
Bank writes-off certain financial investments classified as fair value through OCI when they are determined to be uncollectible.

5.5. Trading Assets

All financial assets acquired or held for the purpose of selling in the short term or for which there is a recent pattern of short term profit taking are trading assets.

5.6. Derivative financial Instrument

A derivative is a financial instrument whose value changes in response to the change in an underlying variable such as an interest rate, commodity or security price, or index; that requires no initial investment, or one that is smaller than would be required for a contract with similar response to changes in market factors; and that is settled at a future date.

Forward contracts are the contracts to purchase or sell a specific quantity of a financial instrument, a commodity, or a foreign currency at a specified price determined at the outset, with delivery or settlement at a specified future date. Settlement is at maturity by actual delivery of the item specified in the contract, or by a net cash settlement.
All freestanding contacts that are considered derivatives for accounting purposes are carried at fair value on the statement of financial position regardless of whether they are held for trading or non-trading purposes. Changes in fair value on derivatives held for trading are included under trading income.

5.7. Property, Plant and Equipment

Recognition
Property, plant and equipment are tangible items that are held for use in the production or supply of services, for rental to others or for administrative purposes and are expected to be used during more than one period. The Bank applies the requirements of the Nepal Accounting Standard - NAS 16 (Property, Plant and Equipment) in accounting for these assets. Property, plant and equipment are recognized if it is probable that future economic benefits associated with the asset will flow to the entity and the cost of the asset can be measured reliably measured.

Measurement
An item of property, plant and equipment that qualifies for recognition as an asset is initially measured at its cost. Cost includes expenditure that is directly attributable to the acquisition of the asset and cost incurred subsequently to add to, replace part of an item of property, plant& equipment. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the asset to a working condition for its intended use and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software

that is integral to the functionality of the related equipment is capitalized as part of computer equipment. When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Cost Model

Property and equipment is stated at cost excluding the costs of day–to–day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing part of the equipment when that cost is incurred, if the recognition criteria are met.

Revaluation Model

The Bank has not applied the revaluation model to the any class of freehold land and buildings or other assets. Such properties are carried at a previously recognized GAAP Amount.

Subsequent Cost

The subsequent cost of replacing a component of an item of property, plant and equipment is recognized in the carrying amount of the item, if it is probable that the future economic benefits embodied within that part will flow to the Bank and it can be reliably measured. The cost of day to day servicing of property, plant and equipment are charged to the Statement of Profit or Loss as incurred.

Depreciation

Depreciation is calculated by using the written down value method on cost of the Property & Equipment other than freehold land and leasehold properties. Depreciation on leasehold properties is calculated by using the straight line method on cost of the property. The rates of depreciations are given below:

Rate of Depreciation per annum (%)

Asset Category	Rate
Freehold Buildings	5%
Motor Vehicles	20%
Computer Equipment	25%
Furniture, Office Equipment	25%
Other Assets	15%
Leasehold Properties	Over the period of lease

Capital Work in Progress

These are expenses of capital nature directly incurred in the construction of buildings, major plant and machinery and system development, awaiting capitalization. Capital work-in-progress would be transferred to the relevant asset when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Capital work-in-progress is stated at cost less any accumulated impairment losses.

De-recognition

The carrying amount of an item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use. The gain or loss arising from de-recognition of an item of property, plant and equipment is included in the Statement of Profit or Loss when the item is derecognized. When replacement costs are recognized in the carrying amount of an item of property, plant and equipment, the remaining carrying amount of the replaced part is derecognized

5.8. Goodwill and Intangible Assets

Recognition

An intangible asset is an identifiable non-monetary asset without physical substance, held for use in the production or supply of goods or services, for rental to others or for administrative purposes. An intangible asset is recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. An intangible asset is initially measured at cost. Expenditure incurred on an intangible item that was initially recognized as an expense by the Bank in previous annual Financial Statements or interim Financial Statements are not recognized as part of the cost of an intangible asset at a later date.

Computer Software & Licenses

Cost of purchased licenses and all computer software costs incurred, licensed for use by the Bank, which are not integrally related to associated hardware, which can be clearly identified, reliably measured, and it’s probable that they will lead to future economic benefits, are included in the Statement of Financial Position under the category ‘Intangible assets’ and carried at cost less accumulated amortization and any accumulated impairment losses.

Subsequent Expenditure

Expenditure incurred on software is capitalized only when it is probable that this expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standard of performance and this expenditure can be measured and attributed to the asset reliably. All other expenditure is expensed as incurred.

Goodwill is measured at cost less accumulated impairment losses.

Amortization of Intangible Assets

Intangible Assets, except for goodwill, are amortized on a straight–line basis in the Statement of Profit or Loss from the date when the asset is available for use, over the best of its useful economic life based on a pattern in which the asset’s economic benefits are consumed by the bank. Amortization methods, useful lives, residual values are reviewed at each financial year end and adjusted if appropriate.

De-recognition of Intangible Assets

The carrying amount of an item of intangible asset is derecognized on disposal or when no future economic benefits are expected from its use. The gain or loss arising on de recognition of an item of intangible assets is included in the Statement of Profit or Loss when the item is derecognized.

5.9. Investment Property

Investment property is property (land or a building or part of a building or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both but not for sale in the ordinary course of business.

Measurement

Investment property is accounted for under Cost Model in the Financial Statements. Accordingly, after recognition as an asset, the property is carried at its cost, less impairment losses. If any property is reclassified to investment property due to changes in its use, fair value of such property at the date of reclassification becomes its cost for subsequent accounting.

De-recognition

Investment properties are derecognized when they are disposed of or permanently withdrawn from use since no future economic benefits are expected. Transfers are made to and from investment property only when there is a change in use. When the use of a property changes such that it is reclassified as Property, Plant and Equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

5.10. Tax

As per Nepal Accounting Standard- NAS 12 (Income Taxes) tax expense is the aggregate amount included in determination of profit or loss for the period in respect of current and deferred taxation. Income Tax expense is recognized in the statement of Profit or Loss, except to the extent it relates to items recognized directly in equity or other comprehensive income in which case it is recognized in equity or in other comprehensive income. The Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to tax authorities.

Current Tax

Current tax assets and liabilities consist of amounts expected to be recovered from or paid to Inland Revenue Department in respect of the current year, using the tax rates and tax laws enacted or substantively enacted on the reporting date and any adjustment to tax payable in respect of prior years. Current Tax is computed after making necessary adjustment considering the provision of Income Tax Act 2058 and related rules in the profit computed as per NFRS.

Deferred Tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences except:

Deferred tax assets are recognized for all deductible temporary differences, carried forward unused tax credits and unused tax losses (if any), to the extent that it is probable that the taxable profit will be available against which the deductible temporary differences, carried forward unused tax credits and unused tax losses can be utilized except:

In respect of deductible temporary differences associated with investments in Subsidiaries, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary difference will be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is probable that sufficient profit will be available to allow the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current and deferred tax assets and liabilities are offset only to the extent that they relate to income taxes imposed by the same taxation authority.

5.11. Deposits, debt securities issued and subordinated liabilities.

Deposits, debt securities issued and subordinated liabilities are the Bank's sources of funding. Deposits include non-interest bearing deposits, saving deposits, term deposits, call deposits and margin deposits. The estimated fair value of deposits with no stated maturity period is the amount repayable on demand. The fair value of fixed interest bearing deposits is considered as the interest receivable on these deposits plus carrying amount of these deposits. The fair value of debt securities issued is also considered as the carrying amount of these debt securities issued. Sub-ordinated liabilities are liabilities subordinated, at the event of winding up, to the claims of depositors, debt securities issued and other creditors.

5.12. Provisions.

A provision is recognized if, as a result of a past event, the Bank has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. The amount recognized is the best estimate of the consideration required to settle the present obligation at the reporting date, taking in to account the risks and uncertainties surrounding the obligation at that date. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is determined based on the present value of those cash flows. A provision for onerous contracts is recognized when the expected benefits to be derived by the Bank from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured as the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Provision are not recognized for future operating losses.

Before a provision is established, the Bank recognizes any impairment loss on the assets associated with that contract. The expense relating to any provision is presented in the Statement of Profit or Loss net of any reimbursement.

5.13. Revenue Recognition.

Revenue is recognized to the extent that it is probable that the economic benefits will flow to Bank and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized.

Interest Income

For all financial assets measured at amortized cost, interest bearing financial assets, interest income is recorded using the rate that closely approximates the EIR without considering the transaction cost because the bank considers that the cost of exact calculation of effective interest rate method exceeds the benefit that would be derived from such compliance using the benefits provided by Institute of Chartered Accountant of Nepal (ICAN) through carve-out of NFRS that allows not to include transaction cost if it is impracticable to determine transaction cost of all previous years which is the part of effective interest rate. EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability.

When a receivable is impaired, the Bank reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognized using the original closely approximate EIR.

Fee and Commission Income

Fees earned for the provision of services over a period of time are accrued over that period. These fees include Service fees, commission income. Loan syndication fees are recognized as revenue when the syndication has been completed and the Bank retained no part of the loan package for itself, or retained a part at the same effective interest rate as for the other participants. Portfolio and other management advisory fees and service distribution fees are recognized based on the applicable contracts, on a time apportionment basis.

Dividend Income

Dividend income is on equity instruments are recognized in the statement of profit and loss within other income when the Bank's right to receive payment is established.

Net Trading Income

Net trading income comprises gains less losses relating to trading assets and liabilities, and includes all realized interest, dividend and foreign exchange differences as wells as unrealized changes in fair value of trading assets and liabilities.

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

The bank has no income under the heading net income from other financial instrument at fair value through profit or loss.

5.14. 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.

5.15. Employment Benefits.

Employee benefits include:

A. Short-term employee benefits such as the following, if expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related services:
   i. Wages, salaries and social security contributions;
   ii. Paid annual leave and paid sick leave;
   iii. Profit sharing and bonuses, and
   iv. Non-monetary benefits (such as medical care, housing, cars and free or subsidized goods or services) for current employees;

   Short term employee benefits are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short term cash bonus or profit sharing plans if the Bank has present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

B. Post-employment benefits such as Retirement benefits (eg: Gratuity, Provident Fund etc) and other post-employment benefits such as post-employment life insurance and post-employment medical care;
C. Other long term employee benefits such as accumulated Leave benefit
D. Termination benefits

Details of post employments benefits are as follows:

Defined Contribution Plans

A defined contribution plan is a post-employment benefit plan under which an Bank pays fixed contribution into a separate Bank (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee services in the current and prior periods, as defined in Nepal Accounting Standards – NAS 19 (Employee Benefits).

The contribution payable by the employer to a defined contribution plan in proportion to the services rendered to Bank by the employees and is recorded as an expense under 'Personnel expense' as and when they become due. Unpaid contribution are recorded as a liability under 'Other Liabilities'.

Bank contributed 10% on the salary of each employee to the Employees' Provident Fund. The above expenses are identified as contributions to 'Defined Contribution Plans' as defined in Nepal Accounting Standards – NAS 19 (Employee Benefits). In compliance with Labor Act 2074, provision is made for gratuity payable to employees who joined bank on a permanent basis.

Defined Benefit Plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. Accordingly, staff gratuity has been considered as defined benefit plans as per Nepal Accounting Standards – NAS 19 (Employee Benefits).

Gratuity

An actuarial valuation is carried out every year to ascertain the full liability under gratuity.

Bank's obligation in respect of defined benefit obligation is calculated by estimating the amount of future benefit that employees have earned for their service in the current and prior periods and discounting that benefit to determine its present value, then deducting the fair value of any plan assets to determine the net amount to be shown in the Statement of Financial Position. The value of a defined benefit asset is restricted to the present value of any economic benefits available in the form of refunds from the plan or reduction on the future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirement that apply to any plan in Bank. An economic benefit is available to Bank if it is realizable during the life of the plan, or on settlement of the plan liabilities.

Bank determines the interest expense on the defined benefit liability by applying the discount rate used to measure the defined benefit liability at the beginning of the annual period to the defined benefit liability at the beginning of the annual period. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating to the terms of Bank's obligations.

Long Term Employee Benefits in the form of Unutilized Accumulated Leave

Bank's liability towards the accumulated leave which is expected to be utilized beyond one year from the end of the reporting period is treated as other long term employee benefits. Bank's net obligation towards unutilized accumulated leave is calculated by discounting the amount of future benefit that employees have earned in return for their service in the current and prior periods to determine the present value of such benefits. The discount rate is the yield at the reporting date on government binds that have maturity dates approximating to the terms of Bank's obligation. The calculation is performed using the Projected Unit Credit method using Actuarial valuation. Net change in liability for unutilized accumulated leave including any actuarial gain and loss are recognized in the Statement of Profit or Loss under 'Personnel Expenses' in the period in which they arise

5.16. Leases.

The determination of whether an arrangement is a lease, or it contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Finance Lease

Agreements which transfer to counterparties substantially all the risks and rewards incidental to the ownership of assets, but not necessarily legal title, are classified as finance lease. When Bank is the lessor under finance lease, the amounts due under the leases, after deduction of unearned interest income, are included in 'Loans to & receivables from other customers', as appropriate. Interest income receivable is recognized in 'Net interest income' over the periods of the leases so as to give a constant rate of return on the net investment in the leases.

A finance lease and its corresponding liability are recognized initially at the fair value of the asset or if lower, the present value of the minimum lease payments. Finance charges payable are recognized in 'Interest expenses' over the period of the lease based on the interest rate implicit in the lease so as to give a constant rate of interest on the remaining balance of the liability.

Operating Lease

All other leases are classified as operating leases. When acting as lessor, Bank includes the assets subject to operating leases in 'Property, plant and equipment' and accounts for them accordingly. Impairment losses are recognized to the extent that residual values are not fully recoverable and the carrying value of the assets is thereby impaired. When Bank is the lessee, leased assets are not recognized on the Statement of Financial Position

5.17. Foreign Currency Transactions, Translation and Balances

All foreign currency transactions are translated into the functional currency, which is Nepalese Rupees, using the exchange rates prevailing at the dates when the transactions were affected.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Nepalese Rupees using the spot foreign exchange rate ruling at that

date. Non-monetary items in foreign currency measured at fair value are translated using the exchange rates at the date when the fair value was determined.
Foreign exchange differences arising on the settlement or reporting of monetary items at rates different from those which were initially recorded are dealt with in the Statement of Profit or Loss. However, foreign currency differences arising on fair value through OCI equity instruments are recognized in other comprehensive income.

5.18. Financial guarantee and loan commitment

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due. Financial guarantee contracts may have various legal forms, such as a guarantee, some types of letter of credit, etc. Where the bank has confirmed its intention to provide funds to a customer or on behalf of a customer in the form of loans, overdrafts, etc. whether cancellable or not and the bank had not made payments at the reporting date, those instruments are included in these financial statements as commitments.

5.19. Share Capital and Reserves

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

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

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

5.20. Earnings per Share

Bank presents basic and diluted Earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit and loss attributable to ordinary equity holders of Bank by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting both the profit and loss attributable to the ordinary equity holders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares, if any

5.21. Segment Reporting

An operating segment is a component of an entity:

- That engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity),

- Whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and
- For which discrete financial information is available.

Not every part of an entity is necessarily an operating segment or part of an operating segment. For example, a corporate headquarters or some functional departments may not earn revenues or may earn revenues that are only incidental to the activities of the entity and would not be operating segments.
The bank has identified the key segments of business on the basis of nature of operations that assists the Executive Committee of the bank in decision making process and to allocate the resources. It will help the management to assess the performance of the business segments. The bank has categorized its segment on the basis of presence in the geographical provinces of the country

6. Segmental information

a. Information about reportable segments

In Million

	Province 1		Province 2		Province 3		Province 4		Province 5		Province 6		Province 7		Total	
Particulars	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	Current Quarter	Corresponding Previous Year Quarter	Current Quarter	Corresponding Previous Year Quarter
Revenues from external customers	589	600	238	176	(355)	(676)	171	254	734	618	5	4	325	339	1,710	1,317
Intersegment revenues	(288)	(277)	(73)	(48)	815	737	(75)	(105)	(254)	(189)	10	13	(133)	(130)	-	-
Segment profit /(loss) before tax	300	323	164	128	469	73	95	148	480	428	16	18	192	208	1,720	1,329
Segment assets	5,563	5,550	3,639	2,844	70,436	63,046	2,717	2,765	9,752	8,591	735	774	3,818	3,730	96,663	87,303
Segment liabilities	2,336	2,061	2,584	2,073	67,021	60,948	2,017	1,609	6,645	6,107	894	892	2,268	2,098	83,769	75,792

- Revenue from external customers includes the total interest and non-interest revenue.
- Intersegment Revenue includes revenues from transaction with other operating segments of bank. Transactions between segments are reported on pre-determined transfer price.
- Segment Assets and liabilities includes the assets and liabilities identifiable to particular segment.
- The result reported include the items directly attributable to a segment as well as those that can be allocated on reasonable basis.
- Segment assets and liabilities has been netted off from total assets and liabilities regarding the items that can be offset.(contra items)

b. Reconciliation of reportable segment profit or loss

Particulars	Current Year	Corresponding Previous Year Quarter
Total profit before tax for reportable segments	1,720,975,268	1,329,393,100
Profit before tax for other segments	-	-
Elimination of inter-segment profit	-	-
Elimination of discontinued operation	-	-
Unallocated amounts:		
-Other corporate expenses	-	-
Profit before tax	1,720,975,268	1,329,393,100

7. Related parties disclosures

The Bank has carried out transactions in the ordinary course of business on an arm's length basis at commercial rates with parties who are defined as related parties as per the Nepal Accounting Standard - NAS 24 - ‘Related Party Disclosures’, except for the transactions that Key Management Personnel (KMPs) have availed under schemes uniformly applicable to all staff at concessionary rates. Those transactions include lending activities, acceptance of deposits, Off-Balance Sheet transactions and provision of other banking and finance services.

Key Management Personnel of the Bank include Chief Executive Officer and members of the Board of Directors of the Bank as at Chaitra End 2075 are as follows:

Mr. Prakash Shrestha	- Chairman
Mr. Jitendra Dhital	- Director
Mr. Radhesh Pant	- Director
Professor Hem Raj Subedi, Ph.D.	- Director
Mr. Govinda Prasad Sharma Regmi	- Director
Mr. Madan Lal Joshi	- Director
Mr. Dibya Nidhi Bista	- Director
Mr. Shovan Dev Pant	- Chief Executive Officer

Compensation to Key Management Personnel of the Bank (CEO)

Categories	Chaitra End 2075
a) Short-term employee benefits	19,365,095
b) Post-employment benefits	Nil
c) Other long-term benefits	Nil
d) Termination benefits	Nil
e) Share-based benefits	Nil
Total	**19,365,095**

In addition to the above, a company vehicle has been provided to the Chief Executive Officer.

Transaction with Key Management Personnel of the Bank (Board of Directors):
The following provides transactions between the Bank and Key Management Personnel of the Bank during the year.

Nature of Transaction	Chaitra End 2075
Meeting Allowances	2,848,000.00
Other Allowances	1,728,852.69

Transaction with subsidiary

(i) The bank had invested NPR 140 Million in equity shares in B.O.K. Capital Market Ltd. as a subsidiary holding two third of its paid up capital on 29th November 2017.

(ii) During the reporting period, the Bank paid Rs 8,202,770.84 interest on deposit to subsidiary company and held deposit of Rs 57,613,647.00 in its account.

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

The Bank has not proposed or paid any interim dividend on ordinary shares for FY 2075-76.The last dividend paid was the dividend payment of FY 2074-75 as approved by AGM during the reporting period.

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

None

10. Events after interim period

There are no material events after Balance Sheet Date affecting financial status of the Bank as on Chaitra End, 2075.

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

There is no any merger or acquisition effecting the changes in the composition of the entity during the interim period as on Chaitra end, 2075

12. Distributable Profit Note

Particular	**Amount**
Net Profit for the period end 3 rd quarter 2075	**1,204,682,688**
1. Appropriations	
1.1 Profit required to be appropriated to statutory reserve	**377,983,365**
a. General Reserve	240,936,538
b. Bond Redemption Reserve	125,000,000
c. Exchange Fluctuation Fund	-
d. Corporate Social Responsibity Fund	12,046,827
e. Employees Training Fund	-
f. Other	
1.2 Profit required to be transfer to Regulatory Reserve	**92,899,054**
a. Transfer to Regulatory Reserve	92,899,054
b. Transfer from Regulatory Reserve	-
Net Profit for the period end 3rd quarter available for distribution	**733,800,269**