कुमारी बैंक लिमिटेड
KUMARI BANK LIMITED
सबैका लागि, सधैंका लागि

Interim Financial Statements

As on Chaitra End 2075

Kumari Bank Limited
Condensed Consolidated Statement of Financial Position
As at Third Quarter (13 April 2019) of the Fiscal Year 2018/19

Amount in NPR

Particulars	Group		Bank	
	This Quarter Ending	**Immediate Previous Year Ending**	**This Quarter Ending**	**Immediate Previous Year Ending**
Assets				
Cash and Cash Equivalents	5,588,197,210	3,780,643,820	5,588,182,209	3,780,643,820
Due from Nepal Rastra Bank	4,174,429,835	5,582,760,819	4,174,429,835	5,582,760,819
Placement with Bank and Financial Institutions	776,437,164	714,095,685	776,437,164	714,095,685
Derivative Financial Instruments	178,676,139	-	178,676,139	-
Other Trading Assets	-	-	-	-
Loans and Advances to BFIs	2,640,602,525	1,778,934,583	2,640,602,525	1,778,934,583
Loans and Advances to Customers	69,598,801,776	60,596,575,817	69,598,801,776	60,596,575,817
Investment Securities	7,746,683,895	8,802,903,890	7,736,683,895	8,802,903,890
Current Tax Assets	66,609,853	113,783,100	70,686,971	113,783,100
Investment in Subsidiaries	-	-	200,000,000	200,000,000
Investment in Associates	40,445,600	24,567,797	20,000,000	20,000,000
Investment Property	134,171,003	134,171,003	134,171,003	134,171,003
Property and Equipment	478,709,222	434,304,421	478,709,222	434,304,421
Goodwill and Intangible Assets	95,884,008	110,453,429	95,884,008	110,453,429
Deferred Tax Assets	-	-	-	-
Other Assets	1,071,169,495	454,639,100	1,071,650,354	454,924,100
Total Assets	**92,590,817,724**	**82,527,833,464**	**92,764,915,101**	**82,723,550,667**
Liabilities				
Due to Bank and Financial Institutions	8,074,390,819	9,904,187,331	8,074,390,819	10,104,187,331
Due to Nepal Rastra Bank	3,061,980,172	539,557,578	3,061,980,172	539,557,578
Derivative Financial Instruments	-	6,111,249	-	6,111,249
Deposits from Customers	68,854,311,398	59,546,335,519	69,045,908,942	59,546,335,519
Borrowings	-	-	-	-
Current Tax Liabilities	-	-	-	-
Provisions	1,800	2,231,750	1,800	2,231,750
Deferred Tax Liabilities	12,887,840	20,755,147	12,887,840	20,755,147
Other Liabilities	1,054,735,336	1,963,702,048	1,053,161,302	1,963,673,797
Debt Securities Issued	-	-	-	-
Subordinated Liabilities	-	-	-	-
Total Liabilities	**81,058,307,365**	**71,982,880,622**	**81,248,330,874**	**72,182,852,371**
Equity				
Share Capital	7,163,394,973	7,163,394,973	7,163,394,973	7,163,394,973
Share Premium	54,803,159	54,803,159	54,803,159	54,803,159
Retained Earnings	2,150,606,297	1,531,893,607	2,134,680,165	1,527,639,061
Reserves	2,163,705,930	1,794,861,101	2,163,705,930	1,794,861,101
Total Equity Attributable to Equity Holders	**11,532,510,359**	**10,544,952,841**	**11,516,584,227**	**10,540,698,296**
Non Controlling Interest	-	-	-	-
Total Equity	11,532,510,359	10,544,952,841	11,516,584,227	10,540,698,296
Total Liabilities and Equity	**92,590,817,724**	**82,527,833,464**	**92,764,915,101**	**82,723,550,667**

Condensed Consolidated Statement of Profit or Loss

For the Third Quarter Ended (13 April 2019) of the Fiscal Year 2018/19

Amount in NPR

Particulars	Group		Bank			
	Current Year		Current Year		Previous Year Corresponding	
	This Quarter	Upto this Quarter (YTD)	This Quarter	Upto this Quarter (YTD)	This Quarter	Upto this Quarter (YTD)
lnterest income	2,305,744,112	6,734,899,825	2,305,669,581	6,733,748,001	1,715,918,910	4,735,095,292
Interest expense	(1,589,714,008)	(4,500,683,751)	(1,589,714,008)	(4,500,683,751)	(1,234,732,741)	(3,345,249,521)
Net interest income	**716,030,104**	**2,234,216,074**	**715,955,573**	**2,233,064,249**	**481,186,169**	**1,389,845,771**
Fee and commission income	95,603,760	323,540,649	75,603,760	323,540,649	58,964,794	250,317,537
Fee and commission expense	(4,053,848)	(19,535,910)	(4,053,848)	(19,535,910)	(1,332,708)	(13,447,813)
Net fee and commission income	**91,549,912**	**304,004,739**	**71,549,912**	**304,004,739**	**57,632,086**	**236,869,724**
Net interest, fee and commission Income	**807,580,017**	**2,538,220,813**	**787,505,485**	**2,537,068,988**	**538,818,255**	**1,626,715,495**
Net trading income	86,169,643	214,025,769	86,169,643	214,025,769	42,935,281	117,163,519
Other operating income	(989,746)	13,213,631	1,010,254	13,202,918	40,503,733	40,503,733
TotaI operating income	**892,759,914**	**2,765,460,212**	**874,685,383**	**2,764,297,676**	**622,257,269**	**1,784,382,747**
lmpairment charge/ (reversal) for Loans and other losses	(66,632,710)	(236,391,811)	(66,632,710)	(236,391,811)	(82,801,299)	54,775,116
Net operating income	**826,127,205**	**2,529,068,401**	**808,052,673**	**2,527,905,864**	**539,455,969**	**1,839,157,864**
Operating expense	-	-	-	-	-	-
PersonneI expenses	(180,993,063)	(644,079,506)	(180,542,630)	(642,505,472)	(128,172,827)	(516,557,976)
Other operating expenses	(152,949,412)	(372,794,062)	(152,949,412)	(371,494,062)	(85,650,659)	(246,568,425)
Depreciation & Amortization	(29,990,952)	(85,273,421)	(29,990,952)	(85,273,421)	(19,522,542)	(54,512,495)
Operating Profit	**462,193,778**	**1,426,921,412**	**444,569,680**	**1,428,632,909**	**306,109,941**	**1,021,518,968**
Non operating income	14,124,696	25,572,696	9,694,892	9,694,892	-	30,365,171
Non operating expense	-	-	-	-	-	-
Profit before income tax	**476,318,474**	**1,452,494,107**	**454,264,573**	**1,438,327,801**	**306,109,941**	**1,051,884,140**
lncome tax expense	**(146,435,854)**	**(439,288,544)**	**(145,219,684)**	**(435,038,653)**	**(91,832,982)**	**(315,565,242)**
Current Tax	(146,435,854)	(439,288,544)	(145,219,684)	(435,038,653)	(91,832,982)	(315,565,242)
Deferred Tax	-	-	-	-	-	-
Profit/(loss) for the period	**329,882,620**	**1,013,205,563**	**309,044,889**	**1,003,289,148**	**214,276,959**	**736,318,898**
Statement of Comprehensive lncome						
Profit/(loss) for the period	329,882,620	1,013,205,563	309,044,889	1,003,289,148	214,276,959	736,318,898
Other Comprehensive lncome	(396,817)	(9,046,167)	(396,817)	(9,046,167)	(11,478,005)	(22,098,237)
Total Comprehensive lncome for the period	**329,485,802**	**1,004,159,396**	**308,648,071**	**994,242,982**	**202,798,954**	**714,220,661**
Profit attributable to:						
Equity holders of the Bank	329,485,802	1,004,159,396	308,648,071	994,242,982	202,798,954	714,220,661
Non-controlling interest	-	-	-	-	-	-
Total	**329,485,802**	**1,004,159,396**	**308,648,071**	**994,242,982**	**202,798,954**	**714,220,661**
Earnings per share						
Basic earnings per share		18.86%		18.67%		16.45%
Diluted earnings per share		18.86%		18.67%		16.45%

Condensed Consolidated Statement of Comprehensive Income
For the Quarter ended Chaitra 2075

Amount in NPR

Particulars	Group		Bank			
	Current Year		Current Year		Previous Year Corresponding	
	This Quarter	Upto this Quarter (YTD)	This Quarter	Upto this Quarter (YTD)	This Quarter	Upto this Quarter (YTD)
Profit/(loss) for the period	329,882,620	1,013,205,563	309,044,889	1,003,289,148	214,276,959	736,318,898
Other Comprehensive lncome	-	-	-	-	-	-
a) Items that will not be reclassifed to Profit or Loss						
- Gain / (Loss) from Investments in equity instruments measured at fair value	(566,882)	(12,923,096)	(566,882)	(12,923,096)	(16,397,150)	(31,568,909)
- Gain / (Loss) on revalutaion	-	-	-	-	-	-
- Actuarial Gain / (Loss) on defined benefit plans	-	-	-	-	-	-
- Income tax relating to above items	170,065	3,876,929	170,065	3,876,929	4,919,145	9,470,673
Net Other comprehensive income that will not be reclassified to profit or loss	**(396,817)**	**(9,046,167)**	**(396,817)**	**(9,046,167)**	**(11,478,005)**	**(22,098,237)**
b) Items that are or may be reclassifed to Profit or Loss						
- Gain / (Loss) 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						
Total Comprehensive lncome for the period	**(396,817)**	**(9,046,167)**	**(396,817)**	**(9,046,167)**	**(11,478,005)**	**(22,098,237)**
Profit attributable to:	-	-	-	-	-	-
Equity hotders of the Bank	329,485,802	1,004,159,396	308,648,071	994,242,982	202,798,954	714,220,661
Non-controtting interest	-	-	-	-	-	-
Total	**329,485,802**	**1,004,159,396**	**308,648,071**	**994,242,982**	**202,798,954**	**714,220,661**
Earnings per share						
Basic earnings per share		14.14%		14.01%		12.33%
Annualized Basic earnings per share		18.86%		18.67%		16.45%
Dituted earnings per share		18.86%		18.67%		16.45%

Ratios as per NRB

Particulars	Group		Bank			
	Current Year		Current Year		Previous Year Corresponding	
	This Quarter	Upto this Quarter (YTD)	This Quarter	Upto this Quarter (YTD)	This Quarter	Upto this Quarter (YTD)
Capital fund to RWA	-	12.73%	-	12.73%	-	14.09%
Non-performing loan (NPL) to total loan	-	1.41%	-	1.41%	-	1.24%
Total loan loss provision to Total NPL	-	133.57%	-	133.57%	-	152.57%
Cost of Funds	8.29%	-	8.29%	-	8.67%	-
Credit to Deposit Ratio	78.59%	-	78.59%	-	78.69%	-
Base Rate	11.02%	-	11.02%	-	11.62%	-
Interest Rate Spread	3.61%	-	3.61%	-	3.20%	-

Condensed Consolidated Statement of Changes in Equity

For the Quarter ended Chaitra 2075

Amount in NPR

Particulars	Group											
	Attributable to the equity holders of the bank											
	Share Capital	Share Premium	General Reserve	Exchange equalization reserve	Regulatory Reserve	Fair Value Reserve	Revaluation Reserve	Retained Earnings	Other Reserve	Total	Non-controlling interest	Total Equity
Balance at Shrawan 1 2074	5,969,495,823	-	1,076,611,243	35,308,742	-	12,708,237	-	1,124,510,291	14,646,442	8,233,280,778	-	8,233,280,778
Profit for the period								1,076,236,251		1,076,236,251	-	1,076,236,251
Other Comprehensive Income						(22,019,120)			13,140,302	(8,878,818)	-	(8,878,818)
Total Comprehensive Income	-	-	-	-	-	(22,019,120)	-	1,076,236,251	13,140,302	1,067,357,433	-	1,067,357,433
Transfer to / from Reserve During the Year			208,378,541	4,376,844	477,170,416			(667,097,763)	(25,460,545)	(2,632,507)	-	(2,632,507)
Contributions from and distributions to owners												
Share Issued	1,193,899,150	54,803,159								1,248,702,309	-	1,248,702,309
Share based payments										-	-	-
Dividend to equity holders										-	-	-
Bonus share issued										-	-	-
Cash dividend paid										-	-	-
Other						-	-			-	-	-
Total Contribution by and distributions	1,193,899,150	54,803,159	-	-	-	-	-	-	-	1,248,702,309	-	1,248,702,309
Balance at Asadh end 2075	**7,163,394,973**	**54,803,159**	**1,284,989,784**	**39,685,586**	**477,170,416**	**(9,310,883)**	**-**	**1,533,648,779**	**2,326,199**	**10,546,708,013**	**-**	**10,546,708,013**
Balance at Shrawan 1 2075	**7,163,394,973**	**54,803,159**	**1,284,989,784**	**39,685,586**	**477,170,416**	**(9,310,883)**	**-**	**1,533,648,779**	**2,326,199**	**10,546,708,013**	**-**	**10,546,708,013**
Profit for the period								1,013,205,563		**1,013,205,563**	-	**1,013,205,563**
Other Comprehensive Income								(9,046,167)		**(9,046,167)**	-	**(9,046,167)**
Total Comprehensive Income	-	-	-	-	-	-	-	**1,004,159,396**	-	**1,004,159,396**	-	**1,004,159,396**
Transfer to / from Reserve During the Year			200,657,830		176,980,833	(18,357,050)		(387,201,878)	9,563,215	**(18,357,050)**		**(18,357,050)**
Contributions from and distributions to owners										-	-	-
Share Issued										-	-	-
Share based payments										-	-	-
Dividend to equity holders										-	-	-
Bonus share issued										-	-	-
Cash dividend paid										-	-	-
Other										-	-	-
Total Contribution by and distributions										-	-	-
Balance at Chaitra end 2075	**7,163,394,973**	**54,803,159**	**1,485,647,613**	**39,685,586**	**654,151,249**	**(27,667,932)**	**-**	**2,150,606,297**	**11,889,414**	**11,532,510,359**	**-**	**11,532,510,359**

Condensed Consolidated Statement of Changes in Equity

For the Quarter ended Chaitra 2075

Particulars	Bank											
	Attributable to the equity holders of the bank											
	Share Capital	Share Premium	General Reserve	Exchange equalization reserve	Regulatory Reserve	Fair Value Reserve	Revaluation Reserve	Retained Earnings	Other Reserve	Total	Non-controlling interest	Total Equity
Balance at Shrawan 1 2074	**5,969,495,823**	**-**	**1,076,611,243**	**35,308,742**	**-**	**12,708,237**	**-**	**1,154,599,291**	**14,646,442**	**8,263,369,778**	**-**	**8,263,369,778**
Profit for the period								1,041,892,704		**1,041,892,704**	**-**	**1,041,892,704**
Other Comprehensive Income						(22,019,120)			13,140,302	**(8,878,818)**	**-**	**(8,878,818)**
Total Comprehensive Income	**-**	**-**	**-**	**-**	**-**	**(22,019,120)**	**-**	**1,041,892,704**	**13,140,302**	**1,033,013,886**	**-**	**1,033,013,886**
Transfer to / from Reserve During the Year			208,378,541	4,376,844	477,170,416			(668,852,934)	(25,460,545)	**(4,387,678)**	**-**	**(4,387,678)**
Contributions from and distributions to owners												
Share Issued	1,193,899,150	54,803,159								**1,248,702,309**	**-**	**1,248,702,309**
Share based payments										**-**	**-**	**-**
Dividend to equity holders										**-**	**-**	**-**
Bonus share issued										**-**	**-**	**-**
Cash dividend paid										**-**	**-**	**-**
Other										**-**	**-**	**-**
Total Contribution by and distributions	**1,193,899,150**	**54,803,159**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,248,702,309**	**-**	**1,248,702,309**
Balance at Asadh end 2075	**7,163,394,973**	**54,803,159**	**1,284,989,784**	**39,685,586**	**477,170,416**	**(9,310,883)**	**-**	**1,527,639,061**	**2,326,199**	**10,540,698,295**	**-**	**10,540,698,295**
Balance at Shrawan 1 2075	**7,163,394,973**	**54,803,159**	**1,284,989,784**	**39,685,586**	**477,170,416**	**(9,310,883)**	**-**	**1,527,639,061**	**2,326,199**	**10,540,698,295**	**-**	**10,540,698,295**
Profit for the period								1,003,289,148		**1,003,289,148**	**-**	**1,003,289,148**
Other Comprehensive Income								(9,046,167)		**(9,046,167)**	**-**	**(9,046,167)**
Total Comprehensive Income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**994,242,982**	**-**	**994,242,982**	**-**	**994,242,982**
Transfer to / from Reserve During the Year			200,657,830		176,980,833	(18,357,050)		(387,201,878)	9,563,215	**(18,357,050)**	**-**	**(18,357,050)**
Contributions from and distributions to owners										**-**	**-**	**-**
Share Issued										**-**	**-**	**-**
Share based payments										**-**	**-**	**-**
Dividend to equity holders										**-**	**-**	**-**
Bonus share issued										**-**	**-**	**-**
Cash dividend paid										**-**	**-**	**-**
Other										**-**	**-**	**-**
Total Contribution by and distributions										**-**	**-**	**-**
Balance at Chaitra end 2075	**7,163,394,973**	**54,803,159**	**1,485,647,613**	**39,685,586**	**654,151,249**	**(27,667,932)**	**-**	**2,134,680,165**	**11,889,414**	**11,516,584,227**	**-**	**11,516,584,227**

Condensed Consolidated Statement of Cash Flow

For the Quarter ended Chaitra 2075

Amount in NPR

Particulars	Group	Bank	
	Upto this Quarter	Upto this Quarter	Corresponding Previous Year Upto This Quarter
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest Received	6,576,276,042	6,575,124,217	4,686,941,554
Fee and Other Income Received	323,540,649	323,540,649	250,317,537
Dividend Received	-	-	-
Receipts from Other Operating Activities	231,701,217	231,690,505	168,420,803
Interest Paid	(4,500,683,751)	(4,500,683,751)	(3,345,249,521)
Commissions and Fees Paid	(19,535,910)	(19,535,910)	(13,447,813)
Cash Payment to Employees	(614,973,026)	(614,973,026)	(520,547,956)
Other Expenses Paid	(372,794,062)	(371,494,062)	(246,568,425)
Operating Cash Flows before Changes in Operating Assets and Liabilities	**1,623,531,158**	**1,623,668,621**	**979,866,179**
(Increase) Decrease in Operating Assets	-	-	-
Due from Nepal Rastra Bank	1,408,330,984	1,408,330,984	888,408,559
Placement with Banks and Financial Institutions	(62,341,479)	(62,341,479)	263,671,257
Other Trading Assets	-	-	-
Loans and Advances to BFIs	(861,667,942)	(861,667,942)	(798,740,560)
Loans and Advances to Customers	(9,254,010,916)	(9,254,010,916)	(10,576,431,175)
Other Assets	(795,883,252)	(795,402,393)	(263,481,838)
Increase (Decrease) in Operating Liabilities	-	-	-
Due to Banks and Financials Institutions	(2,029,796,512)	(2,029,796,512)	(2,183,547,375)
Due to Nepal Rastra Bank	2,522,422,594	2,522,422,594	(700,008,836)
Deposit from Customers	9,307,975,879	9,499,573,422	14,168,156,415
Borrowings	-	-	-
Other Liabilities	(547,083,919)	(729,314,789)	(894,861,727)
Net Cash Flow from Operating Activities before Tax Paid	1,311,476,595	1,321,461,591	883,030,898
Income Tax Paid	(470,267,474)	(470,267,474)	196,287,577
Net Cash Flow from Operating Activities	**841,209,122**	**851,194,117**	**1,079,318,475**
CASH FLOWS FROM INVESTING ACTIVITIES	-	-	-
Purchase of Investment Securities	1,076,219,995	1,066,219,995	(3,826,294,862)
Receipts from Sale of Investment Securities	38,389	38,389	12,972,966
Purchase of Property and Equipment	(111,668,476)	(111,668,476)	(95,349,070)
Receipts from Sale of Property and Equipment	(2,957,056)	(2,957,056)	2,670,454
Purchase of Intangible Assets	(3,440,325)	(3,440,325)	(7,839,589)
Receipts from Sale of Intangible Assets	-	-	-
Purchase of Investment Properties	(0)	(0)	20,546,677
Receipts from Sale of Investment Properties	-	-	-
Interest Received	-	-	-
Dividend Received	8,151,742	8,151,742	3,968,201
Net Cash Used in Investing Activities	**966,344,268**	**956,344,268**	**(3,889,325,224)**
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 (Including Premium)	-	-	-
Dividends Paid	-	-	-
Interest Paid	-	-	-
Other Receipts/Payments	-	-	-
Net Cash from Financing Activities	-	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	1,807,553,389	1,807,538,385	(2,810,006,749)
Cash and Cash Equivalents at Shrawan 01, 2075	3,780,643,820	3,780,643,820	4,734,754,206
Effect of Exchange Rate fluctuations on Cash and Cash Equivalents Held	-	-	-
Cash and Cash Equivalents at Chaitra 30, 2075	**5,588,197,210**	**5,588,182,209**	**1,924,747,457**

Statement of Distributable Profit or Loss

For the period ended 30 Chaitra 2075

Amount in NPR

Net Profit for the period end Chaitra 2075 quarter	**1,003,289,148**
1. Appropriations	
1.1 Profit required to be appropriated to statutory reserve	**210,221,045**
a. General Reserve	200,657,830
b. Capital Redemption Reserve	-
c. Exchange Fluctuation Fund	-
d. Corporate Social Responsibility Fund	3,394,203
e. Employees Training Fund	6,169,012
f. Other	-
1.2 Profit required to be transfer to Regulatory Reserve	**176,980,833**
a. Transfer to Regulatory Reserve	654,151,249
b. Transfer from Regulatory Reserve	(477,170,416)
Net Profit for the period end Chaitra 2075 quarter available for distribution	**616,087,271**

NOTES TO THE INTERIM FINANCIAL STATEMENTS
Period ended 13th April 2019

1. BASIS OF PREPARATION

The interim financial statements of the Group (Bank and its subsidiary, Kumari Capital Limited) have been prepared on accrual basis of accounting except the cash flow information which is prepared, on a cash basis, using the direct method.

The interim financial statements comprise of the Condensed Statement of Financial Position, Condensed Statement of Profit or Loss and Condensed Statement of Other Comprehensive Income, the Condensed Statement of Changes in Equity, the Condensed Statement of Cash Flows and the Notes to the Accounts of the Group and Separate Financial Statements of the Bank. The Significant Accounting Policies applied in the presentation of the Financial Statements are set out below. These policies are consistently applied to all the years presented, except for the changes in the accounting policies disclosed specifically.

1.1 Reporting Period and Approval of Financial Statements

a) Reporting Period

The Bank has prepared the interim financial statements for the first time in accordance with NFRS depicting financial performance for period ended 13th April 2019 of FY 2018/19.

b) Responsibility for Financial Statements

The preparation and presentation of Interim Financial Statements is the responsibility of the Management as per the governing provisions.

1.2 Functional and Presentation Currency

The Financial Statements of Bank and Group are presented in Nepalese Rupees (Rs.), which is the currency of the primary economic environment in which the Bank operates. There was no change in Bank's presentation and functional currency during the year under review.

2. STATEMENT OF COMPLIANCE

The Interim Financial Statements of Bank for the period ended 13th April, 2019 comprising Condensed Consolidated Statement of Financial Position, Condensed Consolidated Statement of Profit or Loss, Statement of Comprehensive Income, Condensed Consolidated Statement of Changes in Equity, Condensed Consolidated Statement of Cash Flows and Notes to the Interim Financial Statements (including Significant Accounting Policies), have been prepared in accordance with Nepal Financial Reporting Standards (hereafter referred as NFRS), laid down by the Institute of Chartered Accountants of Nepal and in compliance with the requirements of all applicable laws and regulations.

3. USE OF ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

The preparation of Interim Financial Statements in conformity with Nepal Financial Reporting Standards requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ due to these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

The most significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have most significant effect in the Interim Financial Statements are as follows:

3.1 Going Concern

The Bank's ability to continue as a going concern is proper and that it has the resources to continue in business for the foreseeable future. Furthermore, there are no of any material uncertainties that may provide significant doubt upon

Bank's ability to continue as a going concern and there is no intension either to liquidate or to cease operations of it. Therefore, the Interim Financial Statements continue to be prepared on the going concern basis.

3.2 Fair Value of Financial Instruments

Where the fair values of financial assets and financial liabilities recorded in the condensed consolidated statement of financial position can be derived from active markets, they are derived from observable market data. However, if this is not available, judgment is required to establish fair values.

3.3 Impairment of Financial Assets – Loans and Advances

The Bank review it's individually significant loans and advances at each condensed consolidated statement of financial position date to assess whether an impairment loss should be recorded in the income statement. The bank has conducted objective evidence test for individual impairment through different parameters like inability to meet loan agreements, substantial drop in profits/ turnover, significant adverse cash flows, significant adverse net worth situation, problematic borrower financial position, etc. Mainly, management judgment is required in the estimation of the amount and timing of the expected future cash flows for determination of the impairment loss.

These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the impairment allowance.

Loans and advances that have been assessed individually and found to be not impaired and all individually insignificant loans and advances are then assessed collectively, in groups of assets with similar risk characteristics, to determine whether provision should be made due to incurred loss events for which there is objective evidence, but the effects of which are not yet evident. The collective assessment takes in to account data from the loan portfolio such as levels of arrears, credit quality, portfolio size etc. and judgments based on current economic conditions.

Loans and advances have been impaired as the higher of amount derived as per the norms prescribed by Nepal Rastra Bank for loan loss provision and amount determined as per paragraph 63 of NAS 39, as per Carve-out pronounced by Institute of Chartered Accountants of Nepal on 20th September 2018.

3.4 Impairment of Investments measured through OCI

Bank reviews its investments classified as available for sale, at each reporting date to assess whether they are impaired. Objective evidence that an available for sale debt security is impaired includes among other things significant financial difficulty of the issuer, a breach of contract such as a default or delinquency in interest or principal payments etc. The Bank also records impairment charges on available for sale equity investments where there is significant or prolonged decline in fair value below their cost. The determination of what is 'significant' or 'prolonged' requires judgment.

3.5 Taxation

The Bank is subject to income tax and judgment is required to determine the total provision for current, deferred and other taxes due to the uncertainties that exist with respect to the interpretation of the applicable tax laws, at the time of preparation of these Interim Financial Statements.

Deferred tax assets are recognized in respect of tax losses to the extent that it is probable that future taxable profit will be available against which the losses can be utilized. Judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits, together with future tax planning strategies.

3.6 Fair Value of Property, Plant and Equipment

The freehold land and buildings of the bank are not reflected at fair value and no revaluation has been carried at the reporting date. Previous GAAP has been considered the fair value for Property and Equipment on the basis that these assets value are comparable to fair value.

3.7 Useful Life-time of the Property, Plant and Equipment

Property, Plant and Equipment is recognized on cost model. Cost includes the purchase price and other directly attributable costs to the acquisition of individual asset item. Bank reviews the residual values, useful lives and methods of depreciation of property, plant and equipment at each reporting date. Judgment of the management is exercised in the estimation of these values, rates, methods and hence they are subject to uncertainty.

a) Fixed Assets

Fixed assets except land are stated at acquisition cost less accumulated depreciation. Acquisition cost includes expenditures that are directly attributable to the acquisition of the assets. Assets with a value less than Rs. 10,000 are charged off as a revenue expense irrespective of its useful life in the year of purchase. Leasehold improvements are capitalized at cost and amortized over the period of five years. The amount of amortization is charged as revenue expenses.

b) Computer Software

Acquired computer software licenses are capitalized on the basis of cost incurred to acquire and bring to use the specific software and are amortized over their useful life estimated as 5 years from the date of acquisition.

Depreciation on newly acquired property and equipments are charged from the next month of booking. Depreciation of property and equipment ceases when it is derecognized at the time of its disposal.

3.8 Provisions for Liabilities and Contingencies

The Bank receives legal claims against it in the normal course of business. Management has made judgments as to the likelihood of any claim succeeding in making provisions. The time of concluding legal claims is uncertain, as is the amount of possible outflow of economic benefits.

4 CHANGES IN ACCOUNTING POLICIES

The bank has changed its accounting policies, wherever required, to ensure compliance with NFRS. The effect of change in accounting policy at the date of transition has been given to the retained earnings (and reserves, if applicable).

4.1 Discounting

When the realization of assets and settlement of obligation is for more than one year, the Bank considers the discounting of such assets and liabilities where the impact is material. Various internal and external factors have been considered for determining the discount rate to be applied to the cash flows of company. The Bank has a policy to treat share/debenture issue expenses up to 1% of share/debentures issue price as immaterial. Considering those expenses as immaterial and impracticable to determine reliably, same has not been considered in computation of effective interest rate as per Carve-out (optional) pronounced on 20th September 2018.

4.2 Materiality and Aggregation

In compliance with Nepal Accounting Standard - NAS 01 (Presentation of Financial Statements), each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or functions too are presented separately unless they are immaterial. Financial Assets and Financial Liabilities are offset and the net amount reported in the Condensed Consolidated Statement of Financial Position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. Income and expenses are not offset in the Condensed Consolidated Statement of Profit or Loss unless required or permitted by an Accounting Standard.

4.3 Comparative Information

The Interim Financial Statement of the Bank provides comparative information in respect of previous periods. The accounting policies have been consistently applied by Bank with those of the previous financial year. Further, comparative information is reclassified wherever necessary to comply with the current presentation.

5. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these Interim Financial Statements, and deviations if any have been disclosed accordingly.

5.1 Basis of Measurement

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

- Available for sale investments (quoted) are measured at fair value.
- Financial assets and financial liabilities held at amortized cost at measured using a rate that is a close approximation of effective interest rate.

5.2 Basis of consolidation

a. Non-controlling interest (NCI)

Non-controlling interest (NCI), also known as minority interest, is an ownership position whereby a shareholder owns less than 50% of outstanding shares and has no control over decisions. Non-controlling interests are measured at the net asset value of entities and do not account for potential voting rights.

Changes in group interest in subsidiary that do not result in the loss of control are accounted for transactions of owners in the capacity of owners. Adjustments to non-controlling interest are based on proportionate amount of net assets of subsidiary.

Since, the subsidiary is 100% owned, there is no case of NCI for the bank.

b. 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 Interim 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 Interim Financial Statements of the Bank’s Subsidiaries are prepared for the same reporting period as per the Bank, using consistent accounting policies.

The cost of acquisition of a Subsidiary is measured as the fair value of the consideration, including contingent consideration, given on the date of transfer of title. The acquired identifiable assets, liabilities are measured at their fair values at the date of acquisition. Subsequent to the initial measurement, the Bank continues to recognize the investments in Subsidiaries at cost.

When a Subsidiary is acquired or sold during the year, operating results of such Subsidiary is included from the date of acquisition or to the date of disposal.

This Subsidiary of the Bank has been incorporated in Nepal.

c. Transaction elimination on consolidation

Intra group balances and transactions, any unrealized income and expenses arising from intra group transactions, are eliminating in preparing the condensed consolidated financial statements. Unrealized gains/losses arising from transactions with equity accounted investees are eliminated against the investments to the extent of group interest of investee.

5.3 Financial Assets and financial liabilities

a. Recognition

All financial assets and liabilities are initially recognized on the trade date, i.e. the date that Bank becomes a party to the contractual provisions of the instrument. This includes 'regular way trades'. Regular way trade means purchases or sales of financial assets that required delivery of assets within the time frame generally established by regulation or convention in the market place.

The classification of financial instruments at the initial recognition depends on their purpose and characteristics and the management's intention in acquiring them.

b. Classification and Measurement

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. Held to Maturity Financial Assets
c. Loans and Receivables
d. Financial Assets available for Sale

The subsequent measurement of financial assets depends on their classification.

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

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount presented in the Condensed Consolidated 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.

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.

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or
- In the absence of principal market, in the most advantageous market for asset or liability.

c. **Impairment**

At each reporting date, Bank assesses 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.

Objective 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.

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, financial assets in a group with similar credit risk characteristics are collectively assesses for impairment. 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.

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. 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. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current rate closely approximates effective interest rate. If the Bank has reclassified trading assets to loans and advances, the discount rate for measuring any impairment loss is the new closely approximates effective interest rate determined at the reclassification date. The calculation of the present value of the estimated future cash flows of 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.

Impairment of Financial Assets – Available for Sale

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

In the case of debt instruments, Bank assesses individually whether there is objective evidence of impairment based on the same criteria as financial assets carried at amortized cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on that investment previously recognized in the Income Statement. Future interest income is based on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to a credit event occurring after the impairment loss was recognized, the impairment loss is reversed through the Income Statement.

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 available for sale equity security is recognized in other comprehensive income.

Bank writes-off certain financial investments measured at fair value through OCI when they are determined to be uncollectible.

5.4 Trading Assets

Financial assets such as government securities, equity etc. held for short term with an intention to trade have been classified as trading assets. Trading assets are measured at fair value with any changes in fair value being recognized in Profit or Loss.

5.5 Derivative assets and derivative liabilities

Derivative financial instruments such as forward foreign exchange contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation technique is forward pricing model which incorporates various inputs including foreign exchange spot and forward premiums.

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.

5.6 Property 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.

Depreciation

Depreciation is calculated by using the straight line method on cost or carrying value of property, plant & equipment other than freehold land.

The depreciable amount of an item of property, plant and equipment is allocated on systematic basis over its useful life and is depreciated as follows:

Rate of Depreciation per annum (%)

Asset Category	For the year ended 16 July 2018	For the year ended 15 July 2017
Buildings	5%	5%
Vehicles	20%	20%
Office Equipment	25%	25%
Furniture & Fixtures (Metal & Wooden)	25%	25%
Computer Hardware	25%	25%
Battery	3 Years	3 Years
Leasehold Properties	10 Years	5 Years

Depreciation on newly acquired property and equipments are charged from the next month of booking. Depreciation of property and equipment ceases when it is de-recognized at the time of its disposal.

5.7 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

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.

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. The Bank assumes that there is no residual value for its intangible assets.

Asset Category	For the year ended 16 July 2018	For the year ended 15 July 2017
Computer Software	5 years	5 years

5.8 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.

5.9 Income 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 condensed consolidated 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.

5.10 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-ordinate liabilities are liabilities subordinated, at the event of winding up, to the claims of depositors, debt securities issued and other creditors.

5.11 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.

5.12 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 instruments measured at amortized cost, interest bearing financial assets classified as measured at fair value through OCI and financial instruments designated at fair value through profit or loss, interest income or expense is recorded using the EIR. 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.

Fee and Commission Income

Fees earned for the provision of services over a period of time are accrued over the period, which include service fees and commission income.

Dividend Income

Dividend income is recognized when the 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 measured at fair value through Profit or Loss

Trading assets such as equity shares and mutual fund are recognized at fair value through profit or loss. No other financial instruments are designated 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.

Interest expense

For all financial liabilities measured at amortized cost, interest expense is recognised using the EIR. EIR is the rate that exactly discounts estimated future cash payments through the expected life of the financial liabilities or a shorter period, where appropriate, to the net carrying amount of the financial liability.

Employee Benefits

Employee benefits include:

- 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.

- Post-employment benefits, such as the following:
  i. Retirement benefits (E.g.: pensions, lump sum payments on retirement); and
  ii. Other post-employment benefits such as post-employment life insurance and post-employment medical care;
- Other long term employee benefits and
- Termination benefits

5.13 Foreign currency translation

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.

5.14 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.

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 business segments identified are Banking (including loan, deposit and trade operations), Payment solutions (Cards), Remittance, Treasury and Micro Banking. All operations between the segments are conducted on pre-determined transfer price. Treasury department acts as the fund manager of the Bank.

5.15 Cash Flow Statement

The cash flow statement has been prepared using 'The Direct Method', whereby gross cash receipts and gross cash payments of operating activities, finance activities and investing activities have been recognized.

5.16 Comparative Figures

The comparative figures and phrases have been rearranged wherever necessary to conform to the current year's presentation.

6. **SEGEMENTAL INFORMATION**

The Bank has identified the key segments of business on the basis of nature of banking operations. It helps the management to assess the performance of the business segments. The business segments identified are Banking (including loans, deposits and trade operations), Cards, Remittance and Treasury.

A. Information about reportable segments

Particulars	Banking		Treasury		Card		Remittance		Total	
	Current Qtr.	Corresponding Pre Yr Qtr	Current Qtr	Correspondin g Pre Yr Qtr	Current Qtr	Corresponding Pre Yr Qtr	Current Qtr	Corresponding Pre Yr Qtr	Current Qtr	Corresponding Pre Yr Qtr
Revenues from external customers	1,031,581,230	796,187,446	507,618,894	337,443,431	31,083,338	11,866,809	11,086,049	4,490,784	1,581,369,512	1,149,988,470
Intersegment Revenues									-	-
Segment Profit / (Loss) Before tax	1,031,581,230	796,187,446	507,618,894	337,443,431	31,083,338	11,866,809	11,086,049	4,490,784	1,581,369,512	1,149,988,470
Segment Assets	83,409,151,088	71,854,603,125	9,287,908,686	9,807,807,799	56,907,837	41,339,833	10,947,490	8,938,958	92,764,915,101	81,712,689,716
Segment Liabilities	78,340,964,768	63,094,921,934	2,888,346,519	1,469,259,704	15,290,894	197,128,548	3,728,692	157,296	81,248,330,874	64,761,467,483

B. Reconciliation of reportable segment profit or loss

Particulars	Current Qtr	Corresponding Pre Yr Qtr
Total Profit before tax for reportable segments	1,581,369,512	1,149,988,470
Profit before tax for reportable segments		
Elimination of inter-segment profit		
Elimination of discontinued operation		
Unallocated Amounts:		
- Other Corporate Expenses	(143,041,711)	(98,104,330)
Profit before tax	1,438,327,801	1,051,884,140

7. RELATED PARTY DISCLOSURES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions and include major shareholders, subsidiary companies, associates, retirement funds, directors and key management personnel and their close family members.

Banking transactions with the related parties are executed substantially on the same terms, including mark-up rates and collateral, as those prevailing at the time for comparable transactions with unrelated parties and do not involve more than a normal risk.

a) Subsidiary

Transactions between the Bank and its subsidiary, Kumari Capital Limited, meet the definition of related party.

Transactions during the period	Chaitra End 2075-76 (Rs.)	2074-75 (Rs.)
Equity Investment by Kumari Bank Limited on Kumari Capital Ltd.	-	200,000,000.00
Call Deposits held by Kumari Capital Limited at Kumari Bank Ltd.	191,597,543.14	200,000,000.00
Interest earned by Kumari Capital Limited paid by Kumari Bank Limited	2,295,330.37	-
Expenses of Kumari Capital Limited paid by Kumari Bank Ltd, reimbursable	-	285,000.00

b) Associates

Transactions between the Bank and its associates also meet the definition of related parties. The Bank considers an investee as its associate if the Bank can exercise significant influence in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Bank does not exercise significant influence in the financial and operating policy decisions of any of its investees as at and Chaitra end, 2075.

The Bank has appointed its employee as a director in case of following investees but do not exercise significant influence in their financial and operating policy decisions:

Transactions during the period	Chaitra End 2075-76 (Rs.)	2074-75 (Rs.)
National Microfinance Bittiya Sanstha Limited		
Investment in shares	20,000,000	20,000,000
Shareholding %	20%	20%

c) Directors and other Key Managerial Personnel (KMP)

Key Management Personnel and their immediate family members are also considered to be related parties for disclosure purpose.

As per Nepal Financial Reporting Standard (NAS 24) “Related Party Disclosures”, Key Management Personnel are those having authority and responsibility for planning, directing and controlling the activities of the entity. The Bank considers the members of its Board, Chief Executive Officer and all managerial level executives as Key Management Personnel (KMP) of the Bank.

Following is a list of Board of Directors and CEO bearing office at Chaitra End, 2075.

Mr. Santosh Kumar Lama	Chairman
Mr. Uttam P. Bhattarai	Director
Mr. Rishi Agrawal	Director
Mr. Krishna Prasad Gyawali	Director
Mr. Ganesh Prasad Pathak	Director
Er. Binod Dawadi	Director
Mr. Surender Bhandari	Chief Executive Officer

Mr. Surender Bhandari has been appointed as Chief Executive Officer on 16 July 2017.

Compensation to the members of the Board

All members of the Board are non-executive directors and no executive compensation is paid to the directors. Specific non-executive allowances paid to directors till current period ended Chaitra 2075 are as under:

Board Meeting fees Rs. 2,627,188

Other benefits Rs. 494,155

These allowances and benefits are approved by the Annual General Meeting of the Bank.

Compensation to Chief Executive Officer of the Bank

In '000

Nature of Compensation	**Total Compensation (Rs.)**	
	2075-76 (Chaitra End)	**2074-75**
Short-term employee benefits	9,391	12,522
Employee Bonus	4,932	-
Post employee benefits	-	-
Festival Allowances and payment against annual leave	1,757	1,758
Other Allowances	-	55
Total	**16,081**	**14,335**

Compensation to Senior Management Personnel of the Bank

In '000

Nature of Compensation	**Total Compensation (Rs.)**	
	2075-76 (Chaitra End)	**2074-75**
Short-term employee benefits	24,573	31,754
Employee Bonus	10,324	5,593
Post employee benefits	-	1,155
Festival Allowances and payment against annual leave	3,961	3,444
Other Allowances	1,697	1,454
Total	**40,557**	**43,400**

Senior Management Personnel indicates staffs of AGM level and above

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

The bank has not paid any dividend till the reporting period as on Chaitra end 2075.

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

There is no issues, repurchase and repayments of debt and equity securities during the interim period as on Chaitra end 2075.

10. Events after interim period

There is no material event after the Interim Financial Statement date affecting financial status of the Group as well as of Bank as on Chaitra end 2075.

11. Effects 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.