

Unaudited Financial Results (Quarterly)

As on Second Quarter (30/09/2082) for the Fiscal Year 2082/083

Condensed Consolidated Statement of Financial Position

As on Quarter Ended 30<sup>th</sup> Poush 2082

(Amount in NPR)

Particulars	Group		Bank	
	This Quarter Ending	Immediate Previous Year Ending (Audited)	This Quarter Ending	Immediate Previous Year Ending (Audited)
<b>Assets</b>				
Cash and cash equivalent	3,149,546,494	3,166,029,248	3,148,974,750	3,165,470,476
Due from Nepal Rastra Bank	5,270,501,436	3,778,537,693	5,270,501,436	3,778,537,693
Placement with Bank and Financial Institutions	-	-	-	-
Derivative financial instruments	-	-	-	-
Other trading assets	-	-	-	-
Loan and Advances to B/Fis	3,564,112,325	4,574,216,271	3,564,112,325	4,574,216,271
Loans and advances to customers	72,945,513,944	69,130,694,763	72,945,513,944	69,130,694,763
Investment in securities	16,559,461,618	20,527,268,246	16,258,294,488	20,195,712,972
Current Tax Assets	151,532,616	100,761,449	134,046,472	83,859,471
Investment in subsidiaries	-	-	123,900,000	123,900,000
Investment in Associates	-	-	-	-
Investment property	700,894,642	675,496,243	700,894,642	675,496,243
Property and equipment	1,893,675,666	1,933,138,287	1,871,807,736	1,908,698,292
Goodwill and Intangible Assets	104,920,277	105,417,013	102,331,328	103,540,968
Deferred tax assets	35,136,900	35,302,344	38,835,344	38,835,344
Other assets	759,020,212	723,999,363	735,371,452	685,096,745
Total Assets	105,134,316,130	104,750,860,918	104,894,583,917	104,464,059,239
<b>Liabilities</b>				
Due to Bank and Financial Institutions	1,555,540,150	2,565,987,630	1,555,540,150	2,565,987,630
Due to Nepal Rastra Bank	-	-	-	-
Derivative Financial Instruments	-	-	-	-
Deposit from customers	91,270,149,014	90,112,803,410	91,272,368,460	90,115,629,859
Borrowings	70,823,541	98,587,819	-	-
Current Tax Liabilities	-	-	-	-
Provisions	-	-	-	-
Deferred tax liabilities	-	-	-	-
Other liabilities	1,506,146,829	1,589,846,482	1,459,884,820	1,522,124,839
Debt securities issued	997,062,992	997,062,992	997,062,992	997,062,992
Subordinated Liabilities	-	-	-	-
Total liabilities	95,399,722,525	95,364,288,332	95,284,856,421	95,200,805,319
<b>Equity</b>				
Share Capital	6,021,348,367	5,680,517,328	6,021,348,367	5,680,517,328
Share Premium	-	-	-	-
Retained Earning	305,533,624	595,617,329	308,425,271	599,214,090
Reserves	3,293,456,951	2,996,938,444	3,279,953,858	2,983,522,502
Total equity attributable to equity holders	9,620,338,942	9,273,073,101	9,609,727,496	9,263,253,919
Non-controlling interests	114,254,663	113,499,485	-	-
Total equity	9,734,593,605	9,386,572,586	9,609,727,496	9,263,253,919
Total liabilities and equity	105,134,316,130	104,750,860,918	104,894,583,917	104,464,059,239

Condensed Consolidated Statement of Profit or Loss

For the Quarter Ended 30<sup>th</sup> Poush 2082

(Amount in NPR)

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)
	NPR	NPR	NPR	NPR	NPR	NPR	NPR	NPR
Interest Income	1,790,495,375	3,845,069,042	2,034,242,893	4,355,916,954	1,789,484,559	3,842,874,458	2,033,156,391	4,353,674,132
Interest Expense	909,528,600	1,966,812,854	1,177,999,286	2,514,108,459	907,664,024	1,962,459,275	1,175,336,613	2,509,050,345
Net interest income	880,966,775	1,878,256,189	856,243,608	1,841,808,496	881,820,535	1,880,415,183	857,819,778	1,844,623,787
Fees and Commission Income	175,951,442	304,910,065	121,137,212	268,970,072	166,263,966	281,642,109	113,492,823	239,067,215
Fees and Commission Expense	3,922,566	7,152,161	1,428,893	3,738,210	3,174,696	4,163,363	578,925	1,009,787
Net fee and Commission income	172,028,876	297,757,904	119,708,319	265,231,863	163,089,270	277,478,746	112,913,897	238,057,428
Net interest fee and commission income	1,052,995,651	2,176,014,092	975,951,927	2,107,040,358	1,044,909,804	2,157,893,929	970,733,676	2,082,681,215
Net Trading Income	5,904,366	12,490,162	1,189,862	20,360,084	6,002,265	11,865,909	3,069,091	6,201,439
Other Operating Income	20,652,125	62,287,537	2,325,988	22,145,737	20,484,418	61,554,313	268,074	20,087,823
Total operating income	1,079,552,143	2,250,791,792	979,467,777	2,149,546,179	1,071,396,487	2,231,314,151	974,070,841	2,108,970,477
Impairment charge/(reversal) for loans and other losses	49,251,912	382,445,568	69,846,622	441,985,196	49,251,912	382,445,568	69,846,622	441,985,196
Net Operating income	1,030,300,231	1,868,346,224	909,621,155	1,707,560,984	1,022,144,575	1,848,868,583	904,224,218	1,666,985,281
Operating expenses								
Personnel Expense	310,075,387	612,972,767	285,146,606	569,675,180	305,356,462	602,214,114	281,313,099	557,571,223
Other Operating Expenses	143,751,691	290,077,490	136,805,105	275,091,211	141,787,462	285,890,695	134,472,921	271,399,310
Depreciation and amortisation	27,222,514	56,791,748	27,095,491	55,727,094	25,826,471	53,965,337	25,713,593	52,933,742
Operating Profit	549,250,639	908,504,220	460,573,952	807,067,499	549,174,181	906,798,437	462,724,605	785,081,007
Non operating income	191,000	531,290	135,000	270,000	191,000	531,290	135,000	270,000
Non operating expense	-	-	684,852	684,852	-	-	684,852	684,852
Profit before income tax	549,441,639	909,035,510	460,024,100	806,652,647	549,365,181	907,329,727	462,174,753	784,666,155
Income tax expense	164,462,400	272,357,259	138,052,815	241,279,393	164,809,554	272,198,918	138,652,426	235,399,846
Current tax	164,809,554	272,191,815	138,652,426	235,399,846	164,809,554	272,198,918	138,652,426	235,399,846
Deferred tax Expenses/(Income)	(347,154)	165,444	(599,611)	5,879,546	-	-	-	-
Profit for the period	384,979,239	636,678,251	321,971,285	565,373,255	384,555,627	635,130,809	323,522,327	549,266,308
Condensed Consolidated Statement of Other Comprehensive Income								
Profit for the period	384,979,239	636,678,251	321,971,285	565,373,255	384,555,627	635,130,809	323,522,327	549,266,308
Total Other comprehensive income	31,136,839	(31,329,797)	(28,345,696)	6,571,428	31,136,839	(31,329,797)	(28,345,696)	6,571,428
Total Comprehensive income for the period	416,116,078	605,348,454	293,625,589	571,944,682	415,692,465	603,801,011	295,176,631	555,837,736
Profit attributable to:								
Equity holders of the bank	415,909,348	604,593,276	294,382,523	564,084,226	415,692,465	603,801,011	295,176,631	555,837,736
Non-controlling interest	206,730	755,177	(756,934)	7,860,456	-	-	-	-
Profit for the period	416,116,078	605,348,454	293,625,589	571,944,682	415,692,465	603,801,011	295,176,631	555,837,736
Earnings per share:								
Basic earnings per share		21.15		19.91		21.10		19.34
Diluted earnings per Share		21.15		19.91		21.10		19.34

Ratios as per NRB Directive

Particulars	Group				Bank			
	Current Year		Previous Year		Current Year		Previous Year	
	This Quarter	Up to This Quarter Ending(YTD)	This Quarter	Up to This Quarter Ending(YTD)	This Quarter	Up to This Quarter Ending(YTD)	This Quarter	Up to This Quarter Ending(YTD)
Capital fund to RWA		13.30%		12.92%		13.30%		12.92%
Tier 1 Capital to RWA		10.91%		10.74%		10.91%		10.74%
CET 1 Capital to RWA		10.91%		10.74%		10.91%		10.74%
Non-performing loan (NPL) to total loan		4.78%		4.72%		4.78%		4.72%
Total loan loss provision to Total NPL		114.97%		107.92%		114.97%		107.92%
Cost of Funds		3.76%		5.42%		3.76%		5.42%
Return on Equity		13.48%		13.48%		13.46%		13.09%
Return on Assets		1.21%		1.15%		1.21%		1.12%
Credit to Deposit Ratio		85.16%		83.90%		85.16%		83.90%
Base Rate		5.81%		7.52%		5.81%		7.52%
Interest Rate Spread		4.59%		4.59%		4.59%		4.59%

Statement of Distributable Profit or Loss

For the Quarter Ended 30<sup>th</sup> Poush 2082 (As per NRB Regulation)

(Amount in NPR)

Particulars	Bank	
	Current Year upto this Quarter YTD	Previous Year Corresponding Quarter YTD
Net profit or (loss) as per statement of profit or loss	635,130,809	549,266,308
Appropriations:	-	-
a. General reserve	(127,026,162)	(109,853,262)
b. Foreign exchange fluctuation fund	(2,725,451)	-
c. Capital redemption reserve	(83,333,333)	(83,333,333)
d. Corporate social responsibility fund	(6,351,308)	(5,492,663)
e. Employees' training fund	(10,960,325)	(10,960,325)
f. Other	-	-
Investment Adjustment Reserve	-	-
Corporate social responsibility fund utilization	5,037,142	4,628,365
Employees' training fund utilization	6,675,487	4,966,763
Unrealised Gain on Investment in Associates	-	-
Other Adjustment/restatement	-	-
Profit or (loss) before regulatory adjustment	416,446,859	349,221,854
Regulatory adjustment:	-	-
a. Interest receivable (-)/previous accrued interest received (+)	(98,569,949)	(176,889,073)
b. Short loan loss provision in accounts (-)/reversal (+)	-	-
c. Short provision for possible losses on investment (-)/reversal (+)	-	-
d. Short loan loss provision on Non Banking Assets (-)/reversal (+)	(12,640,783)	(28,420,198)
e. Deferred tax assets recognised (-)/ reversal (+)	-	-
f. Goodwill recognised (-)/ impairment of Goodwill (+)	-	-
g. Bargain purchase gain recognised (-)/resersal (+)	-	-
h. Acturial loss recognised (-)/reversal (+)	-	-
i. Other (+/-)	2,133,523	1,338,657
Lease Payment	-	-
Dividend Income from Associates	-	-
Income Attributable from Associates	-	-
Share Issued Expenses Directly Charged to equity	-	-
Share Issued Expenses- Directly Charged to Equity- Tax Impact	-	-
Gain on Disposal of Share Classified into OCI	-	-
Current Tax on Gain on Disposal of Share Classified into OCI	-	-
Distributable profit or (loss)	307,369,656	145,251,239
Opening Retained Earning as on Shrawan	599,214,090	286,403,056
Adjustment(+/-)	-	-
Distribution	-	-
Bonus Share Issued	(340,831,040)	-
Cash Dividend Paid	(257,327,435)	(284,025,866)
Total Distributable Profit or (Loss) as on end Date	308,425,271	147,628,429
Annualised Distributable Profit/Loss per Share	10.24	5.20

- The above financial statements have been prepared in accordance with Nepal Financial Reporting Standards (NFRS) in line with NRB Directives. In compliance with NRB's ECL Guidelines, Bank has de-recognized interest income on loans and advances classified as Lifetime ECL under Stage-3. Bank has considered the impairment on credit exposures as the higher of total ECL provision as per NFRS 9 and existing regulatory provision in Unified Directives. Separate reporting of ECL shall be done to NRB by the Bank.
- The unaudited financial figures are subject to change if instructed by external auditors and regulatory authorities.
- Loans and advances includes staff loans and accrued interest receivables on loans and are presented net off loan impairments.
- Personnel expenses includes employee bonus calculated as per bonus act.
- Previous year's corresponding quarter ending figures have been regrouped, rearranged and restated wherever necessary.
- The detailed interim report has been published in website of the bank.
- The group financial statement includes the Garima Capital Ltd. (formerly known as KCL Astute Capital Ltd) which is the subsidiary of the bank.

Disclosure as per Securities Registration and Issuance Regulation, 2073 (Sub-Rule (1) of Rule 26, Annexure 14)

Second Quarter of Financial Year 2082/83

1. Financial Detail

a) NFRS compliant Quarterly statement of financial position and statement of profit or loss of second quarter has been published along with this report. Transactions with related parties are as follows:

Related Party	Nature of Transaction	Amount (Rs.)
Garima Capital Ltd.	Deposit with Bank	2,219,445.68
Garima Capital Ltd.	Interest paid by Bank on deposit	28,200.18

b) Major Financial Indicators

Earnings per Share (Rs.)	21.10	Liquidity Ratio (%)	25.27
Price Earnings ratio (Times)	18.53	Return on Equity (%)	13.46
Net Worth per Share (Rs.)	159.59	Total Assets Value Per Share (Rs.)	1,742.04
Return on Total Asset (%)	1.21	Capital Adequacy Ratio (%)	13.30

2. Management Analysis:

The bank reported a net profit of Rs. 635,130,809 for the second quarter of FY 2082/83, reflecting a growth of 15.63% compared to the same quarter of the previous year. The bank continues to maintain strong capital adequacy and liquidity. However, challenges in loan recovery under a difficult economic environment have caused the non-performing assets (NPA) ratio to rise to 4.78%. The bank remains committed to achieving its business targets, maximizing returns and providing excellent customer service.

3. Details Relating to Legal Action

- Case filed by or against the Bank in this year: No such cases have been received except those arising during the normal course of the business.
- Case relating to disobedience of prevailing law or commission criminal offence filed by or against the Promoter or Director of the Bank: No such information has been received.
- Case relating to financial crime filed against any Promoter or Director: No such information has been received.

4. Analysis of Stock Performance of the Bank

The Bank's share price and transaction are determined according to the demand and supply of shares in the market. Maximum, minimum and last share price of the Bank including total share transaction number, volume and days of transaction during the quarter are:

Price History		Transaction History	
Maximum Price (Rs.)	425	Transaction Volume (No. of Shares)	1,401,828
Minimum Price (Rs.)	367.40	Transaction Volume (Amount is Rs.)	6,544
Closing Price (Rs.)	391	Transaction Days	55

5. Problems and Challenges

a) Internal Challenges:

- Challenges in the recovery of problematic loans.
- Increasing trend