SAMRIDDHI FINANCE COMPANY LTD		
(नेपाल राष्ट्र बैंकबाट “ग” वर्गको इजाजतपत्र प्राप्त संस्था)		
Unaudited Financial Result(Quarterly) 4th Quarter End of Fiscal Year 2077/078		
Condensed Statement of Financial Position		
As on Quarter Ended 31st Ashadh, 2078		
		Fig in '000
Particulars	This Quarter Ending	Immediate Previous Year Ending(publishe
Assets		
Cash and cash equivalent	13,351	189,523
Due from Nepal Rastra Bank	48,022	14,569
Placement with Bank and Financial Institutions	93,946	-
Derivative financial instruments	-	-
Other trading assets	-	-
Loan and advances to B/FIs	-	-
Loans and advances to customers	835,131	18,690
Investment securities	175,609	44,069
Current tax assets	3,358	2,132
Investment in susidiaries	-	-
Investment in associates	-	-
Investment property	27,421	58,789
Property and equipment	40,766	27,867
Goodwill and Intangible assets	-	1,644
Deferred tax assets	4,570	4,570
Other assets	10,870	4,933
Total Assets	**1,253,044**	**366,786**
Liabilities		
Due to Bank and Financial Instituions	-	-
Due to Nepal Rastra Bank	-	-
Derivative financial instruments	-	-
Deposits from customers	951,053	205,682
Borrowing	-	-
Current Tax Liabilities	-	-
Provisions	-	-
Deferred tax liabilities	-	-
Other liabilities	22,750	27,335
Debt securities issued	-	-
Subordinated Liabilities	-	0
Total Liabilities	**973,803**	**233,016**
Equity		
Share capital	428,385	181,980
Share premium	9,660	1,360
Retained earnings	(287,422)	(289,152)
Reserves	128,618	239,582
Total equity attributable to equity holders	**279,241**	**133,770**
Non-controlling interest	-	-
Total equity	**279,241**	**133,770**
Total Liabilities and equity	**1,253,044**	**366,786**

Condensed Statement of Profit or Loss				
For the Quarter Ended 31st Ashadh,2078				
	Current Year		Previous Year Corresponding	
Particulars	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)
Interest income	39,725	58,602	10,267	39,741
Interest expense	14,821	31,729	2,941	8,786
Net interest income	**24,904**	**26,873**	**7,326**	**30,955**
Fee and commission income	2,325	7,134	183	196
Fee and commission expense	-	-	-	-
Net fee and commission income	**2,325**	**7,134**	**183**	**196**
Net interest, fee and commission income	**27,229**	**34,007**	**7,509**	**31,151**
Net trading income	-	-	-	-
Other operating income	4	429	-	-
Total operating income	**27,233**	**34,436**	**7,509**	**31,151**
Impairment charge/(reversal) for loans and other losses	(55,124)	(86,287)	(33,850)	(56,521)
Net operating income	**82,357**	**120,723**	**41,359**	**87,672**
Operating expense				
Personnel expenses	8,969	31,539	11,852	25,723
Other operating expenses	6,966	23,471	5,163	14,321
Depreciation & Amortisation	1,132	3,445	491	1,672
Operating Profit	**65,290**	**62,267**	**23,853**	**45,954**
Non operating income	2,252	11,014	552	428
Non operating expense	68,444	68,781	15,393	15,392
Profit before income tax	**(902)**	**4,499**	**9,012**	**30,991**
Income tax expense				
Current Tax	-	-	-	-
Deferred Tax	-	-	-	(1,886)
Profit for the period	**(902)**	**4,499**	**9,012**	**32,877**
Condensed Statement of comprehensive income				
Profit for the year	(902)	4,499	9,012	32,877
Other comprehensive income	-	-	61	-
Total comprehensive income for the period	**(902)**	**4,499**	**9,073**	**32,877**
Basic earnings per share	(0.21)	1.05	2.10	18.07
Diluted earnings per share	(0.21)	**1.05**	2.10	**18.07**
Profit attributable to:				
Equity-Holders of the Bank	(902)	4,499	9,012	32,877
Non-Controlling Interest	-	-	-	-
Total	**(902)**	**4,499**	**9,012**	**32,877**

Ratios as per NRB Directive				
	Current Year		Previous Year Corresponding	
Particulars	This Quarter Ending	Upto This Quarter (YTD)	This Quarter Ending	Upto This Quarter (YTD)
Capital Fund to RWA	25.3	25.3	46.3	46.3
Non-Performing Loan(NPL) to Total Loan	5.1	5.1	86.6	86.6
Total Loan Loss Provision to Total NPL	121.0	145.9	100.2	100.2
Cost of Funds	7.5	7.5	8.0	8.0
Credit to Deposit Ratio	73.5	73.5	50.3	50.3
Base Rate	13.76	13.8	20.8	20.8
Interest Spread Rate	3.8	3.8	10.5	10.5

Statement of Distributable Profit or Loss

Particulars	Current Year
Net profit or (loss)as per statement of profit or loss	**4,499**
Appropriations:	
a.General reserve	900
b.Foreign exchange fluctuation fund	-
c.Capital redemption reserve	-
d.Corporate social responsibility fund	45
e.Employee' training fund	-
Profit or (loss) before regulatory adjustment	**3,555**
Regulatory adjustment:	
Regulatory adjustment as per NRB Directive	660
Distributable profit or (loss)	**2,895**

1. This figures are subject to change as per the direction of the Regulator/External Auditor.
2. The above financial have been prepared in accordance with Nepal Financial Reporting Standards (NFRS) as issued by the Nepal Accounting Standard Board after carve out issued by ICAN.
3. Previous year figures have been regrouped, rearranged and reclassified wherever necessary for fair presentation.
4. Loans and advances are presented along with accrued interest and staff loans net of impairment charges.
5. Detailed Interim Report has been published in Company’s website (www.sfcl.com.np)

Samriddhi Finance Company Limited
Statement of Changes in Equity
For the year ended on 31 Ashad 2078

Particulars	Attributable to Equity holders of the Bank										Non-Controlling Interest	Total Equity
	Share Capital	Share Premium	General Reserve	Exchange Equalization	Regulatory Reserve	Fair Value Reserve	Revaluation Reserve	Retained Earning	Other Reserve	Total		
Balance at 1 Shrawan 2077	**181,980**	**1,360**	**88,521**	**-**	**63,359**	**-**	**-**	**(289,152)**	**87,702**	**133,770**	**-**	**133,770**
Adjustment/Restatement										-	-	-
Adjusted/Restated balance at 1 Shrawan 2077	**181,980**	**1,360**	**88,521**	**-**	**63,359**	**-**	**-**	**(289,152)**	**87,702**	**133,770**	**-**	**133,770**
Comprehensive income for the year										-	-	-
Profit for the year										-	-	-
Other comprehensive income, net of tax										-	-	-
Remeasurements of defined benefit liability (assets)										-	-	-
Fair value reserve (Investment in equity instrument):										-	-	-
Net change in fair value										-	-	-
Net amount transferred to profit or loss										-	-	-
Net gain (loss) on revaluation										-	-	-
Cash flow hedges:										-	-	-
Effective portion of changes in fair value										-	-	-
Net Amount reclassified to profit or loss										-	-	-
Total comprehensive income for the year										-	-	-
Transfer to reserve during the year		8,301	900		(35,279)			1,730	(76,585)	**(100,934)**	-	**(100,934)**
Transfer from reserve during the year										-	-	-
Transactions with owners, directly recognised in equity										-	-	-
Right share issued	246,405									**246,405**	-	**246,405**
Advance Share Capital Received from Promoter										-	-	-
Share based payments										-	-	-
Dividends to equity holders										-	-	-
Bonus shares issued										-	-	-
Cash dividend paid										-	-	-
Total contributions by and distributions	**246,405**	**8,301**	**900**	**-**	**(35,279)**	**-**	**-**	**1,730**	**(76,585)**	**145,471**	**-**	**145,471**
Balance at Ashad End 2078	**428,385**	**9,660**	**89,421**	**-**	**28,081**	**-**	**-**	**(287,422)**	**11,117**	**279,241**	**-**	**279,241**

Samriddhi Finance Company Limited
Statement of Cash Flow
For the year ended on 31 Ashad 2078

Particulars	Upto this quarter	Corresponding previous year, upto this quarter
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	58,602	39,741
Fees and other income received	7,134	196
Divided received	-	-
Receipts from other operating activities	429	6
Interest paid	(31,729)	(8,786)
Commission and fees paid	-	-
Cash payment to employees	(31,539)	(25,723)
Other expense paid	(23,471)	(14,321)
Operating cash flows before changes in operating assets and liabilities	**(20,575)**	**(8,888)**
(Increase)/Decrease in operating assets		
Due from Nepal Rastra Bank	(33,454)	(14,487)
Placement with bank and financial institutions	(93,946)	-
Other trading assets	-	-
Loan and advances to bank and financial institutions	-	-
Loans and advances to customers	(816,441)	22,930
Non Banking Assets	-	-
Other assets	(5,937)	(3,099)
Increase/(Decrease) in operating liabilities		
Due to bank and financial institutions	-	-
Due to Nepal Rastra Bank	-	-
Deposit from customers	745,371	130,407
Borrowings	-	-
Other liabilities	(4,584)	(9,894)
Net cash flow from operating activities before tax paid	**(229,565)**	**116,969**
Income taxes paid		
Net cash flow from operating activities	**(229,565)**	**116,969**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investment securities	(131,540)	(40,000)
Receipts from sale of investment securities	-	-
Purchase of property and equipment	(7,809)	(18,044)
Receipt from the sale of property and equipment	-	350
Purchase of intangible assets	-	-
Receipt from the sale of intangible assets	-	-
Purchase of investment properties	-	-
Receipt from the sale of investment properties	31,368	-
Interest received	-	-
Dividend received	-	123
Net cash used in investing activities	**(107,981)**	**(57,571)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipt from issue of debt securities	-	-
Repayment of debt securities	-	-
Receipt from issue of subordinated liabilities	-	-
Repayment of subordinated liabilities	-	-
Receipt from issue of shares	246,405	-
Dividends paid	-	-
Interest paid	-	-
Other receipt/payment	(85,030)	(202)
Net cash from financing activities	**161,375**	**(202)**
Net increase (decrease) in cash and cash equivalents	**(176,172)**	**59,197**
Cash and cash equivalent as at Shrawan 1	**189,523**	**130,326**
Effect of exchange rate fluctuations on cash and cash equivalents held	-	-
Cash and cash equivalent as at Ashad end	**13,351**	**189,523**

Notes to Interim Financial Statements
For the Quarter ended 31 Ashad 2078 (15 July, 2021)

1. Reporting entity

Samriddhi Finance Company Limited (hereinafter referred to as "Finance") is a national level class "C" licensed financial institution licensed by Nepal Rastra Bank. The company has head office located at Hetauda, Makwanpur and has 5 branches, and corporate office located at Putalisadak, Kathmandu.

Finance was incorporated under Companies Act 2063 on as public limited company. The Finance is listed with Nepal Stock Exchange.

Finance offers comprehensive banking services within the scope of provisions of Banking and Financial Institutions Act 2074.

2. Basis of preparation

The financial statements are prepared in line with Nepal Financial Reporting Standards as issued by Accounting Standards Board Nepal and pronounced by The Institute of Chartered Accountants of Nepal (ICAN).

3. Statement of Compliance

These interim financial statements, have been prepared in all material aspects in accordance with requirements applicable Nepal Financial Reporting Standards (NFRS) and the relevant presentation requirements thereof as laid down by the Institute of Chartered Accountants of Nepal (ICAN), and comply with requirements of Company Act, 2063 of Nepal and applicable directives issued by Nepal Rastra Bank.

4. Use of Estimates, Assumptions and Judgments

The preparation of the financial statements in conformity with Nepal Financial Reporting Standards (NFRS) requires the use of certain critical accounting estimates and judgments. It also requires management to exercise judgment in the process of applying the company's accounting policies. The company makes certain estimates and assumptions regarding the future events. Estimates and judgments are continuously evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual result may differ from these estimates and assumptions. The estimates and assumptions that might result in adjustment to the carrying amounts of assets and liabilities are on the following components:

- Classification of financial assets
- Fair value of financial assets
- Impairment loss on financial assets
- Useful life and salvage value of property and equipment
- Impairment loss of non-financial assets

- Current Tax and Deferred tax
- Employee benefit obligations

5. Changes in Accounting Policies

The Finance has applied its accounting policies consistently from year to year except for some comparatives have been grouped or regrouped to facilitate comparison, corrections of errors and any changes in accounting policy have been separately disclosed with detail explanation.

6. Significant Accounting Policies

6.1 Basis of measurement

Financial statements are prepared on historical cost convention except for the following material items:

Particulars	Measurement Basis
Investment in shares and mutual fund schemes	Fair value
Non-banking assets	Lower of Market Value or Outstanding Receivable at the date of booking NBA
Loans to employees	Amortized cost
Property and equipment, investment property and intangible assets	Deemed cost as fair value

6.2 Basis of consolidation

Finance does not have subsidiary companies; accordingly, consolidation of financial statements is not a requirement.

6.3 Cash and cash equivalent

Cash and cash equivalent comprise of cash, demand deposit and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. In general, short term investments with original maturity of up to three months are considered as cash equivalent. Cash and cash equivalent are presented at amortized cost on the financial statements.

6.4 Financial assets and financial liabilities

Financial assets are any assets that is cash, equity instrument of another entity or any contractual right to receive cash or financial assets of another entity.

6.4.1 Recognition

The Finance initially recognizes financial assets or financial liability on the date of which the Finance becomes party to the contractual arrangement.

6.4.2 Classification and Measurement

Financial Assets:
The classification and measurement of financial assets depend on how these are managed i.e. the Finance's business model and their contractual cash-flow characteristics. Based on these factors, financial assets are classified on following three categories:

i. At Amortized Cost
ii. At Fair Value through Profit or Loss (FVPL)
iii. At Fair Value through Other Comprehensive Income (FVOCI)

i) At amortized cost:
Financial assets at amortized cost are non-derivative financial assets with fixed or determinable payments for which the Finance has intent and ability to hold till maturity. They are initially measured at fair value plus any directly attributable transaction cost. Subsequent to initial recognition, such financial assets are measured at amortized cost using effective interest rate method less any impairment losses.

ii) At fair value through profit or loss:
Financial assets are classified at fair value through profit or loss if the Finance manages such instruments and makes purchases and sales decisions based on its fair value. Attributable transaction costs and changes in fair value are taken to profit or loss.

iii) At fair value through other comprehensive income:
Financial assets at FVOCI are non-derivative financial assets that are not classified in any of the above category. Financial assets at FVOCI are measured at fair value. Subsequent to initial recognition, financial assets are measured at fair value, as far as such fair value is available, and changes therein are recognized in other comprehensive income and presented in the fair value reserve in equity. Finance has opted to classify the investment made in shares and mutual fund schemes as financial assets at FVOCI on initial recognition.

Financial Liabilities:
Finance classifies its financial liabilities, other than financial guarantee and loan commitments, as measured at amortized cost or fair value through profit or loss. Financial liability is measured initially at fair value, or an item not at fair value through profit or loss, at transactions costs that are directly attributable to its acquisition or issue.

6.4.3 De-recognition

Financial Assets:
Financial assets are partially or fully de-recognized in any of the following condition:

- termination of contractual rights to cash flow
- upon transfer of the contractual cash flows in a transaction in which substantially all of the risk and rewards of the ownership of the financial assets are transferred or in which the Finance neither transfer nor retains substantially all of the risk and rewards of the ownership and it does not retain control of the financial assets.

On derecognition of a financial assets, the difference between the carrying amount of the assets (or the carrying amount allocated to the portion of the assets derecognized) and the sum of (i) the consideration received (including any new assets obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in OCI is recognized in statement of profit or loss.

Financial Liabilities:
Upon settlement or termination of any liability related to financial liability, financial liability is de-recognized. The difference between carrying amount and settlement amount is accounted through statement of profit or loss.

6.4.4 Determination of fair value

Fair is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is initially considered based on quoted rate where the assets or liabilities are principally transaction, in the absence of which the most advantageous market is the active market.

When available, the Finance measures the fair value of an instrument using the quoted price in an active market for that instrument. The market is regarded as active if transactions for the assets or liability take place with sufficient frequency and volume to provide pricing information on an ongoing 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.

Fair value of non-financial assets like property & equipment, investment property and intangible assets are considered the deemed cost of such assets in line with NFRS 1.

Fair Value Hierarchy

Assets and liabilities carried at fair value or for which fair values are disclosed have been classified into three levels according to the observability of the significant inputs used to determine the fair values.

Level 1: Fair value is determined based on quoted price of financial instruments in active market.

Level 2: Fair value is determined based on quoted price of similar financial instruments within consideration to significant observable inputs.

Level 3: Fair value is determined used using other method as the inputs for valuation are unobservable inputs for the asset or liability. Finance has used its own data (accounting value) and considered if there exist factors that would otherwise result in changes to the book value of assets or liabilities for this level of valuation.

6.4.5 Impairment

At each reporting date, the Finance assesses whether there is objective evidence that financial assets are impaired. The financial assets or a group of financial assets is impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset and that the loss has an impact on the future cash flows of the asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes:

- significant financial difficulty of the borrower or issuer
- default or delinquency by a borrower
- the restructuring of a loan or advance by the Finance on terms that the Finance would not consider otherwise;

- indication that a borrower or issuer will enter bankruptcy
- the disappearance of an active market for a security; or
- observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group or economic conditions that correlate with defaults in the group.

In addition, for an investment in an equity security, a significant or prolonged decline in its net worth below its book value is objective evidence of impairment.

The Finance considers evidences of impairment for loans and advances and investment securities at both specific asset and at collective level. All individually significant loans and advances and investment securities are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and advances and investment securities that are not individually significant are collectively assessed for impairment by grouping together loans and advances and investment securities with similar risk characteristics.

In assessing the collective impairment, the Finance uses the statistical modelling of historic trends of the probability of default, the time of recoveries and the amount of loss incurred and makes an adjustment if the current economic and credit conditions are such that the actual losses are likely to be greater or lesser than is suggested by historic trends. Default rates, loss rates and expected timing of future recoveries are regularly benchmarked against the actual outcomes to ensure that they remain appropriate.

Impairment losses on assets measured at amortized cost are calculated as difference between the carrying amount and the present value of the estimated future cash flows discounted at the assets original effective interest rate.

Impairment losses are recognized in profit or loss and reflected in an allowance account against loans and receivables or investment securities. Interest on the impaired assets continues to be recognized through the unwinding of the discount. If an event occurring after the impairment was recognized causes the amount of impairment loss to decrease, then the decrease in impairment loss is reversed through profit or loss (through OCI for such investments measured at fair value through OCI on which there exists fair value reserve).

The Finance writes off a loan or an investment security, either partially or in full and any related allowance for impairment losses, when the Finance determines that there is no realistic prospect of recovery.

6.4.6 Amortized cost measurement

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

6.4.7 Effective Interest Method

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period.

6.5 Properties and Equipment

6.5.1 Recognition and Measurement

The Finance applies the requirements of the Nepal Accounting Standard – NAS 16 (Property, Plant and Equipment) in accounting for these assets. 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.

6.5.2 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.

6.5.3 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.

6.5.4 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.

6.5.5 Assets not capitalized

Items of property and equipment with original cost up to Rs.5,000 are directly accounted as expenses.

6.5.6 Depreciation

Depreciation is charged upon the assets is available for use and does not cease until the assets is disposed off, classified as held for sale or ceases to generate economic benefits.
Freehold land is not depreciated. Depreciation on assets under construction does not commence until they are complete and available for use. Depreciation is provided on all other items of property and equipment so as to write-off their carrying value over the expected useful economic lives.
Items of property and equipment are depreciated on WDV method using the rates and method prescribed by Income Tax Act.

6.6 Goodwill and Intangible assets

6.6.1 Recognition

An intangible asset is initially measured at cost. Expenditure incurred on an intangible item that was initially recognized as an expense by the Finance 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.

6.6.2 Computer Software & licenses

Computer software are capitalized on the basis of the purchase cost of software or license and costs incurred to bring it to use. Cost of internally developed software includes directly attributable costs. Intangible assets are amortized over the period of its estimated use, or in case of licenses, over the period of contractual right of use. Whenever there is no specific life or license period, such software are amortized over the period of five years.

At each reporting date, impairment test of intangible assets is done in order to oversee whether the carrying amount exceeds recoverable amount. Impairment loss is charged to Statement of Profit or Loss.

On transition to NFRS, the Finance has elected to continue with the carrying value of all of its intangible assets measured as per the previous NAS and use that carrying value as the deemed cost as fair value in line with provisions of NFRS 1.

6.7 Investment Properties

Land or building or both acquired by the Finance as part of Non-Banking Assets are carried at the lower of fair value or the total receivable amount of loan, which is the cost of assets to finance.

Useful life of building held as investment property is considered to be same as that of property and equipment (i.e. 40 years) with 5% salvage value.

6.8 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 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 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.

6.9 Revenue Recognition

As per NAS 18 para 20 Revenue is recognized to the extent that it is probable that the economic benefits will flow to finance and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized.

6.9.1 Interest income

Interest, in general, is recognized using effective interest rate on the particular assets. Finance has opted to use the carve-out mentioned in Note 2.1.1 (c) and continued to use the actual interest rate to account for interest income. Finance, in general, generates interest income from loan to customers and on investment in debt securities.

6.9.2 Fees and Commission Income

Fees and commissions are generally recognized on an accrual basis when the service has been provided or significant act performed. The fees and commission income and expense that are integral to the effective interest rate on the financial assets and financial liability are included in the measurement of the effective interest rate. Finance has opted to use carve-out and accounted all realized fee and commission income upfront.

6.9.3 Dividend Income

Dividend income is recognized when the right to receive dividend is established i.e. dividend is approved by general meeting of companies.

6.10 Interest Expenses

Interest on deposit accepted from customer and borrowings of the Finance are accounted on accrual basis.

6.11 Earnings per share

Finance presents basic, annualized and diluted Earnings per Share (EPS) data for its ordinary shares and presented in the statement of Profit and Loss. 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. The finance has shown Basic EPS as annualized EPS. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.