Citizens Bank International Ltd.

सिटिजन्स् बैंक इन्टरनेसनल लि.

INTERIM FINANCIAL STATEMENTS

AS ON CHAITRA END 2075

Citizens Bank International Limited
Condensed Consolidated Statement of Financial Position
As on Quarter ended Chaitra 2075

Amount in NPR

	Group		Bank	
	This Quarter ending	**Immmediate Previous year ending**	**This Quarter ending**	**Immmediate Previous year ending**
Assets				
Cash And Cash Equivalent	6,325,236,030	5,148,467,404	6,326,897,901	5,046,237,676
Due From Nepal Rastra Bank	2,646,915,238	3,690,192,293	2,646,915,238	3,690,192,293
Placement With Bank And Financial Institutions	1,580,672,937	1,989,878,358	1,580,672,937	1,989,878,358
Derivative Financial Instruments	25,416,928	36,385,944	25,416,928	36,385,944
Other Trading Assets	71,045,150	142,662,000	71,045,150	76,236,446
Loans And Advances To B/FIs	1,664,883,250	1,420,646,197	1,664,883,250	1,420,646,197
Loans And Advances To Customers	61,025,291,142	55,598,967,114	61,025,291,142	55,601,766,580
Investment Securities	8,931,782,923	5,616,858,302	8,394,038,368	5,616,858,302
Current Tax Assets	68,839,161	114,653,791	68,839,161	114,653,791
Investment In Susidiaries	-	-	117,204,200	117,200,000
Investment In Associates	23,903,192	23,903,192	17,951,500	17,951,500
Investment Property	283,271,106	287,547,060	283,271,106	287,547,060
Property And Equipment	2,238,131,102	2,127,954,165	2,232,607,550	2,121,592,854
Goodwill And Intangible Assets	90,604,702	71,173,137	90,098,250	70,534,031
Deferred Tax Assets	59,302,715	-	56,917,523	-
Other Assets	1,905,815,392	1,486,416,314	2,371,709,857	1,502,271,962
Total Assets	**86,941,110,968**	**77,755,705,271**	**86,973,760,062**	**77,709,952,994**
Liabilities				
Due To Bank And Financial Institutions	4,711,976,002	3,335,288,532	4,711,976,002	3,335,288,532
Due To Nepal Rastra Bank	2,229,936,531	695,041,370	2,229,936,531	695,041,370
Derivative Financial Instruments	-	-	-	-
Deposits From Customers	65,805,743,892	60,605,815,636	65,920,924,525	60,696,026,972
Borrowing	0	(0)	-	-
Current Tax Liabilities	-	-	-	-
Provisions	5,306,626	5,526,126	5,306,626	5,306,626
Deferred Tax Liabilities	-	15,292,307		17,677,499
Other Liabilities	1,581,664,612	1,554,811,510	1,566,122,846	1,447,977,647
Debt Securities Issued	498,771,304	498,722,911	498,771,304	498,722,911
Subordinated Liabilities	-	-	-	-
Total Liabilities	**74,833,398,968**	**66,710,498,391**	**74,933,037,835**	**66,696,041,556**
Equity				
Share Capital	8,371,064,773	8,033,236,400	8,371,064,773	8,033,236,400
Share Premium	46,816,126	433,526	46,816,126	433,526
Retained Earnings	786,418,347	117,421,902	796,584,836	132,228,780
Reserves	2,829,624,193	2,849,829,461	2,826,256,492	2,848,012,733
Total Equity Attributable To Equity Holders	**12,033,923,439**	**11,000,921,288**	**12,040,722,227**	**11,013,911,439**
Non-Controlling Interest	73,788,561	44,285,592	-	-
Total Equity	**12,107,712,000**	**11,045,206,880**	**12,040,722,227**	**11,013,911,439**
Total Liabilities And Equity	**86,941,110,968**	**77,755,705,271**	**86,973,760,062**	**77,709,952,994**

Citizens Bank International Limited
Condensed Consolidated Statement of Profit or Loss

For the Quarter ended Chaitra 2075

Amount in NPR

Particulars	Group				Bank			
	Current Year		Previous Year Corresponding Period		Current Year		Previous Year Corresponding Period	
	This Quarter	Upto This Quarter(YTD)	This Quarter	Upto This Quarter(YTD)	This Quarter	Upto This Quarter(YTD)	This Quarter	Upto This Quarter(YTD)
Interest Income	2,037,238,936	6,334,209,526	1,719,602,080	4,964,047,799	2,036,638,214	6,333,532,965	1,725,401,794	4,970,517,069
Interest Expense	(1,419,081,985)	(4,238,924,573)	(1,224,416,279)	(3,492,911,832)	(1,443,935,344)	(4,246,288,329)	(1,233,596,688)	(3,503,792,929)
Net Interest Income	**618,156,951**	**2,095,284,953**	**495,185,801**	**1,471,135,967**	**592,702,870**	**2,087,244,636**	**491,805,106**	**1,466,724,141**
Fee And Commission Income	145,860,897	420,747,720	122,621,587	411,310,745	132,795,303	397,848,551	125,916,641	411,310,745
Fee And Commission Expense	(17,021,765)	(38,792,681)	(8,000,145)	(21,593,226)	(15,621,340)	(36,954,048)	(8,000,145)	(21,593,226)
Net Fee And Commission Income	**128,839,132**	**381,955,039**	**114,621,442**	**389,717,520**	**117,173,964**	**360,894,503**	**117,916,496**	**389,717,520**
Net Interest, Fee And Commission Income	**746,996,083**	**2,477,239,992**	**609,807,243**	**1,860,853,486**	**709,876,834**	**2,448,139,139**	**609,721,602**	**1,856,441,660**
Net Trading Income	59,921,673	244,760,208	46,962,555	128,310,185	57,198,431	216,465,170	38,777,772	128,310,185
Other Operating Income	(1,115,696)	(30,552,234)	39,631,498	99,411,608	1,637,318	(30,570,234)	50,090,902	111,532,767
Total Operating Income	**805,802,060**	**2,691,447,966**	**696,401,297**	**2,088,575,280**	**768,712,583**	**2,634,034,075**	**698,590,276**	**2,096,284,612**
Impairment (Charge)/Reversal For Loans And Other Losses	(1,490,360)	(7,684,731)	152,096,947	158,121,488	(1,490,360)	(7,684,731)	152,096,947	158,121,488
Net Operating Income	**804,311,700**	**2,683,763,236**	**848,498,244**	**2,246,696,768**	**767,222,223**	**2,626,349,344**	**850,687,223**	**2,254,406,100**
Operating Expense								
Personnel Expenses	(202,241,297)	(685,953,043)	(181,291,602)	(508,580,125)	(201,095,026)	(681,217,065)	(179,645,367)	(504,270,700)
Other Operating Expenses	(123,271,470)	(339,475,601)	(82,207,618)	(228,512,204)	(122,455,062)	(337,109,384)	(80,923,222)	(224,016,388)
Depreciation & Amortisation	(39,233,986)	(118,089,498)	(32,311,012)	(93,604,672)	(38,738,384)	(116,617,857)	(31,886,270)	(92,388,186)
Operating Profit	**439,564,948**	**1,540,245,094**	**552,688,011**	**1,415,999,767**	**404,933,750**	**1,491,405,038**	**558,232,364**	**1,433,730,827**
Non Operating Income	3,994,601	12,599,819	(16,718,598)	5,782,544	41,718,459	55,741,344	(13,536,098)	8,965,044
Non Operating Expense	-	-	-	-	-	-	-	-
Profit Before Income Tax	**443,559,549**	**1,552,844,914**	**535,969,413**	**1,421,782,311**	**446,652,209**	**1,547,146,382**	**544,696,266**	**1,442,695,871**
Income Tax Expense								
Current Tax	(215,418,461)	(550,339,683)	(163,408,879)	(432,808,761)	(220,191,432)	(550,339,683)	(163,408,879)	(432,808,761)
Deferred Tax	72,795,023	72,795,023	-	-	72,795,023	72,795,023	-	
Profit(Loss) For The Period	**300,936,111**	**1,075,300,253**	**372,560,534**	**988,973,550**	**299,255,801**	**1,069,601,722**	**381,287,387**	**1,009,887,110**
Profit Attributable To:								
Equity Holders Of The Bank	300,240,498	1,072,941,181	375,440,395	994,824,800	299,255,801	1,069,601,722	381,287,387	1,009,887,110
Non-Controlling Interest	695,613	2,359,072	(2,879,861)	(5,851,250)				
Profit For The Period	**300,936,111**	**1,075,300,253**	**372,560,534**	**988,973,550**	**299,255,801**	**1,069,601,722**	**381,287,387**	**1,009,887,110**

Citizens Bank International Limited
Condensed Consolidated Statement of Comprehensive Income
For the Quarter ended Chaitra 2075

Amount in NPR

Particulars	Group				Bank			
	Current Year		Previous Year Corresponding		Current Year		Previous Year Corresponding	
	This Quarter	Up to This Quarter(YTD)	This Quarter	Up to This Quarter(YTD)	This Quarter	Up to This Quarter(YTD)	This Quarter	Up to This Quarter(YTD)
Profit or Loss for the Period	**300,936,111**	**1,075,300,253**	**372,560,534**	**988,973,550**	**299,255,801**	**1,069,601,722**	**381,287,387**	**1,009,887,110**
Other Comprehensive Income								
a) Items that will not be reclassified to profit or loss								
Gains/(losses) from investments in equity instruments measured at fair value	(2,850,000)	(6,000,000)			(2,850,000)	(6,000,000)		
Gains/(losses) on revalution								
Actuarial gains/(losses) on defined benefit plans								
Income tax relating to above items	855,000	1,800,000			855,000	1,800,000		
Net other comprehsive income that will not be reclassified to profit or loss								
b) Items that are or may be reclassified to profit or loss								
Gains/(losses) on cash flow hedge								
Exchange gains/(losses) (arising from translating financial assets of foreign operation)								
Income tax relating to above items								
Net other comprehsive income that are or may be reclassified to profit or loss								
c) Share of other comprehensive income of associate accounted as per equity method								
Other Comprehensive Income For The Period, Net Of Income Tax	**(1,995,000)**	**(4,200,000)**	**-**	**-**	**(1,995,000)**	**(4,200,000)**	**-**	**-**
Total Comprehensive Income For The Period	**298,941,111**	**1,071,100,253**	**372,560,534**	**988,973,550**	**297,260,801**	**1,065,401,722**	**381,287,387**	**1,009,887,110**
Profit Attributable To:								
Equity Holders Of The Bank	298,245,498	1,068,741,181	375,440,395	994,824,800	297,260,801	1,065,401,722	381,287,387	1,009,887,110
Non-Controlling Interest	695,613	2,359,072	(2,879,861)	(5,851,250)	-	-	-	-
Total Comprehensive Income For The Period	**298,941,111**	**1,071,100,253**	**372,560,534**	**988,973,550**	**297,260,801**	**1,065,401,722**	**381,287,387**	**1,009,887,110**
Earnings Per Share								
Basic Earnings Per Share		12.85		12.32		12.79		12.58
Annualized Basic Earnings Per Share		17.14		16.42		17.05		16.77
Diluted Earnings Per Share		17.14		16.42		17.05		16.77

Ratios as per NRB Directives

Partuculars	Group				Bank			
	Current Year		Previous Year Corresponding		Current Year		Previous Year Corresponding	
	This Quarter	Up to This Quarter	This Quarter	Up to This Quarter	This Quarter	Up to This Quarter	This Quarter	Up to This Quarter
Capital fund to RWA	-	13.54%	-	15.80%	-	13.41%	-	15.55%
Non-Performing loan(NPL) to Total Loan	-	1.58%	-	1.46%	-	1.58%	-	1.46%
Total Loan loss provision to Total NPL	-	144.99%	-	155.64%	-	144.99%	-	155.64%
Cost of Funds	8.54%	-	8.35%	-	8.54%	-	8.35%	-
Credit to Deposit Ratio	78.48%	-	78.48%	-	78.48%	-	78.41%	-
Base Rate	10.58%	-	11.15%	-	10.58%	-	11.15%	-
Interest Spread Rate	3.64%	-	3.74%	-	3.64%	-	3.74%	-

Citizens Bank International Limited
Condensed Consolidated Statement of Changes in Equity
For the Quarter ended Chaitra 2075

Amount in NPR

Group												
	Attributable to Equity Holders of the Group											
	Share Capital	Share Premium	General Reserve	Exchange Equalisation Reserve	Regulatory Reserve	Fair Value Reserve	Revaluation Reserve	Retained Earning	Other Reserve	Total	Non- Controlling Interest	Total Equity
Balance at Shrawan 1, 2074	6,921,689,662	532,794,833	945,479,886	33,055,535	-	-	343,854,012	765,036,985	305,078,127	9,846,989,039	34,874,052	9,881,863,091
Profit for the year	-	-	-	-	-	-	-	**1,217,377,305**	-	1,217,377,305	(8,783,084)	1,208,594,221
Other Comprehensive income	-	-	-	-	-	**(6,300,000)**	-	-	**(2,766,035)**	**(9,066,035)**	**44,624**	**(9,021,412)**
Total Comprehensive income	-	-	-	-	-	(6,300,000)	-	1,217,377,305	(2,766,035)	**1,208,311,270**	(8,738,460)	**1,199,572,810**
Transfer to reserve during the year	-	-	246,820,779	16,719,984	795,430,349	-	-	(1,244,382,400)	185,411,287	-	-	-
Transfer from reserve during the year	-							12,954,464	(12,954,464)	-	-	-
Contributions from and distributtion to owners												
Share issued	-	-	-	-	-	-	-	-	-	-	19,800,000	19,800,000
Share based payments	-	-	-	-	-	-	-	-	-	-	-	-
Dividends to equity holders	-	-	-	-	-	-	-	(58,455,413)	-	(58,455,413)	(1,650,000)	(60,105,413)
Bonus shares issued	1,107,470,346	(532,361,307)	-	-	-	-	-	(575,109,039)	-	-	-	-
Cash dividend paid	-	-	-	-	-	-	-	-	-	-	-	-
Other	4,076,392	-	-	-	-	-	-	-	-	4,076,392	-	4,076,392
Total contributions by and distributions	**1,111,546,738**	**(532,361,307)**	-	-	-	-	-	**(633,564,452)**	-	**(54,379,021)**	**18,150,000**	**(36,229,021)**
Balance at Ashad end 2075	**8,033,236,400**	**433,526**	**1,192,300,665**	**49,775,519**	**795,430,349**	**(6,300,000)**	**343,854,012**	**117,421,902**	**474,768,915**	**11,000,921,288**	**44,285,592**	**11,045,206,880**
Balance at Shrawan 1, 2075	**8,033,236,400**	**433,526**	**1,192,300,665**	**49,775,519**	**795,430,349**	**(6,300,000)**	**343,854,012**	**117,421,902**	**474,768,915**	**11,000,921,288**	**44,285,592**	**11,045,206,880**
Profit for the year								1,072,941,181		1,072,941,181	2,359,072	1,075,300,253
Other Comprehensive income								(4,200,000)		(4,200,000)		(4,200,000)
Total Comprehensive income	-	-	-	-	-	-	-	**1,068,741,181**	-	**1,068,741,181**	**2,359,072**	**1,071,100,253**
Transfer to reserve during the year	-	-	213,920,344	-	117,320,553	(4,200,000)	-	(273,965,486)	(53,075,411)	-		-
Transfer from reserve during the year	-	-	-	-	(4,275,954)	-	-	4,275,954	-	-		-
Contributions from and distributtion to owners										-		-
Share issued	46,382,600	46,382,600	-	-	-	-	-	-	-	92,765,200		92,765,200
Share based payments										-		-
Dividends to equity holders	-	-	-	-	-	-	-	-	-	-		-
Bonus shares issued	291,445,773	-	-	-	(291,445,773)	-	-	-	-	-	29,995,800	29,995,800
Cash dividend paid	-	-	-	-	-	-	-	(131,356,143)	-	(131,356,143)		(131,356,143)
Other	-	-	-	-	-	-	-	1,300,930	1,550,973	2,851,903	(2,851,903)	-
Total contributions by and distributions	**337,828,373**	**46,382,600**	-	-	**(291,445,773)**	-	-	**(130,055,213)**	**1,550,973**	**(35,739,040)**	**27,143,897**	**(8,595,143)**
Balance at Chaitra end 2075	**8,371,064,773**	**46,816,126**	**1,406,221,010**	**49,775,519**	**617,029,176**	**(10,500,000)**	**343,854,012**	**786,418,337**	**423,244,477**	**12,033,923,428**	**73,788,562**	**12,107,711,990**

Citizens Bank International Limited
Condensed Consolidated Statement of Changes in Equity
For the Quarter ended Chaitra 2075

Bank

	Attributable to Equity Holders of the Group											
	Share Capital	**Share Premium**	**General Reserve**	**Exchange Equalisation Reserve**	**Regulatory Reserve**	**Fair Value Reserve**	**Revaluation Reserve**	**Retained Earning**	**Other Reserve**	**Total**	**Non- Controlling Interest**	**Total Equity**
Balance at Shrawan 1, 2074	**6,921,689,662**	**532,794,833**	**945,479,886**	**33,055,535**	**-**		**343,854,012**	**763,369,943**	**302,940,278**	**9,843,184,148**		
Profit for the year								**1,234,103,897**	**-**	**1,234,103,897**		
Other Comprehensive income						**(6,300,000)**		**-**	**(2,865,086)**	**(9,165,086)**		
Total Comprehensive income	-	-	-	-	-	**(6,300,000)**	-	**1,234,103,897**	**(2,865,086)**	**1,224,938,811**		
Transfer to reserve during the year			246,820,779	16,719,984	795,430,349			(1,242,664,723)	183,693,610	-		
Transfer from reserve during the year								10,816,615	(10,816,615)	-		
Contributions from and distributtion to owners										-		
Share issued										-		
Share based payments										-		
Dividends to equity holders								(58,287,913)		(58,287,913)		
Bonus shares issued	1,107,470,346	(532,361,307)						(575,109,039)		-		
Cash dividend paid	-	-						-		-		
Other	4,076,392	-						-		4,076,392		
Total contributions by and distributions	**1,111,546,738**	**(532,361,307)**	**-**	**-**	**-**	**-**	**-**	**(633,396,952)**	**-**	**(54,211,521)**		
Balance at Ashad end 2075	**8,033,236,400**	**433,526**	**1,192,300,665**	**49,775,519**	**795,430,349**	**(6,300,000)**	**343,854,012**	**132,228,780**	**472,952,187**	**11,013,911,438**		
Balance at Shrawan 1, 2075	**8,033,236,400**	**433,526**	**1,192,300,665**	**49,775,519**	**795,430,349**	**(6,300,000)**	**343,854,012**	**132,228,780**	**472,952,187**	**11,013,911,438**		
Profit for the year								1,069,601,722		1,069,601,722		
Other Comprehensive income								**(4,200,000)**		**(4,200,000)**		
Total Comprehensive income	-	-	-	-	-	-	-	**1,065,401,722**	-	**1,065,401,722**		
Transfer to reserve during the year			213,920,344		117,320,553	(4,200,000)		(273,965,486)	(53,075,411)	-		
Transfer from reserve during the year					(4,275,954)			4,275,954		-		
Contributions from and distributtion to owners										-		
Share issued	46,382,600	46,382,600								92,765,200		
Share based payments										-		
Dividends to equity holders										-		
Bonus shares issued	291,445,773				(291,445,773)					-		
Cash dividend paid								(131,356,143)		(131,356,143)		
Other										-		
Total contributions by and distributions	**337,828,373**	**46,382,600**	**-**	**-**	**(291,445,773)**	**-**	**-**	**(131,356,143)**	**-**	**(38,590,943)**		
Balance at Chaitra end 2075	**8,371,064,773**	**46,816,126**	**1,406,221,010**	**49,775,519**	**617,029,176**	**(10,500,000)**	**343,854,012**	**796,584,826**	**419,876,776**	**12,040,722,217**		

Citizens Bank International Limited
Condensed Consolidated Statement of Cash Flows
For the Quarter ended Chaitra 2075

Amount in NPR

Particulars	Group		Bank	
	Up to This Quarter	**Corresponding Previous Year Up to This Quarter**	**Up to This Quarter**	**Corresponding Previous Year Up to This Quarter**
CASH FLOWS FROM OPERATING ACTIVITIES				
Interest Received	6,153,244,738	4,993,419,997	6,155,732,334	4,989,338,047
Fees And Other Income Received	414,728,658	413,478,813	393,668,122	411,310,745
Dividend Received	133,245	97,969	133,245	97,969
Receipts From Other Operating Activities	203,926,521	226,157,670	243,885,888	251,589,138
Interest Paid	(4,401,659,710)	(3,437,386,809)	(4,409,023,466)	(3,448,267,905)
Commission And Fees Paid	(36,954,048)	(21,593,226)	(36,954,048)	(21,593,226)
Cash Payment To Employees	(566,857,239)	(514,412,963)	(562,754,431)	(510,103,537)
Other Expense Paid	(338,614,028)	(222,654,335)	(336,247,811)	(218,158,519)
Operating Cash Flows Before Changes In Operating Assets And Liabilities	**1,427,948,137**	**1,437,107,116**	**1,448,439,833**	**1,454,212,713**
(Increase)/Decrease In Operating Assets				
Due From Nepal Rastra Bank	1,043,277,055	(2,170,723,169)	1,043,277,055	(2,170,723,169)
Placement With Bank And Financial Institutions	409,205,421	719,852,543	409,205,421	719,852,543
Other Trading Assets	19,248,665	(41,634,631)	19,248,665	(41,634,631)
Loan And Advances To Bank And Financial Institutions	(244,237,052)	(10,353,954)	(244,237,052)	(10,353,954)
Loans And Advances To Customers	(5,326,558,003)	(7,344,343,660)	(5,326,558,003)	(7,347,051,995)
Other Assets	(437,068,108)	(48,883,826)	(892,575,649)	(84,474,106)
Increase/(Decrease) In Operating Liabilities				
Due To Bank And Financial Institutions	1,376,687,471	1,496,334,686	1,376,687,471	1,496,334,686
Due To Nepal Rastra Bank	1,534,895,161	648,484,360	1,534,895,161	648,484,360
Deposit From Customers	5,109,716,919	7,601,873,539	5,224,897,553	7,682,344,632
Borrowings	(2,799,466)	(2,708,334)	-	-
Other Liabilities	47,753,636	(576,109,787)	177,143,128	115,428,732
Net Cash Flow From Operating Activities Before Tax Paid	**4,958,069,835**	**1,708,894,883**	**4,770,423,580**	**2,462,419,811**
Income Taxes Paid	(448,764,268)	(432,808,761)	(448,764,268)	(432,808,761)
Net Cash Flow From Operating Activities	**4,509,305,567**	**1,276,086,122**	**4,321,659,312**	**2,029,611,050**
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase Of Investment Securities	(3,106,418,844)	(802,012,872)	(2,777,184,266)	(761,978,342)
Receipts From Sale Of Investment Securities	-	-	-	-
Purchase Of Property And Equipment	(228,133,781)	(329,821,644)	(227,632,553)	(329,390,091)
Receipt From The Sale Of Property And Equipment	-	-	-	-
Purchase Of Intangible Assets	(19,564,219)	(59,457,018)	(19,564,219)	(59,457,018)
Receipt From The Sale Of Intangible Assets	-	-	-	-
Purchase Of Investment Properties	-	390,066,062	-	390,066,062
Receipt From The Sale Of Investment Properties	23,505,030	-	23,505,030	-
Interest Received	-	-	-	-
Dividend Received	5,654,469	6,069,792	2,667,854	5,478,770
Net Cash Used In Investing Activities	**(3,324,957,345)**	**(795,155,680)**	**(2,998,208,154)**	**(755,280,620)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipt From Issue Of Debt Securities	(0)	1,851,186	(0)	1,851,186
Repayment Of Debt Securities	-	-	-	-
Receipt From Issue Of Subordinated Liabilities	-	-	-	-
Repayment Of Subordinated Liabilities	-	-	-	-
Receipt From Issue Of Shares	367,828,373	1,171,546,739	337,828,373	1,111,546,739
Dividends Paid	(114,904,045)	(57,118,471)	(114,904,045)	(52,118,471)
Interest Paid	-	-	-	-
Other Receipt/Payment	(265,715,261)	(1,504,957,038)	(265,715,261)	(1,504,957,038)
Net Cash From Financing Activities	**(12,790,933)**	**(388,677,584)**	**(42,790,933)**	**(443,677,584)**
Net Increase (Decrease) In Cash And Cash Equivalents	**1,171,557,288**	**92,252,858**	**1,280,660,225**	**830,652,847**
Cash And Cash Equivalents Ashadh, 2075	5,153,678,741	4,568,227,968	5,046,237,676	3,887,468,818
Effect Of Exchange Rate Fluctuations On Cash And Cash Equivalents Held	-			
Cash And Cash Equivalents At Chaitra End 2075	**6,325,236,029**	**4,660,480,826**	**6,326,897,901**	**4,718,121,665**

Citizens Bank International Limited

Statement of Distributable Profit or Loss

For the period ended 30 Chaitra 2075

	Bank Current Year
Net profit or (loss) as per statement of profit or loss	1,069,601,722
Appropriations:	
a. General reserve	(213,920,344)
b. Foreign exchange fluctuation fund	-
c. Capital redemption reserve	(71,428,571)
d. Corporate social responsibility fund	(10,696,017)
e. Employees' training fund	-
f. Other	-
Profit or (loss) before regulatory adjustment	**773,556,789**
Regulatory adjustment :	
a. Interest receivable (-)/previous accrued interest received (+)	(113,120,553)
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 (-)/resersal (+)	4,275,954
e. Deferred tax assets recognised (-)/ reversal (+)	
f. Goodwill recognised (-)/ impairment of Goodwill (+)	
g. Bargain purchase gain recognised (-)/resersal (+)	
h. Actuarial loss recognised (-)/reversal (+)	
i. Other (+/-)	
- Fair Value Loss on Investment in Equity Instrument measured at FVTOCI that will not be classified to Profit or Loss	(4,200,000)
Distributable profit or (loss)	**660,512,189**

धितोपत्र दर्ता तथा निष्काशन नियमावली २०७३ को अनुसूची १४
(नियम २६ को उपनियम (१) सँग सम्बन्धित)
आ.व.२०७५/७६ को तेस्रो त्रैमासिक प्रतिवेदन

१) वित्तीय विवरण

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

यस बैंकको त्रैमासिक अवधिको वासलात, नाफा-नोक्सान सम्बन्धी विवरण यसै साथ प्रकाशित गरिएको छ ।

(ख) प्रमुख वित्तीय अनुपातहरु

प्रति शेयर आम्दानी	रु.१७०५	प्रति शेयर कुल सम्पत्ति मूल्य	रु.१,०३८।९२
मूल्य आम्दानी अनुपात	१३.०८	तरलताको अनुपात	२१.५६ प्रतिशत
प्रति शेयर नेटवर्थ	रु.१४३।८४		

२) व्यवस्थापकीय विश्लेषण :

(क) बैंकको पूँजी पर्याप्तता अनुपात, तरलता, कर्जा निक्षेप अनुपात, संस्थागत निक्षेप अनुपात र अन्य सूचकाङ्कहरु सन्तोषजनक रहेका छन् । व्याज खर्चमा अनुमान भन्दा केहि बढी खर्च भएता पनि वासलातको समग्र वृद्धिको फलस्वरुप मुनाफामा संतोषजनक वृद्धि भएको छ ।

(ख) व्यवसायिक संजाल वृद्धि, व्यवसाय विविधीकरण तथा गुणस्तरीय सेवा प्रदान गर्ने बैंकको उद्देश्य तथा स्थानीय तहका दूर्गम क्षेत्रमा समेत शाखा विस्तार गर्दै लैजानुका साथै शाखा रहित बैकिङ्ग (Branch Less Banking) का माध्यमबाट ग्रामिण क्षेत्रमा बैकिङ्ग पहुँचमा वृद्धि गर्दै लैजाने तथा ग्राहकमुखी नयाँ सेवा तथा सुविधामा आवश्यकता अनुसार वृद्धि गर्दै लैजाने योजना रहेको छ ।

(ग) विगतको अनुभवबाट संगठित संस्थाको मौज्दात, नाफा वा नगद प्रवाहमा तात्विक असर पार्न सक्ने अवस्था देखिएको छैन ।

३. कानुनी कारवाही सम्बन्धी विवरण :

((क) यस अवधिमा बैंकले वा बैंकको विरुद्ध कुनै मुद्दा दायर भएको भए :
यस अवधिमा बैंकले कुनै मुद्दा दायर गरेको छैन भने बैंकको विरुद्ध १२ वटा मुद्दा दायर भएका छन ।

(ख) बैंकको संस्थापक वा संचालकले वा संस्थापक वा संचालकको विरुद्धमा प्रचलित नियमको अवज्ञा वा फौजदारी अपराध गरेको सम्बन्धमा कुनै मुद्दा दायर गरेको वा भएको भए :
कुनै जानकारी प्राप्त भएको छैन ।

(ग) कुनै संस्थापक वा संचालक विरुद्ध आर्थिक अपराध गरेको सम्बन्धमा कुनै मुद्दा दायर भएको भए :
कुनै जानकारी प्राप्त भएको छैन ।

४. संगठित संस्थाको शेयर कारोवार सम्बन्धी विश्लेषण

(क) धितोपत्र बजारमा भएको बैंकको शेयरको कारोबार सम्बन्धमा व्यवस्थापनको धारणा:
देशको धितोपत्र बजारमा संगठित संस्थाहरुको शेयर कारोवारमा हाल देखिएको उतार चढावका बावजुद पनि यस बैंकको शेयर कारोवार सन्तोषजनक रहेको छ ।

(ख) यस अवधिको शेयरको अधिकतम, न्यूनतम, अन्तिम मूल्य, कारोबार भएको कुल दिन तथा कारोबार संख्या:
यस अवधिको शेयरको अधिकतम, न्यूनतम, अन्तिम मूल्य, कारोबार भएको कुल दिन तथा कारोबार संख्याको विवरण देहाय बमोजिम रहेको छ :

अधिकतम मूल्य	रु. २२७।००	कुल कारोवार शेयर संख्या	१,०६०,७२१
न्यूनतम मूल्य	रु. १९९।००	कुल कारोवार दिन	६०
चैत्र मसान्तको अन्तिम मूल्य	रु. २२३।००	कुल कारोवार संख्या	४,०१२

५. समस्या तथा चुनौती :

(क) आन्तरिक समस्या तथा चुनौती
बैंकको संचालन खर्च वृद्धि हुदै जानु, कम व्याज अन्तर, कर्जामा व्याजदरको परिवर्तन लगायत आयमा विविधिकरण हुनु, लगानी युक्त क्षेत्र पहिचान गर्नु तथा शाखाहरुको वृद्धिसँगसँगै संचालन जोखिम व्यवस्थापन चुनौतीपूर्ण हुनु जस्ता आन्तरिक समस्या रहेको विद्यमान परिप्रेक्ष्यमा बैंकको दिगो रुपमा मुनाफा बृद्धि गर्ने कार्य चुनौतीपूर्ण रहेको छ ।

(ख) बाह्य समस्या तथा चुनौती

नेपाल राष्ट्र बैंकबाट जारी गरिएको नीति निर्देशन अनुरुप सम्पत्तिमा हुने प्रतिफललाई आधारदर बाट हटाइएकाले कर्जाको व्याजदरमा असर पर्नाले बैंकको कुल आम्दानीमा असर पर्नु तथा व्याजदर अन्तरलाई कायम राख्नु जस्ता जोखिमहरु र साथै देशको आर्थिक तथा राजनैतिक , पूँजीबजारमा आउन सक्ने उतार चढावबाट उत्पन्न हुन सक्ने जोखिमहरुलाई कायम राख्नु चुनौतिपूर्ण रहेको छ । त्यसै गरी निक्षेप वृद्दिको तुलनामा कर्जा लगानी माग बढि भएको कारणले वित्तिय क्षेत्रमा दवाव श्रृजना भई व्याज दरमा चाप परेको र यसबाट पछिल्लो समय निरन्तर रुपमा लगानी योग्य पूँजीको अभाव हुने गरेको कारणले बैंकको व्यवसाय विस्तार गरि मुनाफामा वृद्धि गर्नु चुनौति रहेको छ । बैकिङ्ग क्षेत्रमा तीव्र प्रतिस्पर्धा हुनु, बैकिङ्ग क्षेत्रमा दक्ष जनशक्तिको कमि हुनु, लगानी मैत्री वातावरण तथा औद्योगिक तथा व्यापारीक क्षेत्रमा श्रम समस्यामा केहि सुधार आएतापनि लगानीकर्ताको मनोबलमा अझै सुधार नहुनु, सरकारी विकास खर्च कम हुनु, विदेशी विनिमय बजारमा आएका उतारचढाव प्रक्षेपण गरे अनुरुप नहुनु लगायत प्रमुख बाह्य समस्या हुन् । यस्ता समस्या विद्यमान रहेको अवस्थामा बैंकको कारोबार दिगो रुपमा विस्तार गरि सम्पत्तिको गुणस्तर कायम राखि लगानिकर्तालाई उचित प्रतिफल दिने कार्य चुनौतिपूर्ण रहेको छ ।

(ग) रणनीति
बैंकले ग्रामीण तथा दुर्गम क्षेत्र तथा तोकिएका स्थानिय तहमा शाखा विस्तार गर्ने र बैंकिङ्ग सेवाबाट वञ्चित जनतालाई बैंकको दायरामा ल्याइ निक्षेप परिचालन बढाउने, बैंकले विभिन्न व्यवसायिक संघ-संस्था लगायत व्यक्तिगत ग्राहकहरुसँगको सम्बन्ध सुमधुर बनाउनका लागि छिटो एवं छरितो तवरले ग्राहकमुखी सेवाहरु उपलब्ध गराई बैंकको समग्र जोखिम व्यवस्थापनको आधारभूत पक्षहरुलाई मजबुत बनाई उल्लिखित चुनौतिको समाधान गर्ने र बैंकको आन्तरिक कार्यप्रणालीमा खर्च मितव्ययिताका आधारहरु खोज्ने रणनीति अवलम्बन गरेको छ । त्यसै गरि बैंकको Core Banking System (CBS) लाई आधुनिकिकरण गर्दै ग्राहकहरुलाई गुणस्तरिय सेवा प्रदान गर्ने नीति अवलम्बन गरेको छ ।

६.　संस्थागत सुशासन :

(क)　नेपाल राष्ट्र बैंकको निर्देशन बमोजिम संस्थागत सुशासन अभिवृद्धिको लागि आन्तरिक नियन्त्रण प्रणाली व्यवस्थित गर्न आन्तरिक लेखापरीक्षण विभाग तथा अनुपालन विभाग तथा सुशासन इकाईको व्यवस्था गरिएको तथा लेखापरीक्षक तथा नियमनकारी निकायवाट दिइएका सुझाव तथा निर्देशनहरु व्यवस्थापन मार्फत कार्यान्वयन गराउन लेखापरीक्षण समिति सदैव क्रियाशील रहेको छ ।

(ख)　बैंकको समग्र जोखिम व्यवस्थापनलाई मजबुत पार्न संचालन जोखिम कम गर्न तथा कामलाई व्यवस्थित गर्न जोखिम व्यवस्थापन समिति गठन गरिएको छ । कर्जा जोखिमको विश्लेषणलाई जोखिम व्यवस्थापन समिति अन्तर्गत रहने गरी छुट्टै विभागबाट हेर्ने व्यवस्था मिलाई बजार व्यवस्थापनको कार्यबाट छुट्टयाइएको छ । साथै विभिन्न विभागहरुसंग सम्बन्धित कार्य संचालनलाई व्यवस्थित गर्न आन्तरिक नीति, नियम तथा निर्देशिकाहरु जारी गरी लागू गरिएको छ । कारोवारलाई छिटो-छरितो तथा चुस्त बनाउन व्यवस्थापन तहमा व्यवस्थापन समिति (Executive Committee), सम्पत्ति दायित्व व्यवस्थापन समिति (ALCO) लगायतका विभिन्न समितिहरु क्रियाशील रहेका छन् ।

(ग)　बैंक संचालक समिति तथा व्यवस्थापन आफ्ना शेयरधनीहरु, सर्वसाधारण निक्षेपकर्ताहरु लगायत सम्पूर्ण सरोकारवालाहरुको हितको संरक्षण तथा संस्थागत सुशासन प्रति सदैव सजग तथा प्रतिवद्ध रहेको छ ।

७.　सत्य, तथ्यता सम्बन्धमा कार्यकारी प्रमुखको उद्घोषण :

आजको मितिसम्म यस प्रतिवेदनमा उल्लेखित जानकारी तथा विवरणहरुको शुद्धता सम्बन्धमा म व्यक्तिगत रुपमा उत्तरदायित्व लिन्छु । साथै म यो उद्घोष गर्दछु कि मैले जाने बुझेसम्म यस प्रतिवेदनमा उल्लेखित विवरणहरु सत्य, तथ्य र पूर्ण छन् र लगानीकर्ताहरुलाई सूसुचित निर्णय लिन आवश्यक कुनै विवरण, सूचना तथा जानकारीहरु लुकाइएको छैन ।

प्रमुख कार्यकारी अधिकृत

Citizens Bank International Limited

Notes To The Interim Financial Statements

1. Basis of preparation

The interim financial statements of the Group (Bank and its Subsidiary, CBIL 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 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 preparation of financial statements are set out below in point number 5. These policies are consistently applied to all the years presented, except for the changes in accounting policies disclosed specifically.

1.1. Reporting Period

Reporting Period is a period from the first day of Shrawan (mid July) of any year to the last day of quarter end, i.e; Ashoj (mid October),Poush (mid January), Chaitra (mid April) as per Nepali calendar.

	Nepali Calendar	**English Calendar**
Current Year Period	1st Shrawan 2075 to 30th Chaitra 2075	17th July 2018 to 13th April 2019
Previous Year Period	1st Shrawan 2074 to 30th Chaitra 2074	16th July 2017 to 13th April 2018

1.2. Functional and Presentation Currency

The Financial Statements of the Group are presented in Nepalese Rupees (Rs), which is the currency of the primary economic environment in which the Group operates. Financial information is presented in Nepalese Rupees. There was no change in the Group’s presentation and functional currency during the period under review. The figures are rounded to nearest integer, except otherwise indicated.

2. Statement of Compliance with NFRS

The Financial Statements of the Group which comprises components mentioned above have been prepared in accordance with Nepal Accounting Standards comprising of Nepal Financial Reporting Standards and Nepal Accounting Standards (hereafter referred as NFRS), laid down by the Institute of Chartered Accountants of Nepal and in compliance with the requirements of the Companies Act, 2063 and Generally Accepted Accounting Principles in the Banking industry in Nepal.

3. Use of Estimates, assumptions and judgements

The preparation of financial statements requires the management to make estimates and assumptions that are considered while reporting amounts of assets and liabilities (including contingent assets and liabilities) as of the date of the financial statements. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognized prospectively in current and future periods.

Information about assumptions and estimation that have a significant risk of resulting in a material adjustment within the next financial year are:

- Key assumptions used in discounted cash flow projections.
- Measurement of defined benefit obligations.
- Provisions, commitments and contingencies.
- Determination of net realizable value.
- Determination of useful life of the property, plants and equipment.
- Assessment of the Group's ability to continue as going concern.
- Determination of fair value of financial instruments; and property and equipment.
- Impairment of financial and non-financial assets.
- Assessment of current as well as deferred tax.

4. Changes in Accounting policies

The Group 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.

5. Significant Accounting Policies

The accounting policies applied and method of computation followed in the preparation of the interim financial statement is in consistent with the accounting policies applied and method of computation followed in preparation of the annual financial statement.

5.1. Financial Assets and Financial Liabilities

5.1.1. Recognition

The Group initially recognizes a financial asset or a financial liability in its statement of financial position when, and only when, it becomes party to the contractual provisions of the instrument. The Group initially recognizes loans and advances, deposits; and debt securities/ subordinated liabilities issued on the date that they are originated which is the date that the Group becomes party to the contractual provisions of the instruments. Investments in equity instruments, bonds, debenture, Government securities, NRB bond or deposit auction, reverse repos, outright purchase are recognized on trade date at which the Group commits to purchase/ acquire the financial assets. Regular way purchase and sale of financial assets are recognized on trade date.

5.1.2. Classification

i. Financial Assets

The Group classifies the financial assets as subsequently measured at amortized cost or fair value on the basis of the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The two classes of financial assets are as follows:

1. *Financial assets measured at amortized cost*

   The Group classifies a financial asset measured at amortized cost if both of the following conditions are met:

   a) The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and

   b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

2. *Financial asset measured at fair value*

   Financial assets other than those measured at amortized cost are measured at fair value. Financial assets measured at fair value are further classified into two categories as below:

   a) Financial assets at fair value through profit or loss

   Financial assets are classified as fair value through profit or loss (FVTPL) if they are held for trading purpose or are designated at fair value through profit or loss. Upon initial recognition, transaction cost are directly attributable to the acquisition are recognized in profit or loss as incurred. Such assets are subsequently measured at fair value and changes in fair value are recognized in Statement of Profit or Loss.

   b) Financial assets at fair value through other comprehensive income

   Investment in an equity instrument that is not held for trading and at the initial recognition, the Group makes an irrevocable election that the subsequent changes in fair value of the instrument is to be recognized in other comprehensive income are classified as financial assets at fair value though other comprehensive income. Such assets are subsequently measured at fair value and changes in fair value are recognized in other comprehensive income.

ii. Financial Liabilities

The Group classifies the financial liabilities as follows:

a) *Financial liabilities at fair value through profit or loss*

Financial liabilities are classified as fair value through profit or loss (FVTPL) if they are held for trading or are designated at fair value through profit or loss. Upon initial recognition, transaction cost are directly attributable to the acquisition are recognized in Statement of Profit or Loss as incurred. Subsequent changes in fair value is recognized at profit or loss

b) *Financial liabilities measured at amortized cost*

All financial liabilities other than measured at fair value though profit or loss are classified as subsequently measured at amortized cost using effective interest method.

5.1.3.Measurement

Initial Measurement

A financial asset or financial liability is measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

Transaction cost in relation to financial assets and liabilities at fair value through profit or loss are recognized in Statement of Profit or Loss.

Subsequent Measurement

A financial asset or financial liability is subsequently measured either at fair value or at amortized cost based on the classification of the financial asset or liability. Financial asset or liability classified as measured at amortized cost is subsequently measured at amortized cost using effective interest rate method.

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

Financial assets classified at fair value are subsequently measured fair value. The subsequent changes in fair value of financial assets at fair value through profit or loss are recognized in Statement of Profit or Loss whereas of financial assets at fair value through other comprehensive income are recognized in other comprehensive income.

5.1.4. Derecognition

i. Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset.

Any interest in such transferred financial assets that qualify for derecognition that is created or retained by the Group is recognized as a separate asset or liability. On derecognition of a financial asset, the difference between the carrying amount of the asset, and the sum of (i) the consideration received and (ii) any cumulative gain or loss that had been recognized is recognized in Statement of Profit or Loss.

The Group enters into transactions whereby it transfers assets recognized on its Statement of Financial Position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them, then the transferred assets are not derecognized. Transfers of assets with retention of all or substantially all risks and rewards include, for example repurchase transactions.

ii. Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognized in Statement of Profit or Loss.

5.1.5. Determination of fair value

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability (exit price) in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non performance risk.

When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. If there is no quoted price in an active market, then the Group 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.

5.1.6. Offsetting

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to set off the amounts and it intends either to settle them 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 NFRS, or for gains and losses arising from a group of similar transactions such as in the Group's trading activity.

5.1.7. Impairment of financial assets

At each reporting date, the Group assesses whether there is objective evidence that a financial asset or group of financial assets not carried at fair value through profit or loss are impaired. A financial asset 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(s), and that the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably.

Objective evidence that financial assets are impaired include significant financial difficulty of the borrower or issuer, default or delinquency by a borrower, restructuring of a loan or advance by the Group on terms that the Group would not otherwise consider, indications that a borrower or issuer will enter Bankruptcy, the disappearance of an active market for a security, or other 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 fair value below its cost is objective evidence of impairment.

In case of financial difficulty of the borrower, the Group considers to restructure loans rather than take possession of collateral. This may involve extending the payment arrangements and agreement of new loan conditions. Once the terms have been renegotiated, any impairment is measured using the original EIR as calculated before the modification of terms and the loan is no longer considered past due. Management continually reviews renegotiated loans to ensure that all criteria are met and that future payments are likely to occur. The loans continue to be subject to an individual or collective impairment assessment, calculated using the loan's original EIR.

Impairment of financial assets measured at amortized cost

The Group considers evidence of impairment for loans and advances and investment securities measured at amortized cost at both specific asset and collective level. The Group first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant and that are not individually significant are assessed collectively.

If there is objective evidence on that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's 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 profit or loss.

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.

Impairment of loans and advances portfolios is based on the judgments in past experience of portfolio behavior. In assessing collective impairment the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends. Default rates, loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate.

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

In case of impairment of financial assets being loans and advances, the impairment loss amount is taken as higher of amount derived as per norms prescribed by Nepal Rastra Bank for loan loss provision and amount determined as per paragraph 63 of NAS 39 as mentioned above as per alternative given in carve out on NAS 39 Para 58.

However, as per carve out on NAS 39 Para 58, the Bank has assessed and measured impairment loss on loan and advances as the higher of amount derived as per norms prescribed by Nepal Rastra Bank for loan loss provision and amount determined as per paragraph 63 of NAS 39.

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

Impairment of investment in equity instrument classified as fair value through other comprehensive income

Objective evidence of impairment of investment in an equity instrument is a significant or prolonged decline in its fair value below its cost. Impairment losses are recognized by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and the current fair value, less any impairment loss recognized previously in profit or loss.

5.2. Trading Assets

Trading assets are those assets that are acquired principally for the purpose of selling in the near term, or held as part of a portfolio that is managed together for short-term profit. It includes non derivative financials assets such as government bonds, NRB bonds, domestic corporate bonds, treasury bills, equities etc. held primarily for the trading purpose. If a trading asset is a debt instrument, it is subject to the same accounting policy applied to financial assets measured at amortized cost. If a trading asset is an equity instrument, it is subject to the same accounting policy applied to financial assets measured at Fair Value Through Profit or Loss.

5.3. Derivative assets and derivative liabilities

Derivative assets and derivative liabilities create rights and obligations that have the effect of transferring between the parties to the instrument one or more of the financial risk inherent in an underlying primary financial instrument. However, they generally do not result in a transfer of the underlying primary financial instrument on inception of the contract, nor does such a transfer necessarily take place on maturity of the contract.

The value of a derivative changes with the change in value of the underlying. Examples of derivative are forward, futures, options or swap contracts. The underlying could be specified interest rate, security price, commodity price, exchange rate, price index, etc.

Derivative financial instruments meet the definition of a financial instrument and are accounted for as derivative financial asset or derivative financial liability measured at FVTPL and corresponding fair value changes are recognized in profit or loss. The Group has not designated derivative as a hedging instrument in an eligible hedging relationship under NFRS 9 – "Financial Instrument" and has not applied hedge accounting.

5.4. Foreign Currency

Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency at the spot exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into the functional currency at the spot exchange rate at that date and all differences arising on non trading activities are taken to 'other operating income' in the Statement of Profit or Loss.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated into the functional currency at the spot exchange rate at the date on which the fair value is determined.

Foreign currency differences arising on retranslation are recognized in the Statement of Profit or Loss.

At the annual closing, if the revaluation loss is reported, the same is charged to Statement of Profit or Loss and if revaluation profit is reported, such amount is shown as income in Statement of Profit or Loss and 25 percent of such profit is appropriated to Exchange Fluctuation Reserve through Statement of Changes in Equity as required by Bank and Financial Institutions Act.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the initial transaction. Forward exchange contracts are valued at the forward market rates ruling on the reporting date and resulting net unrealized gains or losses are dealt with in the Statement of Profit or Loss.

5.5. Property and Equipment

a) Recognition and Measurement

Property and Equipment are recognized if it is probable that future economic benefits associated with the assets will flow to the Group and the cost of the asset can be reliably measured. The cost includes expenditures that are directly attributable to the acquisition of the assets. Cost of self constructed assets includes followings:

- Cost of materials and direct labour;
- Any other cost directly attributable to bringing the assets to the working condition for their intended use; and
- Capitalized borrowing cost

Subsequent expenditure is capitalized if it is probable that the future economic benefits from the expenditure will flow to the entity. Ongoing repairs and maintenance to keep the assets in working condition are expensed as incurred.

Property and equipment are measured at cost less accumulated depreciation and accumulated impairment loss, if any.

Neither class of the property and equipment has been measured as per revaluation model nor is their fair value measured at the reporting date.

On revaluation of an asset, any increase in the carrying amount is recognized in ‘Other comprehensive income’ and accumulated in equity, under capital reserve or used to reverse a previous revaluation decrease relating to the same asset, which was charged to the Statement of Profit or Loss. In this circumstance, the increase is recognized as income to the extent of previous write down. Any decrease in the carrying amount is recognized as an expense in the Statement of Profit or Loss or debited to the Other Comprehensive income to the extent of any credit balance existing in the capital reserve in respect of that asset.

The decrease recognized in other comprehensive income reduces the amount accumulated in equity under capital reserves. Any balance remaining in the revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

b) Capital work in progress

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

c) Depreciation

Property and equipments are depreciated from the date they are available for use on property on straight-line method over estimated useful lives as determined by the Management. Depreciation is recognized in profit or loss. Leased assets under the finance lease are depreciation over the shorter of the lease term and their useful life. Land is not depreciated. Charging of depreciation is ceased from the earlier of the date from which the asset is classified as held for sale or is derecognized.

The estimated useful lives of significant items of property and equipment for current year and comparative periods are as follows:

Class of Assets	**Useful Life**	**Rate of Depreciation**
Building	20 years	5%
Metal Furniture	6 years	16.67%
Wooden Furniture	5 years	20%
Office Vehicles	7 years	14.29%
Computer (including Printer)	4 years	25%
Office Equipments	5 years	20%

- The expenses of leasehold improvements are amortized over the lease period or a maximum of 10 year period whichever is lower.
- The capitalized value of Software Purchase and installation costs are amortized over a maximum 5 year period or within the ownership period.
- Assets costing less than Rs 5,000 are fully depreciated in the year of purchase. For assets purchased/sold during the year, depreciation is provided upto the date of use on pro-rata basis.

Depreciation method, useful lives and residual value are reviewed at each reporting date and adjusted, if any.

d) De-recognition

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

Any gain or losses on de-recognition of an item of property and equipment is recognized in profit or loss.

5.6. Intangible Assets

The intangible assets include software purchased by the Group. Software is measured at cost less accumulated amortization and accumulated impairment loss if any. Software is amortized on a straight line basis in profit or loss over its useful life, from the date that is available for use. The estimated useful life of software for the current and comparative periods is five year. Amortization method, useful lives and residual value are reviewed at each reporting date and adjusted if any.

The goodwill is initially measured at the difference between the purchase consideration given and the fair value of net assets acquired. Subsequent to the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is presented with 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 Group in previous annual Financial Statements or interim Financial Statements are not recognized as part of the cost of an intangible asset at a later date.

Computer Software & Licenses

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

Subsequent Expenditure

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

Goodwill is measured at cost less accumulated impairment losses.

Amortization of Intangible Assets

Intangible Assets, except for goodwill, are amortized on a straight–line basis in the Statement of Profit or Loss from the date when the asset is available for use, over the best of its useful economic life based on a pattern in which the asset's economic benefits are consumed by the Group. Amortization methods, useful lives, residual values are reviewed at each financial year end and adjusted if appropriate. The Group assumes that there is no residual value for its intangible assets.

De-recognition of Intangible Assets

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

5.7. Investment Property

Investment property is the land or building or both held either for rental income or for capital appreciation or for both, but not for sale in ordinary course of business and owner occupied property. The Group holds investment property that has been acquired through the enforcement of security over the loan and advances.

Investment property is measured at cost. The panchakrit value of the property that has been acquired through the enforcement of security over the loans and advances have been considered as the cost of the property.

Investment properties are derecognized when they are disposed of, or permanently withdrawn from use since no future economic benefits are expected. Any gain or loss on disposal of an investment property is recognized in profit or loss. When the use of a property changes such that it is reclassified as property and equipment, its fair value at the date of reclassification becomes its cost for subsequent reporting.

5.8. Income Tax

Income Tax expense comprises current tax and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent they relate to the items recognized directly in equity or in other comprehensive income.

a) Current Tax

Current tax is the tax payable or receivable on the taxable income or loss for the year using tax rates that are enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

b) Deferred Tax

Deferred tax is recognized in respect of temporary differences between the carrying amount and tax base of assets and liabilities; and carry forward of unused tax losses. Deferred tax is measured at the tax rate that is expected to be applied to temporary differences when they reverse, using tax rate enacted or substantially enacted at the reporting date. Deferred tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which it can be utilized.

Deferred tax assets are reviewed at each reporting date and appropriately adjusted to reflect the amount that is reasonably/ virtually certain to be realized.

Deferred tax asset and deferred tax liabilities are offset if all of the following conditions met:

a) if there is a legally enforceable right to offset the current tax liabilities and assets;
b) the taxes are levied by the same authority on the same tax entity; and
c) the entity intends to settle the current tax liabilities and assets on net basis or the tax assets and liabilities will be realized simultaneously.

5.9. Provisions and Contingent Assets/ Liabilities

The Group recognizes a provision if, as a result of past event, the Group has a present constructive or legal obligation that can be reliable measured and it is probable than an outflow of economic benefit will be required to settle the obligation. A disclosure for contingent liability is made when there is a possible obligation or a present obligation that may but probably will not require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

A provision for onerous contract is recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligation under the contract.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed. Contingent assets are not recognized in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognized in the period in which the change occurs.

Liabilities on account of derivative contracts are reported under Contingent Liabilities under sub-heading Outstanding Liabilities for Forward Exchange Contract. These include notional principal on outstanding forward rate agreements. The Forward Exchange Contract is marked to market and resulting difference is recognized in Statement of Profit or Loss. The difference payable/ receivable that arises at the time settlement of Forward Exchange Contract is recognized at the time of settlement.

5.10.Deposits, Debt Securities Issued and Subordinated Liabilities

Deposits comprises of deposit amount held of the customers and other Banks and Financial Institutions. Deposits are classified as financial liabilities measured at amortized cost.

Debt securities issued are financial liabilities other than measured at fair value though profit or loss and are measured at amortized cost using effective interest method.

Subordinated Liabilities are also measured at amortized cost using effective interest method.

5.11.Revenue Recognition

Revenue comprises of interest income, fees and commission, foreign exchange income, cards income, disposal income, etc. Revenue is recognized to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is not recognized during the period in which its recoverability of income is not probable. The bases of incomes recognition are as below:

a) Interest income

Interest income is recognized in profit or loss using effective interest method. Effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of financial asset or liability to the carrying amount of the asset or liability. The calculation of effective interest rate includes all transactions cost and fee and points paid or received that are integral part of the effective interest. The transactions cost and fees and points that are not material ie. below or equal to 1% of financial asset or liability and for financial asset or liability with tenure of upto 1 year have been recognized directly in Statement of Profit or Loss and not considered in the calculation of effective interest rate. The transaction costs include incremental costs that are directly attributable to the acquisition or issue of financial assets.

Interest income presented in statement of profit or loss includes:

- Interest income on financial assets measured at amortized cost calculated on an effective interest rate method except for impaired loans and advances . These financial assets include investment in government securities, investment in corporate bonds, investment in NRB Bond and deposit instruments, reverse repos, inter bank lending, etc.

  As per carve out on NAS 39 Para 9, the Group has not included the fees and points paid or received in loans and advances that are immaterial or impracticable to determine reliably the effective interest rate and have recognized them directly as revenue in the Statement of Profit or Loss.

  Similarly, as per carve out on NAS 39 AG 93, the Bank has applied the effective interest rate to the gross carrying amount of a financial asset unless the financial asset is written off either partially or fully.

- Interest on investment securities measured at fair value is calculated on effective interest rate.
- Income on discounted instruments like bills purchased, documents negotiation is recognized over the period of discounting on accrual basis using effective interest rate.

Interest income on all trading assets are considered to be incidental to the Group’s trading operations and are presented together with all other changes in fair value of trading assets and liabilities in net trading income.

Revenue is recognized only when it is probable that the economic benefits associated with the transaction will flow to the entity. In some cases, this may not be probable until the consideration is received or until an uncertainty is removed.

b) *Fees and Commission*

Fees and commission income that are integral to the effective interest rate on a financial asset are included in measurement of effective interest rate. Other fees and commission income including management fee, service charges, syndication fee, forex transaction commission, commission of issue of letter of credit and guarantee are recognized as the related services are performed. When the loan commitment is not utilized to the extent of approved limit, the related commitment fees are recognized on undrawn amount on straight line basis over the period of commitment. Following bases are adopted for recognition of fees and commission

- Commission on guarantees issued by the Group is recognized as income over the period of the guarantee, except for guarantee commission not exceeding Rs 10 thousands, which is recognized at the time of its issue.
- Commission on sight Letters of Credit (LC) issued by the Group is recognized as income at the time of issue of the LC whereas income from time LC is recognized over its period on accrual basis.
- Other fees and commission income are recognized on accrual basis.

c) *Dividend Income:*

Dividend on investment in resident company is recognized when the right to receive payment is established. Dividend income are presented in net trading income, net income from other financial instruments at fair value through profit or loss or other revenue based on the underlying classification of the equity instruments.

d) *Net Trading Income*

Trading income/ loss is recognized for all realized interest, dividend and foreign exchange differences including any unrealized changes in fair value of trading assets and liabilities. The trading income and loss are netted off and disclosed separately in Statement of Profit or Loss.

5.12. Interest Expense

Interest expense on all financial liabilities including deposits are recognized in profit or loss using effective interest rate method. Interest expense on all trading liabilities are considered to be incidental to the Group's trading operations and are presented together with all other changes in fair value of trading assets and liabilities in net trading income.

5.13. Employee Benefits

a) *Short Term Employee Benefits*

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is also recognized for the amount expected to be paid under bonus required by the Bonus Act, 2030 to pay the amount as a result of past service provided by the employee and the obligation can be estimated reliably under short term employee benefits.

Short-term employee benefits include all the following items (if payable within 12 months after the end of the reporting period):

- wages, salaries and social security contributions;
- profit-sharing and bonuses; and
- non-monetary benefits

b) Post Employment Benefit Plan

Post employment benefit plan includes followings:

i. Defined Contribution Plan

A defined contribution plan is a post-employment benefit plan under which an entity pays a fixed contribution to a separate entity and has no legal or constructive obligation to pay future amounts. Obligations for contributions to defined contribution plans are recognized as personnel expense in profit or loss in the periods during which the related service are rendered by employees. Pre-paid contributions are recognized as an asset to the extent that cash refund or reduction in future payments is available. Contributions to a defined contribution plan being due for more than 12 months after the end of the period in which the employee render the service are discounted at their present value. The following are the defined contribution plan provided by the Group to its employees:

- *Employees Provident Fund*

  In accordance with law, all employees of the Group are entitled to receive benefits under the provident fund, a defined contribution plan in which both the employee and the Group contribute monthly at a pre determined rate (currently, 10% of the basic salary plus grades). Group does not assume any future liability for provident fund benefits other than its annual contribution.

ii. Defined Benefit Plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in current and prior periods. That benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on high quality corporate bonds, that have maturity dates approximating the terms of the Group's obligation and that are denominated in the currency in which the benefits are expected to be paid. The calculation of obligation is performed annually by a qualified actuary using projected unit credit method.

The Group recognizes all remeasurement gains and losses arising from defined benefit plans immediately in other comprehensive income and all expenses related to defined benefits plans in employee benefit are expensed in profit or loss.

The Gratuity is the defined benefit plans provided by the Group to its employees:

- *Gratuity*

  Group provides for gratuity on accrual basis covering eligible employees in terms of Employee Service Byelaws of the Group. The plan provides for lump sum payments to vested employees at retirement or upon death while in employment or on termination of employment for an amount equivalent defined days' eligible salary payable for each completed years of service.

c) Other Long Term Employee Benefits

Other long term employee benefits include benefits that are not expected to be settled wholly before twelve months after end of the fiscal year in which employees render the related service.

The Group recognizes all remeasurement gains and losses including all service cost and interest cost related to other long term employee benefits benefit are expensed in profit or loss account.

The Sick and Home Leave are the other long term employee benefit plans provided by the Group to its employees:

- *Leave Salary*

  The employees of the Group are entitled to carry forward a part of their unavailed/ unutilized leave subject to a maximum limit. The employees can encash unavailed/ unutilized leave partially in terms of Employee Service Byelaws of the Group. The Group accounts for the liability for entire accumulated outstanding leave balance on actuarial basis.

d) Termination Benefits

Termination benefits are recognized as expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal plan to provide termination benefits to employees as a result of an offer made to encourage voluntary redundancy. Termination benefits are recognized if the Group has made an offer for voluntary redundancy, it is probable that the offer will be accepted and the number of acceptance can be measured reliably. If the benefits are payable in more than 12 months after the reporting date, they are discounted to their present value.

However, for the reporting period, Actuarial valuation has not been done and accounting has been done with the best estimates.

5.14.Leased Assets:

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

Finance Lease

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

When the Group is a lessee under finance leases, the leased assets are capitalized and included in 'Property, plant and equipment' and the corresponding liability to the lessor is included in 'Other liabilities'. A finance lease and its corresponding liability are recognized initially at the fair value of the asset or if lower, the present value of the minimum lease payments. Finance charges payable are recognized in 'Interest expenses' over the period of the lease based on the interest rate implicit in the lease so as to give a constant rate of interest on the remaining balance of the liability.

Operating Lease

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

When the Group is the lessee, leased assets are not recognized on the Statement of Financial Position.

Rentals payable and receivable under operating leases are accounted for on a straight-line basis over the periods of the leases and are included in 'Other operating expenses' and 'Other operating income', respectively.

Payments made under operating lease are recognized in profit or loss on straight line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance lease are apportioned between the finance expense and reduction of outstanding liabilities. The finance expense is allocated to each period during the lease term so as to produce the constant periodic rate of interest on the remaining balance of liabilities.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

5.15.Share Capital and Reserves

a) Share Capital

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

The Group is required to maintain the capital adequacy ratio imposed by the regulator. The ratio is fixed at 11% for current year and the Group has maintained the required ratio.

b) Share Issue Costs

Incremental costs directly attributable to issue of an equity instruments are deducted from the initial measurement of the equity instruments.

5.16.Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. 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.

5.17.Non- Current Assets Held for Sale

Non-current assets (or disposal groups) are classified as assets held for sale and carried at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. The assets are not depreciated or amortized while they are classified as held for sale. Any impairment loss on initial classification and subsequent measurement is recognized as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognized) is recognized in profit or loss.

5.18.Impairment of non financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value of the Cash Generating Unit's (CGU) less costs to sell and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset, in determining fair value less costs to sell, an appropriate valuation model is used.

6. Segmental Information

The Group has identified the reportable segment as the business activities from which it earns revenues and incurs expenses whose operating results are reviewed by the management to make decision about resource allocation to each segment and assess its performance.

The Bank comprises Banking, Treasury, Cards and Remittance as major business segments on the nature of products and services of the Bank. All transactions between segments are conducted on pre-determined transfer price with Corporate Office. Treasury Department acts as the fund manager of the Bank.

Segment results that have been reported include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The income, expenses, assets & liabilities that cannot be allocated to segments identified or those related to corporate office are unallocated. Unallocated items comprise mainly corporate assets (primarily the Bank's corporate building), head office expenses, and tax assets and liabilities that are categorized as the Banking.

A. Information about reportable segments

Particulars	Banking		Treasury		Card		Remittance		Total	
	Current Qtr.	**Corresponding Prev. Yr. Qtr.**	**Current Qtr.**	**Corresponding Prev. Yr. Qtr.**	**Current Qtr.**	**Corresponding Prev. Yr. Qtr.**	**Current Qtr.**	**Corresponding Prev. Yr. Qtr.**	**Current Qtr.**	**Corresponding Prev. Yr. Qtr.**
Revenues from external customer	1,667,708,565	1,695,680,316	228,019,886	166,614,125	15,480,543	16,786,547	7,112,569	7,171,012	1,918,321,563	1,886,252,000
Intersegment Revenues	525,593,096	811,406,569	-	-	-	-	-	-	525,593,096	811,406,569
Segment Profit (loss) before Tax	1,697,562,640	2,331,771,564	411,649,217	349,858,440	8,487,435	12,983,558	7,913,069	8,204,845	2,125,612,362	2,702,818,407
Segment assets	75,191,618,793	60,051,705,793	9,883,588,471	19,311,234,133	156,205,355	66,238,161	10,443,801	12,296,157	85,241,856,419	79,441,474,245
Segment Liabilities	69,086,914,909	454,766,958	5,276,377,393	7,717,311,067	27,858,660	61,153,831,640	14,052,569	5,547,819	74,405,203,531	69,331,457,484

B. Reconciliation of reportable segment profit or loss

Particulars	**Current Quarter**	**Corresponding Previous Quarter**
Total Profit before Tax for reportable segments	2,125,612,362	2,702,818,407
Profit before Tax for other segments		
Elimination of inter segment profit		
Elimination of discontinued operation		
Unallocated amounts:		
- Other Corporate expenses	(578,465,979)	(1,260,122,536)
Profit before Tax	**1,547,146,382**	**1,442,695,871**

7. Related party disclosures

7.1 Related Party Disclosure of the Bank

The related parties of the Bank which meets the definition of related parties as defined in "NAS 16 Related Party Disclosures" are as follows:

i. *Key Management Personnel (KMP)*

The key management personnel are those persons having authority and responsibility of planning, directing and controlling the activities of the entity, directly or indirectly including any director. The key management of the Bank includes members of its Board of Directors, Chief Executive Officer, and other higher level employee of the Bank. The name of the key management personnel who were holding various positions in the office during the year were as follows:

Name of the Key Management Personnel	Post
Mr. Shankar Prasad Sharma	BOD Chairman
Mr. Bal Krishna Prasai	Director
Mr. Prakash Chandra Mainali	Director
Mr. Pabitra Kumar Karki	Director
Mr. Bijaya Dhoj Karki	Director
Ms. Chanda Karki	Director
Mr. Avanindra Kumar Shrestha	Director
Mr. Manohar Das Mool	Former Director
Mr. Chandra Tandon	Former Director
Mr. Rajan Singh Bhandari	Former Chief Executive Officer
Mr. Ganesh Raj Pokharel	Chief Executive Officer
Mr. Bodh Raj Devkota	Assistant Chief Executive Officer
Mr. Ramdhan Shrestha	Assistant Chief Executive Officer
Mr. Samir Prasad Dahal	Chief Executive Officer- CBIL Capital Limited (on deputation from the Bank in the subsidiary company)

Mr. Rajendra Lal Shrestha	Chief Risk and Recovery Officer
Mr. Paras Kumar Kafle	Chief Operating Officer
Ms. Umang Sharma	Chief Administrative Officer
Mr. Sumit Babu Khatri	Chief Credit Officer
Mr. Sanjeeb Kumar Shrestha	Chief IT Officer
Mr. Pramesh Raj Kayastha	Chief Finance Officer

ii. *Subsidiary Company* *Shareholding %*

Name and percentage of shareholding in Subsidiary Company is as below:

a. CBIL Capital Limited. 58.60 %

iii. *Associate Companies* *Shareholding %*

a. Nepal Electronic Payment Systems Limited 8.52%

b. Nepal Clearing House Limited 1.64%

iv. *Fund Sponsor*

a. Citizens Mutual Fund- I

i.Compensation to Key Management Personnel

The members of Board of Directors are entitled for meeting allowances. Salary and allowances are provided to Chief Executive Officer and other member of Key Management Personnel (KMP). Salary and Allowances paid to the Chief Executive Officer is based on the contract entered by the Bank with him whereas compensation paid to other member of KMP are governed by Employees Byelaws and decisions made by management from time to time in this regard. In addition to salaries and allowances, non- cash benefits like vehicle facility, subsidized rate employees loan, termination benefits are also provided to KMP.

The details relating to compensation paid and expenses incurred to key management personnel (directors only) were as follows:

Particulars	Current Year (NPR)
Meeting Fees	2,185,000
Other Board Facility	639,000
Other Expenses	6,012,122.86
Total	**8,836,122.86**

The details relating to compensation paid to key management personnel other than directors were as follows:

Particulars	**Current Year (NPR)**
Short term employee benefits	50,563,132.65
Post- employment benefits*	1,456,163.16
Other long term benefits**	-
Total	**52,019,295.81**

*Post- employment benefits includes Provident Fund and Gratuity. Provident Fund is deposited in an independent institution and Gratuity is provided for as per actuarial valuation against which investment is made in an independent planned asset.

**Other long term employment benefit includes Home Leave and Sick Leave encashment over and above the accumulation limit set as per Employee Byelaws of the Bank.

*** KMP also get accidental and medical insurance, vehicle, fuel, lunch and mobile facilities as per Employee Byelaws of the Bank.

ii.Transaction with Subsidiary

The Bank has made strategic investment to broaden the scope of service and source of income by investing in share capital of CBIL Capital Limited which is the subsidiary company of the Bank. The Bank holds 58.60 % controlling interest in the subsidiary. Similarly, the Bank has deputed the managerial level staff as the Chief Executive Officer of the subsidiary and DCEO of the Bank is the Chairman of CBIL Capital. 2 Senior Managers of the Bank are directors of the subsidiary.

The subsidiary is engaged in Merchant Banking Services.

1. The Bank has entered into a Management Service Agreement (MSA) with Subsidiary for providing management services. Provisions laid in MSA are in line with arms-length principle.
2. An agreement has been made between the Bank and the Subsidiary Company to provide following facilities to Subsidiary Company by the Bank for a monthly fee of Rs 600,000:

a) Bank has deputed its Senior Manager as CEO to its subsidiary providing, salary allowance and other eligible facilities as per the Bank's Employee Byelaws.

b) The Bank provides technical assistance required for Computer hardware, software and network maintenance.

c) Internal audit team of the Bank will handle all audit work of its subsidiary and will submit quarterly report to its Audit Committee.

d) Bank has also agreed to provide legal consultancy and vehicle facility to the Subsidiary Company.

3. Similarly, Bank has rented its building located in Dillibazaar, Kathmandu to the Subsidiary Company with the agreement to pay Monthly Rent of NRs 110,000, which will be increased by 10% in every 2 year.

4. All receipt and payment transactions entered into by the Bank with Subsidiary were made net of TDS. TDS has been duly deposited at Tax Office.

5. CBIL Capital Ltd holds a deposit account with the Bank which has a balance of Rs. 115,242,501.57 as on 30th Chaitra 2075.

6. The overall transactions with the Subsidiary included in Financial Statements of the Bank has been tabulated below:

Particulars	**NPR**
Statement of Profit or Loss	
Rental Income	1,089,000
Management Fee income	5,400,000
Server & Database Rental Income	1,622,967
Dividend Income	-
Interest Income	72,970
Interest on advance to Subsidiary	35,029,558
Total Income	**43,214,495**
Interest Paid to Subsidiary	7,349,509.81
RTS fee to Subsidiary	725,000
Total Expenses	**6,624,509.81**
Statement of Financial Position	
Deposit of Subsidiary	115,181,484
Advance to Subsidiary	433,313,142
Dividend Payable to Shareholders of the Bank held on behalf of the Bank by the subsidiary	58,228,643

iii.Transaction with Associates

Investments in Associates have been reported in the statement of financial position of the group and are initially recognized at cost and subsequently accounted for using the equity method. Similarly, the Bank has accounted for investments in associates at cost in separate financial statements.

The Bank has significant influence, but not control, over the financial and operating policies of the company even if the Manager of the Bank is the representative director on behalf of the Bank in the company.

Nepal Electronic Payment Systems Limited (NEPS)

NEPS is formulated as a consortium of seven national level commercial Banks, with aim to pool the resources of these Banks together and establish a common platform, which will be more secure, reliable and able to encompass the rapid growth of new technologies in electronic payments.

Executive member Mr. Sanjeeb Kumar Shrestha is the Board member in NEPS. The Bank holds investment of Rs. 15,000,000 in share capital of NEPS which comes to 8.52 % of the total capital of NEPS.

Agreement has been entered by the Bank with NEPS for availing services related to debit cards and credit cards for which Bank makes the payment at an arm's length price.

The aggregate amounts of the transactions during the year from the relevant related party at the year end are summarized below:

Particulars	NPR
Payments made towards transaction fees	5,640,881

Nepal Clearing House Limited (NCHL)

Nepal Clearing House Ltd. (NCHL) is a public limited company established on 23rd December 2008 (9th Mangsir 2065) under the leadership and guidance of Nepal Rastra Bank (The Central Bank of Nepal). It has the equity participation from Nepal Rastra Bank, commercial Banks, development Banks, finance companies and Smart Choice Technologies (SCT), a private card switch operator.

NCHL has the strategic objectives to establish multiple payments, clearing and settlement systems in Nepal with long term objective to establish a national payments gateway to facilitate electronic payments and financial transactions within the country. Electronic Cheque Clearing (NCHL-ECC) and Inter Bank Payment System (NCHL-IPS) are the national payment systems that are currently in operation.

Executive member Ms. Umang Sharma is the Board member of NCHL. The Bank holds investment of Rs. 3, 541,800 in share capital of NCHL which comes to 1.64 % of the total capital of NCHL.

Agreement has been entered by the Bank with NCHL for availing services related to Electronic Cheque Clearing (ECC) and Inter- bank Payment System (IPS) for which Bank makes the payment at an arm's length price. The aggregate amounts of expenses arising from the transactions during the year from the relevant related parties at the yearend are summarized below:

Particulars	**NPR**
Payments made towards transaction fees	4,966,097
Dividend Received net of tax	637,469

iv.Transaction with Citizens Mutual Fund- I

The Bank is the shareholder holding substantial interest and the sponsor of the Citizens Mutual Fund- I under the Citizens Mutual Fund (the Fund) registered with Securities Board of Nepal (SEBON) under the Mutual Fund Regulation 2067 as a close ended, equity oriented fund.

The Scheme started its operation on 20th Falgun 2074 with the maturity period of 7 years (i.e. up to 19th Falgun 2081). It was listed in Nepal Stock Exchange on 3rd Baisakh 2075.

The Bank has invested NPR 150,000,000 in Citizens Mutual Fund- I which has been marked to market and disclosed in Investment measured at Fair Value through Other Comprehensive Income.

The Scheme has Bank Balance of NPR 853,600 as on Balance Sheet date with the Bank.

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

The Bank has paid NPR 1,14,904,045 amount as divided for ordinary shares till the reporting period.

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

463826 nos. of Right shares and 2914,457.73 nos. of Bonus Shares were issued on Equity Share Capital and listed till the reporting period.

10. Events after interim period

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

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

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

12. NFRS Carve-Outs Adjustments

During the reporting period, the Group has not applied the numbers of standards as prescribed in NFRS and used the NFRS carve-out adjustments. As a consequence, the net profit and retained earnings have been impacted.

The impacts of each carve- out adjustment done have been summarized as follows:

12.1 NAS 39: Recognition and Measurement (Incurred Loss Model to measure the Impairment Loss on Loans and Advances)

NAS 39 Para 58 requires an entity to assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets measured at amortized cost is impaired. If any such evidence exists, the entity shall apply paragraph 63 to determine the amount of any impairment loss.

However, as per carve out on NAS 39 Para 58, the Bank has assessed and measured impairment loss on loan and advances as the higher of amount derived as per norms prescribed by Nepal Rastra Bank for loan loss provision and amount determined as per paragraph 63 of NAS 39.

The impacts of the application of carve- out in the current period financials is as under:

	Amount in NPR
Impairment Loss as per NFRS	761,777,793
Impairment Loss as per norms of NRB	1,453,606,626

The higher of two above i.e; NPR 1,453,606,626 has been taken into account for impairment loss on loan and advances in the preparation of interim financial reports.

12.2 NAS 39: Recognition and Measurement (Impracticability to determine transaction cost of all previous years which is the part of effective interest rate)

NAS 39 Para 9 requires using of the effective interest rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see NAS 18 Revenue), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to estimate reliably the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

However, as per carve out on NAS 39 Para 9, the Bank has not included the fees and points paid or received that are immaterial or impracticable to determine reliably the effective interest rate and have recognized them directly as revenue in the Statement of Profit or Loss.

12.3 NAS 39: Recognition and Measurement (Impracticability to determine interest income on amortized cost)

As per NAS 39 Para AG93, once a financial asset or a group of similar financial assets have been written down as a result of an impairment loss, interest income is thereafter recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

However, as per carve out on NAS 39 AG 93, the Bank has applied the effective interest rate to the gross carrying amount of a financial asset unless the financial asset is written off either partially or fully.

13. Above figures reported in interim financial report are subject to change upon otherwise instructions of statutory auditor and/or regulatory authorities.