Citizens Bank International Ltd.
सिटिजन्स बैंक इन्टरनेसनल लि.
YOUR PARTNER FOR PROGRESS

INTERIM FINANCIAL STATEMENTS

AS ON CHAITRA END 2078
FY 2078/79

Citizens Bank International Limited
Condensed Consolidated Statement of Financial Position
As on 30th Chaitra, 2078 (April 13, 2022)

Amount in NPR

	Group		Bank	
	This Quarter ending	Immmediate Previous year ending	This Quarter ending	Immmediate Previous year ending
Assets				
Cash And Cash Equivalent	14,523,201,666	11,569,823,726	14,522,779,946	11,563,041,720
Due From Nepal Rastra Bank	4,080,479,114	3,796,487,797	4,080,479,114	3,796,487,797
Placement With Bank And Financial Institutions	857,218,158	2,874,874,811	857,218,158	2,874,874,811
Derivative Financial Instruments	14,985,581	47,007,498	14,985,581	47,007,498
Other Trading Assets	573,199,656	759,710,994	332,323,674	596,888,937
Loans And Advances To B/FIs	3,605,107,753	3,247,166,953	3,605,107,753	3,247,166,953
Loans And Advances To Customers	132,106,355,220	118,912,042,288	132,173,855,220	118,912,042,288
Investment Securities	22,904,324,647	22,063,362,956	22,868,383,766	22,017,422,075
Current Tax Assets	130,338,485	290,071,575	131,511,080	288,457,633
Investment In Subsidiaries	-	-	167,204,200	167,204,200
Investment In Associates	20,865,381	20,865,381	16,000,000	16,000,000
Investment Property	152,278,660	141,146,454	152,278,660	141,146,454
Property And Equipment	2,888,791,695	2,884,155,088	2,885,420,336	2,880,204,084
Goodwill And Intangible Assets	65,799,641	84,644,731	65,010,803	83,562,290
Deferred Tax Assets	-	-	-	-
Other Assets	2,111,124,244	1,570,990,125	2,230,822,592	1,697,543,676
Total Assets	**184,034,069,901**	**168,262,350,377**	**184,103,380,883**	**168,329,050,416**
Liabilities				
Due To Bank And Financial Institutions	2,416,401,714	2,765,001,954	2,416,401,714	2,765,001,954
Due To Nepal Rastra Bank	12,000,105,868	1,205,558,824	12,000,105,868	1,205,558,824
Derivative Financial Instruments	-	-	-	-
Deposits From Customers	144,576,604,380	140,362,079,317	144,861,246,992	140,638,411,484
Borrowing	45,500,000	-	-	-
Current Tax Liabilities	-	-	-	-
Provisions	5,306,626	5,306,626	5,306,626	5,306,626
Deferred Tax Liabilities	130,742,796	222,367,651	137,662,095	217,486,290
Other Liabilities	2,348,990,974	2,162,416,066	2,302,123,117	2,133,181,269
Debt Securities Issued	2,477,375,020	2,476,082,261	2,477,375,020	2,476,082,261
Subordinated Liabilities	-	-	-	-
Total Liabilities	**164,001,027,378**	**149,198,812,699**	**164,200,221,432**	**149,441,028,708**
Equity				
Share Capital	14,200,974,006	12,576,923,115	14,200,974,006	12,576,923,115
Share Premium	-	-	-	-
Retained Earnings	894,341,909	1,476,205,775	866,752,111	1,422,777,310
Reserves	4,847,090,511	4,899,891,092	4,835,433,334	4,888,321,283
Total Equity Attributable To Equity Holders	**19,942,406,426**	**18,953,019,982**	**19,903,159,451**	**18,888,021,708**
Non-Controlling Interest	90,636,097	110,517,696	-	-
Total Equity	**20,033,042,523**	**19,063,537,678**	**19,903,159,451**	**18,888,021,708**
Total Liabilities And Equity	**184,034,069,901**	**168,262,350,377**	**184,103,380,883**	**168,329,050,416**

Citizens Bank International Limited

Condensed Consolidated Statement of Profit or Loss

For the Quarter ended Chaitra 2078

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	4,085,619,535	11,258,761,179	2,617,797,821	7,681,056,579	4,083,559,701	11,255,302,397	2,617,504,040	7,679,040,201
Interest Expense	(2,793,416,689)	(7,564,427,126)	(1,689,109,463)	(5,126,874,951)	(2,796,480,925)	(7,575,290,998)	(1,692,846,864)	(5,138,219,317)
Net Interest Income	**1,292,202,846**	**3,694,334,053**	**928,688,358**	**2,554,181,628**	**1,287,078,776**	**3,680,011,399**	**924,657,176**	**2,540,820,884**
Fee And Commission Income	242,563,792	797,767,071	247,939,775	632,268,326	234,979,313	768,467,894	238,357,784	608,373,473
Fee And Commission Expense	(29,411,944)	(78,793,999)	(25,570,393)	(51,669,494)	(29,168,428)	(77,162,714)	(23,574,847)	(50,086,447)
Net Fee And Commission Income	**213,151,848**	**718,973,072**	**222,369,382**	**580,598,832**	**205,810,885**	**691,305,180**	**214,782,937**	**558,287,026**
Net Interest, Fee And Commission Income	**1,505,354,694**	**4,413,307,125**	**1,151,057,740**	**3,134,780,460**	**1,492,889,661**	**4,371,316,579**	**1,139,440,113**	**3,099,107,910**
Net Trading Income	13,999,569	172,051,247	188,536,437	408,110,149	28,516,411	189,214,492	159,809,714	356,541,937
Other Operating Income	13,943,433	179,917,727	(10,450,907)	116,919,207	13,893,433	179,865,504	3,650,385	116,919,207
Total Operating Income	**1,533,297,696**	**4,765,276,099**	**1,329,143,270**	**3,659,809,816**	**1,535,299,505**	**4,740,396,575**	**1,302,900,212**	**3,572,569,054**
Impairment (Charge)/Reversal For Loans And Other Losses	(277,035,427)	(349,411,392)	66,210,762	(100,965,503)	(277,035,427)	(349,411,392)	66,210,762	(100,965,503)
Net Operating Income	**1,256,262,269**	**4,415,864,707**	**1,395,354,032**	**3,558,844,313**	**1,258,264,078**	**4,390,985,183**	**1,369,110,974**	**3,471,603,551**
Operating Expense								
Personnel Expenses	(469,611,972)	(1,329,980,348)	(336,839,630)	(905,196,145)	(467,885,057)	(1,321,428,054)	(332,749,946)	(892,297,496)
Other Operating Expenses	(226,364,283)	(669,293,543)	(168,177,648)	(438,910,027)	(225,495,621)	(666,270,131)	(168,722,068)	(436,577,120)
Depreciation & Amortisation	(70,640,485)	(213,998,879)	(59,417,417)	(173,522,277)	(70,308,366)	(212,836,186)	(59,027,861)	(172,026,891)
Operating Profit	**489,645,529**	**2,202,591,937**	**830,919,337**	**2,041,215,864**	**494,575,034**	**2,190,450,812**	**808,611,099**	**1,970,702,044**
Non Operating Income	4,051,138	61,333,190	103,241,813	211,789,243	5,855,613	66,746,615	105,946,287	219,893,501
Non Operating Expense	-	-	-	-	-	-	-	-
Profit Before Income Tax	**493,696,667**	**2,263,925,127**	**934,161,150**	**2,253,005,107**	**500,430,647**	**2,257,197,427**	**914,557,386**	**2,190,595,545**
Income Tax Expense								
Current Tax	(148,113,285)	(669,805,989)	(251,624,051)	(664,106,097)	(150,129,194)	(667,546,421)	(244,410,370)	(645,254,921)
Deferred Tax	-	-	-	-	-	-	-	-
Profit(Loss) For The Period	**345,583,382**	**1,594,119,138**	**682,537,099**	**1,588,899,010**	**350,301,453**	**1,589,651,006**	**670,147,016**	**1,545,340,624**
Profit Attributable To:								
Equity Holders Of The Bank	347,908,111	1,593,259,975	677,664,323	1,571,639,925	350,301,453	1,589,651,006	670,147,016	1,545,340,624
Non-Controlling Interest	(2,324,728)	859,163	4,872,776	17,259,086				
Profit For The Period	**345,583,383**	**1,594,119,138**	**682,537,099**	**1,588,899,011**	**350,301,453**	**1,589,651,006**	**670,147,016**	**1,545,340,624**

Citizens Bank International Limited
Condensed Consolidated Statement of Comprehensive Income

For the Quarter ended Chaitra 2078

Amount in NPR

Particulars	Group				Bank			
	Current Year		**Previous Year**		**Current Year**		**Previous Year**	
			Corresponding				**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	**345,583,383**	**1,594,119,138**	**682,537,099**	**1,588,899,011**	**350,301,454**	**1,589,651,006**	**670,147,016**	**1,545,340,625**
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	(161,363,421)	(266,080,650)	240,075,950	396,045,686	(161,363,421)	(266,080,650)	240,075,949	396,045,685
Gains/(losses) on revalution	-		-	-	-		-	-
Actuarial gains/(losses) on defined benefit plans	-	-	-	-	-	-	-	-
Income tax relating to above items	48,409,026	79,824,195	(72,022,785)	(118,813,706)	48,409,026	79,824,195	(72,022,785)	(118,813,706)
Net other comprehsive income that will not be reclassified to profit or loss	**(112,954,395.00)**	**(186,256,455.00)**	**168,053,165**	**277,231,980**	**(112,954,395.00)**	**(186,256,455.00)**	**168,053,164**	**277,231,979**
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	**(112,954,395)**	**(186,256,455)**	**168,053,165**	**277,231,980**	**(112,954,395)**	**(186,256,455)**	**168,053,164**	**277,231,979**
Total Comprehensive Income For The Period	**232,628,988**	**1,407,862,683**	**850,590,264**	**1,866,130,991**	**237,347,059**	**1,403,394,551**	**838,200,180**	**1,822,572,604**
Profit Attributable To:								
Equity Holders Of The Bank	234,953,716	1,407,003,520	845,717,488	1,848,871,905	237,347,059	1,403,394,551	838,200,180	1,822,572,604
Non-Controlling Interest	(2,324,728)	859,163	4,872,776	17,259,086	-	-	-	-
Total	**232,628,988**	**1,407,862,683**	**850,590,264**	**1,866,130,991**	**237,347,059**	**1,403,394,551**	**838,200,180**	**1,822,572,604**
Earnings Per Share								
Basic Earnings Per Share		11.23		15.98		11.20		15.54
Annualized Basic Earnings Per Share		14.97		21.30		14.93		20.72
Diluted Earnings Per Share		14.97		21.30		14.93		20.72

Ratios as per NRB Directive

Partuculars	Group				Bank			
	Current Year		Previous Year Corresponding		Current Year		Previous Year Corresponding	
	This Quarter	Up to This Quarter (YTD)	This Quarter		This Quarter	Up to This Quarter (YTD)	This Quarter	Up to This Quarter (YTD)
Capital fund to RWA		13.73%		13.98%		13.62%		13.86%
Non-Performing loan(NPL) to Total Loan		1.72%		1.83%		1.72%		1.83%
Total Loan loss provision to Total NPL		142.93%		120.03%		142.93%		120.03%
Cost of Funds		7.82%		5.71%		7.82%		5.71%
Credit to Deposit Ratio	90.69%		78.13%		90.69%		78.13%	
Base Rate	9.81%		7.44%		9.81%		7.44%	
Interest Spread Rate	3.71%		3.86%		3.71%		3.86%	

Citizens Bank International Limited

Condensed Consolidated Statement of Changes in Equity

For the Quarter ended Chaitra 2078

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, 2077	**9,089,817,289**	**4,124,402**	**1,885,803,066**	**58,907,316**	**451,982,508**	**115,313,803**	**387,759,636**	**962,810,347**	**498,127,420**	**13,454,645,787**	**95,151,017**	**13,549,796,804**
Adjustment of previous year								**(20,591,520)**		**(20,591,520)**		**(20,591,520)**
Profit for the Period								**1,844,211,453**	**-**	**1,844,211,453**	**23,700,853**	**1,867,912,306**
Other Comprehensive income						**391,108,069**		**(47,982)**	**16,026,127**	**407,086,214**	**(33,896)**	**407,052,318**
Total Comprehensive income	**-**	**-**	**-**	**-**	**-**	**391,108,069**	**-**	**1,844,163,471**	**16,026,127**	**2,251,297,667**	**23,666,957**	**2,274,964,624**
Transfer to reserve during the year	-	-	366,593,347	16,050,721	(153,637,817)	-	-	(505,762,778)	276,756,526	**(1)**	-	**(1)**
Transfer from reserve during the year	-	-	-	-	61,847,671	(70,411,749)	-	8,564,078	-	-	-	-
Contributions from and distributtion to owners										-	-	-
Transferred from acquired institute, Business combination- Tinau Mission	1,845,038,240	-	217,256,300		77,662,746	9,612,946		25,559,368	77,286,261	2,252,415,861		2,252,415,861
Transferred from acquired institute, Business combination- Srijana Finance	914,882,202		167,089,280		22,277,900	69,483,826		78,088,647	51,754,219	1,303,576,074		1,303,576,074
Share issued	-	-	-	-	-	-	-	-	-	-	-	-
Share based payments										-	-	-
Dividends to equity holders	-	-	-		-	-	-	-	-	-	-	-
Bonus shares issued	727,185,383	(4,124,402)	-	-	(90,879,384)	-	-	(632,181,598)	-	(1)	-	(1)
Cash dividend paid	-	-	-	-	-	-	-	(284,414,939)	-	(284,414,939)	(8,279,580)	(292,694,519)
Other	-	-	-	-	-	-	-	(29,301)	(3,879,645)	(3,908,946)	(20,699)	(3,929,645)
Total contributions by and distributions	**3,487,105,825**	**(4,124,402)**	**384,345,580**	**-**	**9,061,262**	**79,096,772**	**-**	**(812,977,823)**	**125,160,835**	**3,267,668,049**	**(8,300,279)**	**3,259,367,770**
Balance at Ashad end 2078	**12,576,923,114**	**-**	**2,636,741,993**	**74,958,037**	**369,253,624**	**515,106,895**	**387,759,636**	**1,476,205,775**	**916,070,908**	**18,953,019,982**	**110,517,695**	**19,063,537,678**
Balance at Shrawan 1, 2078	**12,576,923,114**	**-**	**2,636,741,993**	**74,958,037**	**369,253,624**	**515,106,895**	**387,759,636**	**1,476,205,775**	**916,070,908**	**18,953,019,982**	**110,517,695**	**19,063,537,677**
Adjustment										-		-
Adjusted Balance on Shrawan 1, 2078	**12,576,923,114**	**-**	**2,636,741,993**	**74,958,037**	**369,253,624**	**515,106,895**	**387,759,636**	**1,476,205,775**	**916,070,908**	**18,953,019,982**	**110,517,695**	**19,063,537,677**
Profit for the year								1,593,259,975		1,593,259,975	859,163	1,594,119,138
Other Comprehensive income						(186,256,455)		-	-	(186,256,455)		(186,256,455)
Total Comprehensive income	**-**	**-**	**-**	**-**	**-**	**(186,256,455)**	**-**	**1,593,259,975**	**-**	**1,407,003,520**	**859,163**	**1,407,862,683**
Transfer to reserve during the year	-	-	317,944,303	1,807,275	292,858,736	-	-	(838,156,990)	225,546,676	-		-
Transfer from reserve during the year	-	-	-	-	(79,744,685)	-	-	79,744,685	-	-		-
Contributions from and distributtion to owners										-		-
Share issued	-	-	-	-	-	-	-	-	-	-		-
Share based payments	-	-	-	-	-	-	-	-	-	-		-
Dividends to equity holders	-	-	-	-	-	-	-	-	-	-		-
Bonus shares issued	1,624,050,891	-	-	-	-	-	-	(999,022,603)	(625,028,288)	-	-	-
Cash dividend paid	-	-	-	-	-	-	-	(417,557,857)	-	(417,557,857)	(20,698,950)	(438,256,807)
Other	-	-	-	-	-	-	-	81,735	(140,923)	(59,188)	(41,812)	(101,000)
Total contributions by and distributions	**1,624,050,891**	**-**	**-**	**-**	**-**	**-**	**-**	**(1,416,498,725)**	**(625,169,211)**	**(417,617,045)**	**(20,740,762)**	**(438,357,807)**
Balance at Chaitra end 2078	**14,200,974,005**	**-**	**2,954,686,296**	**76,765,312**	**582,367,675**	**328,850,440**	**387,759,636**	**894,554,691**	**516,448,373**	**19,942,406,428**	**90,636,096**	**20,033,042,523**

Citizens Bank International Limited
Condensed Consolidated Statement of Changes in Equity
For the Quarter ended Chaitra 2078
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, 2077	**9,089,817,289**	**4,124,402**	**1,883,594,323**	**58,907,316**	**451,982,508**	**115,313,803**	**387,759,636**	**931,156,946**	**495,064,002**	**13,417,720,225**		
Adjustment of previous year								**(20,591,547)**		**(20,591,547)**		
Profit for the year								**1,804,341,065**		**1,804,341,065**		
Other Comprehensive income						391,108,069			16,026,127	**407,134,196**		
Total Comprehensive income	-	-	-	-	-	**391,108,069**	-	**1,804,341,065**	**16,026,127**	**2,211,475,261**		
Transfer to reserve during the year			360,868,213	16,050,721	(153,637,817)			(499,465,130)	276,184,012	-		
Transfer from reserve during the year					61,847,671	(70,411,749)		8,564,078	-	-		
Contributions from and distributtion to owners										-		
Transferred from acquired institute, Business combination-Tinau Mission	1,845,038,240	-	217,256,300	-	77,662,746	9,612,946	-	25,559,368	77,286,261	2,252,415,861		
Transferred from acquired institute, Business combination-Sriiana Finance	914,882,202	-	167,089,280	-	22,277,900	69,483,826	-	78,088,647	51,754,219	1,303,576,074		
Share issued										-		
Share based payments										-		
Dividends to equity holders										-		
Bonus shares issued	727,185,383	(4,124,402)			(90,879,384)			(632,181,598)		-		
Cash dividend paid								(272,694,519)		(1,004,527,773)		
Other									(3,879,645)	-		
Total contributions by and distributions	**3,487,105,825**	**(4,124,402)**	**384,345,580**	**-**	**9,061,262**	**79,096,772**	**-**	**(801,228,102)**	**125,160,835**	**3,279,417,770**		
Balance at Ashad end 2078	**12,576,923,114**	**-**	**2,628,808,116**	**74,958,037**	**369,253,624**	**515,106,895**	**387,759,636**	**1,422,777,310**	**912,434,976**	**18,888,021,708**		
Balance at Shrawan 1, 2078	**12,576,923,114**	**-**	**2,628,808,116**	**74,958,037**	**369,253,624**	**515,106,895**	**387,759,636**	**1,422,777,310**	**912,434,976**	**18,888,021,708**		
Adjustment										-		
Adjusted Balance on Shrawan 1, 2078	**12,576,923,114**	**-**	**2,628,808,116**	**74,958,037**	**369,253,624**	**515,106,895**	**387,759,636**	**1,422,777,310**	**912,434,976**	**18,888,021,708**		
Profit for the year								1,589,651,006		1,589,651,006		
Other Comprehensive income								-	-	-		
Total Comprehensive income	-	-	-	-	-	(186,256,455)	-	**1,589,651,006**	-	**1,403,394,551**		
Transfer to reserve during the year	-	-	317,930,201	1,807,275	292,858,736	-	-	(838,141,478)	225,545,266	-		
Transfer from reserve during the year	-	-	-	-	(79,744,685)	-	-	79,744,685	-	-		
Contributions from and distributtion to owners									-	-		
Share issued										-		
Share based payments										-		
Dividends to equity holders										-		
Bonus shares issued	1,624,050,891	-			-			(999,022,603)	(625,028,288)	-		
Cash dividend paid								(388,256,807)		(388,256,807)		
Other										-		
Total contributions by and distributions	**1,624,050,891**	**-**	**-**	**-**	**-**	**-**	**-**	**(1,387,279,410)**	**(625,028,288)**	**(388,256,807)**		
Balance at Chaitra end 2078	**14,200,974,005**	**-**	**2,946,738,317**	**76,765,312**	**582,367,675**	**328,850,440**	**387,759,636**	**866,752,113**	**512,951,954**	**19,903,159,451**		

Citizens Bank International Limited
Consolidated Statement of Cash Flows
For the Quarter ended Chaitra 2078

Amount in NPR

Particulars	Group		Bank	
	Current year	**Previous Year**	**Current Year**	**Previous Year**
CASH FLOWS FROM OPERATING ACTIVITIES				
Interest Received	10,326,738,581	9,670,809,483	10,326,704,799	9,670,968,723
Fees And Other Income Received	810,662,482	873,765,264	782,942,367	837,658,755
Dividend Received	149,406,480	-	149,406,480	-
Receipts From Other Operating Activities	307,126,941	450,505,508	302,963,254	418,844,746
Interest Paid	(7,413,647,795)	(6,855,822,816)	(7,427,717,835)	(6,870,094,899)
Commission And Fees Paid	(77,162,714)	(73,360,658)	(77,162,714)	(73,360,658)
Cash Payment To Employees	(1,223,681,551)	(995,167,527)	(1,215,129,257)	(976,962,173)
Other Expense Paid	(670,364,254)	(646,794,293)	(667,340,842)	(642,950,531)
Operating Cash Flows Before Changes In Operating Assets And Liabilities	**2,209,078,170**	**2,423,934,961**	**2,174,666,252**	**2,364,103,963**
(Increase)/Decrease In Operating Assets				
Due From Nepal Rastra Bank	(283,991,317)	3,177,781,593	(283,991,317)	3,177,781,593
Placement With Bank And Financial Institutions	2,017,656,653	(2,572,192,886)	2,017,656,653	(2,572,192,886)
Other Trading Assets	147,986,398	(445,472,144)	137,986,398	(455,472,144)
Loan And Advances To Bank And Financial Institutions	(357,940,800)	20,350,662,315	(357,940,800)	20,350,662,315
Loans And Advances To Customers	(13,578,403,425)	(40,257,635,512)	(13,645,903,425)	(40,257,635,512)
Other Assets	(414,802,977)	(16,344,955)	(415,621,135)	(165,381,462)
Increase/(Decrease) In Operating Liabilities				
Due To Bank And Financial Institutions	(348,600,240)	(1,332,204,851)	(348,600,240)	(1,332,204,851)
Due To Nepal Rastra Bank	10,794,547,044	475,973,742	10,794,547,044	475,973,742
Deposit From Customers	4,214,525,046	26,147,378,031	4,222,835,508	26,112,327,191
Borrowings	45,500,000	-	-	-
Other Liabilities	146,333,798	26,186,878	136,017,364	161,826,116
Net Cash Flow From Operating Activities Before Tax Paid	**4,591,888,350**	**7,978,067,172**	**4,431,652,302**	**7,859,788,065**
Income Taxes Paid	(522,230,277)	(884,230,553)	(510,599,868)	(876,396,888)
Net Cash Flow From Operating Activities	**4,069,658,073**	**7,093,836,619**	**3,921,052,434**	**6,983,391,177**
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase Of Investment Securities	(1,234,088,087)	(8,871,520,598)	(1,074,335,289)	(8,685,704,522)
Receipts From Sale Of Investment Securities	41,823,150	89,529,141	-	-
Purchase Of Property And Equipment	(197,788,542)	(137,373,998)	(197,499,066)	(137,285,912)
Receipt From The Sale Of Property And Equipment	2,002,270	15,499,253	2,002,270	15,499,253
Purchase Of Intangible Assets	(2,001,887)	(33,731,701)	(2,001,887)	(33,381,401)
Receipt From The Sale Of Intangible Assets	-	-	-	-
Purchase Of Investment Properties	-	-	-	-
Receipt From The Sale Of Investment Properties	(8,705,102)	173,108,601	(8,705,102)	173,108,601
Interest Received	746,570,753	791,050,452	743,145,753	787,444,433
Dividend Received	109,433,725	58,144,679	96,298,358	53,895,381
Net Cash Used In Investing Activities	**(542,753,720)**	**(7,915,294,171)**	**(441,094,963)**	**(7,826,424,167)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipt From Issue Of Debt Securities	-	-	-	-
Repayment Of Debt Securities	-	(500,000,000)	-	(500,000,000)
Receipt From Issue Of Subordinated Liabilities	-	-	-	-
Repayment Of Subordinated Liabilities	-	-	-	-
Receipt From Issue Of Shares	-	-	-	-
Dividends Paid	(379,260,341)	(276,716,000)	(329,260,341)	(256,716,000)
Interest Paid	(194,165,072)	(277,441,781)	(190,958,904)	(277,441,781)
Other Receipt/Payment	(101,000)	(81,326,494)	-	(81,326,494)
Net Cash From Financing Activities	**(573,526,413)**	**(1,135,484,275)**	**(520,219,245)**	**(1,115,484,275)**
Net Increase (Decrease) In Cash And Cash Equivalents	**2,953,377,940**	**(1,956,941,830)**	**2,959,738,226**	**(1,958,517,268)**
Cash Inflow from acquired institution	-	2,679,586,055		2,679,586,055
Cash And Cash Equivalents Ashadh, 2078	11,569,823,726	10,847,179,498	11,563,041,720	10,841,972,930
Effect Of Exchange Rate Fluctuations On Cash And Cash Equivalents Held	-	-		-
Cash And Cash Equivalents At Chaitra End 2078	**14,523,201,666**	**11,569,823,726**	**14,522,779,946**	**11,563,041,720**

Citizens Bank International Limited

Statement of Distributable Profit or Loss

For the period ended Chaitra 2078

	Bank Current Year
Opening Retained Earning	**1,422,777,310**
Less: Bonus Share Issued and Cash Dividend Paid	(1,387,279,410)
Net profit or (loss) as per statement of profit or loss	**1,589,651,006**
Appropriations:	
a. General reserve	(317,930,201)
b. Foreign exchange fluctuation fund	(1,807,275)
c. Capital redemption reserve	(208,333,333)
d. Corporate social responsibility fund	(8,075,622)
e. Employees' training fund	(9,136,311)
f. Other	-
Profit or (loss) before regulatory adjustment	**1,044,368,264**
Regulatory adjustment :	
a. Interest receivable (-)/previous accrued interest received (+)	(285,845,447)
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 (+)	(7,013,290)
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 (+/-)	
- Asset Revaluation Reserve	
- Unrealised Gain on trading assets measured at Fair Value Through Profit or Loss	79,744,685
Distributable profit or (loss)	**866,752,112**

धितोपत्र दर्ता तथा निष्काशन नियमावली २०७३ को अनुसूची १४
(नियम २६ को उपनियम (१) सँग सम्बन्धित)
आ.व.२०७८/७९ 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) सम्बन्धित पक्ष

यस बैंकको सम्बन्धित पक्ष बीच भएको कारोबारको विवरण बैंकको Interim Financial Report मा समावेश गरिएको छ । बैंकको तेस्रो त्रैमासको Interim Financial Report बैंकको website *www.ctznbank.com* मा हेर्न सकिन्छ ।

(ग) प्रमुख वित्तीय अनुपातहरु

प्रति शेयर आम्दानी	रु १४।९३	प्रति शेयर कुल सम्पत्ति मूल्य	रु. १,२९६।४१
मूल्य आम्दानी अनुपात	१७।३०	तरलताको अनुपात	२०।४१%
प्रति शेयर नेटवर्थ	रु. १४०।१५		

२. व्यवस्थापकीय विश्लेषण :

(क) बैंकको पूँजी पर्याप्तता अनुपात, संस्थागत निक्षेप अनुपात र अन्य सूचकाङ्कहरु सन्तोषजनक रहेका छन् । तर, बजारमा हालै देखिएको तरलता अभावको कारणले बैंकको कर्जा निक्षेप अनुपात नियमनकारी सिमा भन्दा बढि देखिएको छ । यस कर्जा निक्षेप अनुपातलाई २०७९ आषाढ भित्र नियमनकारी सिमा भित्र कायम गरी व्यवसायलाई नियमित गर्नु पर्ने अवस्था रहेको छ ।

(ख) यस आर्थिक वर्षको सुरुवाती महिनाबाट देखा परेको तरलता अभावले व्यवसाय विस्तारमा सुस्तता आउँदा खुद ब्याज आम्दानी तथा अन्य आम्दानी अपेक्षित रुपमा नभएको र कर्जा नोक्सानी व्यवस्था खर्च बढ्न गएकाले गत आर्थिक वर्षको सोही त्रैमासको तुलनामा यस त्रैमासमा खुद मुनाफा सामान्य रुपमा मात्र बढेको छ ।

(ग) व्यवसाय विविधिकरण तथा गुणस्तरीय सेवा प्रदान गर्ने बैंकको उद्देश्य तथा स्थानीय तहका दूर्गम क्षेत्रमा खोलिएका शाखाका साथ साथै शाखा रहित बैकिङ्ग (Branch Less Banking) का माध्यमबाट ग्रामिण क्षेत्रमा बैंकिङ्ग पहुँच वृद्धि गर्दै लैजाने तथा ग्राहक मुखी नयाँ सेवा तथा सुविधामा आवश्यकता अनुसार वृद्धि गर्दै लैजाने बैंकको योजना रहेको छ । त्यसै गरी Digital Banking लाई प्रोत्साहित गर्दै व्यापार विस्तार गर्ने र ग्राहक सेवा सुविधा अझ चुस्त दुरुस्त र स्तरीय बनाउँदै लगिने योजना रहेको छ ।

३. कानुनी कारवाही सम्बन्धी विवरण :

(क) यस अवधिमा बैंकले वा बैंकको विरुद्ध कुनै मुद्दा दायर भएको भए :
यस त्रैमासिक अवधिमा बैंकको तर्फबाट मुद्दा दायर नभएको तथा बैंकको विरुद्धमा ५ थान मुद्दा दायर भएको छ ।

(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 कारोवार सम्बन्धमा व्यवस्थापनको धारणा:
देशको धितोपत्र बजारमा संगठित संस्थाहरुको शेयर कारोवारमा देखिएको उच्च उतार चढावका कारण यस बैंकको शेयर कारोवारमा गत त्रैमासको तुलनामा केही कमी देखिएको छ ।

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

अधिकतम मूल्य	रु. ३१७।००	कुल कारोवार शेयर संख्या	२,९०८,४६४
न्यूनतम मूल्य	रु. २५५।८०	कुल कारोवार दिन	५८
मसान्तको अन्तिम मूल्य	रु. २५८।२०	कुल कारोवार संख्या	१६,५८४

५. समस्या तथा चुनौती :

(क) आन्तरिक समस्या तथा चुनौती
बैंकको संचालन खर्च वृद्धि हुँदै जानु, निक्षेप-कर्जाको व्याजदरमा भएको उतार-चडाव, आय विविधिकरण, निष्कृय कर्जाको व्यवस्थापन, उपयुक्त लगानीका क्षेत्र पहिचान तथा शाखाहरुको वृद्धि सँगसँगै संचालन जोखिम व्यवस्थापन जस्ता आन्तरिक समस्या तथा चुनौति रहेको विद्यमान परिप्रेक्ष्यमा दिर्घकालिन रुपमा बैंकका समग्र सुचकहरुलाई सुधार गर्दै जाने कार्य चुनौतीपूर्ण रहेको छ ।

(ख) बाह्य समस्या तथा चुनौती
कोरोना महामारीको कारण सुस्ताएका आर्थिक गतिविधि सामान्य अवस्थामा फर्किने हुँदाहुँदै पूर्वी युरोपमा देखा परेको द्वन्दका कारण कच्चा तेलको मुल्यमा बढोत्तरी भई आयात बढ्न गएकाले वैदेशिक मुद्रा संचितिमा गंभिर असर परेको छ । यसलाई मध्यनजर गर्दै सरकारले हाल आयातलाई नियन्त्रण गर्ने नीति लिएको छ । यसबाट अत्यावश्यक वस्तुको मुल्यमा भएको वृद्धिले उपभोक्ताको वास्तविक क्रय क्षमता घट्न गएको र अत्यावश्यक बाहेकका बस्तुको आयातमा भएको नियन्त्रणका कारण समग्र आर्थिक क्रियाकलापहरुमा सुस्तता आउने देखिएको छ । यसै गरि कोभिड १९ बाट अर्थतन्त्रमा परेको असरलाई कम गर्न सरकार तथा नेपाल राष्ट्र बैंकबाट प्रदान गरिएका सहुलियतहरु हाल अन्त्य भएको हुँदा सोको वास्तविक असरहरु हालैका दिनहरुमा देखा पर्न थालेका छन् । यस्ता कारणहरुबाट कर्जाको किस्ता तथा पाकेको व्याज असुलिमा गंभिर असर पर्न गई थप कर्जा नोक्सानी व्यवस्था बढ्न गएको हुँदा त्यस्ता असरहरुलाई कम गर्न चुनौतिपुर्ण रहेको छ । माथि उल्लेखित कारणहरुका साथै अन्य विभिन्न कारणले आर्थिक चुनौतिहरु अझ धेरै थपिएका छन् । गत प्रथम त्रैमासको अन्तिम महिना बाट शुरु भएको तरलता अभावका कारण निक्षेपमा ब्याज बढ्दै गएको र कर्जा विस्तारमा सुस्तता आएको छ । यसबाट बैंकको व्याज खर्च बढ्नका साथै संचालन तथा अनुपालना लागत बढ्दै गएको छ र यी कारणहरुले गर्दा बैंकको खुद मुनाफा र वितरण योग्य मुनाफामा प्रतिकुल असर पर्न गई लाभांश वितरणमा समेत ह्रास आउने सम्भावना देखिन्छ । यस्ता चुनौतीहरु रहेको अवस्थामा बैंकिङ्ग क्षेत्रमा तीव्र प्रतिस्पर्धा हुनु, बैंकिङ्ग क्षेत्रमा दक्ष जनशक्तिको कमी हुनु, स्रोत परिचालनमा कमी हुनु, सूचना प्रविधिका क्षेत्रमा देखा परेका नयाँ किसिमका चूनौतीहरु, तरलता अभावका कारण लगानी कर्ताको मनोबलमा कमी आउनु, सरकारी विकास खर्च कम हुनु लगायत प्रमुख बाह्य समस्या हुन् । यस्ता समस्या विद्यमान

रहेको अवस्थामा बैंकको कारोवार दिगो रुपमा विस्तार गरी सम्पत्तिको गुणस्तर कायम राखी लगानीकर्तालाई उचित प्रतिफल दिने कार्य चुनौतीपूर्ण रहेको छ ।

(ग) रणनीति

बैंकले ग्रामीण तथा दुर्गम क्षेत्र र बैंकिङ्ग सेवाबाट वञ्चित व्यक्ति तथा संघसंस्थालाई बैंकको दायरामा ल्याई निक्षेप परिचालन बढाउनुका साथै बैंकका अन्य सेवाहरुको आक्रामक रुपमा बजारीकरण गर्दै व्यवसाय विस्तारमा लाग्ने, आधुनिक प्रविधि तथा सफ्टवेयर प्रयोग गरी प्रत्यक्ष रुपमा ग्राहक बैंक समक्ष प्रस्तुत हुन नपर्ने गरी बैंकिङ्ग सुविधा प्रदान गर्ने, समय सापेक्ष प्रविधिमा आधारित नयाँ सेवाहरुको विकास गर्ने, विभिन्न व्यवसायिक संघ-संस्था लगायत व्यक्तिगत ग्राहकहरुसँगको सम्बन्ध सुमधुर बनाउनका लागि छिटो एवं छरितो तवरले ग्राहकमुखी सेवाहरु उपलब्ध गराउने, बैंकको समग्र जोखिम व्यवस्थापनको आधारभूत पक्षहरुलाई मजबुत बनाई उल्लिखित चुनौतीको समाधान गर्ने र बैंकको आन्तरिक कार्य प्रणाली स्वचालित तथा कागज रहित बनाई खर्च मितव्ययिता मार्फत निर्धारित लक्ष्य प्राप्त गर्ने तथा ग्राहक सेवा सुविधा चुस्त दुरुस्त बनाउने रणनीति अवलम्बन गरेको छ । साथै बैंकले निष्कृय कर्जा तथा पाकेको ब्याज तथा कर्जाको भाका नाघेका ऋणीहरुको उचित व्यवस्थापन गरी वितरणयोग्य मुनाफा वृद्धी गर्ने नीति पनि लिएको छ ।

६. संस्थागत सुशासन :

(क) संस्थागत सुशासन अभिवृद्धिको लागि बैंकले आन्तरिक नियन्त्रण प्रणाली मजबुत बनाउन तथा व्यवस्थित गर्न अनुपालन विभाग तथा सुशासन इकाईको व्यवस्था गरिएको तथा लेखापरीक्षक तथा नियमनकारी निकायबाट दिइएका सुझाव तथा निर्देशनहरु व्यवस्थापन मार्फत कार्यान्वयन गराउन सदैव क्रियाशील रहेको छ ।

(ख) बैंकको समग्र जोखिम व्यवस्थापन कार्यलाई मजबुत पार्न, वर्तमान परिप्रेक्ष्यमा समग्र बजारमा देखापरेको IT Risk विश्लेषण गरी व्यवस्थापन गर्न, संचालन जोखिम कम गर्न तथा आन्तरिक प्रक्रियाहरुलाई व्यवस्थित गर्न जोखिम व्यवस्थापन समिति गठन गरिएको छ । बैंकको काम कारवाहीमा नियमितता, मितव्ययिता, औचित्यता जस्ता कुराहरु भए नभएको बारे समिक्षा गरी आवश्यक राय सुझाव दिन लेखा परीक्षण समिति गठन गरिएको छ । बैंकको समग्र अनुपालनका अवस्था विश्लेषण गर्न, ग्राहकको जोखिम स्तर निर्धारण गरी देखा परेका कमी कमजोरीको समाधान गर्न उपयुक्त निर्देशन दिने कार्य गर्न सम्पत्ति शुद्धिकरण निवारण समितिको गठन गरिएको छ । कर्जा जोखिमको अनुगमन तथा 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 । निर्णय प्रक्रियालाई छिटो-छरितो तथा चुस्त बनाउन व्यवस्थापन तहमा व्यवस्थापन समिति (Executive Committee), सम्पत्ति दायित्व व्यवस्थापन समिति (ALCO), IT Steering Committee 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 सुसूचितू निर्णय लिन आवश्यक कुनै विवरण, सूचना तथा जानकारीहरु लुकाइएको छैन ।

प्रमुख कार्यकारी अधिकृत

Citizens Bank International Limited Group
Notes to the Consolidated Interim Financial Statements

1. Basis of Preparation

The financial statements of the Group have been prepared on accrual basis of accounting except the cash flow statement which is prepared, on a cash basis, using the direct method.

The financial statements comprise the consolidated Statement of Financial Position, consolidated Statement of Profit or Loss and consolidated Statement of Other Comprehensive Income, the consolidated Statement of Changes in Equity, the consolidated Statement of Cash Flows and the Notes to the Accounts of the Group and Separate financial statements as stated above of the Bank. The significant accounting policies applied in the preparation of consolidated financial statements are set out below in point number 3. 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. Ashwin (Mid October), Poush (Mid January), Chaitra (Mid April) and Ashadh (mid July) as per the Nepali calendar.

	Nepali Calendar	English Calendar
Current Year Period	1st Magh2078 to 30th Chaitra2078	15th January2022to 13th April2022
Previous Year Period	1st Magh2077 to 31st Chaitra 2077	14th January 2021 to 13th April 2021

1.2. Functional and Presentation Currency

The Financial Statements of the Group are presented in Nepalese Rupees (NPR), 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 year under review. The figures are rounded to nearest integer, except otherwise indicated.

2. Statement of Compliance with NFRS

The Consolidated 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 Judgment

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 principal accounting policies adopted in the preparation of the consolidated financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated. The preparation of financial statements requires the use of certain accounting estimates. The areas where significant judgments and estimates have been made in preparing the financial statements and their effects have been disclosed.

5.1. Basis of Measurement

The financial statements have been prepared on historical cost basis except for following material items in the statement of financial position:

- Financial assets other than measured at amortized cost are measured at fair value.
- Non-derivative financial instruments at fair value through profit or loss are measured at fair value.
- Derivative financial instruments are measured at fair value.
- Inventories are measured at cost or net realizable value whichever is lower.
- Liabilities for defined benefit obligations are recognized at the present value of the defined benefit obligation less the fair value of the plan assets.
- Investment property is measured at cost.
- Liabilities for cash-settled, share-based-payment arrangements are measured at fair value.
- Investment securities are measured at fair value.
- Trading Assets like Bonds, Treasury Bills, Equities, etc. held for trading purposeare measured at fair value.
- Impairment of asset is measured at fair value and related disposal cost.
- Assets acquired & Liabilities assumed in a business combination are recognized at fair value.
- Any other requirements or options provided by standards.

5.2. Basis of Consolidation

Where the company has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary. The consolidated financial statements present the results of the company and its subsidiaries ("the Group") as if they formed a single entity.

In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognized at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of income from the date on which control is obtained. They are de-consolidated from the date of control ceases.

The Group’s Financial Statements comprise consolidation of the Financial Statements of the Group and its subsidiary in terms of the NFRS 10 – Consolidated Financial Statements.

5.2.1. Subsidiaries

Subsidiaries are the entities controlled by the Bank. The Bank controls an entity if it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Financial Statements of subsidiaries are included in the Consolidated Financial Statements from the date that control commences until the date that control ceases. The Bank reassesses whether it has control if there are changes to one or more of the elements of control. The Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.

The Consolidated Financial Statements are prepared for the common financial year end. There are no significant restrictions on the ability of subsidiaries to transfer funds to the parent in the form of cash dividends or to repay loans and advances. Both of the subsidiaries of the Bank have been incorporated in Nepal.

5.2.2. Business combination

Business combinations are accounted for using the acquisition method. As of the acquisition date, the amount of non-controlling interest is measured either at fair value or at the non-controlling interest's proportionate share of the acquirer's identifiable net assets. Acquisition related costs are expensed in the periods in which the costs are incurred and the services are received.

The Group elects on a transaction by transaction basis whether to measure non-controlling interest at its fair value, or at its proportionate share of the recognized amount of the identifiable net assets, at the acquisition date. Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

5.2.3. Acquisitions of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders. Therefore, no goodwill is recognized as a result of such transactions.

5.2.4. Loss of control

Upon the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, carrying amount of non-controlling interests and the cumulative translation differences recorded in equity related to the subsidiary. Further parent's share of components previously recognized in Other Comprehensive Income (OCI) is reclassified to profit or loss or retained earnings as appropriate. Any surplus or deficit arising on the loss of control is recognized in the profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or in accordance with the Group's accounting policy for financial instruments depending on the level of influence retained.

5.2.5. Transactions eliminated on consolidation

All intra group balances, income and expenses (except for foreign currency translation gains or losses) arising from intra group transactions are eliminated on consolidation. Unrealized gains and losses resulting from transactions between the Group and subsidiary are also eliminated on consolidation to the extent of the Group's interests in the subsidiary.

5.3. Cash and Cash Equivalents

Cash and cash equivalents include cash at vault and agency bank accounts balances, unrestricted balances with NRB, highly liquid financial assets with original maturity of 3 months from the date of its acquisition and are readily convertible to cash, which are subject to an insignificant risk of changes in value.

Cash and Cash equivalent are classified as financial assets and are measured at amortized cost in the statement of financial position.

Statement of Cash Flows has been prepared by using the 'Direct Method' in accordance with NAS 07-Cash Flow Statements.

5.4. Financial Assets and Financial Liabilities

5.4.1. 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.

5.4.2. 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 rate method.

5.4.3. 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.

5.4.4. 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.

5.4.5. 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.

The fair value measurement hierarchy is as follows:

Level 1 fair value measurements are those derived from unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 valuations are those with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.

Level 3 portfolios are those where there are unobservable inputs of the instruments. The inputs are not based on observable market data.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price i.e. the fair value of the consideration given or received. If the Group determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability (Level 01 valuation) nor based on a valuation technique that uses only data from observable markets (Level 02 valuation), then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but not later than when the valuation is wholly supported by observable market data or the transaction is closed out. In case the fair value is evidenced by a quoted price in an active market for an identical asset or liability (Level 01 valuation), the difference between the transaction price and fair value is recognized in profit or loss immediately.

5.4.6. 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.

5.4.7. 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 can 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 per norms prescribed by Nepal Rastra Bank for loan loss provision.

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.

5.5. 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.

5.6. 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.

5.7. 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.

5.8. 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 labor;
- 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 measuredas 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 equipment 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 Equipment	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.

5.9. 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 period is five years. 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 andany 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.

5.10. 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.

5.11. 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.

5.12. 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 reliably 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.

5.13. Deposits, Debt Securities Issued and Subordinated Liabilities

Deposits, debt securities issued and subordinated liabilities are the Group’s sources of debt funding.

Deposits comprises of financial liabilities incurred by the Group on account of deposit amount held of the customers and other Banks and Financial Institutions.

Debt securities issued are financial liabilities instrument issued to raise fund for the Group.

Subordinated Liabilities are debt instruments issued by under the conditions of subordinate priority relative to other liabilities incurred by the Group.

Deposits, debt securities issued and subordinated liabilities are initially measured at fair value minus incremental direct transaction costs, and subsequently measured at their amortized cost using the effective interest method.

5.14. 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

As per the requirement of NFRS, interest income is recognized in profit or loss using effective interest method, except for those classified at fair value through profit or loss. 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 effective interest rate is calculated on initial recognition of the financial asset or liability by estimating the future cash flows after considering all the contractual terms of the instrumentbut not future credit losses. 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 i.e. 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.
- 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.

Interest income on Loans and Advances is recognized as per the guideline on recognition of interest income, 2019 issued by NRB.

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.

e) Net income from other financial instruments at fair value through profit or loss

Net income from other financial instruments at FVTPL relates to non-trading derivatives held for risk management purposes that do not form part of qualifying hedge relationships, financial assets and financial liabilities designated as at FVTPL and non-trading assets mandatorily measured at FVTPL. The line item includes fair value changes, interest, dividends and foreign exchange differences.

5.15. 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.

5.16. 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 actuarial basis covering eligible employees joining prior to Bhadra 1, 2074 and on accrual basis covering employees joining on or after Bhadra 1, 2074 as per terms of Employee Service Byelaws of the Group.

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 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.

5.17. 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.

5.18. Financial Guarantees and Loan Commitments

Financial guarantees are contracts that require the Group to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of a debt instrument. 'Loan commitments' are firm commitments to provide credit under pre-specified terms and conditions.

Financial guarantees and loan commitments are disclosed as contingent liabilities and not recorded in Statement of Financial Position. Liabilities arising from financial guarantees and loan commitments are settled and included in loans and advances as receivables from debtors (borrowers).

5.19. 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.

5.20. 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.

5.21. 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.

5.22. 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.

5.23. Events after the reporting period

Where necessary all material events after the reporting date have been considered and appropriate adjustments or disclosures have been made in the Financial Statements as per the NAS 10 –Events After the Reporting Period.

6. Segment 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	3,969,505,669	2,719,227,135	348,549,989	347,089,381	25,131,768	16,630,047	11,577,387	7,693,601	4,354,764,814	3,090,640,164
Intersegment Revenues	1,191,242,578	1,342,285,319	(177,379,810)	(448,660,112)	-	-	-	-	1,013,862,768	893,625,207
Segment Profit (loss) before Tax	3,556,965,979	3,255,323,346	484,062,519	311,321,450	5,654,534	2,560,711	13,841,185	10,476,387	4,060,524,217	3,579,681,894
Segment assets	147,361,381,551	121,676,195,468	32,993,955,444	29,428,456,286	195,114,552	92,859,610	26,093,226	21,750,787	180,576,544,774	151,219,262,151
Segment Liabilities	147,606,250,381	129,597,427,094	15,207,085,838	6,791,934,040	103,647,614	74,450,749	169,493,710	7,871,845	163,086,477,542	136,471,683,728

B. Reconciliation of reportable segment profit or loss

Particulars	Current Quarter	Corresponding Previous Quarter
Total Profit before Tax for reportable segments	4,060,524,217	3,579,681,894
Profit before Tax for other segments		
Elimination of inter segment profit		
Elimination of discontinued operation		
Unallocated amounts:		
- Other Corporate expenses	(1,803,326,791)	-1,389,086,349
Profit before Tax	**2,257,197,426**	**2,190,595,545**

7. Concentration of Borrowings and Deposits

A. Concentration of Borrowings

Particulars	Current Year	Previous Year
Total Borrowing from ten largest lenders	12,660,355,868	4,005,558,824
Percentage of Borrowing from ten largest lenders to total borrowing	100%	100%

B. Concentration of Credit exposures

Particulars	Current Year	Previous Year
Total exposures to twenty largest borrowers		
a. As per group (related party)	26,671,744,282	21,060,405,592
b. As per individual customer	20,203,151,362	19,270,955,549
Percentage of exposures to twenty largest borrowers to Total Loans and Advances		
a. As per group (related party)	19.51%	18.49%
b. As per individual customer	14.78%	16.92%

C. Concentration of Deposits

Particulars	Current Year	Previous Year
Total deposits from twenty largest depositors		
a. Group-wise	36,954,709,841	33,660,481,098
b. As per individual customer	36,954,709,841	33,660,481,098
Percentage of deposits from twenty largest depositors to Total Deposits		
a. Group-wise	25.20%	26.12%
b. As per individual customer	25.20%	26.12%

8. Related party disclosures

8.1 Related Party Disclosure of the Bank

The related parties of the Bank which meets the definition of related parties as defined in "NAS 24 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. Rajan Singh Bhandari	BOD Chairman
Mr. Prakash Chandra Mainali	Director
Mr. BijayaDhoj Karki	Director
Mrs. Seeta Karki K.C.	Director
Mr. Prabal Jung Pandey	Director

Mr. Sajan Sharma	Director
Mr. Anil Kumar Gyawali	Professional Director
Mr. Ganesh Raj Pokharel	Chief Executive Officer
Mr. Sumit Babu Khatri	SeniorDeputy Chief Executive Officer
Mr. Paras Kumar Kafle	Deputy Chief Executive Officer
Mr. Rajendra Lal Shrestha	Deputy Chief Executive Officer
Mr. Ramdhan Shrestha	Assistant Chief Executive Officer
Mr. Sanjeeb Kumar Shrestha	Chief Information Technology Officer
Mr. Ravi Kumar Rauniyar	Chief Compliance Officer
Mr. Suman Mulepati	Chief Credit Officer
Mr. Narayan Raj Adhikari	Chief Administrative Officer
Mr. Amit Khanal	Chief Risk 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%
b. CBIL Securities Limited 100%

iii. Associate Companies *Shareholding %*

a. Nepal Electronic Payment Systems Limited 9.09%

iv. Fund Sponsor

a. Citizens Mutual Fund- I
b. Citizens Mutual Fund- II

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 (CEO) 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	1,840,600
Other Board Facility	639,000
Other Expenses	135,050
Total	**2,614,650**

The details relating to compensation paid to key management personnel (CEO only)were as follows:

Particulars	Current Year (NPR)
Short term employee benefits	17,439,326
Post- employment benefits*	630,000
Other long term benefits**	-
Total	**18,069,326**

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

Particulars	Current Year (NPR)
Short term employee benefits	31,996,601
Post- employment benefits*	996,374
Other long term benefits**	-
Total	**32,992,975**

*Post- employment benefits include 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 gets accidental and medical insurance, vehicle, fuel, lunch and mobile facilities as per Employee Byelaws of the Bank.

ii.Transaction with Subsidiary

CBIL Capital Limited

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, Senior Manager of the Bank is the Chairman of CBIL Capital. CRO and CFO 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 NPR 300,000:
   a) The Bank has the right to appoint the CEO of CBIL Capital.
   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.
   e) The Bank also provides investment management services through the Bank’s branch network.
3. Similarly, Bank has rented its building located in Dillibazaar, Kathmandu to the Subsidiary Company with the agreement to pay Monthly Rent of NPR 110,000 till Magh 2076 which was revised from Falgun 2076 with monthly rent of NPR 90,750/-, which will be increased by 10% in every 2 years.
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 deposit accounts with the Bank which has a balance of NPR 219,293,087 as on 30th Chaitra, 2078.
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	898,425
Management Fee income	2,700,000
Server & Database Rental Income	1,815,000
Dividend Income	27,835,998
Interest Income	2,038,773
Interest on advance to Subsidiary	-
Fees and Commission	-
Total Income	**35,288,196**
Interest Paid to Subsidiary	8,695,035
RTS fee to Subsidiary	-
Total Expenses	**8,695,035**
Particulars	**NPR**
Statement of Financial Position	
Deposit of Subsidiary	219,293,087
Advance to Subsidiary	-
Dividend Payable to Shareholders of the Bank held on behalf of the Bank by the subsidiary	156,998,552

The following table summarizes the financial information of CBIL Capital Limited in its own financial statements:

Particulars	NPR
Non- Current Assets	107,855,497
Current Assets	408,740,406
Non- Current Liabilities	845,630
Current Liabilities	296,811,397
Net Assets Attributable to Share Holders	**218,938,876**
Revenue	26,291,976
Profit from Continuing Operations	2,075,378
Other Comprehensive Income	-
Total Comprehensive Income	**2,075,378**

CBIL Securities Limited

The Bank has made strategic investment to broaden the scope of service and source of income by investing in share capital of CBIL Securities Limited which is the subsidiary company of the Bank. The Bank holds 100 % controlling interest in the subsidiary. Similarly, the Bank has deputed ACEO of the Bank as the Chairman of the subsidiary and 3 Senior level staffs of the Bank has been deputed as directors of the subsidiary.

The subsidiary is engaged in Securities Brokerage Services.

1. An agreement has been made between the Bank and the Subsidiary Company to provide following facilities to Subsidiary Company by the Bank:

a) Bank has nominated its ACEO as a Chairman and 3 senior level staffs as the directors of the subsidiary company.

2. Similarly, Bank has rented out its building located in Kupondole, Lalitpur to the Subsidiary Company with the agreement to pay Monthly Rent of NPR 60,000 which will be increased by 10% in every 2 years, effective from the date of commencement of operation of CBIL Securities Limited.
3. 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.
4. CBIL Securities Ltd holds a deposit account with the Bank which has a balance of NPR 59,028,024 as on 30th Chaitra, 2078.
5. The overall transactions with the Subsidiary included in Financial Statements of the Bank has been tabulated below:

Particulars	**NPR**
Statement of Profit or Loss	
Total Income	**-**
Interest Paid to Subsidiary	3,425,000
Total Expenses	**3,425,000**
Statement of Financial Position	
Deposit of Subsidiary	59,028,024

The following table summarizes the financial information of CBIL Securities in its own financial statements:

Particulars	**NPR**
Non- Current Assets	-
Current Assets	59,174,634
Non- Current Liabilities	-
Current Liabilities	56,500
Net Assets Attributable to Share Holders	**59,118,134**
Revenue	3,425,000
Profit from Continuing Operations	2,392,753
Other Comprehensive Income	-
Total Comprehensive Income	**2,392,753**

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. 16,000,000 in share capital of NEPS which comes to 9.09 % 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	16,283,666

The investment in NEPS has been accounted for at cost in separate financial statement of the Bank and as per equity method in consolidated financial statement.

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 19,560,391 as on Balance Sheet date with the Bank.

v.Transaction with Citizens Mutual Fund- II

The Bank is the shareholder holding substantial interest and the sponsor of the Citizens Mutual Fund-II 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 22nd Ashadh 2076 with the maturity period of 7 years (i.e. up to 21st Ashadh 2083).

The Bank has invested NPR 150,000,000 in Citizens Mutual Fund- II.

The Scheme has Bank Balance of NPR 13,100,722 as on Balance Sheet date with the Bank.

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

The Bank has paid NPR 388,256,807.24amount as divided for ordinary shares till the reporting period.

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

16,240,508.91 nos. of Bonus shares were issued on Equity Share Capital during the reporting period.

11. Events after interim period

There are no material events after Balance Sheet Date affecting financial status of the Group as on Chaitra end, 2078.

12. 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, 2078.

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