



Global IME Bank

ग्लोबल आइएमई बैंक लि.

**INTERIM FINANCIAL
STATEMENTS AS ON 29th
POUSH 2076
(II QUARTER FY 2076-77)**

Global IME Bank Ltd
Condensed Consolidated Statement of Financial Position
As on Quarter ended 29th Poush 2076 (14/01/2020)

	Group		Bank	
Assets	This Quarter Ending	Immediate Previous Year Ending	This Quarter Ending	Immediate Previous Year Ending
Cash and Cash Equivalents	7,593,337,762	11,943,820,100	6,974,023,558	11,531,556,889
Due from Nepal Rastra Bank	8,227,060,243	5,239,466,652	8,197,476,772	5,217,312,678
Placements with Bank and Financial Institutions	12,937,797,980	40,000,000	12,855,297,980	-
Derivative Financial Instruments	5,562,903,907	4,112,517,152	5,562,903,907	4,112,517,152
Other Trading Assets	-	383,381,622	-	-
Loans and Advances to BFIs	5,853,430,682	3,508,806,424	6,639,962,414	4,054,633,604
Loans and Advances to Customers	194,567,690,916	112,195,294,276	190,526,538,289	108,977,607,686
Investment Securities	22,183,245,360	13,164,986,491	21,769,672,021	13,153,151,992
Current Tax Assets	952,332,261	1,317,330,086	935,716,901	1,259,701,665
Investment in Subsidiaries	-	-	557,095,250	219,775,000
Investment in Associates	401,222,561	422,148,079	401,222,561	319,577,861
Investment Property	343,371,702	118,685,464	343,371,702	118,685,464
Property and Equipment	2,729,662,628	1,419,110,761	2,677,679,000	1,373,573,734
Goodwill and Intangible Assets	214,736,646	35,817,033	211,123,181	28,288,609
Deferred Tax Assets	298,501,279	220,120,199	288,119,687	212,078,419
Other Assets	4,189,574,413	1,113,694,624	4,148,506,600	1,075,101,633
Total Assets	266,054,868,340	155,235,178,964	262,088,709,822	151,653,562,387
Liabilities				
Due to Bank and Financial Institutions	16,232,287,975	6,297,101,138	16,232,287,975	4,410,876,030
Due to Nepal Rastra Bank	5,107,878,768	1,231,800,211	5,107,878,768	1,231,800,211
Derivative Financial Instruments	6,852,507,638	3,879,901,668	6,852,507,638	3,879,901,668
Deposit from Customers	197,889,045,683	120,943,260,203	197,411,318,532	120,088,440,064
Borrowings	4,540,475,536	18,000,000	2,266,000,000	-
Current Tax Liabilities	971,794,012	1,245,969,517	965,397,983	1,202,570,465
Provisions	-	-	-	-
Deferred tax Liabilities	-	-	-	-
Other Liabilities	4,984,241,059	3,413,016,987	4,197,096,064	3,011,351,016
Debt Securities Issued	1,496,749,995	1,496,452,596	1,496,749,995	1,496,452,596
Subordinated Liabilities	-	-	-	-
Total Liabilities	238,074,980,666	138,525,502,319	234,529,236,954	135,321,392,050
Equity				
Share Capital	18,975,879,857	10,310,515,959	18,975,879,857	10,310,515,959
Share Premium	27,913,124	-	5,393,490	-
Retained Earnings	1,191,984,593	2,825,449,981	1,094,010,817	2,663,622,463
Reserves	7,585,890,368	3,441,671,122	7,484,188,703	3,358,031,915
Total Equity attributable to equity holders	27,781,667,942	16,577,637,063	27,559,472,867	16,332,170,337
Non Controlling Interest	198,219,733	132,039,582	-	-
Total Equity	27,979,887,675	16,709,676,645	27,559,472,867	16,332,170,337
Total Liabilities and Equity	266,054,868,340	155,235,178,964	262,088,709,822	151,653,562,387
Net Assets Value Per Share			145.23	158.40

Global IME Bank Ltd
Condensed Consolidated Statement of Profit or Loss
As on Quarter ended 29th Poush 2076 (14/01/2020)

Amount in NPR

Particulars	Group				Bank			
	Current Year		Previous Year Corresponding		Current Year		Previous Year Corresponding	
	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)
Interest Income	4,917,097,930	8,942,307,395	3,312,506,284	6,564,734,084	4,791,617,717	8,631,505,050	3,255,842,394	6,436,420,245
Interest Expenses	2,859,152,929	5,222,800,977	2,106,139,733	4,128,232,397	2,807,646,566	5,082,806,871	2,075,661,645	4,055,340,452
Net interest income	2,057,945,000	3,719,506,418	1,206,366,552	2,436,501,687	1,983,971,151	3,548,698,178	1,180,180,749	2,381,079,793
Fees, charges and commission income	431,494,437	872,806,571	278,664,831	604,810,303	392,374,992	799,583,394	255,630,989	550,173,626
Fees, charges and commission expenses	72,539,411	108,799,376	56,122,164	94,465,736	73,948,731	103,589,606	53,691,406	87,284,803
Net fee and commission income	358,955,027	764,007,195	222,542,667	510,344,568	318,426,262	695,993,788	201,939,583	462,888,823
Net interest, fee and commission income	2,416,900,027	4,483,513,612	1,428,909,218	2,946,846,255	2,302,397,413	4,244,691,967	1,382,120,332	2,843,968,615
Net Trading Income	134,118,351	242,408,431	78,453,143	186,098,705	112,609,373	244,989,847	78,453,143	186,098,705
Other Operating Income	50,290,051	85,379,795	18,240,240	102,509,389	48,456,781	79,809,207	28,785,471	92,778,584
Total operating income	2,601,308,429	4,811,301,839	1,525,602,602	3,235,454,349	2,463,463,567	4,569,491,020	1,489,358,946	3,122,845,904
Impairment charge/(reversal) for loans and other losses	152,578,454	428,472,048	(131,564,130)	57,540,369	143,077,745	413,951,810	(132,555,143)	71,224,925
Net Operating Income	2,448,729,975	4,382,829,791	1,657,166,731	3,177,913,980	2,320,385,822	4,155,539,210	1,621,914,090	3,051,620,979
Operating Expenses								
Personnel Expenses	668,599,236	1,238,495,410	380,120,186	835,098,760	632,914,581	1,169,383,773	354,462,287	782,875,425
Other Operating Expenses	299,029,353	511,808,910	227,225,784	426,739,699	288,001,244	485,969,106	219,074,506	407,388,335
Depreciation and Amortization	74,948,035	135,519,693	62,067,510	120,182,851	72,788,392	131,130,658	60,375,912	120,182,851
Operating profit	1,406,153,351	2,497,005,777	987,753,251	1,795,892,671	1,326,681,604	2,369,055,673	988,001,384	1,741,174,368
Non-operating income	7,510,300	11,156,994	2,295,126	5,777,700	-	401,150	51,599	180,639
Non-operating expense	264,109	221,918	-	-	-	-	-	-
Profit before income tax	1,413,399,542	2,507,940,853	990,048,377	1,801,670,371	1,326,681,604	2,369,456,823	988,052,983	1,741,355,007
Income Tax Expense								
Current tax	405,808,182	739,025,341	298,900,866	527,768,943	390,090,762	702,850,368	294,511,369	511,968,663
Deferred tax	13,106,414	(21,672,077)	-	-	3,827,302	(19,301,417)	-	-
Profit for the period	994,484,947	1,790,587,589	691,147,511	1,273,901,428	932,763,540	1,685,907,872	693,541,614	1,229,386,344
Net Profit of then Janata Bank Nepal Ltd till date of merger						451,330,968		
Total Profit upto this quarter						2,137,238,840		

Consolidated Statement of Comprehensive Income

Amount in NPR

Particulars	Group				Bank			
	Current Year		Previous Year Corresponding		Current Year		Previous Year Corresponding	
	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)
Profit or loss for the period	994,484,947	1,790,587,589	691,147,511	1,273,901,428	932,763,540	1,685,907,872	693,541,614	1,229,386,344
Other comprehensive income, net of income tax								
a) Items that will not be reclassified to profit or loss								
Gains/(losses) from investments in equity instruments measured at fair value	16,301,094	(9,975,954)	(11,273,155)	(12,870,732)	16,251,219	(10,115,205)	(11,273,155)	(12,870,732)
Gains/(losses) on revaluation					-	-	-	-
Actuarial gain/(losses) on defined benefit plans		-	-	-				
Income Tax relating to above items	(4,890,328)	2,992,786	3,381,946	3,861,220	(4,875,366)	3,034,561	3,381,946	3,861,220
Net other comprehensive income that will not be reclassified to profit or loss	11,410,766	(6,983,168)	(7,891,208)	(9,009,512)	11,375,854	(7,080,643)	(7,891,208)	(9,009,512)
b) Items that will 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 comprehensive income that are or may be reclassified to profit or loss								
c) Share of other comprehensive income of associate accounted as per equity method								
Other comprehensive income for the period, net of income tax	11,410,766	(6,983,168)	(7,891,208)	(9,009,512)	11,375,854	(7,080,643)	(7,891,208)	(9,009,512)
Total comprehensive income for the period	1,005,895,713	1,783,604,422	683,256,303	1,264,891,916	944,139,393	1,678,827,229	685,650,405	1,220,376,833
Profit attributable to:								
Equity holders of the Bank	989,942,896	1,754,640,068	679,072,323	1,247,698,099	944,139,393	1,678,827,229	685,650,405	1,220,376,833
Non-controlling interest	15,952,817	28,964,353	4,183,980	17,193,817				
Total	1,005,895,713	1,783,604,422	683,256,303	1,264,891,916	944,139,393	1,678,827,229	685,650,405	1,220,376,833
Earnings per share								
Basic earnings per share*		23.63		24.71		22.53		23.85
Annualized Basic earnings per share*		23.63		24.71		22.53		23.85
Diluted earnings per share*		23.63		24.71		22.53		23.85

* Calculated on the basis of annualized profit of Global IME Bank Ltd for the quarter and profit of then Janata Bank Nepal Ltd upto date of merger.

Ratios as per NRB Directive

Particulars	Group				Bank			
	Current Year		Previous Year Corresponding		Current Year		Previous Year Corresponding	
	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)
Capital fund to RWA		11.34%		11.30%		11.47%		11.30%
Non-Performing Loan (NPL) to Total Loan		1.21%		0.75%		1.20%		0.75%
Total Loan Loss Provision to Total NPL		151.31%		211.38%		151.77%		211.35%
Cost of Funds		6.79%		7.57%		6.79%		7.57%
Credit to Deposit Ratio (As per NRB Directives)		78.98%		79.06%		78.98%		79.06%
Base Rate		9.64%		10.09%		9.64%		10.09%
Interest Rate Spread		5.31%		3.81%		5.31%		3.81%

Global IME Bank Ltd
Condensed Consolidated Statement of Changes in Equity
As on Quarter ended 29th Poush 2076 (14/01/2020)

Amount in NPR

Group										
Attributable to Equityholders of Bank										
	Share Capital	Share Premium	General Reserve Fund	Exchange Equalization Fund	Regulatory Reserve	Fair Value Reserve	Accumulated Profit/Loss	Other Reserve	Non-Controlling Interest	Total Equity
Balance as at Shrawan 1, 2076	10,310,515,959		2,564,971,175	121,192,258	590,625,437	(3,199,623)	2,825,449,982	168,081,875	132,039,582	16,709,676,645
Opening restatement							(95,010,296)		37,215,797	(57,794,499)
Profit for the period	-	-	-	-	-	-	1,759,221,120	-	28,935,111	1,788,156,230
Other Comprehensive income	-	-	-	-	-	(7,012,410)	-	-	29,243	(6,983,168)
Total comprehensive income	-	-	-	-	-	(7,012,410)	1,759,221,120	-	28,964,353	1,781,173,063
Transfer to reserve during the period										-
General Reserve Fund			337,181,574				(337,181,574)			-
Exchange Fluctuation Fund				10,703,779			(10,703,779)			-
Corporate Social Responsibility Fund							(11,715,175)	11,715,175		-
Investment Adjustment Reserve							-	-		-
Regulatory reserve					185,642,307		(185,642,307)			-
Training Reserve							(13,054,918)	13,054,918		-
Debenture Redemption Reserve							(228,618,421)	228,618,421		-
Transactions with owners, directly recognised in equity										
Share Issued to merged entity	126,000,000						-	-		126,000,000
Transfer from acquired entity		37,564,396	17,739,733	-	-	-	(102,563,195)	180,543,853		133,284,787
Share Issued to Merged entity	7,208,708,118									7,208,708,118
Transfer from Merged entity			1,167,748,566	16,221,432	536,981,119	-	453,097,783	1,287,656,968		3,461,705,867
Transfer to Reserve of then JBNL			90,266,194	2,421,855	50,571,182	-	(147,772,541)	4,513,310		-
Dividend to equity holders										-
Bonus shares Issued	1,330,655,780						(1,330,655,780)			-
Cash Dividend Paid							(1,382,866,306)			(1,382,866,306)
Balance as at Poush 29, 2076	18,975,879,857	37,564,396	4,177,907,242	150,539,324	1,363,820,045	(10,212,033)	1,191,984,593	1,894,184,520	198,219,733	27,979,887,675

Amount in NPR

Bank									
Attributable to Equityholders of Bank									
	Share Capital	Share Premium	General Reserve Fund	Exchange Equalization Fund	Regulatory Reserve	Fair Value Reserve	Accumulated Profit/Loss	Other Reserve	Total Shareholders' Funds
Balance as at Shrawan 1, 2076	10,310,515,959	-	2,547,591,343	121,192,258	550,314,646	(2,155,546)	2,663,622,463	141,089,214	16,332,170,337
Profit for the period							1,685,907,872		1,685,907,872
Other Comprehensive income						(7,080,643)			(7,080,643)
Total comprehensive income	-	-	-	-	-	(7,080,643)	1,685,907,872	-	1,678,827,229
Transfer to reserve during the period									
General Reserve Fund			337,181,574				(337,181,574)		-
Exchange Fluctuation Fund				10,703,779			(10,703,779)		-
Corporate Social Responsibility Fund							(11,715,175)	11,715,175	-
Investment Adjustment Reserve									-
Regulatory reserve					179,661,805		(179,661,805)		-
Training Reserve		-					(13,054,918)	13,054,918	-
Regulatory reserve							-	-	-
Debenture Redemption Reserve							(228,618,421)	228,618,421	-
Transactions with owners, directly recognised in equity									
Share Issued to acquired entity	126,000,000								126,000,000
Transfer from acquired entity		5,393,490	17,739,733				(102,563,195)	178,181,402	98,751,429
Share Issued to Merged entity	7,208,708,118								7,208,708,118
Transfer from Merged entity			1,167,748,566	16,221,432	536,981,119		437,063,449	1,287,656,968	3,445,671,533
Transfer to Reserve of then JBNL			90,266,194	2,421,855	50,571,182		(147,772,541)	4,513,310	-
Dividend to equity holders									-
Bonus shares Issued	1,330,655,780						(1,330,655,780)		-
Cash Dividend Paid							(1,330,655,780)		(1,330,655,780)
Balance as at Poush 29, 2076	18,975,879,857	5,393,490	4,160,527,410	150,539,324	1,317,528,752	(9,236,190)	1,094,010,817	1,864,829,407	27,559,472,866

Global IME Bank Ltd
Condensed Consolidated Statement of Cash Flows
For the Period (1st Shrawan 2076 to 29th Poush 2076) (17th July 2019 to 14th January 2020)

	Group		Amount in NPR	
	Upto This Quarter	Corresponding Previous Year Upto This Quarter	Upto This Quarter	Corresponding Previous Year Upto This Quarter
CASH FLOW FROM OPERATING ACTIVITIES				
Interest Received	8,567,819,488	12,816,946,062	8,212,326,852	12,449,143,623
Fees and Other Income Received	876,697,884	1,268,091,009	799,583,394	1,139,112,588
Dividend received	4,579,691	-	-	-
Receipts from other operating activities	261,810,852	501,483,119	254,922,458	456,353,044
Interest Paid	(5,019,325,480)	(8,412,545,883)	(4,991,526,726)	(8,227,758,020)
Commission and Fees Paid	(103,589,606)	(238,738,244)	(103,589,606)	(216,433,567)
Cash Payment to Employees	(1,186,837,221)	(1,478,622,406)	(1,169,383,773)	(1,380,842,687)
Other Expenses Paid	(564,539,096)	(899,938,023)	(485,969,106)	(859,409,264)
Operating cash flows before changes in operating assets and liabilities	2,836,616,511	3,556,675,634	2,516,363,493	3,360,165,717
<u>(Increase) / Decrease in operating assets</u>				
Due from Nepal Rastra Bank	(2,987,593,590)	(463,077,127)	(2,980,164,094)	(448,325,653)
Placements with Bank and financial institutions	(12,897,797,980)	140,000,000	(12,855,297,980)	-
Other trading assets	-	(170,264,315)	-	-
Loans and advances to bank and financial institutions	(3,447,131,057)	(34,054,776)	(2,652,654,560)	(585,395,363)
Loans and advances to customers	(82,725,475,269)	(22,032,991,370)	(81,895,556,664)	(19,893,849,237)
Other assets	(4,510,509,703)	(1,106,882,263)	(4,577,497,012)	(1,035,015,050)
	(106,568,507,599)	(23,667,269,851)	(104,961,170,310)	(21,962,585,303)
<u>Increase / (Decrease) in operating liabilities</u>				
Due to Nepal Rastra Bank	3,876,078,557	197,151,621	3,876,078,557	197,151,621
Due to bank and financial institutions	11,821,411,944	3,642,537,044	11,821,411,944	2,750,949,772
Deposit from customers	76,987,173,026	15,761,311,577	77,322,878,469	15,237,929,671
Borrowings	3,606,571,643	18,000,000	2,266,000,000	-
Other liabilities	4,324,608,990	453,258,050	4,092,007,675	461,073,775
	100,615,844,160	20,072,258,292	99,378,376,645	18,647,104,839
<u>Net cash flow from operating activities before tax paid</u>	(3,116,046,928)	(38,335,925)	(3,066,430,172)	44,685,253
Income taxes paid	(651,371,527)	(1,242,820,153)	(616,038,087)	(1,197,890,203)
<u>Net cash flow from operating activities</u>	(3,767,418,455)	(1,281,156,078)	(3,682,468,259)	(1,153,204,950)

CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of investment securities	(8,866,638,234)	(21,520,661)	(9,045,600,183)	(21,520,661)
Receipt from sale of investment securities	-	3,057,427,099	-	3,057,427,101
Purchase of property and equipment	(1,432,495,940)	(287,010,719)	(1,428,529,526)	(269,939,533)
Receipt from sale of property and equipment	-	-	-	-
Purchase of intangible assets	(189,540,969)	(10,621,066)	(189,540,969)	(8,026,203)
Receipt from sale of intangible assets	-	-	-	-
Purchase of investment properties	-	(26,768,385)	-	(26,768,385)
Receipt from sale of investment properties	(224,686,237)	-	(224,686,237)	-
Interest received	419,178,198	806,827,297	419,178,198	780,521,976
Dividend received	27,462,630	39,333,469	27,462,630	35,606,539
Net cash used in investing activities	(10,266,720,552)	3,557,667,034	(10,441,716,087)	3,547,300,834
CASH FLOW FROM FINANCING ACTIVITIES				
Receipt from issue of debt securities	-	1,496,452,596	-	1,496,452,596
Repayment of debt securities	-	(400,000,000)	-	(400,000,000)
Receipt from issue of subordinated liabilities	-	-	-	-
Repayment of subordinated liabilities	-	-	-	-
Receipt from issue of shares	14,741,128,217	77,405,650	14,669,416,237	-
Dividend paid	14,132,816	(24,013,440)	66,343,342	(628,209)
Interest paid	(240,958,023)	(77,321,924)	(90,982,745)	(74,000,554)
Other receipt/payment	(5,120,940,935)	-	(5,120,940,935)	-
Net cash from financing activities	9,393,362,075	1,072,522,882	9,523,835,899	1,021,823,833
Net increase/(decrease) in cash and cash equivalents	(4,640,776,932)	3,349,033,838	(4,600,348,447)	3,415,919,717
Cash and Cash Equivalents as at 1st Shrawan 2076	12,191,299,579	8,506,651,247	11,531,556,889	8,027,502,157
Effect of exchange rate fluctuation on cash & cash equivalents	42,815,116	88,135,015	42,815,116	88,135,015
Cash and Cash Equivalents as at Poush End	7,593,337,763	11,943,820,100	6,974,023,558	11,531,556,889

Notes to the Interim Financial Statements

1. Basis of Preparation

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the period presented, unless otherwise stated as per carve out issued by Institute of Chartered Accountants of Nepal. The Bank has applied following carve out from carve out issued by Institute of Chartered Accountants of Nepal:

- i. Calculation of Effective Interest rate
Transaction cost and fees incurred and received in obtaining deposits and lending to customers are not included in calculating the effective interest rate. Those costs and fees are not of material item and the effect of these will not materially differ in the original effective interest rate and re-calculated effective interest rate.
- ii. Incurred loss model to measure the Impairment Loss on Loans and advances.
Bank has separately calculated the impairment loss on loans and advances under incurred loss model. Bank has applied carve out which mandate for providing loss allowance for loans and advances as per the directive issued by Nepal Rastra Bank.

2. Statement of Compliance with NFRSs

The Interim Financial Statement of Group which comprises of Condensed Consolidated Statement of Financial Position, Condensed Consolidated Statement of Profit or Loss and Consolidated Statement of Other Comprehensive Income, Condensed Consolidated Statement of Changes in Equity, Condensed Consolidated Statement of Cash Flows, Notes to the Consolidated Interim Financial Statements have been prepared in accordance with Nepal Financial Reporting Standards as issued by the Nepal Accounting Standard Board and carve out issued by The Institute of Chartered Accountants of Nepal and in compliance with the requirements of the Companies Act ,2006 and directives issued by Nepal Rastra Bank. The formats used in the preparation of the Financial Statements and the disclosures made therein also comply with the specified formats prescribed by the Nepal Rastra Bank for the preparation, presentation and publication of Interim Financial Statements.

3. Use of estimates, assumptions and judgments

In preparing the Interim Financial Statements of the Group in conformity with NFRSs and NASs, the management has made judgments, estimates and assumptions which affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

4. Changes in accounting policies

New accounting policies have been followed after the new accounting standards were issued by the Institute of Chartered Accountants of Nepal which were effective and have been consistently applied for and after Shrawan 1, 2074.

5. Significant accounting Policies

a. Basis of Measurement

The financial statements have been prepared under the historical cost convention, except for following material items stated in the Consolidated Statement of Financial Position:

- Fair value and impairment of financial instruments
- Defined Benefit Obligation where, net liability for defined benefit obligations are recognized as the present value of the defined benefit obligation, less total of the plan assets, plus recognized actuarial gains, less recognized past service cost and recognized actuarial losses.

b. Basis of Consolidation

i. Subsidiaries

Subsidiaries are entities that are controlled by the bank. The bank is presumed to control an entity when it is exposed or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. At each reporting date the Bank reassesses whether it controls an entity if facts and circumstances indicate that there are changes to one or more elements of control mentioned above.

The Financial Statements of subsidiaries are fully consolidated from the date on which control is transferred to the bank and continue to be consolidated until the date when such control ceases. The Financial Statements of the bank's subsidiaries are prepared for the same reporting period as per the bank, using consistent accounting policies.

ii. Associates

An associate is an entity over which the Bank has significant influence but not control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control over these policies. The Bank's investments in associates, are accounted at cost as per NAS 28 "Investment in Associates and Joint Ventures" and with the principles of NAS 27 "Separate Financial Statements" and carve out issued by Institute of Chartered Accountants of Nepal.

iii. Non-Controlling Interest

Nepal Accounting Standard 27 (NAS 27) defines non-controlling interest as "the equity in a subsidiary not attributable, directly or indirectly, to a parent". The similar term "minority interest" was previously used in standards. Non-Controlling Interest (NCI) refers to ownership of a company which does not give the shareholder the control of the company.

c. Cash and Cash Equivalents

Cash and cash equivalents as referred to in the cash flow statement comprises cash on hand, non-restricted current accounts with Nepal Rastra Bank and amounts due from financial institutions.

d. Financial Instruments- Initial recognition and subsequent measurement

Financial Instruments are initially recognized on the trade date, i.e., the date that the Bank becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. The classification of financial instruments at initial recognition depends on their purpose and characteristics and the management's intention when acquiring them. All financial

instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss.

e. Loans and advances to customers and BFIs

Loans and advances to customers and BFIs comprises of non-derivative financial assets with fixed or determinable payments that are not quoted in an active market which includes short term lending, term based lending, hire purchase lending, mortgage lending, personal lending loans to employees and others. Loans and advances are presented on net of the total loan loss provision on the basis of directive number 2 issued by Nepal Rastra Bank. These loans are categorized under pass, watch list, sub-standard, doubtful and loss category. Loan loss provisions are provided on the basis of percentage of total loan outstanding on the basis of their overdue days and other criteria set out in the directive.

f. Investment Securities

Investment securities are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at amortized cost using the Effective Interest Rate (EIR) less impairment. Investment in quoted equities, unquoted equities and quoted mutual fund units are initially recognized at cost plus directly attributable transaction costs and subsequently measured at fair value through other comprehensive income. All the listed ordinary equity shares are measured at fair value using Level 1 input as described in NAS 13 "Fair Value Measurement". Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. For the promoter shares where the quoted prices cannot be accessed at the measurement date, they are valued at 50% of the value of ordinary equity shares.

g. Property and Equipment

Property and equipment is stated at cost excluding the costs of day to day servicing, less accumulated depreciation and accumulated impairment in value. Changes in the expected useful life are accounted for by changing the amortization period or methodology, as appropriate, and treated as changes in accounting estimates. Subsequent expenditures are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the bank and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to other operating expenses during the financial period in which they are incurred.

h. Goodwill and Intangible Assets

An intangible asset is recognized only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the bank. Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite.

i. Investment Property

Non-Banking Assets which are acquired as part of recovery of loans are classified as investment property and are carried at cost. The Bank's policy is to determine whether a repossessed asset can be best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category at the repossessed value. Land and Building of repossessed collateral are classified as investment property.

j. Derivative assets and derivative liabilities

Derivatives are financial instruments that derive their value in response to changes in interest rates, financial instrument prices and foreign exchange rates. Derivatives are categorized as trading unless they are designated as hedging instruments. All derivatives are initially recognized and subsequently measured at fair value, with all revaluation gains recognized in income statement

k. Income Tax

Current tax assets and liabilities for the current and prior period are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are rates applicable as per Income Tax Act 2058.

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

l. Deposits, debt securities issued

Deposits are the balance accepted by bank from the individuals, corporate entities, financial institution and other organized institutions. Deposits are measured at amortized cost. Amortized cost for deposits are the same values in which the Bank have accepted the deposits from the individuals, corporate entities, financial institution and other organized institutions. No any additional cost is incurred in accepting the deposit which would affect the effective interest rate.

Debt securities are financial liabilities accepted by Bank as long term liabilities. These debt securities are measured at amortized cost using the effective interest rate.

m. Provisions

Provisions are recognized when the Bank has a present obligation (legal or constructive) as a result of past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, the Bank determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the income statement net of any reimbursement in other operating expenses.

n. Capital and Reserves

Ordinary share capital represents the par value of ordinary shares issued. Share issuance cost which were incurred for raising the capital has not been shown as deduction from share capital but are charged to statement of profit or loss. Share premium represents the excess consideration received by the bank over the par value of ordinary shares issued, and is classified as equity.

Statutory reserves represents the mandatory reserves maintained by the bank as per Nepal Rastra Bank directives. This includes general reserve, exchange equalization reserve, capital redemption reserve, investment adjustment reserve, interest capitalized reserves, corporate social responsibility reserve, training and development reserve and other reserves as notified by Nepal Rastra Bank. These reserves are not available for distribution of dividend to the shareholders. Retained earnings represents the cumulative net earnings or profit after accounting for dividends to shareholders and mandatory reserves required as per directives issued by Nepal Rastra Bank before distributing dividend. Retained earnings represents the

cumulative net earnings or profit after accounting for dividends to shareholders and mandatory reserves required as per directives issued by Nepal Rastra Bank before distributing dividend.

o. Contingent Liabilities

Contingent liabilities are possible obligations that arise out of past events and whose existence will be confirmed only by the occurrence of or non-occurrence of one or more uncertain future events not wholly within the control of the Bank. These can also be present obligations that arise from past events but they are not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are measured with the provisions of as defined in Nepal Accounting Standard- NAS 37 - Provisions, Contingent Liabilities and Contingent Assets.

p. Revenue Recognition

Interest income is recorded using the effective interest rate (EIR) method. EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Fees and commission income earned from services that are provided over a certain period of time which includes fees and commission collected from issuance of letter of credit, guarantees, and card related fees are recognized on time proportion basis. Dividend income from assets is recognized when the bank's right to receive the payment is established. Interest on fully impaired loans have not been recognized as interest income as per the circular issued by Nepal Rastra Bank dated 10th Shrawan 2076.

q. Interest Expenses

Interest expense is recorded using the effective interest rate (EIR) method. EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial liability. Expenses for promotion and incentives provided to bring the deposits are not included in the calculation of effective interest rate because of the immaterial nature and allocation of the cost to individual deposit is not feasible.

r. Personnel Expenses

The cost of all short-term employee benefits is recognized as an expense during the period in which the employee renders the related service. Accruals for employee entitlements to salaries, bonus and annual leave represent the amount which the bank has a present obligation to pay as a result of employees' services provided up to the reporting date. The accruals have been calculated at undiscounted amounts based on current salary rates. Actuarial measurement for gratuity and leave encashment which are long term benefits are done at yearly basis. Quarterly obligation are calculated on the basis of incremental expenses calculated by the management from the previous year's actuarial obligations. Annual staff bonus of 10% have been computed as per Bonus Act on the profit for the period before tax and bonus.

Defined Contribution Plans

A defined contribution plan is a post-employment benefit plan under which an Bank pays fixed contribution into a separate bank (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee services in the current and prior periods, as defined in Nepal Accounting Standard – NAS 19 (Employee Benefits).

The contribution payable by the employer to a defined contribution plan in proportion to the services rendered to bank by the employees and is recorded as an expense under 'Personnel expenses' as and when they become due. Unpaid contributions are recorded as a liability under 'Other liabilities'. Bank contributed 10% on the salary of each employee to the Employees' Provident Fund. The above expenses are identified as contributions to 'Defined Contribution Plans' as defined in Nepal Accounting Standards – NAS 19 (Employee Benefits).

Defined Benefit Plans- Gratuity and unutilized accumulated leave

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. Accordingly, staff gratuity and leave encashment has been considered as defined benefit plans as per Nepal Accounting Standards – NAS 19 (Employee Benefits).

An actuarial valuation is carried out every year to ascertain the liability under gratuity and accumulated leave. The liability recognized in the statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligation at the date of the statement of financial position less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

s. Other Operating Expenses

Other Operating expenses are incurred and accounted on an accrual basis and are charged to income statement unless those expenses form the capital nature.

t. Depreciation and Amortization

Property and equipment are depreciated from the subsequent month of assets being put to use, while no depreciation is charged in the month of disposal, at the determined rates on a straight line basis over the periods appropriate to the estimated useful lives of asset's future economic benefits are expected to be consumed by the bank. Leased assets are amortized over the period of 5 years or lease term which is earlier. Freehold lands are not depreciated as they are non-depreciable assets.

u. Income Tax Expenses

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the period and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax receivable or payable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted, as at the reporting date. Accordingly, provision for taxation is based on the profit for the period adjusted for taxation purpose in accordance with the provisions of the Income Tax Act.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

v. Earnings Per Share

The bank presents basic and diluted Earnings per Share (EPS) for its ordinary shares. Basic earnings per share (EPS) is calculated by dividing the net profit for the period attributable to ordinary equity holders of Bank by the weighted average number of ordinary shares outstanding during the period.

Diluted Earnings per Share is determined by adjusting both the profit attributable to the ordinary equity holders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares if any.

w. Merger and acquisition

During the period the Bank has acquired then Hathway Finance Ltd, a “C” Class Financial Institution.

Acquisition of the said entity has been completed with the swap ratio determined at 42 shares for every 100 shares held at Hathway Finance Ltd. The swap ratio has been duly approved by the Special General Meeting held on 14th Shrawan 2076. Joint operation of the two entities commenced from 18th Bhadra 2076.

During the period Global IME Bank Ltd. and then Janata Bank Nepal Ltd, a “A” Class financial institution were merged to form a single entity Global IME Bank Ltd. Joint operation with the merged entity commenced from 20th Mangsir 2076. The existing shareholders of then Janata Bank Nepal Ltd were issued ordinary equity shares of the Bank at swap ratio of 85 shares for every 100 shares held. The swap ratio has been duly approved by the Annual General Meeting of both the Banks held on 2nd Mangsir 2076.

6. Segment Information

Chief operating decision maker uses the branch wise information to make the decision. These information are generated on a daily basis. The bank has already established the province office which will monitor their respective branches.

A. Information about reportable segments

An operating segment is a component that engages in business activities from which it earns revenue and incurs expense, including revenues and expenses that relating to transaction with any of groups other components, whose operating results are reviewed by management.

Particulars	Rs. In thousand									
	Province 1		Province 2		Province 3		Gandaki Province		Province 5	
	Current Quarter	Corresponding Previous Year Quarter	Current Quarter	Corresponding Previous Year Quarter	Current Quarter	Corresponding Previous Year Quarter	Current Quarter	Corresponding Previous Year Quarter	Current Quarter	Corresponding Previous Year Quarter
Revenue from external customers	831,043	594,212	820,820	607,668	7,529,589	3,897,681	582,429	441,018	1,049,516	629,045
Intersegment revenues	27,409	17,099	10,217	1,699	2,778,504	2,385,607	59,222	27,227	101,830	61,234
Net Revenue	803,633	577,114	810,603	605,969	4,751,085	1,512,074	523,207	413,791	947,686	567,812
Segment profit/(loss) before tax	179,566	182,632	231,594	134,453	1,636,476	1,060,923	142,725	109,767	262,229	153,403
Segment assets	12,062,158	9,724,133	12,637,321	11,092,786	76,828,320	63,767,655	8,389,628	5,886,374	13,523,353	10,337,866
Segment liabilities	7,787,126	6,015,277	5,472,587	4,468,021	97,993,855	85,600,777	7,227,547	5,874,259	9,355,754	7,510,961

Particulars	Karnali Province		Sudur Paschim Province		All Other		Total	
	Current Quarter	Corresponding Previous Year Quarter	Current Quarter	Corresponding Previous Year Quarter	Current Quarter	Corresponding Previous Year Quarter	Current Quarter	Corresponding Previous Year Quarter
	Revenue from external customers	135,261	92,523	279,390	160,596	475,728	820,560	11,703,775
Intersegment revenues	14,692	8,898	51,705	35,080	19,931	13,417	3,063,510	2,550,261
Net Revenue	120,568	83,624	227,686	125,516	455,797	807,143	8,640,265	4,693,044
Segment profit/(loss) before tax	38,072	27,051	70,031	38,058	72,696	198,835	2,633,388	1,905,122
Segment assets	1,688,409	1,336,515	3,332,784	2,628,385	18,254,606	6,475,920	146,716,581	111,249,634
Segment liabilities	959,088	871,645	3,161,209	2,583,031	392,802	251,982	132,349,968	113,175,953

B. Reconciliation or reportable segment profit or loss

Particulars	Rs. In thousand	
	Current Quarter	Corresponding Previous Year Quarter
Total Profit before tax for reportable segments	2,633,388	1,905,122
Profit before tax for other segments	-	22,822
Elimination of inter-segment profit	-	-
Elimination of discontinued operation	-	-
Unallocated amounts:	-	-
-Other corporate Expenses	(263,931)	(186,599)
Profit before tax	2,369,457	1,741,355

7. Related Parties Disclosures

The bank carry out transactions in the ordinary course of business with the parties who are defined as related parties in the Nepal Accounting Standard – NAS 24 (Related Party Disclosures), the details of which are reported below:

Key Management Personnel

All the Board of Directors and Chief Executive Officer are referred to as Key Management Personnel. During the half year ended, independent director Mr. Numanath Poudel has resigned from his post citing personal reason which was approved by the Board Committee held on 10th Magh 2076. Mr. Devendra Pratap Shah was appointed to fill the vacant position by the Board Committee held on same date. His appointment will be ratified by the next Annual General Meeting.

	Amount in NPR
Short term employment benefits	
-salaries and allowances	9,928,538
-post employment benefits	-
Director's fees and expenses	4,899,069

Entities where control exists

Global IME Capital Ltd, Global IME Laghubitta Bittiya Sanstha Ltd, Janata Capital Ltd. and JBNL Securities Ltd. are subsidiaries where the bank exercises its control.

	Amount in NPR
Global IME Capital Ltd	
-loans and receivables	-
-deposits	183,022,122
For the year ended	
-interest paid on deposit	2,341,315
-dividend received	25,800,464
-service fee	825,000

Global IME Laghubitta Bittiya Sanstha Ltd	
-loans and receivables	794,476,497
-deposits	105,815,641
For the year ended	
-interest paid on deposit	78,409
-interest received on loans	42,686,271
-service fee received	1,550,000
Janata Capital Ltd.	
-loans and receivables	
-deposits	380,987,166
For the year ended	
-interest paid on deposit	2,495,645
-interest received on loans	
-service fee received	
J. B. N. L. Securities Ltd.	
-loans and receivables	
-deposits	61,245,180
For the year ended	
-interest paid on deposit	134,313

Entities where Significant Influence exists

Mero Microfinance Bittiya Sanstha Ltd, First Microfinance Development Bank, Sparsa Laghubitta Bittiya Sanstha Ltd, IME Life Insurance Company Ltd. and Nepal Electronic Payment System Ltd are the associates entities where significant influence is exercised by the Bank.

Amount in NPR

Mero Microfinance Bittiya Sanstha Ltd	
-loans and receivables	488,355,867
-deposits	26,854,045
For the year ended	
-interest paid on deposit	201,760
-interest received on loans	24,328,663
-other expenses	
First Micro Finance Laghubitta Bittiya Sanstha Ltd.	
-loans and receivables	534,004,322
-deposits	132,237,401
For the year ended	
-interest paid on deposit	218,118
-interest received on loans	28,892,005
-other expenses	
Sparsa Laghubitta Bittiya Sanstha Ltd.	
-loans and receivables	58,569,949

-deposits	2,435,875
For the year ended	
-interest paid on deposit	30,433
-interest received on loans	2,123,291
IME Life Insurance Company Ltd.	
-loans and receivables	
-deposits	235,267,569
For the year ended	
-interest paid on deposit	1,171,663
-other expenses	
Nepal Electronic Payment System Ltd.	
-loans and receivables	
-deposits	
For the year ended	
-interest paid on deposit	
-other expenses	

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

Dividend of Rs 25.5 per share (Bonus Share Rs 12.75 and cash dividend Rs 12.75) has been paid to the shareholders against the final dividend for FY 2075-76 after the approval from Annual General Meeting held on 2nd Mangsir 2076.

9. Issued, repurchased and repayment of debt instruments

The Bank has not issued any debt instruments in current financial year, whereas 15,000,000 of Rs 100 each with value of Rs. 15,000,000,000.00 with the maturity period of 5 years from the date of allotment was issued in previous financial year. The Debenture carries interest rate of 10.25% payable semiannually on 1st of Magh and 1st of Shrawan. All the direct expenses related to issue of debenture were taken as transaction cost in calculating the effective interest rate of debenture.

10. Events after reporting Period

No any events have occurred after the interim period which is material and reportable.

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

The Bank acquired then Hathway Finance Ltd, a "C" class financial institution during the FY 2076-77. Joint operation with the acquired entity was started from 18 Bhadra 2076. The existing shareholders of then Hathway Finance Ltd were issued ordinary equity shares of the bank at swap ratio of 42 shares for every 100 shares held.

Hathway Finance Ltd had prepared the audited financial statements as of 17 Bhadra 2076, i.e. the date before merger. All recognizable assets and liabilities of the merged entity has been transferred in the books of accounts of Global IME Bank Ltd as on date of merger. Profit or Loss of the merged entity as on date of

merger are transferred to retained earnings after appropriation of all the regulatory and statutory adjustments.

The changes in equity of the bank due to the acquisition are as below:

Particulars	Date of Merger	Percentage of equity interest acquired	Consideration transferred
Hathway Finance Ltd	18 Bhadra 2076	100%	126,000,000

The Bank and the Janata Bank Nepal Ltd a “A” class financial institution were merged to form a single entity Global IME Bank Ltd. Joint operation with the merged entity started from 20th Mangsir 2076. The existing shareholders of then Janata Bank Nepal Ltd were issued ordinary equity shares of the bank at swap ratio of 85 shares for every 100 shares held.

Janata Bank Nepal Ltd had prepared the audited financial statements as of 19th Mangsir 2076, i.e. the date before merger. All recognizable assets and liabilities of the merged entity has been transferred in the books of accounts of Global IME Bank Ltd as on date of merger. Net Profit or Loss of the merged entity as on date of merger are transferred to retained earnings after appropriation of all the regulatory and statutory adjustments.

The changes in equity of the bank due to the acquisition are as below:

Particulars	Date of Merger	Percentage of equity interest acquired	Consideration transferred
Janata Bank Nepal Ltd	20 th Mangsir 2076	100%	7,208,708,118