



Global IME Bank

ग्लोबल आइएमई बैंक लि.

**INTERIM FINANCIAL
STATEMENTS AS ON 30th
CHAITRA 2076
(3rd QUARTER FY 2076-77)**

Global IME Bank Ltd
Condensed Consolidated Statement of Financial Position
As on Quarter ended 30th Chaitra 2076 (12/04/2020)

	Group		Amount in NPR Bank	
	This Quarter Ending	Immediate Previous Year Ending	This Quarter Ending	Immediate Previous Year Ending
Assets				
Cash and Cash Equivalents	9,435,400,890	11,943,820,100	8,494,557,571	11,531,556,889
Due from Nepal Rastra Bank	8,875,202,551	5,239,466,652	8,834,329,337	5,217,312,678
Placements with Bank and Financial Institutions	8,789,762,878	40,000,000	8,557,262,878	-
Derivative Financial Instruments	4,740,824,270	4,112,517,152	4,740,824,270	4,112,517,152
Other Trading Assets	-	383,381,622	-	-
Loans and Advances to BFIs	5,629,472,147	3,508,806,424	6,448,295,331	4,054,633,604
Loans and Advances to Customers	199,094,005,186	112,195,294,276	195,188,401,915	108,977,607,686
Investment Securities	24,513,940,232	13,164,986,491	24,085,315,429	13,153,151,992
Current Tax Assets	956,362,905	1,317,330,086	937,711,814	1,259,701,665
Investment in Subsidiaries	-	-	557,095,250	219,775,000
Investment in Associates	404,222,561	422,148,079	404,222,561	319,577,861
Investment Property	351,839,135	118,685,464	351,839,135	118,685,464
Property and Equipment	2,687,090,262	1,419,110,761	2,634,686,973	1,373,573,734
Goodwill and Intangible Assets	224,436,820	35,817,033	220,993,197	28,288,609
Deferred Tax Assets	318,691,759	220,120,199	300,777,605	212,078,419
Other Assets	2,700,261,079	1,113,694,624	2,514,541,273	1,075,101,633
Total Assets	268,721,512,676	155,235,178,964	264,270,854,539	151,653,562,387
Liabilities				
Due to Bank and Financial Institutions	16,410,387,798	6,297,101,138	16,410,387,798	4,410,876,030
Due to Nepal Rastra Bank	3,025,330,868	1,231,800,211	3,025,330,868	1,231,800,211
Derivative Financial Instruments	5,235,830,573	3,879,901,668	5,235,830,573	3,879,901,668
Deposit from Customers	202,681,233,938	120,943,260,203	201,596,999,544	120,088,440,064
Borrowings	4,442,514,273	18,000,000	2,441,000,000	-
Current Tax Liabilities	1,401,355,126	1,245,969,517	1,392,294,585	1,202,570,465
Provisions	-	-	-	-
Deferred tax Liabilities	-	-	-	-
Other Liabilities	4,973,735,968	3,413,016,987	4,085,237,617	3,011,351,016
Debt Securities Issued	1,496,901,089	1,496,452,596	1,496,901,089	1,496,452,596
Subordinated Liabilities	-	-	-	-
Total Liabilities	239,667,289,634	138,525,502,319	235,683,982,074	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	597,265,857	2,825,449,981	464,985,579	2,663,622,463
Reserves	9,241,623,979	3,441,671,122	9,140,613,539	3,358,031,915
Total Equity attributable to equity holders	28,842,682,818	16,577,637,063	28,586,872,465	16,332,170,337
Non-Controlling Interest	211,540,224	132,039,582	-	-
Total Equity	29,054,223,042	16,709,676,645	28,586,872,465	16,332,170,337
Total Liabilities and Equity	268,721,512,676	155,235,178,964	264,270,854,539	151,653,562,387
Net Assets Value Per Share			150.65	158.40

Global IME Bank Ltd
Condensed Consolidated Statement of Profit or Loss
As on Quarter ended 30th Chaitra 2076 (12/04/2020)

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	6,107,934,199	15,101,884,907	3,446,835,156	10,011,569,240	6,002,902,414	14,634,407,464	3,334,374,341	9,770,794,586
Interest Expenses	3,578,593,020	8,848,730,729	2,085,605,999	6,213,838,395	3,548,248,121	8,631,054,992	2,027,508,953	6,082,849,405
Net interest income	2,529,341,179	6,253,154,178	1,361,229,157	3,797,730,845	2,454,654,294	6,003,352,472	1,306,865,388	3,687,945,180
Fee and commission income	395,535,819	1,250,004,254	308,988,913	913,799,216	356,416,374	1,155,999,769	265,009,615	815,183,242
Fees and commission expenses	49,794,979	160,586,575	59,331,425	153,797,161	51,204,299	154,793,905	59,739,248	147,024,051
Net fee and commission income	345,740,841	1,089,417,679	249,657,487	760,002,055	305,212,076	1,001,205,864	205,270,368	668,159,190
Net interest, fee and commission income	2,875,082,019	7,342,571,857	1,610,886,645	4,557,732,900	2,759,866,369	7,004,558,336	1,512,135,755	4,356,104,371
Net Trading Income	169,340,949	381,817,117	97,880,966	283,979,670	147,831,971	392,821,818	97,880,966	283,979,670
Other Operating Income	48,205,600	137,504,194	37,809,142	140,318,531	46,372,329	126,181,536	32,271,948	125,050,532
Total operating income	3,092,628,567	7,861,893,168	1,746,576,752	4,982,031,101	2,954,070,669	7,523,561,690	1,642,288,669	4,765,134,573
Impairment charge/(reversal) for loans and other losses	267,452,722	694,951,114	87,577,693	145,118,062	257,952,013	671,903,823	66,548,664	137,773,589
Net Operating Income	2,825,175,845	7,166,942,054	1,658,999,060	4,836,913,040	2,696,118,656	6,851,657,866	1,575,740,004	4,627,360,984
Operating Expenses								
Personnel Expenses	860,642,943	2,091,494,690	421,341,820	1,256,440,580	824,958,288	1,994,342,061	391,775,931	1,174,651,356
Other Operating Expenses	368,407,767	885,635,158	225,763,302	652,503,001	357,779,726	843,748,832	214,958,773	622,347,108
Depreciation and Amortization	89,360,793	225,030,842	66,708,479	186,891,329	87,201,151	218,331,810	61,165,609	181,348,459
Operating profit	1,506,764,342	3,964,781,364	945,185,458	2,741,078,129	1,426,179,490	3,795,235,164	907,839,692	2,649,014,060
Non-operating income	7,693,984	19,887,328	9,484,609	15,262,309	183,684	584,834	104,543	285,181
Non-operating expense	264,109	221,918	-	-	-	-	-	-
Profit before income tax	1,514,194,217	3,984,446,774	954,670,067	2,756,340,438	1,426,363,174	3,795,819,997	907,944,234	2,649,299,241
Income Tax Expense								
Current tax	442,614,022	1,175,637,619	281,343,653	809,112,595	426,896,602	1,129,746,970	272,999,545	784,968,208
Deferred tax	(7,961,338)	(46,453,170)	(5,602,868)	(5,602,868)	(17,240,450)	(36,541,867)	(7,793,479)	(7,793,479)
Profit/(Loss) for the period	1,079,541,534	2,855,262,325	678,929,283	1,952,830,711	1,016,707,022	2,702,614,894	642,738,168	1,872,124,512
Net profit of then Janata Bank Nepal Ltd till date of Merger						451,330,968		
Total Profit upto this quarter						3,153,945,862		

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	1,079,541,534	2,855,262,325	640,344,066	1,952,830,711	1,016,707,022	2,702,614,894	642,738,168	1,872,124,512
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	15,324,983	5,326,087	(7,056,401)	(20,514,633)	15,275,108	5,159,903	(7,056,401)	(19,927,133)
Gains/(losses) on revaluation					-	-	-	-
Actuarial gain/(losses) on defined benefit plans								
Income Tax relating to above items	(4,597,495)	(1,597,826)	2,116,920	6,154,390	(4,582,532)	(1,547,971)	2,116,920	5,978,140
Net other comprehensive income that will not be reclassified to profit or loss	10,727,488	3,728,261	(4,939,481)	(14,360,243)	10,692,576	3,611,932	(4,939,481)	(13,948,993)
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	10,727,488	3,728,261	(4,939,481)	(14,360,243)	10,692,576	3,611,932	(4,939,481)	(13,948,993)
Total comprehensive income for the period	1,090,269,022	2,858,990,585	635,404,585	1,938,470,468	1,027,399,597	2,706,226,826	637,798,687	1,858,175,520
Profit attributable to:								
Equity holders of the Bank	1,074,316,205	2,816,086,276	631,220,605	1,921,276,651	1,027,399,597	2,706,226,826	637,798,687	1,858,175,520
Non-controlling interest	15,952,817	42,904,310	4,183,980	17,193,817				
Total	1,090,269,022	2,858,990,585	635,404,585	1,938,470,468	1,027,399,597	2,706,226,826	637,798,687	1,858,175,520

* 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		11.13%		12.02%		11.20%		12.05%
Non-performing Loan (NPL) to Total Loan		1.15%		0.76%		1.14%		0.76%
Total Loan Loss Provision to Total NPL		168.09%		206.16%		170.40%		205.62%
Cost of Funds		6.84%		6.97%		6.84%		6.97%
Credit to Deposit Ratio (As per NRB Directives)		79.69%		78.76%		79.69%		78.76%
Base Rate		9.41%		9.60%		9.41%		9.60%
Interest Rate Spread		5.18%		4.63%		5.18%		4.63%

Statement of Distributable Profit

	Amount in NPR
Net Profit for the period ending on 30th Chaitra 2076	2,702,614,894
Add: Net Profit of then Janata Bank Nepal Ltd. till date of Merger (19 th Mangsir 2076)	451,330,968
Total Profit for the period ending on 30th Chaitra 2076 available for appropriation	3,153,945,862
1. Appropriations	
<i>1.1 Profit required to be appropriated to statutory reserve</i>	(961,258,445)
a. General Reserve	(630,789,172)
b. Capital Redemption Reserve	(301,809,211)
c. Exchange Fluctuation Fund	(20,987,315)
d. Corporate Social Responsibility Fund	(1,582,365)
e. Employees Training Fund	(6,090,382)
f. Investment Adjustment Reserve	-
<i>1.2 Profit required to be transferred to Regulatory Reserve</i>	(1,613,182,028)
a. Transfer to Regulatory Reserve	(1,613,182,028)
b. Transfer from Regulatory Reserve	-
Net Profit for the period ending on 30th Chaitra 2076 available for distribution	579,505,388

Global IME Bank Ltd
Condensed Consolidated Statement of Changes in Equity
As on Quarter ended 30th Chaitra 2076 (12/04/2020)

Amount in NPR

Group										
Attributable to Equity holders 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							(69,885,869)		36,596,332	(33,289,536)
Profit for the period	-	-	-	-	-	-	2,810,860,447	-	42,869,411	2,853,729,858
Other Comprehensive income	-	-	-	-	-	3,693,362	-	-	34,899	3,728,261
Total comprehensive income	-	-	-	-	-	3,693,362	2,810,860,447	-	42,904,310	2,857,458,119
Transfer to reserve during the period										-
General Reserve Fund			540,522,979				(540,522,979)			-
Exchange Fluctuation Fund				18,565,460			(18,565,460)			-
Corporate Social Responsibility Fund							2,930,945	(2,930,945)		-
Investment Adjustment Reserve								-	-	-
Regulatory reserve					1,594,341,578		(1,594,341,578)			-
Training Reserve							(6,090,382)	6,090,382		-
Debenture Redemption Reserve							(301,809,211)	301,809,211		-
Transactions with owners, directly recognised in equity										
Share Issued to merged entity	126,000,000						-	-		126,000,000
Transfer from acquired entity		27,913,124	17,739,733	-	-	-	(102,563,195)	163,740,474		106,830,136
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 IBNL			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 Chaitra 30, 2076	18,975,879,857	27,913,124	4,381,248,646	158,401,005	2,772,519,316	493,739	597,265,857	1,928,961,274	211,540,224	29,054,223,042

Amount in NPR

Bank									
Attributable to Equity holders 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							2,702,614,894		2,702,614,894
Other Comprehensive income						3,611,932			3,611,932
Total comprehensive income	-	-	-	-	-	3,611,932	2,702,614,894	-	2,706,226,826
Transfer to reserve during the period									
General Reserve Fund			540,522,979				(540,522,979)		-
Exchange Fluctuation Fund				18,565,460			(18,565,460)		-
Corporate Social Responsibility Fund							2,930,945	(2,930,945)	-
Investment Adjustment Reserve									-
Regulatory reserve					1,562,610,846		(1,562,610,846)		-
Training Reserve		-					(6,090,382)	6,090,382	-
Regulatory reserve							-	-	-
Debenture Redemption Reserve							(301,809,211)	301,809,211	-
Transactions with owners, directly recognized 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 Chaitra 30, 2076	18,975,879,857	5,393,490	4,363,868,814	158,401,005	2,700,477,793	1,456,386	464,985,579	1,916,409,541	28,586,872,464

Global IME Bank Ltd
Condensed Consolidated Statement of Cash Flows
For the Period (1st Shrawan 2076 to 30th Chaitra 2076) (17th July 2019 to 12th April 2020)

	Amount in NPR			
	Group		Bank	
	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	14,430,367,581	12,816,946,062	13,922,819,663	12,449,143,623
Fees and Other Income Received	1,255,823,669	1,268,091,009	1,155,999,769	1,139,112,588
Dividend received	5,825,401	-	-	-
Receipts from other operating activities	427,850,710	501,483,119	414,306,202	456,353,044
Interest Paid	(8,539,698,996)	(8,412,545,883)	(8,495,370,014)	(8,227,758,020)
Commission and Fees Paid	(154,793,905)	(238,738,244)	(154,793,905)	(216,433,567)
Cash Payment to Employees	(2,019,595,323)	(1,478,622,406)	(1,994,342,061)	(1,380,842,687)
Other Expenses Paid	(958,188,543)	(899,938,023)	(843,748,832)	(859,409,264)
Operating cash flows before changes in operating assets and liabilities	4,447,590,595	3,556,675,634	4,004,870,822	3,360,165,717
<u>(Increase) / Decrease in operating assets</u>				
Due from Nepal Rastra Bank	(3,635,735,896)	(463,077,127)	(3,617,016,660)	(448,325,653)
Placements with Bank and financial institutions	(8,749,762,878)	140,000,000	(8,557,262,878)	-
Other trading assets	-	(170,264,315)	-	-
Loans and advances to bank and financial institutions	(3,285,890,150)	(34,054,776)	(2,458,796,024)	(585,395,363)
Loans and advances to customers	(87,480,185,591)	(22,032,991,370)	(86,817,563,756)	(19,893,849,237)
Other assets	(2,240,286,177)	(1,106,882,263)	(2,121,452,048)	(1,035,015,050)
	(105,391,860,692)	(23,667,269,851)	(103,572,091,366)	(21,962,585,303)
<u>Increase / (Decrease) in operating liabilities</u>				
Due to Nepal Rastra Bank	1,793,530,657	197,151,621	1,793,530,657	197,151,621
Due to bank and financial institutions	11,999,511,768	3,642,537,044	11,999,511,768	2,750,949,772
Deposit from customers	81,779,834,721	15,761,311,577	81,508,559,480	15,237,929,671
Borrowings	3,573,845,642	18,000,000	2,441,000,000	-
Other liabilities	2,724,512,127	453,258,050	2,363,508,435	461,073,775
	101,871,234,915	20,072,258,292	100,106,110,340	18,647,104,839
Net cash flow from operating activities before tax paid	926,964,819	(38,335,925)	538,889,796	44,685,253
Income taxes paid	(660,115,619)	(1,242,820,153)	(618,033,000)	(1,197,890,203)
Net cash flow from operating activities	266,849,200	(1,281,156,078)	(79,143,204)	(1,153,204,950)
CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of investment securities	(11,194,381,840)	(21,520,661)	(11,348,968,484)	(21,520,661)
Receipt from sale of investment securities	-	3,057,427,099	-	3,057,427,101

Purchase of property and equipment	(1,467,734,778)	(287,010,719)	(1,464,906,267)	(269,939,533)
Receipt from sale of property and equipment	(4,293,904)	-	-	-
Purchase of intangible assets	(207,243,369)	(10,621,066)	(207,243,369)	(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	(233,153,670)	-	(233,153,670)	-
Interest received	711,587,801	806,827,297	711,587,801	780,521,976
Dividend received	31,030,144	39,333,469	31,020,144	35,606,539
Net cash used in investing activities	(12,364,189,615)	3,557,667,034	(12,511,663,845)	3,547,300,834
CASH FLOW FROM FINANCING ACTIVITIES				
Receipt from issue of debt securities	151,094	1,496,452,596	151,094	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	14,096,545	(24,013,440)	66,307,071	(628,209)
Interest paid	(367,255,037)	(77,321,924)	(135,387,579)	(74,000,554)
Other receipt/payment	(5,120,940,935)	-	(5,120,940,935)	-
Net cash from financing activities	9,267,179,884	1,072,522,882	9,479,545,888	1,021,823,833
Net increase/(decrease) in cash and cash equivalents	(2,830,160,532)	3,349,033,838	(3,111,261,161)	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	74,261,843	88,135,015	74,261,843	88,135,015
Cash and Cash Equivalents as at Chaitra End	9,435,400,890	11,943,820,100	8,494,557,571	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 Equivalentents

Cash and cash equivalentents 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.

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	1,577,084	863,396	1,483,145	879,895	13,109,312	5,593,871	991,479	584,623	1,999,704	967,725
Intersegment revenues	47,033	22,071	19,901	4,143	4,701,520	3,608,149	105,807	44,850	241,153	92,411
Net Revenue	1,530,051	841,326	1,463,244	875,753	8,407,792	1,985,721	885,672	539,773	1,758,550	875,313
Segment profit/(loss) before tax	300,855	230,271	315,648	224,566	2,330,380	1,490,204	198,181	139,217	433,814	242,131
Segment assets	24,071,959	10,441,510	21,310,500	11,409,489	117,183,105	66,834,332	11,088,274	7,366,102	24,837,036	10,885,633
Segment liabilities	12,868,713	6,211,633	8,250,178	4,694,212	150,532,931	89,983,097	10,591,542	6,098,125	23,240,583	7,795,676

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	245,730	135,583	529,973	231,010	1,597,719	514,692	21,534,146	9,770,795
Intersegment revenues	32,168	13,419	88,479	54,567	27,335	19,860	5,263,395	3,859,470
Net Revenue	213,562	122,164	441,495	176,443	1,570,385	494,832	16,270,751	5,911,325
Segment profit/(loss) before tax	51,889	35,892	97,008	64,377	68,044	222,641	3,795,820	2,649,299
Segment assets	2,987,207	1,589,315	6,511,450	2,913,027	13,409,780	32,367,976	221,399,310	143,807,383
Segment liabilities	2,348,107	821,819	5,549,115	2,673,761	399,836	10,092,205	213,781,005	128,370,529

B. Reconciliation or reportable segment profit or loss

	Rs. In thousand	
Particulars	Current Quarter	Corresponding Previous Year Quarter
Total Profit before tax for reportable segments	3,795,820	2,649,299
Profit before tax for other segments	-	-
Elimination of inter-segment profit	-	-
Elimination of discontinued operation	-	-
Unallocated amounts:	-	-
-Other corporate Expenses	-	-
Profit before tax	3,795,820	2,649,299

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, Senior Deputy Chief Executive Officer and Deputy 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 held on 10th Magh 2076. Mr. Devendra Pratap Shah was appointed to fill the vacant position by the Board 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	31,088,476
-post employment benefits	-
Director's fees and expenses	6,009,756

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	61,964,476
For the year ended	-
-interest paid on deposit	3,054,351
-dividend received	25,800,464
- RTS fee	1,225,068

-other income	-
DP Commission- Dmat account opening and renewal	-
-other expenses	777,596
Global IME Laghubitta Bittiya Sanstha Ltd	-
-loans and receivables	827,094,126
-deposits	87,163,859
For the year ended	-
-interest paid on deposit	232,448
-interest received on loans	62,980,661
-service fee received	1,550,000
-other expenses	-
Janata Capital Ltd	-
-loans and receivables	-
-deposits	186,796,400
For the year ended	-
-interest paid on deposit	9,368,580
-dividend received	-
J. B. N. L. Securities Limited	-
-loans and receivables	-
-deposits	61,718,624
For the year ended	-
-interest paid on deposit	691,306
-dividend received	-

Entities where Significant Influence exists

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

	Amount in NPR
Mero Microfinance Bittiya Sanstha Ltd	-
-loans and receivables	468,273,227
-deposits	22,849,162
For the year ended	-
-interest paid on deposit	490,004
-interest received on loans	38,243,668
-service fee received	-
-other expenses	-
First Micro Finance Laghubitta Bittiya Sanstha Ltd.	-
-loans and receivables	899,915,229
-deposits	69,308,473

For the year ended	-
-interest paid on deposit	299,204
-interest received on loans	43,027,358
-service fee received	-
-other expenses	-
IME Life Insurance Company Ltd.	-
-loans and receivables	-
-deposits	218,135,214
For the year ended	-
-interest paid on deposit	5,578,936
-interest received on loans	-
-service fee received	-
-other expenses	-
Sparsha Laghubitta Bittiya Sanstha Ltd	-
-loans and receivables	57,821,523
-deposits	2,281,839
For the year ended	-
-interest paid on deposit	43,411
-interest received on loans	3,876,684
-service fee received	-
-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 for the final dividend of 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 1,500,000 of Rs. 1000 each with value of Rs. 1,500,000,000 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 of each year. 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%	Rs. 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 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 merger are as below:

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