



INTERIM FINANCIAL STATEMENT
AS ON 30th ASHWIN 2076
(1st QUARTER FY 2076-77)

Janata Bank Nepal Limited

Unaudited Interim Financial Statement of FY 2076/77

Condensed Consolidated Statement of Financial Position

As on Quarter ended Ashwin 2076 (17.10.2019)

Amount in NPR

Assets	Group		Bank	
	This Quarter Ending	Immediate Previous Year Ending	This Quarter Ending	Immediate Previous Year Ending
Cash & Cash Equivalents	4,022,708,354	4,025,545,844	4,022,689,178	4,025,542,248
Due from Nepal Rastra Bank	5,346,127,789	3,884,350,913	5,346,127,789	3,884,350,913
Placements with Banks and Financial Institutions	4,905,130,000	6,122,718,701	4,905,130,000	6,122,718,701
Derivative Financial Instruments	4,280,861,633	2,169,798,776	4,280,861,633	2,169,798,776
Other Trading Assets	5,029,893	6,195,211	5,029,893	6,195,211
Loan and advances to BFIs	2,352,700,066	1,737,219,675	2,352,700,066	1,737,219,675
Loans and Advances to Customers	68,598,842,403	66,848,542,665	68,598,842,403	66,848,542,665
Investment Securities	8,949,707,728	9,022,201,875	8,936,783,410	9,016,575,557
Current Tax assets	69,418,996	52,756,872	69,152,997	52,410,213
Investment in Subsidiary	-	-	200,000,000	200,000,000
Investment in Associates	97,836,149	97,836,149	66,644,700	66,644,700
Investment Property	169,402,113	151,624,307	169,402,113	151,624,307
Property and Equipment	1,323,811,647	1,296,067,997	1,318,863,437	1,291,733,298
Goodwill and Intangible Assets	105,803,647	106,294,424	104,713,178	105,203,955
Deferred Tax assets	51,076,686	51,076,686	51,054,097	51,054,097
Other Assets	1,197,580,667	902,280,567	1,196,619,045	901,544,851
Total Assets	101,476,037,771	96,474,510,662	101,624,613,939	96,631,159,167
Liabilities				
Due to Banks and Financial Institutions	6,942,244,294	7,867,458,088	6,942,244,294	7,867,458,088
Due to Nepal Rastra Bank	2,118,004,297	1,320,248,356	2,118,004,297	1,320,248,356
Derivative Financial Instruments	4,267,529,025	2,062,846,945	4,267,529,025	2,062,846,945
Deposits from Customers	74,733,965,305	72,482,628,368	75,039,051,178	72,819,955,426
Borrowing	-	-	-	-
Current Tax Liabilities	157,251,964	137,980,494	157,251,964	137,980,494
Provisions	-	-	-	-
Deferred Tax Liabilities	-	-	-	-
Other Liabilities	2,222,228,800	1,903,673,414	2,099,417,724	1,769,422,644
Debt Securities issued	-	-	-	-
Subordinated Liabilities	-	-	-	-
Total Liabilities	90,441,223,686	85,774,835,665	90,623,498,483	85,977,911,954
Equity				
Share Capital	8,000,785,925	8,000,785,925	8,000,785,925	8,000,785,925
Share Premium	-	-	-	-
Retained Earnings	1,179,459,447	1,006,789,593	1,145,760,818	960,361,808
Reserves	1,854,568,714	1,692,099,480	1,854,568,714	1,692,099,480
Total Equity Attributable to Equity Holders	11,034,814,085	10,699,674,997	11,001,115,456	10,653,247,212
Non-Controlling Interest	-	-	-	-
Total Equity	11,034,814,085	10,699,674,997	11,001,115,456	10,653,247,212
Total Liabilities and Equity	101,476,037,771	96,474,510,662	101,624,613,939	96,631,159,167

Janata Bank Nepal Limited
Condensed Consolidated Statement of Profit or Loss
For the Quarter ended Ashwin End 2076

Particular	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	2,414,732,139	2,414,732,139	1,995,323,234	1,995,323,234	2,414,732,139	2,414,732,139	1,995,323,234	1,995,323,234
Interest Expense	1,410,779,555	1,410,779,555	1,195,844,814	1,195,844,814	1,417,172,463	1,417,172,463	1,200,287,104	1,200,287,104
Net Interest Income	1,003,952,584	1,003,952,584	799,478,419	799,478,419	997,559,676	997,559,676	795,036,129	795,036,129
Fees and Commission Income	136,975,748	136,975,748	147,905,149	147,905,149	136,975,748	136,975,748	147,905,149	147,905,149
Fees and Commission Expense	9,423,909	9,423,909	8,719,888	8,719,888	9,423,909	9,423,909	8,719,888	8,719,888
Net Fees and Commission Income	127,551,839	127,551,839	139,185,260	139,185,260	127,551,839	127,551,839	139,185,260	139,185,260
Net Interest, Fee and Commission Income	1,131,504,423	1,131,504,423	938,663,680	938,663,680	1,125,111,515	1,125,111,515	934,221,390	934,221,390
Net Trading Income	60,480,173	60,480,173	58,447,715	58,447,715	60,480,173	60,480,173	58,447,715	58,447,715
Other Operating Income	2,537,914	2,537,914	5,258,223	5,258,223	1,887,819	1,887,819	5,258,223	5,258,223
Total Operating Income	1,194,522,511	1,194,522,511	1,002,369,618	1,002,369,618	1,187,479,507	1,187,479,507	997,927,328	997,927,328
Impairment Charge/ (Reversal) for Loans and Other Losses	143,625,663	143,625,663	115,835,337	115,835,337	143,625,663	143,625,663	115,835,337	115,835,337
Net Operating Income	1,050,896,848	1,050,896,848	886,534,281	886,534,281	1,043,853,844	1,043,853,844	882,091,991	882,091,991
Operating Expenses								
Personnel Expenses	324,684,064	324,684,064	271,738,776	271,738,776	323,154,388	323,154,388	271,738,776	271,738,776
Other Operating Expenses	157,225,822	157,225,822	119,248,364	119,248,364	155,417,347	155,417,347	118,999,804	118,999,804
Depreciation and Amortization	45,230,319	45,230,319	34,606,051	34,606,051	45,058,104	45,058,104	34,606,051	34,606,051
Operating Profit	523,756,643	523,756,643	460,941,091	460,941,091	520,224,006	520,224,006	456,747,361	456,747,361
Non-Operating Income	3,949,208	3,949,208	3,187,620	3,187,620	3,949,208	3,949,208	3,187,620	3,187,620
Non-Operating Expenses	-	-	-	-	-	-	-	-
Profit Before Income Tax	527,705,851	527,705,851	464,128,710	464,128,710	524,173,214	524,173,214	459,934,980	459,934,980
Income Tax Expenses								
Current Tax	158,311,755	158,311,755	139,029,000	139,029,000	157,251,964	157,251,964	137,980,494	137,980,494
Deferred Tax	-	-	-	-	-	-	-	-
Profit For the Period	369,394,095	369,394,095	325,099,710	325,099,710	366,921,250	366,921,250	321,954,486	321,954,486

Condensed Consolidated Statement of Comprehensive Income								
Particulars	Group				Bank			
	Current Year		Previous Year Corresponding		Current Year		Previous Year Corresponding	
Profit or Loss for the Period	369,394,095	369,394,095	325,099,710	325,099,710	366,921,250	366,921,250	321,954,486	321,954,486
Other Comprehensive Income	(19,053,005)	(19,053,005)	1,645,475	1,645,475	(19,053,005)	(19,053,005)	1,645,475	1,645,475
Total Comprehensive income for the period	350,341,090	350,341,090	326,745,186	326,745,186	347,868,245	347,868,245	323,599,962	323,599,962
Profit attributable to:								
Equity holder of Bank	350,341,090	350,341,090	326,745,186	326,745,186	347,868,245	347,868,245	323,599,962	323,599,962
Non-Controlling interest								
Total	350,341,090	350,341,090	326,745,186	326,745,186	347,868,245	347,868,245	323,599,962	323,599,962
Earning per share								
Basic Earning per Share	-	18.47	-	16.25	-	18.34	-	16.10
Diluted earning per Share	-	18.47	-	16.25	-	18.34	-	16.10
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	-	13.06%	-	14.37%	-	13.06%	-	14.37%
Non-performing loan (NPL) to total loan	-	1.33%	-	1.54%	-	1.33%	-	1.54%
Total loan loss provision to Total NPL	-	154.00%	-	134.33%	-	154.00%	-	134.33%
Cost of funds	-	7.53%	-	7.73%	-	7.53%	-	7.73%
Credit to Deposit Ratio	-	79.94%	-	79.52%	-	79.94%	-	79.52%
Base Rate	-	10.13%	-	11.22%	-	10.13%	-	11.22%
Interest Rate Spread	-	4.95%	-	4.91%	-	4.95%	-	4.91%

Bank

Attributable to Equity-Holders of the Bank

Particulars	Attributable to Equity-Holders of the Bank									Non-Controlling Interest	Total Equity
	Share Capital	Share Premium	General Reserve	Exchange Equalisation	Regulatory Reserve	Fair Value Reserve	Revaluation Reserve	Retained Earning	Other Reserve		
Balance at Shrawan 01, 2075	8,000,785,925	-	905,579,045	13,700,601	421,399,075	9,993,631	-	686,062,803	(1,938,968)	10,035,582,111	10,035,582,111
Profit for the year								1,310,847,603		1,310,847,603	1,310,847,603
Gains/(losses) from investments in equity instruments measured at fair value						3,593,448				3,593,448	3,593,448
Actuarial gains/(losses) on defined benefit plans									(16,709,146)	(16,709,146)	(16,709,146)
Total Comprehensive Income						3,593,448		1,310,847,603	(16,709,146)	1,297,731,905	1,297,731,905
Transfer to Reserves during the year			262,169,521	2,520,831	115,582,044			(393,580,872)	13,308,476	-	-
Transfer from Reserves during the year								37,099,078	(37,099,078)	-	-
Contribution from and distribution to owners											
Share Issued											
Share Based Payments											
Dividend to Equity-Holders											
Bonus Shares Issued											
Cash Dividend Paid								(680,066,804)		(680,066,804)	(680,066,804)
Other											
Total Contributions by and Distributions											
Balance at Ashad end 2076	8,000,785,925	-	1,167,748,566	16,221,432	536,981,119	13,587,079	-	960,361,808	(42,438,716)	10,653,247,212	10,653,247,212
Balance at Shrawan 01, 2076	8,000,785,925	-	1,167,748,566	16,221,432	536,981,119	13,587,079	-	960,361,808	(42,438,716)	10,653,247,212	10,653,247,212
Profit for the year								366,921,250		366,921,250	366,921,250
Gains/(losses) from investments in equity instruments measured at fair value						(19,053,005)				(19,053,005)	(19,053,005)
Total Comprehensive Income						(19,053,005)		366,921,250	-	347,868,245	347,868,245
Transfer to/from Reserve			73,384,250		104,468,777			(181,522,240)	3,669,212.50	0	-
Contribution from and distribution to owners											
Share Issued											
Share Based Payments											
Dividend to Equity-Holders											
Bonus Shares Issued											
Cash Dividend Paid											-
Other											
Total Contributions by and Distributions											
Balance at Ashwin end,	8,000,785,925	-	1,241,132,816	16,221,432	641,449,896	(5,465,926)	-	1,145,760,818	(38,769,503)	11,001,115,457	11,001,115,457

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. Operating Lease in the financial statement of lessee.

The bank has recognized lease payments under operating lease on monthly basis as per the contract terms. The future increase in rent amount has not been considered for the charge in the current period. The increment are with regards to future inflation adjustments and are not material that will give rise to the additional benefit to both lessor and lessee.

ii. 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.

iii. 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 unaudited condensed financial statements of Bank including the Condensed Statement of Financial Position, Condensed Statement of Profit or Loss, Condensed Statement of Comprehensive Income, Ratios, Condensed Statement of Changes in Equity, Condensed Statement of Cash Flows and Notes to Interim Financial Statements have been prepared in accordance with Nepal Financial Reporting Standards (NFRS) 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.

3. Use of estimates, assumptions and judgments

The preparation of Financial Statements in conformity with Nepal Financial Reporting Standards (NFRS) requires the management to make judgments, estimates and assumptions that 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 in the period in which the estimate is revised and in any future periods affected. The most significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have most significant effect in the Financial Statements are as follows.

- Impairment on loan and advances (Higher of provision for loan loss as per NRB and Impairment loss as per NFRS as per carve out issued by ICAN to be mandatorily implemented till carve out period)
- Impairment of other financial and non-financial assets
- Determination of fair value of financial instruments
- Assessment of Bank's ability to continue as going concern

4. Changes in Accounting Policies

There are no changes in accounting policies and methods of computation since the publication of annual accounts for the year end Ashad, 2076.

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 include cash in hand, unrestricted balances with banks and money at call and at short notice and highly liquid financial assets with original maturities of three month or less from the date of acquisition that are subject to insignificant risk of changes in their fair value and are used by the Bank in the management of short term commitments.

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 net worth per share.

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. The carrying amount of the replaced part is derecognized. 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.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate. 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

Deposits are the balance accepted by bank from the individuals, corporate entities, financial institution and other organized institutions. These 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. Annual staff bonus of 10% have been computed as per Bonus Act on the profit for the period before tax.

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 lease term. 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.

6. Segmental Information

Segmental Reporting has been presented for seven provincial segments of the Bank, identified on the basis of provincial business activities that generate revenue for the Bank and incur expenses. These segments serve as the key functional units for resource allocation, decision making and review of operating results/performance by the Management. These are summarized as follows:

A. Information of Reportable Segment

Particular	ProvinceNo 1	ProvinceNo 2	ProvinceNo 3	Gandaki Province
Revenue from External Customer	245,847,983	146,595,913	1,540,628,616	102,822,326
Intersegment revenue	(148,734,030)	(106,637,215)	187,629,215	14,349,693
Segment profit /(Loss) before tax	86,989,370	36,969,643	226,021,056	49,486,877
Segment Assets	13,516,836,520	9,022,323,437	59,834,554,165	2,866,233,661
Segment Liabilities	13,327,486,541	8,989,675,326	49,660,636,827	2,815,830,718

Particular	Province No 5	Karnali Province	Sudur Pashchim Province	Total
Revenue from External Customer	447,293,254	45,602,178	89,234,816	2,618,025,087
Intersegment revenue	59,719,209	11,206,439	(17,533,311)	-
Segment profit /(Loss) before tax	99,812,334	12,901,788	11,992,144	524,173,211
Segment Assets	12,479,191,989.87	967,303,432.33	2,938,170,731.68	101,624,613,939
Segment Liabilities	12,011,207,312	929,332,907	2,889,328,852	90,623,498,483

B. Reconciliation of reportable segment profit or loss

Particular	Current Quarter
Total Profit or loss of Reportable Segment	524,173,211
Profit before tax for other Segments	
Elimination of inter-segment Profit	
Elimination of discontinued Operation	
Unallocated Amounts:	
-Other Corporate Expenses	
Profit before Tax	524,173,211