



**INTERIM FINANCIAL STATEMENTS
AS ON 30th ASHWIN 2076
(I QUARTER FY 2076-77)**

Global IME Bank Ltd
Condensed Consolidated Statement of Financial Position
As on Quarter ended 30th Ashwin 2076 (17/10/2019)

Assets	Group		Bank	
	This Quarter Ending	Immediate Previous Year Ending	This Quarter Ending	Immediate Previous Year Ending
Cash and Cash Equivalents	13,228,890,954	11,943,820,100	12,672,568,299	11,531,556,889
Due from Nepal Rastra Bank	6,011,293,122	5,239,466,652	5,986,313,726	5,217,312,678
Placements with Bank and FIs	110,000,000	40,000,000	-	-
Derivative Financial Instruments	4,869,577,284	4,112,517,152	4,869,577,284	4,112,517,152
Other Trading Assets	-	383,381,622	-	-
Loans and Advances to BFIs	3,061,851,531	3,508,806,424	3,777,090,836	4,054,633,604
Loans and Advances to Customers	122,300,645,491	112,195,294,276	118,487,180,363	108,977,607,686
Investment Securities	13,339,877,980	13,164,986,491	12,953,729,428	13,153,151,992
Current Tax Assets	81,154,087	1,317,330,086	64,802,045	1,259,701,665
Investment in Subsidiaries	-	-	219,775,000	219,775,000
Investment in Associates	319,577,861	422,148,079	319,577,861	319,577,861
Investment Property	118,685,465	118,685,464	118,685,465	118,685,464
Property and Equipment	1,404,771,144	1,419,110,761	1,358,352,594	1,373,573,734
Goodwill and Intangible Assets	33,067,011	35,817,033	28,027,291	28,288,609
Deferred Tax Assets	266,722,534	220,120,199	247,106,287	212,078,419
Other Assets	1,562,982,107	1,113,694,624	1,573,975,272	1,075,101,633
Total Assets	166,709,096,572	155,235,178,964	162,676,761,751	151,653,562,387
Liabilities				
Due to Bank and Financial Institutions	3,386,004,737	6,297,101,138	3,386,004,737	4,410,876,030
Due to Nepal Rastra Bank	1,060,591,974	1,231,800,211	1,060,591,974	1,231,800,211
Derivative Financial Instruments	4,830,159,895	3,879,901,668	4,830,159,895	3,879,901,668
Deposit from Customers	129,966,684,439	120,943,260,203	128,990,233,030	120,088,440,064
Borrowings	4,581,066,896	18,000,000	2,276,000,000	-
Current Tax Liabilities	327,095,886	1,245,969,517	312,759,606	1,202,570,465
Provisions	4,379,929	-	-	-
Deferred tax Liabilities	-	-	-	-
Other Liabilities	3,423,862,812	3,413,016,987	3,031,583,764	3,011,351,016
Debt Securities Issued	1,496,602,653	1,496,452,596	1,496,602,653	1,496,452,596
Subordinated Liabilities	-	-	-	-
Total Liabilities	149,076,449,220	138,525,502,319	145,383,935,658	135,321,392,050
Equity				
Share Capital	10,436,515,959	10,310,515,959	10,436,515,959	10,310,515,959
Share Premium	5,393,490	-	5,393,490	-
Retained Earnings	2,975,461,913	2,825,449,981	2,837,690,127	2,663,622,463
Reserves	4,073,703,728	3,441,671,122	4,013,226,518	3,358,031,915
Total Equity attributable to equity holders	17,491,075,090	16,577,637,063	17,292,826,093	16,332,170,337
Non-Controlling Interest	141,572,262	132,039,582	-	-
Total Equity	17,632,647,351	16,709,676,645	17,292,826,093	16,332,170,337
Total Liabilities and Equity	166,709,096,572	155,235,178,964	162,676,761,751	151,653,562,387

Global IME Bank Ltd
Condensed Consolidated Statement of Profit or Loss
As on Quarter ended 30th Ashwin 2076 (17/10/2019)

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	3,986,852,344	3,986,852,344	3,237,241,742	3,237,241,742	3,839,887,333	3,839,887,333	3,180,577,851	3,180,577,851
Interest Expenses	2,356,736,202	2,356,736,202	2,010,156,895	2,010,156,895	2,275,160,306	2,275,160,306	1,979,678,807	1,979,678,807
Net interest income	1,630,116,142	1,630,116,142	1,227,084,847	1,227,084,847	1,564,727,027	1,564,727,027	1,200,899,044	1,200,899,044
Fees, charges and commission income	448,093,710	448,093,710	317,576,478	317,576,478	407,208,402	407,208,402	294,542,637	294,542,637
Fees, charges and commission expenses	28,281,555	28,281,555	36,024,156	36,024,156	29,640,875	29,640,875	33,593,398	33,593,398
Net fee and commission income	419,812,154	419,812,154	281,552,322	281,552,322	377,567,527	377,567,527	260,949,239	260,949,239
Net interest, fee and commission income	2,049,928,296	2,049,928,296	1,508,637,170	1,508,637,170	1,942,294,554	1,942,294,554	1,461,848,283	1,461,848,283
Net Trading Income	132,380,474	132,380,474	107,645,561	107,645,561	132,380,474	132,380,474	107,645,561	107,645,561
Other Operating Income	35,089,744	35,089,744	53,447,882	53,447,882	31,352,426	31,352,426	63,993,113	63,993,113
Total operating income	2,217,398,515	2,217,398,515	1,669,730,613	1,669,730,613	2,106,027,454	2,106,027,454	1,633,486,958	1,633,486,958
Impairment charge/(reversal) for loans & other losses	302,753,934	302,753,934	204,771,082	204,771,082	270,874,065	270,874,065	203,780,068	203,780,068
Net Operating Income	1,914,644,581	1,914,644,581	1,464,959,531	1,464,959,531	1,835,153,389	1,835,153,389	1,429,706,890	1,429,706,890
Operating Expenses								
Personnel Expenses	572,117,851	572,117,851	454,071,037	454,071,037	536,469,192	536,469,192	428,413,138	428,413,138
Other Operating Expenses	208,725,577	208,725,577	196,465,107	198,156,704	197,967,861	197,967,861	188,313,829	188,313,829
Depreciation and Amortization	60,052,421	60,052,421	61,498,536	59,806,938	58,342,266	58,342,266	59,806,938	59,806,938
Operating profit	1,073,748,732	1,073,748,732	752,924,852	752,924,852	1,042,374,069	1,042,374,069	753,172,985	753,172,985
Non-operating income	3,196,694	3,196,694	2,372,567	2,372,567	401,150	401,150	129,040	129,040
Non-operating expense	42,191	42,191	-	-	-	-	-	-
Profit before income tax	1,076,903,235	1,076,903,235	755,297,419	755,297,419	1,042,775,219	1,042,775,219	753,302,025	753,302,025
Income Tax Expense								
Current tax	327,095,886	327,095,886	221,846,790	221,846,790	312,759,606	312,759,606	217,457,294	217,457,294
Deferred tax	(34,778,491)	(34,778,491)	-	-	(23,128,719)	(23,128,719)	-	-
Profit for the period	784,585,840	784,585,840	533,450,629	533,450,629	753,144,332	753,144,332	535,844,731	535,844,731

Consolidated Statement of Comprehensive Income

Amount in NPR

	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	784,585,840	784,585,840	533,450,629	533,450,629	753,144,332	753,144,332	535,844,731	535,844,731
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	(26,316,549)	(26,316,549)	(1,597,577)	(1,597,577)	(26,366,424)	(26,366,424)	(1,597,577)	(1,597,577)
Gains/(losses) on revaluation	-	-	-	-	-	-	-	-
Actuarial gain/(losses) on defined benefit plans	-	-	-	-	-	-	-	-
Income Tax relating to above items	7,894,965	7,894,965	479,273	479,273	7,909,927	7,909,927	479,273	479,273
Net other comprehensive income that will not be reclassified to profit or loss	(18,421,584)	(18,421,584)	(1,118,304)	(1,118,304)	(18,456,497)	(18,456,497)	(1,118,304)	(1,118,303)
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	(18,421,584)	(18,421,584)	(1,118,304)	(8,767,616)	(18,456,497)	(18,456,497)	(1,118,304)	(1,118,303)
Total comprehensive income for the period	766,164,256	766,164,256	532,332,325	532,332,325	734,687,836	734,687,836	534,726,427	534,726,427
Profit attributable to:								
Equity holders of the Bank	756,631,576	756,631,576	528,148,344	528,148,344	734,687,836	734,687,836	534,726,427	534,726,427
Non-controlling interest	9,532,680	9,532,680	4,183,980	4,183,980				
Total	766,164,256	766,164,256	532,332,325	532,332,325	734,687,836	734,687,836	534,726,427	534,726,427
Earnings per share								
Basic earnings per share		30.07		20.70		28.87		20.79
Annualized Basic earnings per share		30.07		20.70		28.87		20.79
Diluted earnings per share		30.07		20.70		28.87		20.79

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		12.02%		11.27%		11.87%		11.27%
Non -Performing Loan (NPL) to Total Loan		0.84%		1.05%		0.85%		1.05%
Total Loan Loss Provision to Total NPL		195.16%		162.47%		194.85%		162.04%
Cost of Funds		7.13%		7.32%		7.13%		7.32%
Credit to Deposit Ratio (As per NRB Directives)		78.36%		77.64%		78.36%		77.64%
Base Rate		9.44%		10.59%		9.44%		10.59%
Interest Rate Spread		4.99%		4.43%		4.99%		4.43%

Global IME Bank Ltd
Condensed Consolidated Statement of Changes in Equity
As on Quarter ended 30th Ashwin 2076 (17/10/2019)

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	Total Shareholders' Funds	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	16,577,637,063	132,039,582	16,709,676,645
Profit for the period	-	-	-	-	-	-	782,796,215	-	782,796,215	9,522,206	792,318,421
Other Comprehensive income	-	-	-	-	-	(18,491,409)	-	-	(18,491,409)	10,474	(18,480,936)
Total comprehensive income	-	-	-	-	-	(18,491,409)	782,796,215	-	764,304,805	9,532,680	773,837,485
Transfer to reserve during the period											-
General Reserve Fund			150,628,866				(150,628,866)		-		-
Exchange Fluctuation Fund				6,885,018			(6,885,018)		-		-
Corporate Social Responsibility Fund							(6,545,446)	6,545,446	-		-
Investment Adjustment Reserve							-	-	-		-
Regulatory reserve					155,363,506		(155,363,506)		-		-
Transfer from reserve during the period											-
Training Reserve							2,879,499	(2,879,499)	-		-
Regulatory reserve							-	-	-		-
Debenture Redemption Reserve							(155,427,632)	155,427,632	-		-
Investment Adjustment Reserve							-	-	-		-
Transactions with owners, directly recognized in equity											
Share Issued to merged entity	126,000,000						-	-	126,000,000		126,000,000
Transfer from acquired entity	-	5,393,490	17,739,732	-	-	-	(160,813,315)	160,813,315	23,133,221		23,133,221
Dividend to equity holders											-
Bonus shares Issued	-						-	-	-		-
Cash Dividend Paid							-	-	-		-
Balance as at Ashwin 30, 2076	10,436,515,959	5,393,490	2,733,339,773	128,077,276	745,988,943	(21,691,032)	2,975,461,913	487,988,769	17,491,075,090	141,572,262	17,632,647,351

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							753,144,332		753,144,332
Other Comprehensive income						(18,456,497)			(18,456,497)
Total comprehensive income	-	-	-	-	-	(18,456,497)	753,144,332	-	734,687,836
Transfer to reserve during the period									
General Reserve Fund			150,628,866				(150,628,866)		-
Exchange Fluctuation Fund				6,885,018			(6,885,018)		-
Corporate Social Responsibility Fund							(6,545,446)	6,545,446	-
Investment Adjustment Reserve									-
Regulatory reserve					155,363,506		(155,363,506)		-
Transfer from reserve during the period									-
Training Reserve		-					2,879,499	(2,879,499)	-
Regulatory reserve							-	-	-
Debenture Redemption Reserve							(155,427,632)	155,427,632	-
Investment Adjustment Reserve							-	-	-
Transactions with owners, directly recognized in equity									
Share Issued to merged entity	126,000,000								126,000,000
Transfer from acquired entity		5,393,490	17,739,732				(107,105,700)	183,940,399	99,967,921
Dividend to equity holders									-
Bonus shares Issued							-		-
Cash Dividend Paid									-
Balance as at Ashwin 30, 2076	10,436,515,959	5,393,490	2,715,959,941	128,077,276	705,678,152	(20,612,043)	2,837,690,127	484,123,192	17,292,826,093

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

	Amount in NPR			
	Group		Bank	
	Upto This Quarter	Corresponding Previous Year	Upto This Quarter	Corresponding Previous
	Rs	Rs	Rs	Rs
CASH FLOW FROM OPERATING ACTIVITIES				
Interest Received	3,803,767,804	12,816,946,062	3,647,633,420	12,449,143,623
Fees and Other Income Received	450,014,121	1,268,091,009	407,208,402	1,139,112,588
Dividend received	-	-	-	-
Receipts from other operating activities	140,075,306	501,483,119	135,510,413	456,353,044
Interest Paid	(2,324,966,365)	(8,412,545,883)	(2,228,354,005)	(8,227,758,020)
Commission and Fees Paid	(29,640,875)	(238,738,244)	(29,640,875)	(216,433,567)
Cash Payment to Employees	(544,289,581)	(1,478,622,406)	(536,469,192)	(1,380,842,687)
Other Expenses Paid	(237,078,387)	(899,938,023)	(197,967,861)	(859,409,264)
Operating cash flows before changes in operating assets and liabilities	1,257,882,024	3,556,675,634	1,197,920,302	3,360,165,717
<u>(Increase) / Decrease in operating assets</u>				
Due from Nepal Rastra Bank	(771,826,474)	(463,077,127)	(769,001,048)	(448,325,653)
Placements with Bank and financial institutions	-	140,000,000	-	-
Other trading assets	-	(170,264,315)	-	-
Loans and advances to bank and financial institutions	(483,073,610)	(34,054,776)	239,390,335	(585,395,363)
Loans and advances to customers	(11,911,241,358)	(22,032,991,370)	(9,742,294,309)	(19,893,849,237)
Other assets	(1,197,930,812)	(1,106,882,263)	(1,259,922,992)	(1,035,015,050)
	(14,364,072,254)	(23,667,269,851)	(11,531,828,014)	(21,962,585,303)
<u>Increase / (Decrease) in operating liabilities</u>				
Due to Nepal Rastra Bank	(171,208,237)	197,151,621	(171,208,237)	197,151,621
Due to bank and financial institutions	(1,024,871,293)	3,642,537,044	(1,024,871,293)	2,750,949,772
Deposit from customers	9,428,190,814	15,761,311,577	8,901,792,967	15,237,929,671
Borrowings	4,581,023,015	18,000,000	2,276,000,000	-
Other liabilities	968,625,769	453,258,050	970,659,192	461,073,775
	13,781,760,068	20,072,258,292	10,952,372,629	18,647,104,839
<u>Net cash flow from operating activities before tax paid</u>	675,569,838	(38,335,925)	618,464,917	44,685,253
Income taxes paid	(24,612,779)	(1,242,820,153)	(7,670,846)	(1,197,890,203)
<u>Net cash flow from operating activities</u>	650,957,059	(1,281,156,078)	610,794,071	(1,153,204,950)
CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of investment securities	(15,072,700)	(21,520,661)	-	(21,520,661)

Receipt from sale of investment securities	173,056,140	3,057,427,099	173,056,140	3,057,427,101
Purchase of property and equipment	(54,141,489)	(287,010,719)	(40,566,121)	(269,939,533)
Receipt from sale of property and equipment	-	-	-	-
Purchase of intangible assets	(2,293,686)	(10,621,066)	(2,293,686)	(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	-	-	-	-
Interest received	192,253,913	806,827,297	192,253,913	780,521,976
Dividend received	1,083,566	39,333,469	1,083,566	35,606,539
Net cash used in investing activities	294,885,744	3,557,667,034	323,533,812	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	-	77,405,650	-	-
Dividend paid	(168,218)	(24,013,440)	(168,218)	(628,209)
Interest paid	(46,656,243)	(77,321,924)	(46,656,243)	(74,000,554)
Other receipt/payment	253,363,617	-	225,967,917	-
Net cash from financing activities	206,539,156	1,072,522,882	179,143,456	1,021,823,833
Net increase/(decrease) in cash and cash equivalents	1,152,381,959	3,349,033,838	1,113,471,339	3,415,919,717
Cash and Cash Equivalents as at 1st Shrawan 2076	12,048,968,924	8,506,651,247	11,531,556,889	8,027,502,157
Effect of exchange rate fluctuation on cash & cash equivalents	27,540,071	88,135,015	27,540,071	88,135,015
Cash and Cash Equivalents as at Ashwin End	13,228,890,954	11,943,820,100	12,672,568,299	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. Debt securities are financial liabilities accepted by Bank as long term liabilities.

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 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.

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.

Rs. In thousand

Particulars	Province 1		Province 2		Province 3		Gandaki Province	
	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	367,876	304,565	383,787	285,789	3,699,708	1,924,498	286,816	199,507
Intersegment revenues	10,589	9,950	4,859	505	1,335,141	1,154,072	25,967	11,465
Net Revenue	357,287	294,615	378,928	285,284	2,364,567	770,426	260,849	188,042
Segment profit/(loss) before tax	78,483	75,396	94,366	47,863	689,713	371,727	57,891	33,418
Segment assets	12,062,158	9,913,856	12,637,321	9,548,354	76,828,320	63,152,172	8,389,628	6,225,793
Segment liabilities	7,787,126	6,483,034	5,472,587	3,751,456	97,993,855	84,222,010	7,227,547	5,573,312

Particulars	Province 5		Karnali Province		Sudur Paschim Province		All Other		Total	
	Current Quarter	Current 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	452,776	452,776	61,824	40,947	127,505	77,739	471,508	469,415	5,851,800	3,625,566
Intersegment revenues	32,135	32,135	5,523	318	23,935	17,269	10,986	6,453	1,449,134	1,234,395
Net Revenue	420,641	420,641	56,301	40,629	103,570	60,470	460,522	462,962	4,402,665	2,391,171
Segment profit/(loss) before tax	105,614	105,614	17,278	11,491	30,844	20,876	85,687	164,102	1,159,875	797,452
Segment assets	13,523,353	13,523,353	1,688,409	1,247,856	3,332,784	2,400,310	18,254,606	1,139,736	146,716,581	103,676,142
Segment liabilities	9,355,754	9,355,754	959,088	7,407,708	3,161,209	2,663,275	392,802	404,966	132,349,968	117,913,469

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	1,159,875	797,452
Profit before tax for other segments	-	-
Elimination of inter-segment profit	-	-
Elimination of discontinued operation	-	-
Unallocated amounts:	-	-
-Other corporate Expenses	(117,100)	(44,150)
Profit before tax	1,042,775	753,302

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, Acting CEO are referred to as Key management Personnel

	Amount in NPR
Short term employment benefits	
-salaries and allowances	2,508,000
-post employment benefits	-
Director's fees and expenses	2,508,000

Entities where control exists

Global IME Capital Ltd and Global IME Laghubitta Bittiya Sanstha Ltd are two subsidiaries where the bank exercises its control.

	Amount in NPR
Global IME Capital Ltd	
-loans and receivables	-
-deposits	15,611,292
For the period ended	
-interest on deposit	157,225
-RTS fee income	420,411
-other income	341,579
Global IME Laghubitta Bittiya Sanstha Ltd	
-loans and receivables	722,463,945
-deposits	53,195,989

For the period ended	
-interest on deposit	4,317
-interest received on loans	14,874,921
-service fee received	1,500,000
-other expenses	-

Entities where Significant Influence exists

Mero Microfinance Bittiya Sanstha Ltd, First Microfinance Development Bank and IME Life Insurance Company Ltd are three associate entities where significant influence is exercised by the Bank.

	Amount in NPR
Mero Microfinance Bittiya Sanstha Ltd	
-loans and receivables	449,004,291
-deposits	7,198,764
For the period ended	
-interest paid on deposit	64,401
-interest received on loans	12,560,750
-other expenses	-
First Micro Finance Laghubitta Bittiya Sanstha Ltd.	
-loans and receivables	550,195,859
-deposits	66,579,670
For the period ended	
-interest paid on deposit	105,851
-interest received on loans	14,970,047
-other expenses	-
IME Life Insurance Company Ltd.	
-loans and receivables	-
-deposits	356,780
For the period ended	
-interest paid on deposit	-
-interest received on loans	-
-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 proposed to the shareholders against the final dividend for FY 2075-76.

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 staff bonus and taxation.

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