NIC ASIA
एन आई सी एशिया बैंक लि.

NIC ASIA Bank Ltd.
Consolidated Statement of Financial Position
For the Quarter Ended 30th Chaitra 2078 (13th April 2022)

Amount in NPR

Particular	Group		Bank	
	This Quarter Ending	Immediate Previous Year Ending	This Quarter Ending	Immediate Previous Year Ending
Assets				
Cash and cash equivalent	10,993,488,170	28,266,984,006	9,788,283,405	23,902,662,784
Due from Nepal Rastra Bank	9,380,482,072	9,072,897,671	9,380,482,072	9,072,897,671
Placement with Bank and Financial Institutions	-	-	-	-
Derivative financial instruments.	586,999,840	5,359,380,480	586,999,840	5,359,380,480
Other trading assets	6,711,704	12,815,074	5,700,000	11,800,000
Loan and advances to B/FIs	13,394,059,140	10,053,956,892	16,644,059,140	14,289,456,892
Loans and advances to customers	280,676,324,117	265,072,547,940	257,679,192,365	248,770,354,077
Investment securities	46,828,619,944	33,739,079,470	46,474,454,261	33,293,725,162
Current tax assets	-	296,218,884	-	297,107,341
Investment in subsidiaries	-	-	1,264,500,000	1,264,500,000
Investment in associates	-	-	-	-
Investment property	982,891,295	1,275,463,444	982,891,295	1,275,463,444
Property and equipment	3,117,494,895	3,170,873,551	2,975,604,824	3,038,162,554
Goodwill and Intangible assets	121,576,572	99,156,836	113,095,847	91,548,342
Deferred tax assets	-	-	-	-
Other assets	4,593,793,051	5,556,048,231	4,350,496,561	5,480,462,976
Total Assets	**370,682,440,800**	**361,975,422,479**	**350,245,759,611**	**346,147,521,722**

Particular	Group		Bank	
	This Quarter Ending	Immediate Previous Year Ending	This Quarter Ending	Immediate Previous Year Ending
Liabilities				
Due to Bank and Financial Institutions	20,821,222,527	24,340,920,818	6,871,322,300	13,329,472,380
Due to Nepal Rastra Bank	7,227,764,978	3,238,618,707	7,227,764,978	3,238,618,707
Derivative financial instruments	588,216,000	5,337,920,000	588,216,000	5,337,920,000
Deposits from customers	299,110,673,649	289,497,923,428	296,176,168,112	287,024,798,908
Borrowing	-	-	-	-
Current Tax liabilities	278,722,419	-	220,610,750	-
Provisions	-	-	-	-
Deferred tax liabilities	285,113,727	449,707,043	285,811,050	459,535,668
Other liabilities	5,108,065,301	5,585,933,170	3,773,992,209	4,884,182,481
Debt securities issued	10,804,393,835	10,969,374,120	10,804,393,835	10,969,374,120
Subordinated liabilities	-	-	-	-
Total Liabilities	**344,224,172,436**	**339,420,397,285**	**325,948,279,235**	**325,243,902,264**
Equity				
Share capital	11,564,005,366	11,564,005,366	11,564,005,366	11,564,005,366
Share premium	-	-	-	-
Retained earnings	3,590,638,222	1,935,127,958	2,984,119,499	1,599,552,618
Reserves	10,014,484,575	7,967,784,555	9,749,355,511	7,740,061,474
Total equity attributable to equity holders	**25,169,128,163**	**21,466,917,879**	**24,297,480,376**	**20,903,619,458**
Non-controlling interest	1,289,140,201	1,088,107,315	-	-
Total equity	**26,458,268,364**	**22,555,025,194**	**24,297,480,376**	**20,903,619,458**
Total Liabilities and equity	**370,682,440,800**	**361,975,422,479**	**350,245,759,611**	**346,147,521,722**

NIC ASIA
एन आई सी एशिया बैंक लि.

NIC ASIA Bank Ltd.
Consolidated Statement of Profit or Loss
For the Quarter Ended 30th Chaitra 2078 (13th April 2022)

Amount in NPR

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	9,269,599,475	25,817,433,704	7,051,638,561	18,112,385,948	8,526,433,695	23,556,926,647	6,259,384,169	16,753,361,845
Interest expense	5,909,253,309	16,398,701,665	3,866,560,788	10,571,703,201	5,509,662,696	15,298,483,352	3,621,798,300	10,168,969,497
Net interest income	**3,360,346,166**	**9,418,732,039**	**3,185,077,772**	**7,540,682,747**	**3,016,771,000**	**8,258,443,296**	**2,637,585,869**	**6,584,392,349**
Fees and commission income	**638,218,116**	**1,920,997,463**	**694,304,885**	**1,762,142,183**	**546,826,534**	**1,534,617,387**	**475,431,714**	**1,411,045,069**
Fees and commission expense	109,320,066	243,179,710	68,463,254	136,892,165	109,298,691	240,735,022	58,140,179	136,892,165
Net fee and commission income	**528,898,050**	**1,677,817,752**	**625,841,631**	**1,625,250,018**	**437,527,843**	**1,293,882,365**	**417,291,535**	**1,274,152,904**
Net interest, fee and commission income	**3,889,244,216**	**11,096,549,791**	**3,810,919,403**	**9,165,932,765**	**3,454,298,843**	**9,552,325,661**	**3,054,877,404**	**7,858,545,252**
Net trading income	14,622,873	164,446,284	80,160,291	226,259,644	14,409,754	161,996,233	80,160,291	219,997,198
Other operating income	86,612,580	321,980,056	21,951,405	160,041,482	86,685,873	319,966,990	22,986,204	160,002,346
Total operating income	**3,990,479,669**	**11,582,976,131**	**3,913,031,099**	**9,552,233,891**	**3,555,394,470**	**10,034,288,884**	**3,158,023,899**	**8,238,544,796**
Impairment charge/(reversal) for loans and other losses	137,734,606	544,197,997	369,512,003	437,860,767	159,842,712	501,905,598	324,512,003	252,584,101
Net operating income	**3,852,745,063**	**11,038,778,134**	**3,543,519,096**	**9,114,373,124**	**3,395,551,758**	**9,532,383,286**	**2,833,511,896**	**7,985,960,695**
Operating expense								
Personnel expenses	1,199,063,406	3,386,032,900	1,114,652,552	2,604,768,815	1,070,545,153	2,937,530,923	911,082,530	2,287,444,974
Other operating expense	631,841,418	1,412,091,612	554,450,408	1,197,750,328	538,373,077	1,193,438,653	473,460,977	1,029,956,012
Depreciation & Amortisation	101,920,668	312,243,453	99,355,564	280,838,003	93,788,401	288,013,559	91,423,125	272,905,564
Operating Profit	**1,919,919,570**	**5,928,410,169**	**1,775,060,572**	**5,031,015,979**	**1,692,845,127**	**5,113,400,151**	**1,357,545,264**	**4,395,654,146**
Non operating income	25,062,597	36,132,869	(490,850)	60,534,214	25,057,597	36,025,869	570,000	6,445,255
Non operating expense	-	-	9,146,502	109,505,633	-	-	9,146,502	109,505,633
Profit before income tax	**1,944,982,167**	**5,964,543,039**	**1,765,423,219**	**4,982,044,560**	**1,717,902,725**	**5,149,426,021**	**1,348,968,762**	**4,292,593,768**
Income tax expense								
Current Tax	583,494,650	1,789,362,912	529,626,966	1,494,613,368	515,370,817	1,544,827,806	404,690,628	1,287,778,131
Deferred Tax	-	-	-	-	-	-	-	-
Profit /(loss) for the period	**1,361,487,517**	**4,175,180,127**	**1,235,796,253**	**3,487,431,192**	**1,202,531,907**	**3,604,598,214**	**944,278,133**	**3,004,815,638**

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)
Profit or loss for the period	**1,361,487,517**	**4,175,180,127**	**1,235,796,253**	**3,487,431,192**	**1,202,531,907**	**3,604,598,214**	**944,278,133**	**3,004,815,638**
Other comprehensive income								
a) Items that will not be reclassified to profit or loss								
-Gains/(losses) from investments in equity instruments measured at fair value	(20,398,814)	(282,520,443)	93,829,491	151,791,090	(20,398,814)	(282,520,443)	93,829,491	151,791,090
-Gain/(loss) on revaluation	-	-	-	-	-	-	-	-
-Actuarial Gain/loss on defined benefit plans	-	-	-	-	-	-	-	-
-Income tax relating to above items	6,119,644	84,756,133	(28,148,847)	(45,537,327)	6,119,644	84,756,133	(28,148,847)	(45,537,327)
Net other compressive income that will not be reclassified to profit or loss	**(14,279,169)**	**(197,764,310)**	**65,680,644**	**106,253,763**	**(14,279,169)**	**(197,764,310)**	**65,680,644**	**106,253,763**
b) Items that are or may be reclassified to profit or loss	-	-	-	-	-	-	-	-
-Gains/(losses) on cash flow hedge	-	-	-	-	-	-	-	-
-Exchange Gains/(losses) (arising from translating financial assets of foreign operation)	-	-	-	-	-	-	-	-
-Income tax relating to above items	-	-	-	-	-	-	-	-
Net other compressive 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	(14,279,169)	(197,764,310)	65,680,644	106,253,763	(14,279,169)	(197,764,310)	65,680,644	106,253,763
Total Comprehensive Income for the period	**1,347,208,348**	**3,977,415,817**	**1,301,476,897**	**3,593,684,955**	**1,188,252,738**	**3,406,833,904**	**1,009,958,777**	**3,111,069,401**
Profit attributable to:								
Equity holders of the Bank	1,309,289,552	3,973,046,317	1,076,159,093	3,306,930,829	1,202,531,907	3,604,598,214	944,278,133	3,004,815,638
Non-controlling interest	52,197,965	202,133,810	159,637,160	180,500,364	-	-	-	-
Total	**1,361,487,517**	**4,175,180,127**	**1,235,796,253**	**3,487,431,192**	**1,202,531,907**	**3,604,598,214**	**944,278,133**	**3,004,815,638**
Earnings per share								
Basic earnings per share		48.58		40.47	-	41.94		34.87
Annualized Basic Earnings Per Share		48.58		40.47	-	41.94		34.87
Diluted earnings per share		48.58		40.47	-	41.94		34.87

NIC ASIA Bank Ltd.

Financial Indicators

For the Quarter Ended 30th Chaitra 2078 (13th April 2022)

Amount in NPR

Ratios as per NRB Directive	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		13.21%		11.72%		13.11%		11.44%
Non-performing loan (NPL) to total loan		0.58%		0.53%		0.51%		0.47%
Total loan loss provision to Total NPL		309.87%		254.40%		338.49%		267.80%
Cost of Funds		7.34%		5.05%		7.24%		5.03%
Credit to Deposit Ratio		92.99%		87.81%		86.68%		84.21%
Base Rate		9.49%		6.79%		9.39%		6.77%
Interest Rate Spread		4.67%		4.55%		4.40%		4.38%

Group

Statement of Changes in Equity

For the Quarter Ended 30th Chaitra 2078 (13th April 2022)

Particulars	Share Capital	Share Premium	General Reserve	Exchange Equalisation	Regulatory Reserve	Fair Value Reserve	Revaluation Reserve	Retained Earning	Other Reserve	Total	Non-controlling Interest	Total Equity
Balance as at Shrawan 1, 2077												
Adjustment/Restatement	**9,717,651,568**	-	**3,117,001,069**	**39,579,316**	**704,604,676**	**440,709,687**	-	**2,136,788,863**	**1,321,022,137**	**17,477,357,316**	**565,581,311**	**18,042,938,627**
Adjusted Restated Balance at Shrawan 1, 2077	-	-	-	-	-	-	-	-	-	-	-	-
Comprehensive Income for the year	**9,717,651,568**	-	**3,117,001,069**	**39,579,316**	**704,604,676**	**440,709,687**	-	**2,136,788,863**	**1,321,022,137**	**17,477,357,316**	**565,581,311**	**18,042,938,627**
Profit for the year												
Other Comprehensive income, net of tax	-	-	-	-	-	-	-	3,686,307,340	-	3,686,307,340	238,596,768	3,924,904,108
Gains/(losses) from investments in equity instruments measured at fair value	-	-	-	-	-	-	-	-	-	-	-	-
Net gain(loss) on revaluation	-	-	-	-	-	169,170,552	-	162,796,876	-	331,967,429	-	331,967,429
Atuarial gains/(losse) on defined benefit plans	-	-	-	-	-	-	-	-	-	-	-	-
Gains/(losses) on cash flow hedge	-	-	-	-	-	-	-	-	4,926,049	4,926,049	-	4,926,049
Exchange gains/(losses) (arising from translating financial assets of foreign operation)	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year				-	-					-		-
Transfer to reserve during the year	-	-	-	-	-	-	-	6,009,566,867	1,325,948,187	21,524,231,922	1,130,088,676	22,654,320,598
Transfer from the reserve during the year	-	-	805,396,084	8,352,454	484,598,853	-	-	(2,045,374,379)	709,749,386	-	-	-
Transactions with owners, directly recognized in equity	-	-	-	-	-	-	-		(80,530,983)	(41,000,086)	-	(41,000,086)
Right share issued										-	-	-
Share based payments	-	-	-	-	-	-	-	-	-	-	-	-
Dividends to equity holders:	-	-	-	-	-	-	-	-	-	-	-	-
Bonus Shares issued	-	-	-	-	-	-	-	-	-	-	-	-
Cash Dividend Paid	1,846,353,798	-	-	-	-	-	-	(1,846,353,798)	-	-	-	-
Other	-	-	-	-	-	-	-	(133,181,846)	-	(133,181,846)	-	(133,181,846)
Total contributions by and distributions:	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at Asar End, 2078	1,846,353,798	-	-	-	-	-	-	(1,979,535,643)	-	(133,181,846)	-	(133,181,846)
	11,564,005,365	-	**3,922,995,264**	**47,931,771**	**1,225,883,020**	**791,180,239**	-	**1,935,127,958**	**1,979,794,261**	**21,466,917,879**	**1,088,107,315**	**22,555,025,194**
Balance as at Shrawan 1, 2078												
Adjustment/Restatement	**11,564,005,365**	-	**3,922,995,264**	**47,931,771**	**1,225,883,020**	**791,180,239**	-	**1,935,127,958**	**1,979,794,261**	**21,466,917,879**	**1,088,107,315**	**22,555,025,194**
Adjusted Restated Balance at Shrawan 1, 2078	-	-	-	-	-	-	-	-	37,406,049	37,406,049	-	37,406,049
Comprehensive Income for the year		-										
Profit for the year	-	-	-	-	-	-	-	-	-	-	-	-
Other Comprehensive income, net of tax	-	-	-	-	-	-	-	3,973,046,317	-	3,973,046,317	202,133,810	4,175,180,127
Gains/(losses) from investments in equity instru-ments measured at fair value	-	-	-	-	-	-	-	-	-	-	-	-
Gains/(losses) on revalution	-	-	28,082,832	-	-	(338,178,470)	-	112,331,328	-	(197,764,310)	-	(197,764,310)
Actuarial gains/(loses) on defined benefit plans	-	-	-	-	-	-	-	-	-	-	-	-
Gains/(losses) on cash flow hedge	-	-	-	-	-	-	-	-	-	-	-	-
Exchange gains/(losses) (arising from translating financial assets of foreign operation)	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year			**28,082,832**	-	-	-	-	**6,020,505,603**	**2,017,200,310**	**25,279,605,935**	**1,290,241,125**	**26,569,847,059**
Transfer to reserve during the year	-	-	720,919,643	625,000	607,309,786	-	-	(2,332,362,661)	1,003,508,232	-	-	-
Transfer from the reserve during the year	-	-	-	-	-	-	-		(12,973,052)	(12,973,052)	-	(12,973,052)
Transfer to/from the reserve during the year	-	-										
Transactions with owners, directly recognized in equity									-	-		-
Right share issued										-	-	-
Share based payments	-	-	-	-	-	-	-	-	-	-	-	-
Dividends to equity holders:	-	-	-	-	-	-	-	-	-	-	-	-
Bonus Shares issued	-	-	-	-	-	-	-	-	-	-	-	-
Cash Dividend Paid	-	-	-	-	-	-	-	(97,504,719)	-	(97,504,719)	(1,100,924)	(98,605,643)
Other	-	-	-	-	-	-	-	-	-	-	-	-
Total contributions by and distributions:	-	-	-	-	-	-	-	(97,504,719)	-	(97,504,719)	(1,100,924)	(98,605,643)
Balance as at Chaitra End, 2078	11,564,005,365	-	4,671,997,739	48,556,771	1,833,192,807	453,001,770	-	3,590,638,222	3,007,735,490	25,169,128,163	1,289,140,201	26,458,268,364

NIC ASIA
एन आई सी एशिया बैंक लि.

NIC ASIA Bank Limited
Statement of Changes in Equity
For the Quarter Ended 31st Chaitra 2077 (13th April 2021)

Particulars	Share Capital	Share Premium	General Reserve	Exchange Equalisation	Regulatory Reserve	Fair Value Reserve	Revaluation Reserve	Retained Earning	Other Reserve	Total	Non-controlling Interest	Total Equity
Balance as at Shrawan 1, 2077	**8,834,228,698**	-	**2,429,809,484**	**39,007,260**	**727,646,318**	**280,091,979**	**56,204,010**	**2,112,880,839**	**455,866,926**	**14,935,735,514**	-	**14,935,735,514**
Adjustment	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted Restated Balance at Shrawan 1, 2077	-	-	-	-	-	-	-	-	-	-	-	-
Comprehensive Income for the year	-	-	-	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	-	-	-	-	-	-
Other Comprehensive income, net of tax	-	-	-	-	-	-	-	-	-	-	-	-
Gains/(losses) from investments in equity instruments measured at fair value	-	-	-	-	-	-	-	-	-	-	-	-
Net gain(loss) on revaluation	-	-	-	-	-	**160,617,707**	-	**29,585,938**	-	**190,203,646**	-	**190,203,646**
Actuarial gains/(losses) on defined benefit plans	-	-	-	-	-	-	-	-			-	-
Gains/(losses) on cash flow hedge	-	-	-	-	-	-	-	-	18,713,353	18,713,353	-	18,713,353
Exchange gains/(losses) (arising from translating financial assets of foreign operation)	-	-	-	-	-	-	-	-			-	-
Total comprehensive income for the year	-	-	-	-	-	-	-	-	-	-	--	-
Transfer to reserve during the year	-	-	-	-	-	160,617,707	-	3,128,122,904	18,713,353	3,307,453,964	-	3,307,453,964
Transfer from the reserve during the year	-	-	619,707,393	572,057	(23,041,643)		(56,204,010)	(1,405,352,500)	839,714,597	(24,604,107)	-	(24,604,107)
	-	-	-	-	-	-	-	-	-	-	-	-
Transactions with owners, directly recognized in equity	-	-	-	-	-	-	-	-	-	-	-	-
Right share issued	-	-	-	-	-	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-	-	-	-	-	-	-
Dividends to equity holders:	-	-	-	-	-	-	-	-	-	-	-	-
Bonus Shares issued	883,422,870	-	-	-	-	-	-	883,422,870	-	-	-	
Cash Dividend Paid	-	-	-	-	-	-	-	(976,414,751)	-	(976,414,751)	-	(976,414,751)
Other	-	-	-	-	-	-	-	-	-		-	
Total contributions by and distributions:	**883,422,870**	-	-	-	-	-	-	**(1,859,837,621)**		**(976,414,751)**	-	**(976,414,751)**
Balance as at Asar End, 2078	**9,717,651,567**	-	**3,049,516,877**	**39,579,316**	**704,604,676**	**440,709,687**	-	**1,975,813,622**	**1,314,294,876**	**17,242,170,621**	-	**17,242,170,621**
	-						-				-	
Balance as at Shrawan 1, 2078	**9,717,651,567**	-	**3,049,516,877**	**39,579,316**	**704,604,676**	**440,709,687**	-	**1,975,813,622**	**1,314,294,876**	**17,242,170,621**	-	**17,242,170,621**
Adjustment/Restatement	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted Restated Balance at Shrawan 1, 2078	**9,717,651,567**	-	**3,049,516,877**	**39,579,316**	**704,604,676**	**440,709,687**	-	**1,975,813,622**	**1,314,294,876**	**17,242,170,621**	-	**17,242,170,621**
Comprehensive Income for the year	-	-	-	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	-	3,004,815,638	-	-	-	-
Other Comprehensive income, net of tax	-	-	-	-	-	-	-	-	-	-	-	-
Gains/(losses) from investments in equity instruments measured at fair value	-	-	-	-	-	89,144,173	-	17,109,590	-	106,253,763	-	106,253,763
Gains/(losses) on revalution	-	-	-	-	-	-	-	-	-	-	-	-
Actuarial gains/(losses) on defined benefit plans	-	-	-	-	-	-	-	-	-	-	-	-
Gains/(losses) on cash flow hedge	-	-	-	-	-	-	-	-	-	-	-	-
Exchange gains/(losses) (arising from translating financial assets of foreign operation)	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	**89,144,173**	-	**3,021,925,228**	-	**3,111,069,401**	-	**3,111,069,401**
Transfer to reserve during the year	-	-	600,963,128	2,453,563	576,247,789	-	-	(1,784,212,635)	604,548,156	-	-	-
Transfer from the reserve during the year	-	-	-	-	-	-	-	-	(24,729,160)	(24,729,160)	-	(24,729,160)
	-	-	-	-	-	-	-	-	-	-	-	-
Transactions with owners, directly recognized in equity	-	-	-	-	-	-	-	-	-	-	-	-
Right share issued	-	-	-	-	-	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-	-	-	-	-	-	-
Dividends to equity holders:	-	-	-	-	-	-	-	-	-	-	-	-
Bonus Shares issued	1,846,353,798	-	-	-	-	-	-	(1,846,353,798)	-	-	-	-
Cash Dividend Paid	-	-	-	-	-	-	-	(96,633,105)	-	(96,633,105)	-	(96,633,105)
Other	-	-	-	-	-	-	-	-	-	-	-	-
Total contributions by and distributions:	**1,846,353,798**	-	-	-	-	-	-	**(1,942,986,903)**		(96,633,105)	-	(96,633,105)
Balance as at Chaitra End, 2078	**11,564,005,365**	-	**3,650,480,004**	**42,032,879**	**1,280,852,464**	**529,853,860**	-	**1,270,539,311**	**1,894,113,872**	**20,231,877,757**	-	**20,231,877,757**

NIC ASIA
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NIC ASIA Bank Limited
Consolidated Statement of Cash Flow Statement
For the Quarter Ended 30th Chaitra 2078 (13th April 2022)

Amount in NPR

Particular			Bank	
	Upto This Quarter	Corresponding Previous Year Up to This Quarter	Upto This Quarter	Corresponding Previous Year Up to This Quarter
CASH FLOWS FROM OPERATING ACTIVITIES				
Interest received	23,658,893,702	18,243,865,951	21,186,505,093	16,701,550,549
Fees and other income received	1,920,997,463	1,762,142,183	1,534,617,387	1,411,045,069
Dividend received	-	-	-	-
Receipts from other operating activities	266,960,638	371,672,839	264,403,588	311,282,298
Interest paid	(15,620,128,146)	(10,571,703,201)	(14,519,909,833)	(10,168,969,497)
Commission and fees paid	(243,179,710)	(136,892,165)	(240,735,022)	(136,892,165)
Cash Payment to Employees	(3,386,032,900)	(2,604,768,815)	(2,937,530,923)	(2,287,444,974)
Other expense paid	(1,486,264,259)	(1,007,954,141)	(1,206,411,639)	(1,151,318,276)
Operating cash flows before changes in operating assets and liabilities	**5,111,246,788**	**6,056,362,651**	**4,080,938,651**	**4,679,253,005**
(Increase)/Decrease in Operating Assets	**(17,800,765,595)**	**(90,843,376,828)**	**(9,698,445,889)**	**(83,366,284,454)**
Due from Nepal Rastra Bank	(307,584,401)	6,629,502,685	(307,584,401)	6,629,502,685
Placement with bank and financial institutions	-	-	-	-
Other trading assets	6,103,370	(134,595,137)	6,100,000	(283,610,000)
Loan and advances to bank and financial institutions	(3,340,102,248)	3,135,038,621	(2,354,602,248)	1,142,885,821
Loans and advances to customers	(18,371,096,513)	(99,192,550,828)	(11,633,866,225)	(90,035,029,304)
Other assets	4,211,914,197	(1,280,772,169)	4,591,506,985	(820,033,657)
				-
Increase/(Decrease) in operating liabilities	**9,313,225,642**	**99,659,237,948**	**5,271,939,130**	**90,755,365,103**
Due to bank and financial institutions	(3,519,698,291)	16,964,210,823	(6,458,150,080)	11,106,235,709
Due to Nepal Rastra Bank	3,989,146,271	3,680,478,610	3,989,146,271	3,680,478,610
Deposit from customers	9,612,750,221	76,108,501,174	9,151,369,204	73,687,651,104
Borrowings	-	-	-	-
Other liabilities	(768,972,560)	2,906,047,340	(1,410,426,265)	2,280,999,681
Net cash flow from operating activities before tax paid	**(3,376,293,165)**	**14,872,223,771**	**(345,568,108)**	**12,068,333,653**
Income taxes paid	(1,168,134,385)	(1,270,608,269)	(980,822,492)	(1,700,000,000)
Net cash flow from operating activities	**(4,544,427,550)**	**13,601,615,502**	**(1,326,390,600)**	**10,368,333,653**
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investment securities	(13,635,049,196)	-	(13,726,237,821)	-
Receipts from sale of investment securities	262,988,279	483,132,583	262,988,279	828,831,719
Purchase of property and equipment	(285,765,943)	(180,840,906)	(252,356,975)	(44,478,146)
Receipt from the sale of property and equipment	51,679,271	-	51,679,271	-
Purchase of intangible assets	(47,197,862)	13,613,599	(46,325,631)	15,419,765
Receipt from the sale of intangible assets	-	-	-	-
Purchase of investment properties	(43,007,536)	(806,170,472)	(43,007,536)	(580,015,847)
Receipt from the sale of investment properties	335,579,684	-	335,579,684	-
Interest received	1,154,679,964	-	1,154,679,964	-
Dividend received	255,598,571	75,162,501	253,585,504	70,891,342
Net cash used in investing activities	**(11,950,494,767)**	**(415,102,695)**	**(12,009,415,260)**	**290,648,834**
CASH FLOWS FROM FINANCING ACTIVITIES				-
Receipt from issue of debt securities	-	1,963,776,399	-	1,963,776,399
Repayment of debt securities	-	-	-	-
Receipt from issue of subordinated liabilities	-	-	-	-
Repayment of subordinated liabilities	-	-	-	-
Receipt from issue of shares	-	-	-	-
Dividends paid	-	(96,627,775)	-	(96,627,775)
Interest paid	(778,573,519)	-	(778,573,519)	-
Other receipt/payment	-	-	-	-
Net cash from financing activities	**(778,573,519)**	**(96,627,775)**	**(778,573,519.12)**	**(96,627,775.27)**
Net increase (decrease) in cash and cash equivalents	**(17,273,495,836)**	**13,089,885,031**	**(14,114,379,378.88)**	**10,562,354,712**
Cash and cash equivalents at Shrawan 1, 2077	28,266,984,006	12,661,266,837	23,902,662,784.12	12,294,510,663
Effect of exchange rate fluctuations on cash and cash equivalents held				-
Cash and cash equivalents at Chaitra end 2077	**10,993,488,170**	**25,751,151,869**	**9,788,283,405.240**	**22,856,865,375**

NIC ASIA Bank Limited
Statement of Distributable Profit or Loss

Amount in NPR
Q3 FY 2078-79

Net Profit for the period Ended Second Quarter of FY 77/78	**3,604,598,214**
Appropriations	
a.General reserve from PL	**720,919,643**
b. Foreign exchange fluctuation fund	625,000
c. Capital redemption reserve	967,462,250
d. Corporate social responsibility fund	36,045,982
e. Employees' training fund	-
f. Other	-
- Deferred Tax reserve	-
- Investment Adjustment Reserve	**-**
-Sale of investment	(112,331,328)
Profit or (loss) before regulatory adjustment	1,991,876,667
Regulatory adjustment :	**(607,309,786)**
a. Interest receivable (-)/previous accrued interest received (+)	**(791,630,240)**
b. Short loan loss provision in accounts (-)/reversal (+)	
c. Short provision for possible losses on investment (-)/reversal (+)	
d. Short loan loss provision on Non Banking Assets (-)/resersal (+)	**184,320,454**
e. Deferred tax assets recognised (-)/ reversal (+)	
f. Goodwill recognised (-)/ impairment of Goodwill (+)	
g. Bargain purchase gain recognised (-)/resersal (+)	
h. Acturial loss recognised (-)/reversal (+)	**-**
i. Other (+/-)	
-Debt securities recognised at amortised cost	
-Defined benefit obligation	
-Fair value reserve	
Distributable profit or (loss)	**1,384,566,881**

1. Reporting Entity

NIC ASIA Bank Limited ("NICA" or "the Bank") is a limited liability company domiciled in Nepal which has been in operation in Nepal since 1998. The Bank is registered with the Office of Company Registrar as a public limited company and carries out commercial banking activities in Nepal under the license from Nepal Rastra Bank (Central Bank of Nepal) as Class "Ka" licensed institution. The Bank registered, and corporate office are at Kathmandu, Nepal.

The Bank offers full commercial banking services of banking products and services including loans and advances, deposits, trade finance, e-commerce services, bullion, etc. to wide range of clients encompassing individuals, corporates, multinationals, large public sector companies, government corporations, etc. as authorized by the Nepal Rastra Bank. The Bank is listed on Nepal Stock Exchange and its stock symbol is "NICA".

1.1 Subsidiaries

The Bank has three subsidiaries namely **NIC ASIA Capital Limited, NIC ASIA Laghubitta Bittiya Sanstha Limited and NIC ASIA Securities Limited.**

a. NIC ASIA Capital Limited is wholly owned subsidiary of the Bank and was incorporated on 15th May 2016 as a public limited company as per the Companies Act 2063 and licensed by Securities Board of Nepal under the Securities Businessperson (Merchant Banker) Regulations, 2008 to provide merchant banking and investment banking services.

b. NIC ASIA Laghubitta Bittiya Sanstha Limited is subsidiary with 67.87% holiding of Bank and was incorporated on 25th July 2017 as a public limited company under Companies Act, 2063 and licensed by Nepal Rastra Bank as "D" class financial institution having registered office at Jajarkot, Nepal. The principle activities involved extending banking products and services to the deprived sectors/communities.

c. NIC ASIA Securities Limited is also a wholly owned subsidiary of the Bank and was incorporate as public limited company under Companies Act 2063 with registered office at Kathmandu, Nepal. The Company is incorporated with objective of providing security brokerage services, market maker and dealer and related services. The company has not started its operaton till reporting period.

"The Group" represents the Bank and its subsidiaries.

2. Basis of Preparation

The interim financial statements of the Bank have been prepared in accordance with Nepal Financial Reporting Standards (NFRS) : NAS 34 Interim Financial Reporting as published by the Accounting Standards Board (ASB) Nepal and pronounced by The Institute of Chartered Accountants of Nepal (ICAN).

The disclosures made in the condensed consolidated interim financials information have been limited on the format prescribed by Nepal Rastra Bank Directive no. 4.

The interim financial statements comprise of:-

- Condensed Consolidated Statement of Financial Position
- Condensed Consolidated Statement of Profit or Loss and Condensed Consolidated Statement of Other Comprehensive Income shown in a single statement
- Condensed Consolidated Statement of Changes in Equity
- Condensed Consolidated Statement of Cash Flows
- Notes to the Interim Financial Statements and
- Ratios as per NRB Directive.

The interim financial statements do not include all of the information required for a complete set of NFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Bank's financial position and performance since the last annual financial statements.

The Bank has applied following carve out issued by The Institute of Chartered Accountants of Nepal:

1. NAS 39: Financial Instruments: Recognition and Measurement

a) Impairment

In para 58, an entity shall assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets measured at amortized cost is impaired. If any such evidence exists, the entity shall apply paragraph 63 to determine the amount of any impairment loss unless the entity is bank or financial institutions registered as per Bank and Financial Institutions Act, 2073. Such entities shall measure impairment loss on loan and advances as the higher of amount derived as per norms prescribed by Nepal Rastra Bank for loan loss provision and amount determined as per paragraph 63; and shall apply paragraph 63 to measure the impairment loss on financial assets other than loan and advances. The entity shall disclose the impairment loss as per this carve-out and the amount of impairment loss determined as per paragraph 63.

The impacts of the application of this carve- out in the reporting period is as under:

Impairment Loss as per NFRS	NPR 1,312,506,013
Impairment Loss as per norms of NRB	NPR 4,720,653,463

The higher of two above i.e.NPR 4,720,653,463 has been taken in account for impairment loss on loan and advances for the reporting period.

b) Impracticability to determine transaction cost of all previous years which is the part of effective interest rate

In para 9, The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received, unless it is immaterial or impracticable to determine reliably, between parties to the contract that are an integral part of the effective interest rate (NAS 18 Revenue), transaction costs and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to estimate reliably the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

2.1 Reporting period and approval of financial statements

Reporting Period is a period from the first day of Shrawan (mid of July) of any year to the last day of quarter end, i.e. Ashoj (mid of October), Poush (mid of January), Chaitra (mid of April) and Asadh (mid of July) as per Nepali calendar.

Period	Nepali Calendar	English Calendar
Current Year Period	1st Magh 2078 to	15th January 2022 to
	30th Chaitra 2078	13th April 2022
Previous Year Period	1st Magh 2077 to	14th January 2021 to
	31st Chaitra 2077	13th April 2021

2.2 Functional and Presentation Currency

The interim financial statements are presented in Nepalese Rupees (NPR) which is the Bank's functional currency. All financial information presented in NPR has been rounded to the nearest rupee except where indicated otherwise. Mid rate has been used in calculation of balance in foreign currency.

3. Statement of Compliance with NFRSs

The interim financial statements have been prepared in accordance with Nepal Financial Reporting Standards (NFRS) : NAS 34 Interim Financial Reporting, as published by the Accounting Standards Board (ASB) Nepal and pronounced by The Institute of Chartered Accountants of Nepal (ICAN) and in compliance with BAFIA 2073, Unified Directives 2078 issued by Nepal Rastra Bank and all other applicable laws and regulations. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Bank's annual financial statements as at 31st Ashad, 2078.

4. Use of estimates, assumptions and judgements

The Bank, under NFRS, is required to apply accounting policies to most appropriately suit its circumstances and operating environment. Further, the Bank is required to make judgments in respect of items where the choice of specific policy, accounting estimate or assumption to be followed could materially affect the financial statements. This may later be determined that a different choice could have been more appropriate.

The NFRS requires the Bank to make estimates and assumptions that will affect the assets, liabilities, disclosure of contingent assets and liabilities, and profit or loss as reported in the financial statements. The Bank applies estimates in preparing and presenting the financial statements and such estimates and underlying assumptions are reviewed periodically. The revision to accounting estimates are recognized in the period in which the estimates are revised and are applied prospectively.

5. Changes in Accounting Policies

The Bank prepared the interim financial statements as per Nepal Financial Reporting Standard (NFRS) by recognizing all assets and liabilities whose recognition was required by NFRS, not recognizing the items of assets or liabilities which were not permitted by NFRS, and applying NFRS in measurement of recognized assets and liabilities.

The accounting policies adopted while preparing these interim financial statments are consistent with those applied in the Bank's annual financial statements for the year ended 31st Ashad 2078.

6. Significant Accounting Policies

The accounting policies and methods of computation adopted in the preparation of the interim financial statements are consistent with those adopted and disclosed in the Bank's annual financial statements for the financial year ended 31st Ashad 2078.

6.1 Basis of Measurement

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

- Financial assets and liabilities are measured at fair value at its initial recognition. Subsequent recognition of FVTOCI and FVTPL financial instruments are measured at fair value. Investment property is measured at fair value
- The liability for defined benefit obligations is recognized as the present value of the defined benefit obligation less the net total of the plan assets, plus unrecognized actuarial gains, less unrecognized past service cost and unrecognized actuarial losses.

6.2 Basis of Consolidation

a) Non-Controlling Interest (NCI)

For each business combination, the Bank elects to measure any non-controlling interests in the acquiree either:

- at fair value; or
- at their proportionate share of the acquire identifiable net assets, which are generally at fair value.

Changes in the Bank's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. No adjustments are made to goodwill and no gain or loss is recognised in profit or loss.

b) Subsidiaries

Subsidiaries are the entities controlled by the Bank. The Bank controls an entity if it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Financial Statements of subsidiaries are included in the Consolidated Financial Statements from the date that control commences until the date that control ceases.

The Bank reassesses whether it has control if there are changes to one or more of the elements of control. In preparing the consolidated financial statements, the financial statements are combined line by line by adding the like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiary. The carrying amount of the parent's investment in subsidiary and the parent's portion of equity of subsidiary are eliminated in full. All intra group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (such as interest income and technical fee) are eliminated in full while preparing the consolidated financial statements.

c) Loss of Control

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

d) Transaction Elimination on Consolidation

All intra-group balances and transactions, and any unrealized income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

6.3 Cash and Cash equivalent

Cash and cash equivalents include cash in hand, balances with BFIs, money at call & short notice and highly liquid financial assets with original maturities of three months or less from the acquisition dates that are subject to an insignificant risk of changes in their fair value and are used by the Bank in the management of its short-term commitments. Cash and cash equivalents are carried at amortized cost in the statement of financial position.

6.4 Financial Assets and Financial Liabilities

a) Recognition

The Bank initially recognizes a financial asset or a financial liability in its statement of financial position when, and only when, it becomes party to the contractual provisions of the instrument. The Bank initially recognize loans and advances, deposits and debt securities/ subordinated liabilities issued on the date that they are originated which is the date that the Bank becomes party to the contractual provisions of the instruments. Investments in equity instruments, bonds, debenture, Government securities, NRB bond or deposit auction, reverse repos, outright purchase are recognized on trade date at which the Bank commits to purchase/ acquire the financial assets. Regular way purchase and sale of financial assets are recognized on trade dateat which the Bank commits to purchase or sell the asset.

b) Classification

I. Financial Assets

The Bank classifies the financial assets as subsequently measured at amortized cost or fair value on the basis of the Bank's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The two classes of financial assets are as follows;

i. Financial assets measured at amortized cost

The Bank classifies a financial asset measured at amortized cost if both of the following conditions are met:

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

ii. Financial asset measured at fair value

Financial assets other than those measured at amortized cost are measured at fair value. Financial assets measured at fair value are further classified into two categories as below:

- **Financial assets at fair value through profit or loss.**

  Financial assets are classified as fair value through profit or loss (FVTPL) if they are held for trading or are designated at fair value through profit or loss. Upon initial recognition, transaction cost is directly attributable to the acquisition are recognized in profit or loss as incurred. Such assets are subsequently measured at fair value and changes in fair value are recognized in Statement of Profit or Loss.

- **Financial assets at fair value through other comprehensive income**

  Investment in an equity instrument that is not held for trading and at the initial recognition, the Bank makes an irrevocable election that the subsequent changes in fair value of the instrument is to be recognized in other comprehensive income are classified as financial assets at fair value though other comprehensive income. Such assets are subsequently measured at fair value and changes in fair value are recognized in other comprehensive income.

II. Financial Liabilities

The Bank classifies its financial liabilities, other than financial guarantees and loan commitments, as follows;

- **Financial Liabilities at Fair Value through Profit or Loss**
  Financial liabilities are classified as fair value through profit or loss if they are held for trading or are designated at fair value through profit or loss. Upon initial recognition, transaction costs are directly attributable to the acquisition are recognized in Statement of Profit or Loss as incurred. Except for particular liabilities designated as at FVTPL, the amount of the change in the fair value that is attributable to changes in the liability's credit risk is recognized in Other Comprehensive Income.

- **Financial Liabilities measured at amortised cost**
  All financial liabilities other than measured at fair value though profit or loss are classified as subsequently measured at amortized cost using effective interest rate method.

c) Measurement

i. Initial Measurement

A financial asset or financial liability is measured initially at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. Transaction cost in relation to financial assets and liabilities at fair value through profit or loss are recognized in Statement of Profit or Loss.

ii. Subsequent Measurement

A financial asset or financial liability is subsequently measured either at fair value or at amortized cost based on the classification of the financial asset or liability. Financial asset or liability classified as measured at amortized cost is subsequently measured at amortized cost using effective interest rate method.

The amortized cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility.

Financial assets classified at fair value are subsequently measured at fair value. The subsequent changes in fair value of financial assets at fair value through profit or loss are recognized in Statement of Profit or Loss whereas of financial assets at fair value through other comprehensive income are recognized in other comprehensive income.

iii. Derecognition

Derecognition of Financial Assets

The Bank derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Bank neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset.

Any interest in such transferred financial assets that qualify for derecognition that is created or retained by the Bank is recognized as a separate asset or liability. On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and the sum of (i) the consideration received (including any new asset obtained less any
new liability assumed) and (ii) any cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

In transactions in which the Bank neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset and it retains control over the asset, the Bank continues to recognize the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

Derecognition of Financial Liabilities

A financial liability is derecognized when the obligation under the liability is discharged or canceled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. On de-recognition of gain and loss on such instruments fair value movement till preceding year is recognized in other comprehensive income and realized gain in the reporting year to income statement based on the decision of Nepal Accounting Standards Board, Nepal dated 20th October 2020.

iv. Determination of Fair Value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date. The fair value of a liability reflects its non-performance risk

The fair values are determined according to the following hierarchy:

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

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

Level 3 portfolios are those where at least one input, which could have a significant effect on the instrument's valuation, is not based on observable market data.

When available, the Bank measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis. If a market for a financial instrument is not active, the Bank establishes fair value using a valuation technique. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analyses. The best evidence of the fair value of a financial instrument at initial recognition is

the transaction price – i.e. the fair value of the consideration given or received. However, in some cases, the fair value of a financial instrument on initial recognition may be different to its transaction price. If such fair value is evidenced by comparison with other observable current market transactions in the same instrument (without modification) or based on a valuation technique whose variables include only data from observable markets, then the difference is recognized in profit or loss on initial recognition of the instrument. In other cases, the difference is not recognized in

profit or loss immediately but is recognized over the life of the instrument onan appropriate basis or when the instrument is redeemed, transferred or sold, or the fair value becomes observable. All unquoted equity investments are recorded at cost, considering the non-trading of promoter shares up to the date of balance sheet, the market price of such shares could not be ascertained with certainty. Hence, these investments are recognized at cost net of impairment, if any.

v. Impairment

At each reporting date the Bank assesses whether there is any indication that an asset may have been impaired. If such indication exists, the recoverable amount is determined. A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events occurring after the initial recognition of the asset (a loss event), and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The Bank considers the following factors in assessing objective evidence of impairment:

- Whether the counterparty is in default of principal or interest payments.
- When a counterparty files for bankruptcy and this would avoid or delay discharge of its obligation.
- Where the Bank initiates legal recourse of recovery in respect of a credit obligation of the counterpart.
- Where the Bank consents to a restructuring of the obligation, resulting in a diminished financial obligation, demonstrated by a material forgiveness of debt or postponement of scheduled payments.
- Where there is observable data indicating that there is a measurable decrease in the estimated future cash flows of a group of financial assets, although the decrease cannot yet be identified with specific individual financial assets.

The Bank considers evidence of impairment for loans and advances and held-to-maturity investment securities at both a specific asset and collective level. All individually significant loans and advances and held-to-maturity investment securities are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified.

Loans and advances and held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together loans and advances and held-to-maturity investment securities with similar risk characteristics. Impairment test is done on annual basis for trade receivables and other financial assets based on the internal and external indication observed.

In assessing collective impairment, the Bank uses statistical modelling of historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such thatthe actual losses are likely to be greater or less than suggested by historical trends. Default rates, loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate.

Impairment losses on assets measured at amortised cost

As per NAS 39

Financial assets carried at amortised cost (such as amounts due from Banks, loans and advances to customers as well as held– to–maturity investments is impaired, and impairment losses are recognized, only if there is objective evidence as a result of one or more events that occurred after the initial recognition of the asset. The amount of the loss is measured as the difference between the asset's carrying amount and the deemed recoverable value of loan.

Loans and advances to customers with significant value (Top 50 borrowers and borrowers classified as bad as per Nepal Rastra Bank Directive) are assessed for individual impairment test. The recoverable value of loan is estimated on the basis of realizable value of collateral and the conduct of the borrower/past experience of the bank. Assets that are individually assessed and for which no impairment exists are grouped with financial assets with similar credit risk characteristics and collectively assessed for impairment. The credit risk statistics for each group of the loan and advances are determined by management prudently being based on the past experience. For the purpose of collective assessment of impairment bank has categorized assets in to six broad products as follows:

1. Term Loan
2. Auto Loan
3. Home Loan
4. Personal Loan
5. Working Capital Loan
6. Others

If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the other reserves and funds (impairment reserve) in other comprehensive income and statement of changes in equity. If a future write–off is later recovered, the recovery is credited to the 'Income Statement'.

As per Loan Loss Provision of Nepal Rastra Bank

Loan loss provisions in respect of non performing loans and advances are based on management's assessment of the degree of impairment of the loans and advances, subject to the minimum provisioning level prescribed in relevant NRB guidelines. Provision is made for possible losses on loans and advances including bills purchased on the basis of classification of loans and advances, overdraft and bills purchased in accordance with NRB directives

The Bank has measured impairment loss on loan and advances as the higher of amount derived as per norms prescribed by Nepal Rastra Bank for loan loss provision and amount determined as per paragraph 63 of NAS 39.

Impairment of investment in equity instrument classified as fair value through other comprehensive income

Where objective evidence of impairment exists for financial assets measured at FVTOCI except investment in equity instrument, the cumulative loss (measured as the difference between the amortized cost and the current fair value, less any impairment loss on that financial asset previously recognized in the statement of profit or loss) is reclassified from equity and recognized in the profit or loss. A significant or prolonged decline in the fair value of an equity security below its cost is considered, among other factors in assessing objective evidence of impairment for equity securities.

6.5 Trading Assets

Trading assets and liabilities are those assets and liabilities that the Bank acquires or incurs principally for the purpose of selling or repurchasing in the near term or holds as part of a portfolio that is managed together for short-term profit or position taking.

Trading assets and liabilities are initially recognized at fair value and subsequently measured at fair value in the statement of financial position, with transaction costs recognized in profit or loss. All changes in fair value are recognized as part of net trading income in profit or loss as regarded as fair value through profit & loss account.

6.6 Derivatives Assets and Derivative Liabilities

Derivatives held for risk management purposes include all derivative assets and liabilities that are not classified as trading assets or liabilities. Derivatives held for risk management purposes are measured at fair value in the statement of financial position.

Considering the requirement of NAS 39 for qualification of hedge accounting and cost benefits along with materiality, Bank has not adopted hedge accounting for certain derivatives held for risk management.

6.7 Property and Equipment

i. Recognition and Measurement

The cost of an item of property and equipment shall be recognized as an asset, initially recognized at cost, if, and only if:

- It is probable that future economic benefits associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

Cost includes purchase price including any non-refundable taxes after deducting volume rebates and trade discounts and such other costs that are incurred to bring asset to location and condition to be operating in a manner intended by management.

The cost of self-constructed assets includes the following:

- the cost of materials and direct labor;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Bank has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located;
- Capitalized borrowing costs.

The Bank adopts cost model for entire class of property and equipment.Neither class of the property and equipment are measured at revaluation model nor is their fair value measured at the reporting date. The items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

Subsequent expenditure is capitalized if it is probable that the future economic benefits from the expenditure will flow to the Bank. Ongoing repairs and maintenance to keep the assets in working condition are expensed as incurred. Any gain or loss on disposal of an item of property and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized within other income in profit or loss.

Assets with a value of less than NPR 10,000 are charged off to revenue irrespective of their useful life in the year of purchase..

ii. Capital Work in Progress

Fixed assets under construction and cost of assets not ready for use are shown as capital work in progress.

iii. Depreciation

Depreciation on other assets is calculated using the straight- line method to allocate their cost to their residual values over their estimated useful life as per management judgement as follows:

Group	Useful Life (In years)
Computer	5
Metal Furniture	10
Office Equipment	10
Vehicle	10
Wooden Furniture	5
Building	50
Leasehold	Lower of 15 years or Lease period

For depreciation purposes broken dates were considered as 1st of the month for assets procured till 14th and 1st of next month for assets procured from 15th to the end of the month.

iv. De-recognition

The carrying amount of Property and Equipment shall be derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the de-recognition of an item of property and equipment shall be included in profit or loss when the item is derecognized except for sales and lease back transaction. The gain shall not be classified as revenue.

Depreciation method, useful lives and residual value are reviewed at each reporting date and adjusted, if any.

6.8 Intangible Assets/Goodwill

Goodwill

Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired in Business Combination is recognized as goodwill. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is reviewed for impairment annually, or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired.

Acquire Intangible Assets

Intangible assets are initially measured at fair value, which reflects market expectations of the probability that the future economic benefits embodied in the asset will flow to the Bank and are amortized on the basis of their expected useful lives.

Computer Software

At each reporting date, these assets are assessed for indicators of impairment. In the event that an asset's carrying amount is determined to be greater than its recoverable amount, the asset is written down immediately.

Software is amortized on a straight-line basis in profit or loss over its estimated useful life, from the date that it is available for use. The estimated useful life of software for the current and comparative periods is five years. Software assets with costs less than Rs. 10,000 are charged off on purchases as revenue expenditure.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

6.9 Investment Property/ Non-Current Assets Held for Sale

Investment Property

Investment properties include land or land and buildings other than those classified as property and equipment and non-current assets held for sale. Generally, it includes land, land and building acquired by the Bank as non-banking assets but not sold as on the reporting date.

The Bank holds investment property that has been acquired through enforcement of security over the loans and advances.

Non-Current Assets Held for Sale

Non-current assets (such as property) and disposal groups (including both the assets and liabilities of the disposal groups) are classified as held for sale and measured at the lower of their carrying amount and fair value less cost to sell when:

(i) their carrying amounts will be recovered principally through sale;
(ii) they are available-for-sale in their present condition; and
(iii) their sale is highly probable.

Immediately before the initial classification as held for sale, the carrying amounts of the assets (or assets and liabilities in a disposal group) are measured in accordance with the applicable accounting policies described above.

6.10 Income Tax

Tax expenses comprise current and deferred tax. Current and deferred tax are recognized in profit and loss except to the extent they relate to items recognized directly in equity or in other comprehensive income.

Current tax

Current tax is the expected tax payable or recoverable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred Tax

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 income tax is determined using tax rate applicable to the Bank as at the reporting date which is expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized where it is probable that future taxable profit will be available against which the temporary differences can be utilized.

6.11 Deposits, Debt securities issued and sub ordinated liabilities

Deposit

The bank accepts deposits form its customers under account current, term deposits and margin accounts which allows money to be deposited and withdrawn by the account holder. These transactions are recorded on the bank's books, and the resulting balance is recorded as a liability for the Bank and represents the amount owed by the Bank to the customer.

Debt securities issued

It includes debentures, bonds or other debt securities issued by the Bank. Deposits, debt securities issued, and subordinated liabilities are initially measured at fair value minus incremental direct transaction costs, and subsequently measured at their amortized cost using the effective interest rate method, except where the Group designates liabilities at fair value through profit or loss.

However, debentures issued by the bank are subordinate to the deposits from customer.

Subordinated Liabilities

Subordinated liabilities are those liabilities which at the event of winding up are subordinate to the claims of depositors, debt securities issued and other creditors. The bank does not have any of such subordinated liabilities.

6.12 Provisions

The Bank recognizes a provision if, as a result of past event, the Bank has a present constructive or legal obligation that can be reliability measured and it is probable that an outflow of economic benefit will be required to settle the obligation.

A disclosure for contingent liability is made when there is a possible obligation or a present obligation that may but probably will not require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

A provision for onerous contract is recognized when the expected benefits to be derived by the Bank from a contract are lower than the unavoidable cost of meeting its obligation under the contract.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed. Contingent assets are not recognized in the financial statements if it is not probable that the amount will be received. If it is probable, then disclosure is given for the contingent asset. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognized in the period in which the change occurs.

6.13 Revenue Recognition

Revenue is the gross inflow of economic benefits during the period arising from the course of the ordinary activities of an entity when those inflows result in increases in equity, other than increases relating to contributions from equity participants. Revenue is recognized to the extent it is probable that the economic benefits will flow to the Bank and the revenue can be reliably measured. Revenue is not recognized during the period in which its recoverability of income is not probable. The Bank's revenue comprises of interest income, fees and commission, foreign exchange income, cards income, remittance income, bancassurance commission, etc. and the bases of incomes recognition are as follows:

Interest Income

Interest income on available-for-sale assets and financial assets held at amortized cost shall be recognized using the bank's normal interest rate which is very close to effective interest rate using effective interest rate method.

For income from loans and advances to customers, initial charges are not amortized over the life of the loan and advances as the income so recognized closely approximates the income that would have been derived under effective interest rate method. The difference is not considered material. The Bank considers that the cost of exact calculation of effective interest rate method exceeds the benefit that would be derived from such compliance. However, Bank have adopted the effective interest method on the Debentures issued.

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. As per the carve-out Notice issued by ICAN, the calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts unless it is immaterial or impracticable to determine reliably, between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Loan

Gains and losses arising from changes in the fair value of financial instruments held at fair value through profit or loss are included in the statement of profit or loss in the period in which they arise. Contractual interest income and expense on financial instruments held at fair value through profit or loss is recognized within net interest income.

Fees & Commission

Fees and commissions are recognized on an accrual basis when the service has been provided or significant act performed whenever the benefit exceeds cost in determining such value. Whenever, the cost of recognizing fees and commissions on an accrual basis exceeds the benefit in determining such value, the fees and commissions are charged off during the year.

Dividend Income

Dividend income are recognized when right to receive such dividend is established. Usually this is the ex-dividend date for equity securities. Dividends are presented in net trading income, net income from other financial instruments at fair value through profit or loss or other revenue based on the underlying classification of the equity investment.

Net Trading Income

Net trading income comprises gains less losses related to trading assets and liabilities, and includes all realized and unrealized fair value changes, interest, dividends and foreign exchange differences.

Net Income from other financial instrument at fair value through profit and loss statement

Net income from other financial instruments at fair value through profit or loss relates to non-trading derivatives held for risk management purposes that do not form part of qualifying hedge relationships and financial assets and liabilities designated at fair value through profit or loss. It includes all realized and unrealized fair value changes, interest, dividends and foreign exchange differences.

6.14 Interest Expenses

Interest expense on all financial liabilities including deposits are recognized in profit or loss using effective interest rate method. Interest expense on all trading liabilities are considered to be incidental to the Bank’s trading operations and are presented together with all other changes in fair value of trading assets and liabilities in net trading income.

6.15 Employees Benefits

a) Short Term Employee Benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is also recognized for the amount expected to be paid under bonus required by the Bonus Act, 2030 to pay the amount as a result of past service provided by the employee and the obligation can be estimated reliably under short term employee benefits.

Short-term employee benefits include all the following items (if payable within 12 months after the end of the reporting period):

• wages, salaries and social security contributions,
• paid annual leave and paid sick leave,
• profit-sharing and bonuses and
• non-monetary benefits

b) Post-Employment Benefits

Post-employment benefit plan includes the followings;

Defined Contribution Plan

A defined contribution plan is a post-employment benefit plan under which the Bank pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as personnel expenses in profit or loss in the periods during which related services are rendered.

Contributions to a defined contribution plan that are due more than 12 months after the end of the reporting period in which the employees render the service are discounted to their present value.

All employees of the Bank are entitled to receive benefits under the provident fund, a defined contribution plan, in which both the employee and the Bank contribute monthly at a pre-determined rate of 10% of the basic salary. The Bank does not assume any future liability for provident fund benefits other than its annual contribution.

Defined Benefit Plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Bank's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted.

The Bank recognizes all actuarial gains and losses net of deferred tax arising from defined benefit plans immediately in other comprehensive income and all expenses related to defined benefit plans in employee benefit expense in profit or loss.

The Bank recognizes gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment or settlement comprises any resulting change in the fair value of plan assets, any change in the present value of the defined benefit obligation, any related actuarial gains and losses and any past service cost that had not previously been recognized.

Termination Benefits

Termination benefits are recognized as an expense when the Bank is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense if the Bank has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

6.16 Foreign Currency Translation

The financial statements are presented in Nepalese Rupees (NPR).

Transactions in foreign currencies are initially recorded at the functional currency using rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange at the statement of financial position date.

Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of profit or loss.

Non-monetary assets and liabilities are translated at historical exchange rates if held at historical cost, or year-end exchange rates if held at fair value, and the resulting foreign exchange gains and losses are recognized in either the statement of profit or loss or other comprehensive income depending on the treatment of the gain or loss on the asset or liability.

6.17 Financial guarantee and loan commitment

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

Loan commitment is the commitment where the Bank has confirmed its intention to provide funds to a customer or on behalf of a customer in the form of loans, overdrafts, future guarantees, whether cancellable or not, or letters of credit and the Bank has not made payments at the reporting date, those instruments are included in these financial statements as commitments.

6.18 Share Capital and Reserves

The Bank classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. Equity is defined as residual interest in total assets of the Bank after deducting all its liabilities. Common shares are classified as equity of the Bank and distributions thereon are presented in statement of changes in equity.

Dividends on ordinary shares classified as equity are recognized in equity in the period in which they are declared.

Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments considering the tax benefits achieved thereon.

The reserves include retained earnings and other statutory reserves such as general reserve, bond redemption reserve, foreign exchange equalization reserve, regulatory reserve, investment adjustment reserve, staff training and development fund, CSR reserve etc.

The reserves include retained earnings and other statutory reserves such as general reserve, bond redemption reserve, foreign exchange equalization reserve, regulatory reserve, investment adjustment reserve, staff training and development fund, CSR reserve etc.

6.19 Earnings per share including diluted

The Bank presents basic and diluted earnings per share (EPS) data for its ordinary shares. The basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

As there are no potential ordinary shares that would dilute current earning of equity holders, basic EPS and diluted EPS are equal for the period presented.

If the number of ordinary or potential ordinary shares outstanding increases as a result of a capitalization due to right share, bonus issue, the calculation of basic and diluted earnings per share for all periods presented are adjusted retrospectively.

6.20 Operating Segment Reporting

The Bank is organized for management and reporting purposes into segments such as Retail Banking, Corporate Banking, SME Banking, Deprived Sector Banking, Treasury, Transaction Banking and Other Banking. The segment results that are reported include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly common assets, head office expenses, and tax assets and liabilities.

7. Segmental Information

A. Information about reportable segments (NPR in million)

Particulars	Corporate		Retail		SME		Deprived	
	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	3,184	2,306	10,132	7,358	6,864	5,043	2,118	1,532
Intersegment revenues	(14)	(7)	8	4	5	2	1	1
Segment Profit (Loss) before tax	225	297	1,977	1,745	1,361	1,259	340	326
Segment assets	27,677	26,862	112,237	108,930	108,004	104,822	28,842	27,992
Segment liabilities	28,706	27,860	113,334	109,995	112,090	108,787	19,191	18,625

Particulars	Treasury		Transactional Banking		Others		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	2,009	1,504	485	382	540	282	25,333	18,408
Intersegment revenues	-	-	-	-	-	-	(0)	-
Segment Profit (Loss) before tax	807	479	99	69	340	117	5,149	4,293
Segment assets	73,312	71,152	159	155	14	13	350,246	339,925
Segment liabilities	76,856	74,592	68	66	1	1	350,246	339,925

B. Reconciliation of reportable segments profit or loss (NPR in million)

Particulars	Current Quarter	Corresponding Previous Year Quarter
Total Profit before tax for reportable segments	5,149	4,293
Profit before tax for other segments	-	-
Elimination of inter segment profits	-	-
Elimination of discontinued operation	-	-
Unallocated amounts	-	-
-Other corporate expenses	-	-
Profit before tax	5,149	4,293

8. Related Party Disclosures

I. Subsidiary Companies

Name	Shareholding %
NIC ASIA Capital Limited	100.00
NIC ASIA Laghubitta Bittiya Sanstha Limited	57.75
NIC ASIA Securities Limited	100.00

II. Transactions with Subsidiaries

S No	Particulars	NIC Asia Capital	NIC Asia Laghubitta	NIC Asia Securities
1	Share Registrar fee paid	453,750		
2	Deposit received from subsidiary	337,020,599	191,232,201	66,693,813
3	Borrowings		3,250,000,000	
4	Interest paid to subsidiaries	36,431,113		4,263,100
5	Interest received from subsidiaries		175,450,439	
6	Reimbursement received	620,941	12,721,410	
7	Service Level Agreement		22,950,000	

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

The bank has not paid any dividend during the reporting period.

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

The bank has not issued any debt or equity securities during the reporting period.

11. Events after interim period

The Bank monitors and assesses events that may have potential impact to qualify as adjusting and / or non-adjusting events after the end of the reporting period. All adjusting events are adjusted in the books with additional disclosures and non-adjusting material events are disclosed in the notes with possible financial impact, to the extent ascertainable. There were no material events that have occurred subsequent to date of Interim Financial Statements.

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

There are no merger or acquisitions transaction during the reporting period.