NIC ASIA Bank Ltd.
Condensed Consolidated Statement of Financial Position
As on Quarter Ended 30th Chaitra 2075 (13th April 2019)

Amount in NPR

	Group		Bank	
Assets	**This Quarter Ending**	**Immediate Previous Year Ending**	**This Quarter Ending**	**Immediate Previous Year Ending**
Cash and cash equivalent	20,445,916,102	8,173,703,208	19,783,829,690	8,132,486,809
Due from Nepal Rastra Bank	13,441,144,297	15,860,733,092	13,441,144,297	15,860,733,092
Placement with Bank and Financial Institutions	3,821,091,765	313,929,191	3,821,091,765	313,929,191
Derivative financial instruments	7,099,250,944	1,266,017,586	7,099,250,944	1,266,017,586
Other trading assets	-	60,875	-	-
Loan and advances to B/FIs	5,291,799,561	4,008,145,235	7,941,799,561	4,658,145,235
Loans and advances to customers	145,734,307,341	116,625,120,722	141,555,894,548	115,804,620,907
Investment securities	15,091,440,327	14,304,768,273	14,770,035,227	14,132,768,273
Current tax assets	3,345,414,141	-	3,345,414,141	-
Investment in subsidiaries	-	-	690,000,000	270,000,000
Investment in associates	-	-	-	-
Investment property	321,564,380	74,382,923	321,564,380	74,382,923
Property and equipment	2,354,675,862	1,784,405,723	2,316,820,386	1,759,424,471
Goodwill and Intangible assets	86,939,419	52,705,510	86,939,419	49,831,991
Deferred tax assets	234,898	-	-	-
Other assets	13,074,748,130	8,628,877,303	13,014,494,560	8,620,837,348
Total Assets	**230,108,527,166**	**171,092,849,642**	**228,188,278,918**	**170,943,177,826**
Liabilities				
Due to Bank and Financial Institutions	26,759,376,683	11,728,515,665	26,759,376,683	11,629,507,290
Due to Nepal Rastra Bank	731,087,470	742,269,472	731,087,470	742,269,472
Derivative financial instruments	6,948,450,393	1,721,813,609	6,948,450,393	1,721,813,609
Deposits from customers	154,519,008,494	139,578,561,246	154,135,180,588	139,589,607,845
Borrowing	1,289,592,202	-	-	-
Current Tax liabilities	975,849,756	25,025,507	975,629,580	25,025,507
Provisions	1,211,180	-	-	-
Deferred tax liabilities	2,814,629	2,799,908	2,814,629	2,814,629
Other liabitities	16,631,808,568	2,125,162,751	16,478,817,416	2,073,775,098
Debt securities issued	7,868,453,058	3,487,908,815	7,868,453,058	3,487,908,815
Subordinated liabilities	-	-	-	-
Total Liabilities	**215,727,652,433**	**159,412,056,972**	**213,899,809,816**	**159,272,722,265**
Equity				
Share capital	8,834,228,698	8,031,116,998	8,834,228,698	8,031,116,998
Share premium	-	-	-	-
Retained earnings	1,489,049,907	953,991,664	1,396,644,275	943,654,556
Reserves	4,057,596,128	2,695,684,007	4,057,596,128	2,695,684,007
Total equity attributable to equity holders	**14,380,874,734**	**11,680,792,670**	**14,288,469,102**	**11,670,455,561**
Non-controlling interest	-	-	-	-
Total equity	**14,380,874,734**	**11,680,792,670**	**14,288,469,102**	**11,670,455,561**
Totat Liabilities and equity	**230,108,527,166**	**171,092,849,642**	**228,188,278,918**	**170,943,177,826**

NIC ASIA Bank Ltd.

Condensed Consolidated Statement of Profit or Loss

For the Quarter Ended 30th Chaitra 2075 (13th April 2019)

Amount in NPR

	Group				Bank			
	Current Year		Previous Year Corresponding		Current Year		Previous Year Corresponding	
Particulars	**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	5,040,440,924	14,826,292,792	3,545,048,337	9,104,386,194	4,850,469,253	14,506,650,938	3,540,605,988	9,095,488,298
Interest expense	3,231,359,288	9,265,919,310	2,425,857,052	6,433,991,555	3,134,427,714	9,182,993,021	2,430,376,138	6,440,235,402
Net interest income	**1,809,081,636**	**5,560,373,483**	**1,119,191,285**	**2,670,394,639**	**1,716,041,539**	**5,323,657,917**	**1,110,229,850**	**2,655,252,896**
Fee and commission income	683,408,726	1,629,407,740	239,363,499	650,389,884	646,346,286	1,515,787,702	231,932,106	634,593,415
Fee and commission expense	19,911,744	90,193,944	19,385,953	56,570,144	19,911,744	90,193,944	19,385,953	56,570,144
Net fee and commission income	**663,496,982**	**1,539,213,796**	**219,977,546**	**593,819,740**	**626,434,542**	**1,425,593,758**	**212,546,154**	**578,023,272**
Net interest, fee and commission income	**2,472,578,618**	**7,099,587,279**	**1,339,168,831**	**3,264,214,379**	**2,342,476,081**	**6,749,251,675**	**1,322,776,004**	**3,233,276,168**
Net trading income	108,424,211	264,463,700	9,256,723	135,627,122	108,424,211	264,463,700	9,256,723	135,627,122
Other operating income	4,487,654	51,921,715	37,988,438	66,303,483	4,486,704	52,810,753	37,267,568	65,514,157
Total operating income	**2,585,490,483**	**7,415,972,693**	**1,386,413,992**	**3,466,144,984**	**2,455,386,996**	**7,066,526,127**	**1,369,300,295**	**3,434,417,446**
Impairment charge/ (reversal) for loans and other losses	363,644,024	988,998,966	75,297,727	333,786,312	347,343,690	949,655,251	74,837,304	333,108,389
Net operating income	**2,221,846,459**	**6,426,973,727**	**1,311,116,265**	**3,132,358,673**	**2,108,043,306**	**6,116,870,877**	**1,294,462,991**	**3,101,309,058**
Operating expense								
Personnel expenses	612,946,820	1,866,100,612	492,780,196	1,052,153,094	584,591,890	1,810,939,550	487,911,418	1,040,940,157
Other operating expenses	443,311,778	1,050,962,425	295,565,683	675,735,224	382,149,723	934,314,016	290,389,691	662,938,608
Depreciation & Amortization	54,397,111	147,663,001	33,877,655	98,000,132	54,397,111	147,663,001	33,877,655	98,000,132
Operating Profit	**1,111,190,751**	**3,362,247,689**	**488,892,732**	**1,306,470,223**	**1,086,904,582**	**3,223,954,309**	**482,284,228**	**1,299,430,160**
Non operating income	5,967,322	28,144,290	34,089,261	34,089,261	5,967,322	28,144,290	34,089,261	34,089,261
Non operating expense	-	-	8,026,186	8,324,193	-	-	8,026,186	8,324,193
Profit before income tax	**1,117,158,073**	**3,390,391,979**	**514,955,807**	**1,332,235,291**	**1,092,871,905**	**3,252,098,599**	**508,347,303**	**1,325,195,228**
Income tax expense								
Current Tax	335,147,422	1,017,117,594	154,314,257	399,482,520	327,861,571	975,629,580	152,504,138	397,558,516
Deferred Tax								
Profit/(loss) for the period	**782,010,651**	**2,373,274,385**	**360,641,549**	**932,752,770**	**765,010,333**	**2,276,469,019**	**355,843,165**	**927,636,712**

Statement of Comprehensive Income

Particulars	Group				Bank			
	Current Year		Previous Year		Current Year		Previous Year	
	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	**782,010,651**	**2,373,274,385**	**360,641,549**	**932,752,770**	**765,010,333**	**2,276,469,019**	**355,843,165**	**927,636,712**
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	40,428,771	113,775,137	-	-	40,428,771	113,775,137	-	-
-Gain/(loss) on revaluation	-	-	-	-	-	-	-	-
-Actuarial Gain/loss on defined benefit plans	-	-	-	-	-	-	-	-
-Income tax relating to above items	12,128,631	34,132,541	-	-	12,128,631	34,132,541	-	-
Net other compressive income that will not be reclassified to profit or loss								
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	28,300,140	79,642,596	-	-	28,300,140	79,642,596	-	-
Total Comprehensive Income for the period	**810,310,791**	**2,452,916,981**	**360,641,549**	**932,752,770**	**793,310,473**	**2,356,111,615**	**355,843,165**	**927,636,712**
Profit attributable to:								
Equity holders of the Bank	810,310,791	2,452,916,981	360,641,549	932,752,770	793,310,473	2,356,111,615	355,843,165	927,636,712
Non-controlling interest	-	-	-	-	-	-	-	-
Total	**810,310,791**	**2,452,916,981**	**360,641,549**	**932,752,770**	**793,310,473**	**2,356,111,615**	**355,843,165**	**927,636,712**
Earnings per share								
Basic earnings per share		36.18		15.63		34.71		15.49
Annualized Basic Earnings Per Share		36.18		15.63		34.71		15.49
Diluted earnings per share		36.18		15.63		34.71		15.49

Ratios as per NRB Directive	Group				Bank			
	Current Year		Previous Year		Current Year		Previous Year	
	This Quarter	Upto this Quarter (YTD)	This Quarter	Upto this Quarter (YTD)	This Quarter	Upto this Quarter (YTD)	This Quarter	Upto this Quarter (YTD)
Capitat fund to RWA		13.30%		13.18%		13.10%		13.03%
Non-performing loan (NPL) to total loan		0.45%		0.22%		0.45%		0.22%
Total loan loss provision to Total NPL		295.52%		525.00%		295.52%		525.00%
Cost of Funds		7.09%		7.84%		7.09%		7.84%
Credit to Deposit Ratio		77.55%		76.16%		77.55%		76.16%
Base Rate		9.30%		11.50%		9.30%		11.50%
Interest Rate Spread		4.96%		4.77%		4.96%		4.77%

NIC ASIA Bank Ltd.
Condensed Consolidated Statement of Change in Equity
For the period ended 30th Chaitra 2075 (13th April 2019)

Amount in NPR

	Group										
	Attributable to equity holders of Bank										
	Share Capital	General Reserve	Exchange Equilization Reserve	Regulatory Reserve	Fair Value Reserve	Revaluation Reserve	Retained Earning	Other Reserve	Total	Non Controlling - Interest	Tota Equity
Balance at Sawan 1, 2074	6,692,597,498	1,558,180,565	34,686,094	-	2,312,016	28,472,369	1,846,858,328	254,035,350	10,417,142,219	-	10,417,142,219
Profit for the period							1,344,990,101	-	1,344,990,101	-	1,344,990,101
Other Comprehensive Income									-	-	-
Gains/(losses) from investments in equity instruments measured at fair value	-	-	-	-	(720,323)	-	-	(5,158,121)	(5,878,444)	-	(5,878,444)
Gains/(losses) on revalution	-	-	-	-	-	-	-	-	-	-	-
Actuarial gains/(losse) on defined benefit plans	-	-	-	-	-	-	-	(1,817,305)	(1,817,305)	-	(1,817,305)
Gains/(losses) on cash flow hedge	-	-	-	-	-	-	-	-	-	-	-
Exchange gains/(losses) (arising from translating financial assets of foreign operation)	-	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income	-	-	-	-	(720,323)	-	1,344,990,101	(6,975,426)	1,337,294,352	-	1,337,294,352
Transfer to reserve during the year		266,972,385	3,686,060	455,575,876	-	15,772,093	(826,783,606)	84,777,192	-		-
Transfer from the reserve during the year								(1,090,244)	(1,090,244)		(1,090,244)
Contributions from and distributions to owners									-		-
Share Issued	-	-	-	-	-	-	-	-	-		-
Share based payments	-	-	-	-	-	-	-	-	-		-
Dividends to equity holders	-	-	-	-	-	-	-	-	-		-
Bonus share issued	1,338,519,500	-	-	-	-	-	(1,338,519,500)	-	-		-
Cash dividend paid	-	-	-	-	-	-	(72,553,659)	-	(72,553,659)		(72,553,659)
Other	-	-	-	-	-	-	-	-	-		-
Total Contributions by and distributions	1,338,519,500	-	-	-	-	-	(1,411,073,158)	-	(72,553,659)	-	(72,553,659)
Balance at Asar ended 2075	8,031,116,998	1,825,152,950	38,372,154	455,575,876	1,591,694	44,244,462	953,991,664	330,746,871	11,680,792,669	-	11,680,792,669
Balance at Sawan 1, 2075	8,031,116,998	1,825,152,950	38,372,154	455,575,876	1,591,694	44,244,462	953,991,664	330,746,871	11,680,792,669	-	11,680,792,669
Profit for the period							2,373,274,385	-	2,373,274,385	-	2,373,274,385
Other Comprehensive Income									-	-	-
Gains/(losses) from investments in equity instruments measured at fair value	-	-	-	-	-	-	-	119,080,781	119,080,781	-	119,080,781
Gains/(losses) on revalution	-	-	-	-	-	-	-	-	-	-	-
Actuarial gains/(losse) on defined benefit plans	-	-	-	-	-	-	-	-	-	-	-
Gains/(losses) on cash flow hedge	-	-	-	-	-	-	-	-	-	-	-
Exchange gains/(losses) (arising from translating financial assets of foreign operation)	-	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income	-	-	-	-	-	-	-	119,080,781	119,080,781	-	119,080,781
Transfer to reserve during the year	-	455,293,804	2,255,751	287,855,891	-	28,523,838	(1,225,265,404)	451,875,575	539,455	-	539,455
Transfer from the reserve during the year	-	-	-	-	-	-	247,181,457	17,026,480	264,207,937	-	264,207,937
Contributions from and distributions to owners											-
Share Issued	-	-	-	-	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-	-	-	-	-	-
Dividends to equity holders	-	-	-	-	-	-	-	-	-	-	-
Bonus share issued	803,111,701	-	-	-	-	-	(803,111,701)	-	-	-	-
Cash dividend paid	-	-	-	-	-	-	(57,020,495)	-	(57,020,495)	-	(57,020,495)
Other	-	-	-	-	-	-	-	-	-	-	-
Total Contributions by and distributions	803,111,701	-	-	-	-	-	(860,132,195)	-	(57,020,495)	-	(57,020,495)
Balance at Chaitra ended 2075	8,834,228,698	2,280,446,754	40,627,905	743,431,767	1,591,694	72,768,301	1,489,049,907	918,729,708	14,380,874,734	-	14,380,874,733

NIC ASIA Bank Ltd.
Condensed Consolidated Statement of Change in Equity
For the period ended 30th Chaitra 2075 (13th April 2019)

Amount in NPR

	Bank										
	Attributable to equity holders of Bank										
	Share Capital	General Reserve	Exchange Equilization Reserve	Regulatory Reserve	Fair Value Reserve	Revaluation Reserve	Retained Earning	Other Reserve	Total	Non Controlling - Interest	Tota Equity
Balance at Sawan 1, 2074	6,692,597,498	1,558,180,565	34,686,094	-	2,312,016	28,472,369	1,844,544,130	254,035,350	10,414,828,021	-	10,414,828,021
Profit for the period							1,334,861,927		1,334,861,927	-	1,334,861,927
Other Comprehensive Income											-
Gains/(losses) from investments in equity instruments measured at fair value	-	-	-	-	(720,323)	-	-	(5,158,121)	(5,878,444)	-	(5,878,444)
Gains/(losses) on revalution	-	-	-	-	-	-	-	-	-	-	-
Actuarial gains/(losse) on defined benefit plans	-	-	-	-	-	-	-	(1,817,305)	(1,817,305)	-	(1,817,305)
Gains/(losses) on cash flow hedge	-	-	-	-	-	-	-	-	-	-	-
Exchange gains/(losses) (arising from translating financial assets of foreign operation)	-	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income	-	-	-	-	(720,323)	-	1,334,861,927	(6,975,426)	1,327,166,178	-	1,327,166,178
Transfer to reserve during the year	-	266,972,385	3,686,060	455,575,876	-	15,772,093	(826,783,606)	84,777,192	-		-
Transfer from the reserve during the year	-	-	-	-	-	-	-	(1,090,244)	(1,090,244)		(1,090,244)
Contributions from and distributions to owners									-		-
Share Issued	-	-	-	-	-	-	-	-	-		-
Share based payments	-	-	-	-	-	-	-	-	-		-
Dividends to equity holders	-	-	-	-	-	-	-	-	-		-
Bonus share issued	1,338,519,500	-	-	-	-	-	(1,338,519,500)	-	-		-
Cash dividend paid	-	-	-	-	-	-	(70,448,395)	-	(70,448,395)		(70,448,395)
Other	-	-	-	-	-	-	-	-	-		-
Total Contributions by and distributions	1,338,519,500	-	-	-	-	-	(1,408,967,894)	-	(70,448,395)	-	(70,448,395)
Balance at Asar ended 2075	8,031,116,998	1,825,152,950	38,372,154	455,575,876	1,591,694	44,244,462	943,654,556	330,746,871	11,670,455,561	-	11,670,455,561
Balance at Sawan 1, 2075	8,031,116,998	1,825,152,950	38,372,154	455,575,876	1,591,694	44,244,462	943,654,556	330,746,871	11,670,455,561	-	11,670,455,561
Profit for the period	-	-	-	-	-	-	2,276,469,019		2,276,469,019	-	2,276,469,019
Other Comprehensive Income											
Gains/(losses) from investments in equity instruments measured at fair value	-	-	-	-	-	-	-	119,080,781	119,080,781	-	119,080,781
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	-	-	-	-	-	-	-	119,080,781	119,080,781	-	119,080,781
Transfer to reserve during the year	-	455,293,804	2,255,751	287,855,891	-	28,523,838	(1,225,265,404)	451,875,575	539,455	-	539,455
Transfer from the reserve during the year	-	-	-	-	-	-	247,181,457	17,026,480	264,207,937	-	264,207,937
Contributions from and distributions to owners									-	-	-
Share Issued	-	-	-	-	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-	-	-	-	-	-
Dividends to equity holders	-	-	-	-	-	-	-	-	-	-	-
Bonus share issued	803,111,701	-	-	-	-	-	(803,111,701)	-	-	-	-
Cash dividend paid	-	-	-	-	-	-	(42,283,652)	-	(42,283,652)	-	(42,283,652)
Other	-	-	-	-	-	-	-	-	-	-	-
Total Contributions by and distributions	803,111,701	-	-	-	-	-	(845,395,353)	-	(42,283,652)	-	(42,283,652)
Balance at Chaitra ended 2075	8,834,228,698	2,280,446,754	40,627,905	743,431,767	1,591,694	72,768,301	1,396,644,275	918,729,708	14,288,469,102	-	14,288,469,102

NIC ASIA Bank Ltd.
Condensed Consolidated Statement of Cash Flows
For the period ended 30th Chaitra 2075 (13th April 2019)

Amount in NPR

Particulars	Group: Upto this Quarter	Group: Corresponding Previous Year Upto this Quarter	Bank: Upto this Quarter	Bank: Corresponding Previous Year Upto this Quarter
CASH FLOWS FROM OPERATING ACTIVTIES				
Interest received	14,778,937,681	9,079,191,445	14,459,295,826	9,070,293,548
Fees and other income received	1,628,857,740	650,389,884	1,515,237,702	634,593,415
Dividend received	6,369,544	9,395,536	6,369,544	9,395,536
Receipts from other operating activities	300,741,955	196,773,442	301,630,993	195,984,116
Interest paid	(9,265,919,310)	(6,336,703,880)	(9,182,993,021)	(6,342,947,727)
Commission and fees paid	(90,193,944)	(56,570,144)	(90,193,944)	(56,570,144)
Cash payment to employees	(1,504,756,323)	(918,863,987)	(1,449,595,261)	(908,420,652)
Other expense paid	(634,549,397)	(684,059,417)	(517,900,988)	(671,262,801)
Operating cash flows before changes in operating assets and liabilities	**5,219,487,946**	**1,939,552,880**	**5,041,850,852**	**1,931,065,292**
(Increase)/Decrease in operating assets	**(40,826,244,819)**	**(48,985,665,609)**	**(39,376,600,489)**	**(48,512,221,260)**
Due from Nepal Rastra Bank	2,419,588,795	-	2,419,588,795	-
Placement with bank and financial institutions	(3,507,162,575)	(501,664,530)	(3,507,162,575)	(500,000,000)
Other trading assets	60,875	-	-	-
Loan and advances to bank and financial institutions	(1,283,654,325)	-	(3,283,654,325)	-
Loans and advances to customers	(30,098,185,584)	(36,803,374,556)	(26,700,928,892)	(36,734,904,260)
Other assets	(8,356,892,005)	(11,680,626,523)	(8,304,443,493)	(11,277,317,000)
Increase/(Decrease) in operating liabilities	**45,870,766,124**	**48,549,668,320**	**44,196,995,057**	**48,152,838,499**
Due to bank and financial institutions	15,030,861,019	-	15,129,869,393	-
Due to Nepal Rastra Bank	(11,182,002)	-	(11,182,002)	-
Deposit from customers	14,940,447,248	47,024,582,032	14,545,572,743	47,029,449,905
Borrowings	1,289,592,202	-	-	-
Other liabilities	14,621,047,657	1,525,086,289	14,532,734,922	1,123,388,593
Net cash flow from operating activities before tax paid	**10,264,009,252**	**1,503,555,591**	**9,862,245,420**	**1,571,682,530**
Income taxes paid	(1,017,117,594)	(399,482,520)	(975,629,580)	(397,558,516)
Net cash flow from operating activities	**9,246,891,658**	**1,104,073,070**	**8,886,615,840**	**1,174,124,014**
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investment securities	(786,672,055)	(3,769,413,000)	(1,057,266,954)	(3,844,379,000)
Receipts from sale of investment securities	-	(1,506,280)	-	(1,506,280)
Purchase of property and equipment	(717,933,140)	(430,331,059)	(705,058,916)	(423,489,837)
Receipt from the sale of property and equipment	18,739,598	3,679,056	18,739,598	3,679,056
Purchase of intangible assets	(34,233,910)	-	(37,107,428)	-
Receipt from the sale of intangible assets	-	-	-	-
Purchase of investment properties	(247,181,456)	-	(247,181,456)	-
Receipt from the sale of investment properties	3,705,669	27,678,111	3,705,669	27,678,111
Interest received	6,680,677	25,194,750	6,680,677	25,194,750
Dividend received	14,000,000	-	14,000,000	-
Net cash used in investing activities	**(1,742,894,617)**	**(4,144,698,422)**	**(2,003,488,812)**	**(4,212,823,200)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipt from issue of debt securities	4,380,544,243	3,000,000,000	4,380,544,243	3,000,000,000
Repayment of debt securities	-	(487,500,000)	-	(487,500,000)
Receipt from issue of subordinated liabilities	-	-	-	-
Repayment of subordinated liabilities	-	-	-	-
Receipt from issue of shares	803,111,700	-	803,111,700	-
Dividends paid	(44,620,012)	-	(44,620,012.4)	-
Interest paid	(370,820,078)	(97,287,675)	(370,820,078)	(97,287,675)
Other receipt/payment	-	-	-	-
Net cash from financing activities	**4,768,215,852**	**2,415,212,325**	**4,768,215,852**	**2,415,212,325**
Net increase (decrease) in cash and cash equivalents	**12,272,212,893**	**(625,413,027)**	**11,651,342,881**	**(623,486,861)**
Cash and cash equivatents at Sawan 1	**8,173,703,208**	**13,751,347,000**	**8,132,486,809**	**13,741,579,000**
Effect of exchange rate fluctuations on cash and cash equivalents held		-		-
Cash and cash equivalents at Chaitra end	**20,445,916,102**	**13,125,933,973**	**19,783,829,690**	**13,118,092,139**

Notes to the Interim Financial Statements

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 two subsidiaries namely **NIC ASIA Capital Limited** and **NIC ASIA Laghubitta Bittiya Sanstha 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 also a wholly owned subsidiary of the 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.

"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 through NRB Circular 19 dated 4th Falgun, 2075 (Ref No: Bai.Bi.Ni.Bi/Niti/Paripatra/ka kha ga/19/075/76).

Notes to the Interim Financial Statements

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 34: Interim Financial Reporting**

   In para 2, if an entity's interim financial report is described as complying with NFRSs, it must comply with all of the requirements of this Standard. Paragraph 19 requires certain disclosures in that regard. However, an entity shall not require to restate its corresponding previous interim period balance if it is impracticable to restate.

2. **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 402,883,628
Impairment Loss as per norms of NRB	NPR 949,655,251

Notes to the Interim Financial Statements

The higher of two above i.e. 949,655,251 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).

c) Impracticability to determine interest income on amortized cost

In para AG 93, once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is thereafter recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Interest income shall be calculated by applying effective interest rate to the gross carrying amount of a financial asset unless the financial asset is written off either partially or fully.

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) as per Nepali calendar.

Period	Nepali Calender	English Calender
Current Year Period	1st Shrawan 2075 to	17th July 2018 to
	30th Chaitra 2075	13th April 2019
Previous Year Period	1st Shrawan 2074 to	16th July 2017 to
	30th Chaitra 2074	13th April 2018

Notes to the Interim Financial Statements

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.

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 2075 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, 2075.

4. Use of estimates, assumptions and judgements

In preparing these interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results may differ from these estimates. The Bank reviews such estimates and underlying assumptions periodically. The revision to accounting estimates are recognised in the period in which the estimates are revised and are applied prospectively. The significant judgements made by management in applying the Bank's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

5. Changes in Accounting Policies

The accounting policies adopted while preparing these interim financial statments are in consistent with those applied in the Bank's annual financial statements for the year ended Ashad 31, 2075 except provision for gratuity and leave, have been provided as per the exisiting norms of the bank for interim reporting that may vary from the liability estimated through actuarial valuation on year end after such valuation.

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 2075.

Notes to the Interim Financial Statements

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:

- Derivative financial instruments are measured at fair value.
- Financial instruments at fair value through profit or loss are measured at fair value.
- Investment property is measured at fair value.
- Liabilities for cash-settled share-based payment arrangements are 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. Subsequent changes in fair value is recognized at profit or loss

- **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. The difference between the carrying value of the original financial liability and the consideration paid is recognized in Statement of Profit or Loss.

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.

Notes to the Interim Financial Statements

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.

Notes to the Interim Financial Statements

- 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

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 nonperforming 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 at 1% to 100% on the basis of classification of loans and advances, overdraft and bills purchased in accordance with NRB directives

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

Where objective evidence of impairment exists for available-for-sale financial assets, the cumulative loss (measured as the difference between the amortised cost and the current fair value, less any impairment loss on that financial asset previously recognised in the statement of profit or loss) is reclassified from equity and recognised 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. If, in a subsequent period, the fair value of a debt instrument classified as availablefor-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed through the statement of profit or loss. Impairment losses recognised in the profit or loss on equity instruments are not reversed through the profit or loss.

NIC ASIA

Notes to the Interim Financial Statements

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. For qualification of hedge accounting and cost benefits along with materiality, Bank has not adopted hedge accounting for certain derivatives held for risk management.

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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 expenditure that is directly attributable to the acquisition of the asset. 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 fromdisposal 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

iv. Derecognition

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 derecognition of an item of property and equipment shall be included in profit or loss when the item is derecognized (unless on a sale & lease back). 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 recognised 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.

Notes to the Interim Financial Statements

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

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with the development of software are capitalized where it is probable that it will generate future economic benefits in excess of its cost. Computer software costs are amortized on the basis of expected useful life. Costs associated with maintaining software are recognized as an expense as incurred. 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 amortised 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.

Notes to the Interim Financial Statements

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. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred Tax

Deferred tax is recognised 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 amortised cost using the effective interest 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. 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 amortised cost shall be recognized using the bank's normal interest rate which is very close to effective interest rate using effective interest rate method.

Notes to the Interim Financial Statements

For income from loans and advances to customers, initial charges are not amortised 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.

The effective interest method is a method of calculating the amortised 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.

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 realised and unrealised 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 realised and unrealised 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 recognised 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. The bank has not considered the gratuity of 8.33% as required by new Labor Act on the assumption the provision of the Act shall not be applicable to the bank.

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 unrecognised past service costs and the fair value of any plan assets are deducted. The Bank recognises 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 recognises 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 recognised.

Termination Benefits

Termination benefits are recognised 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 recognised 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 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 recognised 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 shareholders' equity 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 and preference 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.

Notes to the Interim Financial Statements

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.

6.20 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.

Notes to the Interim Financial Statements

7. Segmental Information

A. Information about reportable segments (In NPR 000)

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	967,064	482,338	2,503,462	1,248,639	2,056,222	1,025,571	621,439	309,952
Intersegment revenues	(13,005)	(6,486)	6,565	3,274	5,015	2,502	1,424	710
Segment Profit (Loss) before tax	306,093	124,730	1,178,024	480,032	958,713	390,665	282,161	114,978
Segment assets	18,032,052	12,041,072	73,123,343	48,828,797	70,365,733	46,987,377	18,791,062	12,547,908
Segment liabilities	18,702,145	12,488,532	73,838,365	49,306,259	73,027,424	48,764,745	12,502,849	8,348,894

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	755,951	377,042	243,567	121,482	193,815	96,668	**7,341,519**	**3,661,691**
Intersegment revenues	462,114	230,486	-	-	-	-	**462,114**	**230,486**
Segment Profit (Loss) before tax	257,972	105,121	185,085	75,420	84,051	34,250	**3,252,099**	**1,325,195**
Segment assets	47,763,322	31,894,405	103,744	69,276	9,021	6,024	**228,188,279**	**152,374,857**
Segment liabilities	50,072,611	33,436,454	44,529	29,735	356	238	**228,188,279**	**152,374,857**

B. Reconciliation of reportable segments profit or loss (In NPR 000)

Particulars	Current Quarter	Corresponding Previous Year Quarter
Total Profit before tax for reportable segments	3,355,695	1,358,776
Profit before tax for other segments	-	-
Elimination of inter segment profits	103,597	33,581
Elimination of discontinued operation	-	-
Unallocated amounts		
-Other corporate expenses	-	-
Profit before tax	**3,252,099**	**1,325,195**

Notes to the Interim Financial Statements

8. Related Party Disclosures

I. Subsidiary Companies

Name	Shareholding %
NIC ASIA Capital Limited	**100**
NIC ASIA Laghubitta Bittiya Sanstha Limited	**100**

II. Investment in Right issue of NIC ASIA Laghubitta Sanstha Limited

The Bank has made strategic investment to broaden the scope of service and source of income by further investing in share capital of NIC ASIA Laghubitta Bittiya Sanstha Limited which is wholly owned subsidiary company of the Bank amounting Rs. 420,000,000/-.

III. Other Details

Amount in NPR

S.No.	Particulars	NIC ASIA Capital	NIC ASIA Laghubitta
1.	Loan to subsidiaries	-	2,650,000,000
2.	Deposits from subsidiaries	20,380,558	48,341,225
3.	Receivables from subsidiaries	1,032,359	-
6.	Reimbursement paid to subsidiaries	550,000	-
7.	Reimbursement received	357,138	-

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

Since the end of the previous financial year, the Bank has paid NPR 42,283,652 as cash divided and NPR 2,336,360 as stock divided for ordinary shares till the reporting period.

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

I. The Bank has issued below debt securities during the reporting period:-

a) NIC ASIA Bond 2082-83

Particulars	Details
Coupon rate	11%
Face value	1,830,000,000
Interest payable	Semi anually
Value date	20th September 2018
Maturity	8 years

Notes to the Interim Financial Statements

b) NIC ASIA Bond 2085-86

Particulars	Details
Coupon rate	10%
Face value	2,404,688,000
Interest payable	Semi anually
Value date	1st September 2019
Maturity	10 years

II. The Bank has issued **bonus shares** amounting **NPR 803,111,701** during the reporting period.

11. Events after interim period

There were no material events subsequent to the date of the condensed statement of financial position that require disclosure or adjustments to the unaudited interim financial statements.

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

There were no changes in the composition of the Bank for the reporting period ended 30th Chaitra, 2075.