

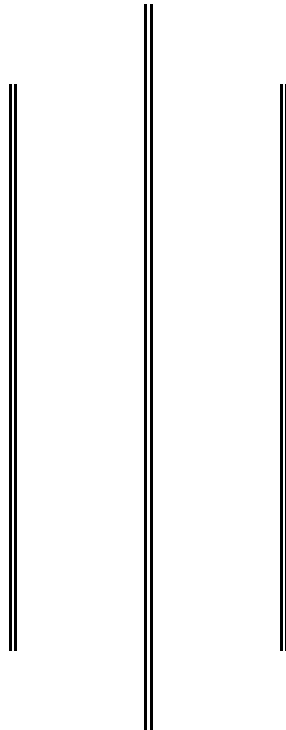


**RELIANCE FINANCE LIMITED**  
**रिलायन्स फाइनान्स लिमिटेड**

**Pradarshanimarga, Kathmandu-28**

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# Interim Financial Statement



**As on 31 Asar, 2078**

**Reliance Finance Limited**  
**Statement of Financial Position**  
**As at 31 Asar 2078**

Particulars	Current Year	Immediate Previous Year Ending
<b><u>Assets</u></b>		
Cash and cash equivalent	392,650,589	824,237,640
Due from Nepal Rastra Bank	270,888,959	294,313,186
Placement with Bank and Financial Institutions	-	-
Derivative financial instruments	-	-
Other trading assets	-	-
Loan and advances to B/FIs	425,798,627	395,851,500
Loans and advances to customers	4,395,082,568	3,746,468,868
Investment securities	1,622,736,755	992,119,650
Current tax assets	24,968,909	-
Investment in subsidiaries	-	-
Investment in associates	-	-
Investment property	2,346,730	1,620,874
Property and equipment	57,635,250	45,262,260
Goodwill and Intangible assets	3,024,106	2,644,200
Deferred tax assets	-	12,397,887
Other assets	19,922,332	71,170,662
<b>Total Assets</b>	<b>7,215,054,825</b>	<b>6,386,086,727</b>
<b><u>Liabilities</u></b>		
Due to Bank and Financial Institutions	-	-
Due to Nepal Rastra Bank	-	-
Derivative financial instruments	-	-
Deposits from customers	5,839,924,100	5,207,487,032
Borrowing	-	-
Current Tax Liabilities	-	13,102,884
Provisions	-	-
Deferred tax liabilities	13,579,594	-
Other liabilities	81,354,798	78,138,137
Debt securities issued	-	-
Subordinated Liabilities	-	-
<b>Total liabilities</b>	<b>5,934,858,492</b>	<b>5,298,728,053</b>
<b><u>Equity</u></b>		
Share capital	915,657,669	832,416,063
Share premium	1,140,765	1,140,765
Retained earnings	173,315,679	96,069,801
Reserves	190,082,219	157,732,045
<b>Total equity attributable to equity holders</b>	<b>1,280,196,333</b>	<b>1,087,358,674</b>
Non-controlling interest	-	-
<b>Total equity</b>	<b>1,280,196,333</b>	<b>1,087,358,674</b>
<b>Total liabilities and equity</b>	<b>7,215,054,825</b>	<b>6,386,086,727</b>
Contingent liabilities and commitment		
<b>Net worth per Share</b>	<b>139.81</b>	<b>130.63</b>

**Reliance Finance Limited**  
**Statement of Profit or Loss**  
**For the year ended on 31 Asar 2078**

Particulars	Current Year		Previous Year Corresponding	
	This Quarter Ending	Upto This Quarter (YTD)	This Quarter Ending	Upto This Quarter (YTD)
Interest income	140,691,722	555,612,851	165,089,097	637,738,543
Interest expense	96,946,491	404,684,930	110,179,471	422,716,334
<b>Net interest income</b>	<b>43,745,230</b>	<b>150,927,922</b>	<b>54,909,625</b>	<b>215,022,209</b>
Fee and commission income	8,124,044	40,351,883	5,299,158	30,676,738
Fee and commission expense	-	-	-	-
<b>Net fee and commission income</b>	<b>8,124,044</b>	<b>40,351,883</b>	<b>5,299,158</b>	<b>30,676,738</b>
<b>Net interest, fee and commission income</b>	<b>51,869,274</b>	<b>191,279,804</b>	<b>60,208,783</b>	<b>245,698,947</b>
Net trading income	-	-	-	-
Other operating income	127,722,114	264,611,426	4,698,576	8,624,090
<b>Total operating income</b>	<b>179,591,388</b>	<b>455,891,230</b>	<b>64,907,359</b>	<b>254,323,037</b>
Impairment charge/(reversal) for loans and other losses	53,524,563	79,274,134	(40,269,769)	(35,513,778)
<b>Net operating income</b>	<b>126,066,825</b>	<b>376,617,096</b>	<b>105,177,128</b>	<b>289,836,815</b>
<u>Operating expense</u>				
Personnel expenses	32,162,831	103,293,424	28,140,736	83,564,243
Other operating expenses	18,322,715	63,832,649	17,705,526	50,627,134
Depreciation & Amortisation	4,474,087	14,334,975	1,579,745	7,550,508
<b>Operating Profit</b>	<b>71,107,192</b>	<b>195,156,048</b>	<b>57,751,120</b>	<b>148,094,931</b>
Non operating income		-	-	-
Non operating expense		-	-	-
<b>Profit before income tax</b>	<b>71,107,192</b>	<b>195,156,048</b>	<b>57,751,120</b>	<b>148,094,931</b>
Income tax expense		-	-	-
Current Tax	21,332,157	58,546,814	15,842,200	42,945,343
Deferred Tax		-	2,616,096	2,616,096
<b>Profit for the period</b>	<b>49,775,034</b>	<b>136,609,234</b>	<b>39,292,824</b>	<b>102,533,492</b>
<b>Profit attributable to:</b>				-
Equity holders of the Bank	49,775,034	136,609,234	102,533,492	102,533,492
Non-controlling interest				-
Profit for the period	49,775,034	136,609,234	102,533,492	102,533,492
<b>Earnings per share</b>				
Basic earnings per share(Annulized)		14.92		12.32
Diluted earnings per share		14.92		12.32

**Reliance Finance Limited**  
**Statement of Comprehensive Income**  
**For the year ended on 31 Chaitra 2077**

Particulars	Current Year		Previous Year Corresponding	
	This Quarter Ending	Upto This Quarter	This Quarter Ending	Upto This Quarter (YTD)
<b>Profit for the year</b>	<b>49,775,034</b>	<b>136,609,234</b>	<b>39,292,824</b>	<b>102,533,492</b>
<b>Other comprehensive income, net of income tax</b>	-		-	-
<b>a) Items that will not be reclassified to profit or loss</b>	-		-	-
Gain/(loss) from investments in equity instruments measured at fair value	(109,218,451)	51,960,029	(8,733,040)	(59,490,827)
Gain/(loss) on revaluation	-		-	-
Actuarial gains/(losses) on defined benefit plans	-		-	-
Income tax relating to above items	32,765,535	(15,588,009)	2,619,912	17,847,248
<b>Net other comprehensive income that will not be reclassified to profit or loss</b>	<b>(76,452,916)</b>	<b>36,372,020</b>	<b>(6,113,128)</b>	<b>(41,643,579)</b>
<b>b) Items that are or may be reclassified to profit or loss</b>	-		-	-
Gains/(losses) on cash flow hedge	-		-	-
Exchange gain/(losses) arising from translating financial assets of foreign operation	-		-	-
Income tax relating to above items	-		-	-
<b>Net other comprehensive income that are or may be reclassified to profit or loss</b>	-	-	-	-
<b>c) Share of other comprehensive income of associate accounted as per equity method</b>	-		-	-
<b>Other comprehensive income for the period, net of income tax</b>	<b>(76,452,916)</b>	<b>36,372,020</b>	<b>(6,113,128)</b>	<b>(41,643,579)</b>
<b>Total comprehensive income for the period</b>	<b>(26,677,882)</b>	<b>172,981,254</b>	<b>33,179,696</b>	<b>60,889,913</b>
	-		-	-
<b>Total comprehensive income attributable to:</b>	-		-	-
Equity holders of the Bank	(26,677,882)	172,981,254	33,179,696	60,889,913
Non-controlling interest			-	-
<b>Total comprehensive income for the period</b>	<b>(26,677,882)</b>	<b>172,981,254</b>	<b>33,179,696</b>	<b>60,889,913</b>

**Ratios as per NRB Directive**

Particulars	Current Year		Previous Year Corresponding	
	This Quarter Ending	Upto This Quarter	This Quarter Ending	Upto This Quarter (YTD)
Capital Fund to RWA		24.66%		23.98%
Non-Performing Loan(NPL) to Total Loan		4.16%		0.99%
Total Loan Loss Provision to Total NPL		79.64%		191.55%
Cost of Funds		6.60%		8.30%
Credit to Deposit Ratio		67.42%		66.42%
Base Rate		9.65%		11.25%
Interest Rate Spread		4.81%		4.40%

Reliance Finance Limited  
Statement of Changes in Equity  
For the year ended on 31 Asar 2078

Particulars	Attributable to Equity holders of the Bank										Non-Controlling Interest	Total Equity
	Share Capital	Share Premium	General Reserve	Exchange Equalization	Regulatory Reserve	Fair Value Reserve	Revaluation Reserve	Retained Earning	Other Reserve	Total		
<b>Balance at 1 Sawan 2077</b>	<b>832,416,063</b>	<b>1,140,765</b>	<b>109,944,188</b>	-	<b>65,096,335</b>	<b>(19,846,797)</b>	-	<b>96,069,801</b>	<b>2,538,319</b>	<b>1,087,358,675</b>	-	<b>1,087,358,675</b>
Adjustment/Restatement	-	-	-	-	-	-	-	-	-	-	-	-
<b>Adjusted/Restated balance at 1 Sawan 2077</b>	<b>832,416,063</b>	<b>1,140,765</b>	<b>109,944,188</b>	-	<b>65,096,335</b>	<b>(19,846,797)</b>	-	<b>96,069,801</b>	<b>2,538,319</b>	<b>1,087,358,675</b>	-	<b>1,087,358,675</b>
<b>Comprehensive income for the year</b>												
Profit for the year								136,609,234		136,609,234		136,609,234
Other comprehensive income, net of tax										36,372,020		36,372,020
Remeasurements of defined benefit liability (assets)										-		-
Fair value reserve (Investment in equity instrument):										36,372,020		36,372,020
Net change in fair value										36,372,020		36,372,020
Net amount transferred to profit or loss										-		-
Net gain (loss) on revaluation										-		-
<b>Cash flow hedges:</b>										-		-
Effective portion of changes in fair value										-		-
Net Amount reclassified to profit or loss										-		-
Total comprehensive income for the year										-		-
Transfer to reserve during the year			27,321,847		(47,295,960)	25,164,748		(78,160,477)	1,176,992	(71,792,850)		(71,792,850)
Transfer from reserve during the year						(10,389,472)		18,797,121		8,407,649		8,407,649
<b>Transactions with owners, directly recognised in equity</b>												
Right share issued	83,241,606	-								83,241,606		83,241,606
Share based payments										-		-
Dividends to equity holders										-		-
Bonus shares issued										-		-
Cash dividend paid										-		-
<b>Total contributions by and distributions</b>	<b>83,241,606</b>	-	-	-	-	-	-	-	-	<b>83,241,606</b>	-	<b>83,241,606</b>
<b>Balance at Poush end 2077</b>	<b>915,657,669</b>	<b>1,140,765</b>	<b>137,266,035</b>	-	<b>17,800,375</b>	<b>31,300,498</b>	-	<b>173,315,679</b>	<b>3,715,311</b>	<b>1,280,196,333</b>	-	<b>1,280,196,333</b>

**Reliance Finance Limited**  
**Statement of Cash Flow**  
**For the year ended on 31 Asar 2078**

Particulars	Current Year	Immediate Previous Year Ending
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Interest received	555,612,851	590,649,503
Fees and other income received	40,351,883	30,676,738
Dividend received	-	
Receipts from other operating activities	264,611,426	1,989,090
Interest paid	(404,684,930)	(422,716,334)
Commission and fees paid	-	
Cash payment to employees	(103,293,424)	(83,564,243)
Other expense paid	(63,832,649)	(50,627,134)
<b>Operating cash flows before changes in operating assets and liabilities</b>	<b>288,765,158</b>	<b>66,407,621</b>
<u>(Increase)/Decrease in operating assets</u>		
Due from Nepal Rastra Bank	23,424,227	(119,617,345)
Placement with bank and financial institutions	-	
Other trading assets	-	
Loan and advances to bank and financial institutions	(29,947,127)	(49,351,500)
Loans and advances to customers	(727,887,835)	(309,049,402)
Other assets	36,943,534	(82,802,095)
<u>Increase/(Decrease) in operating liabilities</u>		
Due to bank and financial institutions	-	
Due to Nepal Rastra Bank	-	
Deposit from customers	632,437,069	1,072,111,928
Borrowings	-	
Other liabilities	3,693,371	11,513,797
<b>Net cash flow from operating activities before tax paid</b>	<b>227,428,397</b>	<b>589,213,004</b>
Income taxes paid	(85,482,992)	(25,196,816)
<b>Net cash flow from operating activities</b>	<b>141,945,405</b>	<b>564,016,189</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investment securities	(630,617,105)	(682,335,640)
Receipts from sale of investment securities	-	3,835,681
Purchase of property and equipment	1,961,986	(32,301,533)
Receipt from the sale of property and equipment	-	
Purchase of intangible assets	(379,906)	(1,497,882)
Receipt from the sale of intangible assets	-	
Purchase of investment properties	(725,857)	(906,249)
Receipt from the sale of investment properties	-	
Interest received	-	
Dividend received	-	2,799,319
<b>Net cash used in investing activities</b>	<b>(629,760,882)</b>	<b>(710,406,306)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipt from issue of debt securities		
Repayment of debt securities		
Receipt from issue of subordinated liabilities		
Repayment of subordinated liabilities		
Receipt from issue of shares	83,241,606	-
Dividends paid		(54,764,215)
Interest paid		
Other receipt/payment	(27,013,181)	6,185,945
<b>Net cash from financing activities</b>	<b>56,228,425</b>	<b>(48,578,269)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(431,587,052)</b>	<b>(194,968,386)</b>
<b>Opening balance of cash and cash equivalents</b>	<b>824,237,641</b>	<b>1,019,206,027</b>
Effect of exchange rate fluctuations on cash and cash equivalents held		
<b>Closing Cash and Cash Equivalent</b>	<b>392,650,589</b>	<b>824,237,641</b>

**Reliance Finance Limited**  
**Statement of Distributable Profit or Loss**  
**For the year ended on 31 Asar 2078**

Particulars	Current Year	Immediate Previous Year Ending
<b>Net profit or (loss) as per statement of profit or loss</b>	136,609,234	102,533,492
<b>Adjusted retained earning available for distribution before current year profit</b>		11,424,291
Appropriations:		
a. General reserve	(27,321,847)	(20,506,698)
b. Foreign exchange fluctuation fund		
c. Capital redemption reserve		
d. Corporate social responsibility fund	(1,366,092)	(1,025,335)
e. Employees' training fund		
f. Other		
<b>Profit or (loss) befor regulatory adjustment</b>	<b>107,921,295</b>	<b>92,425,749</b>
Regulatory adjustment :		
a. Interest receivable (-)/previous accrued interest received (+)	(4,884,344)	272,137
b. Short loan loss provision in accounts (-)/reversal (+)		
c. Short provision for possible losses on investment (-)/reversal (+)	52,180,304	1,662,068.12
d. Short loan loss provision on Non Banking Assets (-)/resersal (+)		(906,249)
e. Deferred tax assets recognised (-)/ reversal (+)		2,616,096
f. Goodwill recognised (-)/ impairment of Goodwill (+)		
g. Bargain purchase gain recognised (-)/resersal (+)		
h. Acturial loss recognised (-)/reversal (+)		
i. Other (+/-)		
<b>Distributable profit or (loss)</b>	<b>155,217,254</b>	<b>96,069,801</b>

# **Annexure 14 of Securities Registration and Issue Regulations, 2073 (Related to sub rule (1) of Rule 26) For the Fourth Quarter of F.Y.2077/78)**

## **1. Financial Statements Highlights**

i. Financial detail at the end of fourth quarter ending 31/03/2078 of the financial year 2077/78 has been shown above.

ii. Major Financial Indicators

Earnings per share (Annualized)	NPR.14.92	Market Value Per Share	NPR 532
Price Earnings Ratio	35.66	Net Worth Per Share	NPR 139.81
Total Assets/No. of share	787.96	Liquidity Ratio	35.17

## **2. Management Analysis**

**a) Details relating to the change in the FI's reverse income and liquidity in the quarter (if any) and its main reason.**

There has been change in the FI's reserve position, income and liquidity as stated in the financial highlight of fourth quarter ending of FY 2077-78. There have been changes in the reserve position of the FI based on the profit/loss generated during the reported period. The FI continues to maintain comfortable liquidity position.

**b) Management's analytical details regarding future business plan:**

FI's seeks to achieve sustainable growth in business and profitability as per its strategic management plan.

**c) Analytical details of the incidents that may have major impact on reserve, profit or cash flow (if any) based on previous experience:**

There have been no incidents or conditions which may have impact on the FI's position, profits and cash flow.

## **3. Legal Proceedings**

**a) Case filed by or against the FI in this quarter.**

Except in the regular course of business, there is no law suits filed against the FI in this quarter.

**b) Case relating to disobedience of prevailing law or commission of criminal offence filed by or against the promoter or Director of the FI:**



No such information has been received.

**c) Case relating to commission of financial crime filed against any promoter or Director of the FI:**

No such information has been received.

**4. Analysis of Stock Performance**

**a) Management view on the transaction of the shares to the FI in the Share Market:** Movements in the share price are determined by the open market principal. Hence, management has neutral opinion regarding the share price movement.

**b) Maximum, minimum and last share price of organized institution including total transacted number of share and transacted day during the quarter. (As per Nepalstock.com)**

Maximum share price	NPR 562	Minimum share price	NPR 228
Closing share price	NPR 532	Total no. of transactions	37,396
No. of days of transaction	65	Total traded no. of share	87,06,590

**5. Problem and Challenges**

**Internal Problems and Challenges:** Increasing operational risk due to increase in branch network and transactions, increasing operational cost, turnover of staffs are the major internal problems and challenges faced by the FI.

**External Problems and Challenges:** Effect of the Covid-19, high competition in the BFI's industry, growing excess interest rate on deposit, lack of favorable environment for the investment are the major external problems and challenges faced by the FI.

**Strategy to overcome the problems and challenges:** Expanding business activities with caution observing the changes in internal and external environment, effective risk management, monitoring and controlling on operational risk, market risk and interest rate risk, focus on development of staffs by training, counseling and monitoring them, innovative product for expanding customer base.

**6. Corporate Governance**

Board of Directors, Audit Committee and Management team are committed to strengthening good corporate governance within the FI. Reliance Finance Ltd has written policies, rules and guidelines to perform banking with good governance.

**7. CEO's declaration regarding truth and fairness**

I am responsible for the truth and fairness of the information and statements in this report till date. Besides, I declare that, to the extent of my knowledge, the statements are true and fair and any information necessary for investors to decisions has not been suppressed.

**Notes to the Interim Financial Statements  
For the year ended on 31 Asar 2078**

**1 Basis of Preparation**

The interim financial statements of the finance company have been prepared in accordance with the Nepal Financial Reporting Standards (NFRS) adopted by the Accounting Standards Board of Nepal (ASB).

**2 Statement of Compliance**

The financial statements are prepared in line with Nepal Financial Reporting Standards as issued by Accounting Standards Board Nepal and pronounced by The Institute of Chartered Accountants of Nepal (ICAN).

The interim financial statement published in website are prepared as per NRB Directive 4 and is principally in compliance with NAS 34 "Interim Financial Reporting".

**3 Reporting Period**

Reporting Period is a period from the first day of Shrawan of any year to the last day of quarter end, i.e; Asoj, Poush, Chaitra and Asar as per Nepali calendar.

	Nepali Calendar	English Calendar
Current Year Period	01 Baishak 2078 To 31 Asar 2078	14 April 2021 To 15 July 2021
Previous Year Period	01 Baishak 2077 To 31 Asar 2077	13 April 2020 To 15 July 2020

**4 Functional and Presentation Currency**

The financial statements are presented in Nepalese Rupee, which is also the functional currency of Finance Co. Figures are rounded off to nearest Rupee, accordingly, minor rounding off error may exist.

**5 Comparative Information**

Comparative information is provided in narrative and descriptive nature, if it is relevant to understand the current period's interim financial statement and re-classified wherever necessary to conform to current period presentation. Further, audited Financials has been taken into consideration for comparison purpose.

**6 Use of Estimates, Assumptions and Judgments**

The preparation of the financial statements in conformity with Nepal Financial Reporting Standards (NFRS) requires the use of certain critical accounting estimates and judgments. It also requires management to exercise judgment in the process of applying the company's accounting policies. The company makes certain estimates and assumptions regarding the future events. Estimates and judgments are continuously evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual result may differ from these estimates and assumptions. The estimates and assumptions that might result in adjustment to the carrying amounts of assets and liabilities within the next financial year are on the following components:

**1. Classification of financial assets**

Classification of financial assets into Amortized cost or at fair value (either through profit or loss or through other comprehensive income) depends upon the intention of management whether to hold or trade the assets. At the reporting dates, the classification been based on the intention of management on particular group of financial assets. The classification of financial assets may change based on the economic circumstances and intention of management.

**2. Fair value of financial assets**

Fair value of financial statements is determined on three levels on the basis of available market on reporting date and the measurement may change depending on available market circumstances.

The fair value of financial instruments that are traded in an active market is the closing price on the reporting dates. Whenever the instruments are not actively traded in active market, they are determined using other techniques considering the observable market inputs to the extent possible.

The Finance Co. measures fair values using the following fair value hierarchy as provided in NFRS 13.

**Level 1 inputs** are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Finance Co. can access at the measurement date.

**Level 2 inputs** are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

**Level 3 inputs** are unobservable inputs for the asset or liability. Company has used its own data (accounting value) and considered if there exists factors that would otherwise result in changes to the book value of assets or liabilities.

## **7 Changes in Accounting Policies**

The Finance has adopted NFRS 09 for classification of financial instruments, earlier classified as per NAS 39, as issued by Accounting Standards Board (ASB Nepal), which resulted in changes in accounting policies and adjustments to the amounts previously recognized in the financial statements.

The principal accounting policies adopted in the preparation of financial statements are set out in relevant notes for each item of the financial statement. Accounting policies have been consistently applied to all the years presented, unless otherwise stated.

## **8 Significant Accounting Policies**

The significant accounting policies adopted by Finance Co. while preparing financial statements are as follows:

### **8.1 Basis of Measurement**

Financial statements are prepared on historical cost convention except for the following material items:

<b>Particulars</b>	<b>Measurement Basis</b>
Investment in shares and mutual fund schemes	Fair value
Non-banking assets	Lower of Market Value or Outstanding Receivable at the date of booking NBA
Loans to employees	Amortized cost

### **8.2 Cash and cash equivalent**

Cash and cash equivalent comprises of cash, demand deposit and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. In general, short term investments with original maturity of up to three months are considered as cash equivalent. Cash and cash equivalent are presented at amortized cost on the financial statements.

### **8.3 Financial assets and financial liabilities**

Financial assets is any assets that is cash, equity instrument of another entity or any contractual right to receive cash or financial assets of another entity.

Financial liability is any liability with contractual obligation to deliver cash or other financial assets to another entity.

#### **8.3.1 Recognition**

The Finance Co. initially recognises financial assets or financial liability on the date of which the Finance becomes party to the contractual arrangement.

#### **8.3.2 Classification and Measurement**

**Financial Assets:** The classification and measurement of financial assets depend on how these are managed i.e. the Finance Co.'s business model and their contractual cash-flow characteristics. Based on these factors, financial assets are classified on following three categories:

- i) At Amortized
- ii) At Fair Value through Profit or Loss (FVPL)
- iii) At Fair Value through Other Comprehensive Income (FVOCI)

**i) At amortized cost:** Financial assets at amortized cost are non-derivative financial assets with fixed or determinable payments for which the Finance Co. has intent and ability to hold till maturity. They are initially measured at fair value plus any directly attributable transaction cost. Subsequent to initial recognition, such financial assets are measured at amortized cost using effective interest rate method less any impairment losses.

**ii) At fair value through profit or loss:** Financial assets are classified at fair value through profit or loss if the Finance Co. manages such instruments and makes purchases and sales decisions based on its fair value. Attributable transaction costs and changes in fair value are taken to profit or loss.

**iii) At fair value through other comprehensive income:** Financial assets at FVOCI are non-derivative financial assets that are not classified in any of the above category. Financial assets at FVOCI are measured at fair value. Subsequent to initial recognition, financial assets are measured at fair value, as far as such fair value is available, and changes therein are recognized in other comprehensive income and presented in the fair value reserve in equity. Finance Co. has opted to classify the investment made in shares and mutual fund schemes as financial assets at FVOCI on initial recognition.

**Financial Liabilities:** Finance Co. classifies its financial liabilities, other than financial guarantee and loan commitments, as measured at amortised cost or fair value through profit or loss. Financial liability is measured initially at fair value, or an item not at fair value through profit or loss, at transactions costs that are directly attributable to its acquisition or issue.

### **8.3.3 De-recognition**

#### **Financial Assets**

Financial assets are partially or fully de-recognized in any of the following condition:

- termination of contractual rights to cash flow
- upon transfer of contractual cash flows in a transaction in which substantially all of the risk and rewards of the ownership of the financial assets are transferred or in which the Finance Co. neither transfer nor retains substantially all of the risk and rewards of the ownership and it does not retain control of the financial assets.

On derecognition of a financial assets, the difference between the carrying amount of the assets (or the carrying amount allocated to the portion of the assets derecognised) and the sum of (i) the consideration received (including any new assets obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in statement of profit or loss.

#### **Financial Liabilities**

Upon settlement or termination of any liability related to financial liability, financial liability is de-recognized. The difference between carrying amount and settlement amount is accounted through statement of profit or loss.

### **8.3.4 Determination of fair value**

Fair is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is initially considered based on quoted rate where the assets or liabilities are principally transaction, in the absence of which the most advantageous market is the active market.

When available, the Finance Co. measures the fair value of an instrument using the quoted price in an active market for that instrument. The market is regarded as active if transactions for the assets or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Finance Co. uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

Fair value of non-financial assets like property & equipment, investment property and intangible assets are considered the deemed cost of such assets in line with NFRS 1.

#### **Fair Value Hierarchy**

Assets and liabilities carried at fair value or for which fair values are disclosed have been classified into three levels

Level 1: Fair value is determined based on quoted price of financial instruments in active market.

Level 2: Fair value is determined based on quoted price of similar financial instruments within consideration to significant observable inputs.

Level 3: Fair value is determined used using other method as the inputs for valuation are unobservable inputs for the asset or liability. Finance Co. has used its own data (accounting value) and considered if there exists factors that would otherwise result in changes to the book value of assets or liabilities for this level of valuation.

### **8.3.5 Impairment**

At each reporting date, the Finance Co. assesses whether there is objective evidence that financial assets are impaired. The financial assets or a group of financial assets is impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset and that the loss has an impact on the future cash flows of the asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes:

- significant financial difficulty of the borrower or issuer
- default or delinquency by a borrower
- the restructuring of a loan or advance by the Finance Co. on terms that the Finance would not consider otherwise;
  
- indication that a borrower or issuer will enter bankruptcy
- the disappearance of an active market for a security; or
- observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group or economic conditions that correlate with defaults in the group.

In addition, for an investment in an equity security, a significant or prolonged decline in its net worth below its book value is objective evidence of impairment.

The Finance Co. considers evidences of impairment for loans and advances and investment securities at both specific asset and at collective level. All individually significant loans and advances and 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 investment securities that are not individually significant are collectively assessed for impairment by grouping together loans and advances and investment securities with similar risk characteristics.

In assessing the collective impairment, the Finance Co. uses the statistical modelling of historic trends of the probability of default, the time of recoveries and the amount of loss incurred and makes an adjustment if the current economic and credit conditions are such that the actual losses are likely to be greater or lesser than is suggested by historic trends. Default rates, loss rates and expected timing of future recoveries are regularly benchmarked against the actual outcomes to ensure that they remain appropriate.

Impairment losses on assets measured at amortised cost are calculated as difference between the carrying amount and the present value of the estimated future cash flows discounted at the assets original effective interest rate.

Impairment losses are recognised in profit or loss and reflected in an allowance account against loans and receivables or investment securities. Interest on the impaired assets continues to be recognised through the unwinding of the discount. If an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, then the decrease in impairment loss is reversed through profit or loss (through OCI for such investments measured at fair value through OCI on which there exists fair value reserve).

The Finance Co. writes off a loan or an investment security, either partially or in full and any related allowance for impairment losses, when the Finance determines that there is no realistic prospect of recovery.

### **8.3.6 Amortized cost measurement**

The 'amortised cost' of a financial asset and 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 amortisation using the effective interest method of any difference between initial amount recognised and the maturity amount minus any reduction for impairment.

### **8.3.7 Effective Interest Method**

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period.

### **8.4 Trading assets**

Trading assets are those assets that the Finance Co. 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.

### 8.5 Derivatives assets and derivative liabilities

Derivative assets and liabilities are initially measured at fair value on the contract date and are subsequently remeasured to fair value at each reporting date. The changes in value of instruments are accounted through profit or loss.

### 8.6 Property and Equipment

Non-financial tangible assets that are held for service providing to customers and for administrative use of the Finance Co. are classified as Property and Equipment.

#### Recognition

Property and Equipment are recognized in books whenever it is probable that future economic benefits associated with such assets will flow to the entity and the amount of assets can be reliably measured.

#### Measurement

At initial recognition, items of property and equipment are measured at cost. Cost includes the purchase price and other directly attributable costs as well as the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognized within provisions. Subsequent expenditure is capitalized only when it is probable that future economic benefits associated with the expenditure will flow in to the Finance Co. Ongoing repair and maintenance are expensed off as incurred.

Subsequent to the initial measurement, there is option to measure the assets either on cost or on revaluation. Finance has measured all items at cost on subsequent measurement. On transition to NFRS, the Finance Co. has elected to continue with the carrying value of all of its property and equipment measured as per the previous NAS and use that carrying value as the deemed cost as fair value in line with provisions of NFRS 1.

#### Derecognition

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognized.

#### Assets not capitalized

Items of property and equipment with original cost up to Rs. 5,000 are directly accounted as expenses.

#### Capital Work in Progress

Assets in the course of construction are capitalized in the assets under capital work in progress (CWIP). At the point when an asset is operating at management's intended use, the cost of construction is transferred to the appropriate category of property, plant and equipment and depreciation commences.

#### Salvage Value

The Finance Co. has assessed the salvage value of all property, plant and equipment considering the expected realizable value on the end of life of such assets.

#### Depreciation

Depreciation is charged upon the assets is available for use and does not cease until the assets is disposed off, classified as held for sale or ceases to generate economic benefits.

Freehold land is not depreciated. Depreciation on assets under construction does not commence until they are complete and available for use. Depreciation is provided on all other items of property and equipment so as to write-off their carrying value over the expected useful economic lives.

Items of property and equipment are depreciated on Straight Line Method over their useful life.

Management of the Finance Co. has assessed useful life and salvage value of property and equipment, as follows:

Items	Estimated useful life (years)	Salvage Value
Building	50	5%
Leasehold Properties	Lease period	0
Computer & Accessories	5	0
Vehicle	10	25%
Furniture & Fixture	7	3%
Machinery	10	5%
Equipment & Others	3-5	0%

## **8.7 Goodwill and Intangible assets**

### **Goodwill**

Goodwill arises on the acquisition financial institutions when the aggregate of the fair value of the consideration transferred exceed the amount of the identifiable assets and liabilities acquired. If the amount of the identifiable assets and liabilities acquired is greater, the difference is recognised immediately in the Statement of profit or loss.

Goodwill is allocated to cash generating units (CGU) at the lowest level at which goodwill is monitored for internal management process. Impairment testing is performed annually, and whenever there is an indication that CGU may be impaired. If the present value of expected cash inflows is less than carrying amount, impairment loss is recognized and accounted through Statement of Profit or Loss. Goodwill is stated at cost less accumulated impairment losses.

### **Acquired Intangible Assets**

Intangible assets are recognized whenever the cost of assets can be reliably measured, by the past experience it is demonstrated Finance Co. has control over such assets for the specified period and it is probable that future economic benefits could be derived from such assets. Finance has followed NAS 38 for accounting of intangible assets.

In the financial statements, software are presented as intangible assets.

### **Computer Software**

Computer software are capitalised on the basis of the purchase cost of software or license and costs incurred to bring it to Intangible assets are amortized over the period of its estimated use, or incase of licenses, over the period of contractual At each reporting date, impairment test of intangible assets is done in order to oversee whether the carrying amount On transition to NFRS, the Finance Co. has elected to continue with the carrying value of all of its intangible assets

## **8.8 Investment Property**

Investment property is land and building held either to earn rental income or for capital appreciation or for both but not for sale in the ordinary course of business, use in the supply of services or for administrative purpose.

Useful life of building held as investment property is considered to be same as that of property and equipment (i.e. 50 years) with 5% salvage value.

## **8.9 Income tax**

Income tax expenses include current tax, deferred tax and any adjustments recognised in the period for current tax of prior periods.

### **Current Tax**

Current tax is the amount of income tax payable in respect of taxable profit. This is calculated as per the provisions of Income Tax Act with the effective tax rate for current period. Taxable profit differs from the profit reported in the statement of profit or loss, because some item of income or expense are taxable or deductible in different years or may never be taxable or deductible. Income tax rate applicable for Finance Co. is 30% (previous year rate was 30%).

### **Deferred Tax**

Deferred tax is calculated using balance sheet approach on temporary differences between tax base of assets and liabilities and carrying amount in the financial statements. Deferred tax is calculated using known future tax rate on each reporting date.

Deferred tax is recognized when it is probable that future taxable profit will be available to adjust the impact of temporary differences. Changes in deferred tax over period is recognized as deferred tax income/expenses in Statement of Profit or Loss.

In line with NRB Directives, deferred tax reserve is created to the amount equal to deferred tax assets and presented as part of regulatory reserve from current year.

### **Income tax on items of OCI**

Income tax arising on the items of other comprehensive income is charged to statement of OCI itself.

## **8.10 Deposits, debt securities issued and subordinated liabilities**

Deposit are financial liabilities and are generally repayable on demand except fixed period deposit accepted by Finance The Finance Co. borrows money by issuing debt securities and subordinated debt. The borrowing is acknowledged or

### **8.11 Provisions and Contingent Liabilities**

Provision is a liability with uncertain timing and event. Provision is recognised if as a result of a past event, the group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at the pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

**Contingent Liabilities:** Contingent liabilities are i) possible obligations arising from past events whose existence will be confirmed on happening or not happening or uncertain future events not wholly within the control of Finance Co., or ii) a present obligation arising from past events but are not recognized because outflow of resources to settle may not be required or such amount can not be reliably estimated.

Contingent liabilities are separately disclosed in financial statements.

### **8.12 Revenue Recognition**

Revenue is recognized in line with NAS 18 Revenue when it is probable that future economic benefits will flow to the entity and these benefits can be measured reliably.

#### **8.12.1 Interest income**

Interest, in general, is recognized using effective interest rate on the particular assets. Finance Co. has opted to use the carve-out mentioned in Note 2.1.1 (c) and continued to use the actual interest rate to account for interest income. Interest income has been booked for all interest received during the year as well as on those loans having collective impairment as per NRB Directives less than 25%, in line with circular issued by NRB. Interest on those loan with impairment of 25% or more have not been recognized.

Finance Co., in general, generates interest income from loan to customers, investment in debt securities and call deposits.

#### **8.12.2 Fee and commission income**

Fees and commissions are generally recognised on an accrual basis when the service has been provided or significant act performed. the fees and commission income and expense that are integral to the effective interest rate on the financial assets and financial liability are included in the measurement of the effective interest rate. Finance Co. has opted to use carve-out as mentioned in Note 2.1.1 (c) on this matter and accounted all realized fee and commission income upfront.

Commission on guarantees issued that are for more than one year are immediately accounted as income. If the period of guarantee is more than one year, then proportionate amount of fee is accounted as income.

#### **8.12.3 Dividend income**

Dividend income is recognized when the right to receive dividend is established i.e. dividend is approved by general meeting of companies.

Dividend income if related to period earlier than the date of acquisition of shares and its amount related to pre and post acquisition could be segregated, then the pre-acquisition period dividend is adjusted to cost of investment.

#### **8.12.4 Net trading income**

Income derived from buying/selling of assets and liabilities classified as for trading purpose are accounted as net trading income. Gain and loss on trading assets and liabilities are recognized on mark to market basis and not on realization basis.

#### **8.12.5 Other Operating Income**

Income other than interest, fees & commission and trading income are accounted as other operating income. This primarily comprises of changes in foreign exchange rate, dividend income, gain on disposal of non-financial assets etc.

### **8.13 Interest expense**

Interest on deposit accepted from customer and borrowings of the Finance Co. are accounted on accrual basis.



#### **8.14 Employees Benefits**

Employee expenses includes the amount paid to employees of Finance Co. in respect of their service. Payment in respect of services are for the current service and long term benefits. Long term benefits are in the form of defined contribution plan and defined benefit plan. Expenses under defined contribution plan are accounted as they incur and on defined benefit plan as per the actuarial valuation.

Employee benefits are accounted using normal calculation method. Actuarial valuation has not been done considering the cost benefit and materiality impact.

**Short term employee benefits include** salary, allowance, encashment of unused leave, provident fund, annual bonus based on profit of the Finance Co., subsidized loans etc. These are provided as the services are rendered by the employees and measured on undiscounted amount of payment made.

**Long term employee benefits** include accumulated leave not encashed during service period. These are generally paid on retirement or termination of service of the employee.

Gratuity is provided as per Labour Act 2074 due to which actuarial valuation is not required. Accumulated leave is provided as per Employee Service Regulation of the Finance Co. and on book value basis. Finance Co. believes that the impact of actuarial valuation will not be material as the amount of accumulated leave itself is not material and the benefit of actuarial valuation will not be more than the cost involved on such expert valuation.

#### **8.15 Leases**

A lease is classified at the inception date as a finance lease or an operating lease. For arrangements entered into prior to 1 Shrawan 2074 the Finance Co. has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Finance Co. has not entered into finance lease.

Payment made under operating leases are recognised in profit or loss as per contractual rates with periodic adjustment on inflation. This method is more representative to the nature of expenses than the Straight line method.

#### **8.16 Foreign Currency Transaction**

Transaction in foreign currencies are recorded in the functional currency at the rate of exchange prevailing on the date of transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the rate of exchange prevailing on that date. The foreign currency gain or loss on monetary items is the difference between the amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payment during the year and the amortised cost in the foreign currency translated at the rate of exchange at the reporting date.

Non monetary assets and liabilities that measured at fair value in a foreign currency are translated into the functional currency at the rate of exchange prevailing at the date on which the fair value is determined. Non monetary items that are measured based on historical cost in the foreign currency are translated using the rate of exchange on the date of transactions. The resulting exchange gain or loss differences are generally recognised in Profit or Loss.

#### **8.17 Financial guarantee and loan commitment**

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

Liabilities arising from financial guarantees or commitments to provide a loan at a below -market interest rate are initially measured at fair value and the initial fair value is amortised over the life of the guarantee or the commitment. The liability is subsequently carried at the higher of this amortised amount and the present value of any expected payment to settle the liability when a payment under the contract has become probable. Financial guarantees and commitments to provide a loan at a below market interest rate included within other liabilities.

Liabilities arising from financial guarantees or commitments to provide a loan at a below -market interest rate are initially measured at fair value and the initial fair value is amortised over the life of the guarantee or the commitment. The liability is subsequently carried at the higher of this amortised amount and the present value of any expected payment to settle the liability when a payment under the contract has become probable. Financial guarantees and commitments to provide a loan at a below market interest rate included within other liabilities.

## **8.18 Share Capital and Reserves**

### **8.18.1 Share Capital**

Equity share capital is financial instruments issued by the company only to the extent that they do not meet the definition of financial liabilities.

All the issued shares are paid up and are listed with Nepal Stock Exchange for the purpose of trading by shareholders. All shares have right to vote on the basis of no. of shares held. Finance Co. does not have shares of other kind other than ordinary shares.

### **8.18.2 Reserves**

Finance Co. has created various types of reserves as part of regulatory requirement.

#### **a) General Reserve**

General reserve is the statutory reserve. In this reserve, the amount transformed from appropriation of net profit according to the Banks and Financial Institutions Act, 2073 shall be included. No type of dividend (cash or bonus share) shall be distributed from the amount in general/statutory reserve. Approval of NRB shall be required in order to use the amount in this reserve.

#### **b) Exchange Equalization Reserve**

Exchange equalization reserve is a statutory reserve. Earning from foreign exchange revaluation gain on foreign currency other than India currency has to allocate 25 percent of such revaluation gain to this reserve as per provision of the Bank and Financial Institution Act. Any amount allocated to exchange equalization reserve as per the provision of the Bank and Financial Institutions Act, shall be presented under this heading.

#### **c) Corporate Social Responsibility (CSR) Reserve**

In line with clause 16 of Directive 16/075, Finance Co. is required to allocate 1% of its net profit for the year for CSR and is required to create CSR Reserve. The amount appropriated to this reserve is expensed off as prescribed in the same Directive in the next fiscal year.

#### **d) Regulatory Reserve**

This is specific reserve created in line with NRB Directive 4. All the adjustments made in NFRS that are different from earlier NRB Directives are included in this fund. This fund is not available for distribution of dividend.

#### **e) Capital Reserve**

The capital reserve represents the amount of those reserves which are in nature of capital and which shall not be available for distribution of cash dividend. The amount from share forfeiture due to non-payment of remaining amount for the unpaid shares, capital grants received in cash or kind, capital reserve arising out of merger and acquisition etc. should be presented under this heading.

#### **f) Fair Value Reserve**

The fair value reserve comprises the cumulative net change in the fair value of financial assets that are measured at fair value and the changes in fair value is recognized in other comprehensive income, until the assets are derecognized. The cumulative amount of changes in fair value of those financial assets shall be presented under this account head.

#### **g) Actuarial Gain Reserve**

This reserve is for presenting the OCI component of defined benefit obligations. This is not an actual reserve.

#### **h) Special Reserve**

In line with circular no. 12/072/073, the interest capitalised on loan that have been restructured or rescheduled because of the borrower facing difficulty resulting from earthquake in 2072 is kept in this reserve. The reserve is required to be maintained till the loan is settled.

#### **i) Assets Revaluation Reserve**

Any reserve created from revaluation of assets (such as Property & Equipment, Intangible Assets, Investment Property) shall be presented under this heading. Revaluation reserves often serve as a cushion against unexpected losses but may not be fully available to absorb unexpected losses due to the subsequent deterioration in market values and tax consequences of revaluation.

- j) Capital Redemption Reserve**  
This head shall include the statutory reserve created for making payment towards Redeemable Non-Convertible Preference Shares.
- k) Dividend Equalization Reserve**  
For the purpose of maintaining uniformity in dividend payment, certain amount of profit during the year of profit making may be transferred shall be presented under this account head. Dividend may be distributed by debiting this account with the approval of the Board of Directors and endorsed by the General meeting.
- l) Investment Adjustment Reserve**  
It is a regulatory reserve created as a cushion for adverse price movements in Finance Co.'s investments as directed by the Directives of Nepal Rastra Bank.

**8.18.3 Share Premium**

The amount of money collected on issue of shares in excess of its face value shall be presented under this heading. The outstanding amount in this account shall not be considered eligible for distribution of cash dividend.

**8.18.4 Retained Earning**

The accumulated profits which has not been distributed to shareholders and has been ploughed back in the licensed institutions' operations and is free for distribution of dividend to the shareholders shall be presented under this heading.

**8.19 Earning per share including diluted**

The Finance Co. measures earning per share on the basis of the earning attributable to the equity shareholders for the Period. The number of shares is taken as the weighted average number of shares for the relevant period as required by NAS 33 Earnings per Share. EPS for prior year have been restated because of issue of bonus share during the year as per NAS 33.

**8.20 Events after Reporting Date**

These are the events occurring between the reporting date and up to the date of approval of financial statements which are either adjustable or unadjustable.

Adjustable events are adjusted in the presented financial statements. There are no events that require additional disclosure in the financial statements.

**Dividend Paid**

Finance co. has distributed cash dividend @ 6.58% of paid up capital vide 10th AGM held on 16 Falgun 2076.

**9 Segment reporting**

Segment has been segregated based on the management function of Finance Co. and accordingly, the seven states of Nepal are considered as the segments. Income and expenses directly related to such segments are reported. Assets and liabilities specific to those are presented as segment assets and liabilities. Income tax is not segregated.

**a) Profit or loss**

<b>Total profit or loss for reportable segments</b>	<b>216,840,053</b>
Other profit or loss	
Elimination of intersegment profit	
Unallocated amounts:	
Staff bonus	(21,684,005)
NFRS adjustments	
<b>Profit before income tax</b>	<b>195,156,048</b>

**10 Related parties disclosure**

Related parties of the Bank include key management personnel of the Finance Co.

**Key management personnel**

Key management personnel include Board of Director of the Finance Co. and Chief Executive Officer.

**Board of Directors**

Board of Directors of the Bank comprise the following:

<b>Name</b>	<b>Position</b>
Kush Prasad Mally	Chairperson
Sur Krishna Vaidya	Director
Ravi Krishna Shrestha	Director
Tulsi Prasad Baral	Director
Upendra Bahadur Karki	Director
Sweta Kakshapati Shakya	Director
Binod Kumar Tandukar	I.Director

Mr. Yuja Kumar Bhaila serves as the secretary of Board.

**Allowance and facilities provided to board members**

Chairperson of the Board is provided Rs. 7,500 and other board members are provided Rs. 7,000 as meeting fees for attending the board meetings. Total amount paid as meeting allowance during third quarter to board members was Rs. 9,90,000.

All board members are provided Rs. 1,500 per month in order to cover expenses related to newspaper and telephone expenses.

For official travel, members of board are provided travel and daily allowance as per the rules of Finance Co..

Apart from the stated allowance and facilities, other allowance and facilities are not provided to board members.

There has not been any commercial transaction of the Finance Co.with its board members.

**Chief Executive Officer**

Mr. Anil Shrestha serves as Chief Executive Officer of the Finance Co.. He is provided salary and allowance and benefits as per contract entered on his appointment. Annual salary and allowances provided to Mr. Shrestha during this quarter amounts to Rs. 41,28,796. Vehicle is provided for official purpose only during office hours.

Finance Co. has not entered into any commercial transaction with its CEO.

**Merger and acquisition**

During the current fiscal year, there has not been any completed merger or acquisition. Finance Co. has not entered into any such agreements subsequently also.

9.b Segment result and segment position for the year ended on Asar 2078

Particulars	Province 1	Province 2	Bagmati	Gandaki	Province 5	Karnali	Far West	Total
Revenue from external customers	20,723,737		744,286,113	75,170,949	9,488,978		10,906,383	860,576,160
Intersegment revenues								-
<b>Net revenue</b>	<b>20,723,737</b>	<b>-</b>	<b>744,286,113</b>	<b>75,170,949</b>	<b>9,488,978</b>	<b>-</b>	<b>10,906,383</b>	<b>860,576,160</b>
Interest income	17,832,244		452,029,738	71,685,154	6,520,451	-	7,545,264	555,612,851
Interest expenses	7,266,578		335,386,706	51,599,791	5,457,009	-	4,974,846	404,684,930
<b>Net interest revenue</b>	<b>10,565,665</b>	<b>-</b>	<b>116,643,032</b>	<b>20,085,364</b>	<b>1,063,442</b>	<b>-</b>	<b>2,570,418</b>	<b>150,927,922</b>
Depreciation and amortization	2,019,943		8,027,436	788,937	849,473		2,649,185	14,334,975
<b>Segment profit/(loss)</b>	<b>(6,429,547)</b>		<b>225,074,995</b>	<b>(1,387,611)</b>	<b>(7,992,048)</b>		<b>(14,109,741)</b>	<b>195,156,048</b>
Entity's interest in the profit or loss of associate accounted for using equity method								-
<b>Other material non-cash items:</b>								-
<b>Loans:</b>	<b>294,251,196</b>	<b>-</b>	<b>3,563,572,505</b>	<b>472,747,081</b>	<b>251,649,354</b>	<b>-</b>	<b>238,661,059</b>	<b>4,820,881,195</b>
Consumer	183,258,462		2,093,924,695	396,352,439	42,489,522	-	96,444,505	2,812,469,622
Corporate	110,992,734		1,469,647,810	76,394,642	209,159,833	-	142,216,554	2,008,411,572
<b>Deposit</b>	<b>196,466,496</b>	<b>-</b>	<b>4,711,945,134</b>	<b>743,872,994</b>	<b>92,903,776</b>	<b>-</b>	<b>94,735,700</b>	<b>5,839,924,100</b>
Consumer	136,705,143		3,514,078,247	570,385,176	53,754,806	-	82,957,037	4,357,880,409
Corporate	59,761,353		1,197,866,888	173,487,817	39,148,970	-	11,778,663	1,482,043,691
Impairment of Assets	<b>5,241,771</b>		<b>131,694,645</b>	<b>12,371,490</b>	4,973,096.34	-	3,650,915.30	157,931,918
Segment Assets	<b>343,255,529</b>		<b>5,788,034,923</b>	<b>552,059,992</b>	265,468,804.00	-	266,235,576.04	<b>7,215,054,825</b>
Segment Liabilities	<b>196,466,496</b>		<b>4,806,879,527</b>	<b>743,872,994</b>	92,903,775.86	-	94,735,700.25	<b>5,934,858,493</b>