

Manjushree Finance Limited
Condensed Consolidated Statement of Financial Position
As on Quarter ended 30th Chaitra 2076 (12th April 2020)

Figures in NPR '000

Assets	This Quarter Ending	Immediate Previous Year Ending
Cash and cash equivalent	918,223	1,838,074
Due from Nepal Rastra Bank	163,183	227,695
Placement with Bank & Financial Institutions		
Derivative financial instruments		
Other trading assets		-
Loans and advance BFIs	1,094,734	242,400
Loans and advance to customers	5,612,015	5,397,555
Investment securities	1,721,333	143,884
Current tax assets	-	84,871
Investment in subsidiaries	-	-
Investment in associates	-	-
Investment Property	36,346	41,346
Property and equipment	46,149	42,856
Goodwill and Intangible assets	888	619
Deferred tax assets	5,154	4,468
Other Assets	132,802	112,178
Total Assets	9,730,828	8,135,946
Liabilities		
Due to Bank and Financial Institutions	2,600,590	2,353,033
Due to Nepal Rastra Bank	313,696	129,072
Derivative financial instruments	-	-
Deposit from customers	5,506,239	4,615,542
Borrowing	-	
Current Tax Liabilities	14,103	
Provisions	-	
Deferred Tax Liabilities	-	
Other Liabilities	169,857	136,807
Debt Securities issued	-	
Subordinate Liabilities	-	
Total Liabilities	8,604,485	7,234,455
Equity		
Share capital	818,131	804,060
Share Premium	-	661
Retained earnings	110,962	828
Reserves	197,251	95,941
Total equity attributable to equity holders	1,126,344	901,490
Non -controlling interest	-	-
Total equity	1,126,344	901,490
Total Liabilities and equity	9,730,828	8,135,946

Condensed Consolidated Statement of Profit or Loss

For the Quarter ended 30th Chaitra 2076 (12th April 2020)

Particulars	Current Year		Previous Year Corresponding	
	This Quarter	Up to this Quarter	This Quarter	Up to This Quarter (YTD)
Interest Income	268,274	841,565	224,425	681,715
Interest Expenses	174,085	550,409	159,531	492,544
Net Interest Income	94,188	291,155	64,894	189,171
Fees and Commission income	9,078	26,248	9,862	27,997
Fees and Commission expenses		-		-
Net fee and commission income	9,078	26,248	9,862	27,997
Net interest, fee and commission income	103,266	317,403	74,756	217,168
Net trading income				-
Other operating income				
Total operating income	103,266	317,403	74,756	217,168
Impairment charge/(reversal) for loans and other losses	175	10,065	10,585	64,636
Net operating income	103,091	307,338	64,171	152,532
Operating expenses				
Personnel expenses	25,310	88,471	18,231	52,080
Other operating expenses	11,160	43,608	13,429	37,173
Depreciation & Amortization	3,991	12,498	2,462	6,733
Operating Profit	62,630	162,761	30,049	56,545
Non operating income	2,714	100,888		
Non operating expenses				
Profit before income tax	65,344	263,649	30,049	56,545
Income tax expenses	15,492	70,422	3,994	10,808
Current Tax	17,739	70,621	7,614	14,679
Deferred Tax	(2,248)	(199)	(3,620)	(3,871)
Profit/(loss) for the period	49,853	193,227	26,055	45,737

Statement of Comprehensive Income

Figures in NPR '000

Particulars	Current Year		Previous Year	
			Corresponding	
	This Quarter	Up to this Quarter (YTD)	This Quarter	Up to This Quarter (YTD)
Profit or loss for the period	48,853	193,227	26,055	45,737
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				-
-Gains/(loss) on revaluation				
-Actuarial gain/loss on defined benefit plans				
-Income tax relating to above items		-		
Net other comprehensive 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 comprehensive income that are or may be reclassified to profit or loss		-		-
c) Share of other comprehensive income of associate accounted as per equity method				
Other comprehensive income for the period, net of income tax		-		-
Total Comprehensive Income for the period	48,853	193,227	26,055	45,737

Profit attributable to:				
Equity holders of the bank	48,853	193,227	26,055	45,737
Non-controlling Interest				
Total	48,853	193,227	26,055	45,737

Earnings per share			
Basic earnings per share		23.62	5.69
Annualized Basic Earnings Per Share		31.49	7.58
Diluted earnings per share		31.49	7.58

Ratios as per NRB Directive

Particulars	Current Year		Previous Year Corresponding	
	This Quarter	Up to this Quarter (YTD)	This Quarter	Up to This Quarter (YTD)
Capital fund to RWA		15.21%		14.56%
Non-performing loan (NPL) to total loan		3.43%		2.96%
Total loan loss provision to Total NPL		124.94%		121.45%
Cost of Funds		9.21%		9.86%
Credit to Deposit Ratio		79.67%		77.96%
Base Rate		10.71%		12.05%
Interest Rate Spread		4.52%		4.89%

Manjushree Finance Limited
Condensed Consolidated Statement of Changes in Equity
For the Period ended on 30th Chaitra 2076.

Figures in NPR '000

Attributable to equity holders of the Bank

	Share Capital	Share Premium	General Reserve	Exchange equilization reserve	Regulatory Reserve	Fair value reserve	Revaluation Reserve	Retained Earning	Other Reserve	Total	Non-Controlling Interest	Total Equity
Balance at Shrawan 1, 2075	804,060	661	55,590	-	-	-	-	114,539	1,425	976,276		976,276
Profit for the Period								73,113		73,113		73,113
Other Comprehensive Income						795				795		795
Total Comprehensive income					-	795		73,113		73,907		73,907
Transfer to reserve during the period			14,623					(14,623)		-		
Creation of CSR Fund								(731)	731	-		
Transfer from Reserves during the year due to AIR					28,265			(28,265)		-		
Transfer from Reserves during the year due to NBA					22,898			(22,898)		-		
Transfer from Reserves during the year due to deferred Tax assets					4,955			(4,955)		-		
Contributions from and distributions to owners												
Share issued										-		-
Share based payments												
Share Issued Expenses								(469)		(469)		(469)
Share Issued Expenses-Tax Impact								141		141		141
Share based payments												
Dividends to equity holders												
Bonus shares issued								-		-		-
Cash Dividend Paid								(23,318)		(23,318)		(23,318)
Gain on Disposal of Share Classified into OCI												
Adjustment for Loss on valuation of share investment					96			(96)		-		
Current Tax on Gain on Disposal of Share Classified into OCI												
Other										-		
Total Contributions by and distributions	-	-			-	795						
Balance at 31st Ashad end 2076	804,060	661	55,590	-	56,214	795	-	92,438	2,156	1,026,537		1,026,537

Balance at Shrawan 1, 2076	804,060	661	55,590	-	56,214	795	-	92,438	2,156	1,026,537	-	1,026,537
Profit for the Period								193,227		193,227		193,227
Other Comprehensive Income												
Share Premium		(661)						661		-		
Total Comprehensive income					-	-		193,888		193,888		193,888
Transfer to reserve during the period			38,645		42,013			(80,658)		-		
Creation of CSR Fund								(1,932)	1,932	-		
Utilization of CSR Fund			-					95	(95)			
Contributions from and distributions to owners												
Share issued												
Share based payments												
Dividends to equity holders												
Bonus shares issued	14,071							(14,071)		-		
Cash Dividend Paid								(78,798)		(78,798)		(78,798)
Other												
Total Contributions by and distributions	14,071	(661)	38,645	-	42,013	-	-	18,524	1,837	114,429		114,429
Balance at 30th Chaitra End 2076	818,131	-	94,236	-	98,227	795	-	110,962	3,994	1,126,344		1,126,344

Manjushree Finance Limited
Condensed Consolidated Statement of Cash Flow
For the Period ended on 30th Chaitra 2076.

Figures in NPR '000

Particulars	Up to this quarter	corresponding previous year up to this quarter
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	789,486	609,957
Fees and other income received	26,248	27,997
Dividend received	-	-
Receipts from other operating activities	-	-
Interest paid	(550,409)	(492,544)
Commission and fees paid	-	-
Cash payment to employees	(88,471)	(52,080)
Other expenses paid	(56,106)	(43,906)
Operatng cash flows before changes in operating assets and liabilities	120,748	49,424
(Increase)/decrease in operating assets	(831,760)	(1,069,773)
Due from Nepal Rastra Bank	64,511	(103,506)
Placement with bank and financial institutions	-	-
Other trading assets	-	-
Loan and advances to bank and financial institutions	(852,334)	(242,400)
loan disbursemnt to customer	(214,460)	(558,289)
Other assets	170,523	(165,579)
Increase/(Decrease) in operating liabilities	1,289,827	1,048,746
Due to bank and financial institutions	247,557	1,153,386
Due to Nepal Rastra Bank	184,623	(14,824)
Deposit from customers	890,696	154,239
Borrowings	-	-
Other Liabilities	(33,050)	(244,054)
Net Cash flow from operating activities before tax paid	578,815	28,397
Income taxes paid	70,621	14,679
Net cash flow from operating activities	508,194	13,717
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investment securities	(1,577,449)	12,197
Receipts from sale of investment securities	98,174	-
Purchase of propertyand equipment	(3,293)	3,723
Receipt from the sale of property and equipment	37	-
Purchase of intangible assets	(269)	902
Receipt from the sale of investment properties	-	-
Interest received	52,079	71,758
Dividend received	2,677	-
Net cash used in investing activities	(1,428,045)	88,580
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipt from issue if debt securities	-	-
Repayment of debt securities	-	-
Receipt from issue of subordinated liabilities	-	-
Repayment of subordinated liabilities	-	-
Receipt from issue of shares	-	-

Dividends paid	-	
Interest paid	-	-
Other receipt/payment		
Net cash from financing activities	-	-
Net Increase (decrease) in cash and cash equivalents	(919,851)	102,297
Cash and cash equivalents at shrawan 1,2076	1,838,074	1,735,777
Effect of exchange rate fluctuations on cash and cash equivalents held		-
Cash and cash equivalents at 30th Chaitra 2076	918,223	1,838,074

Statement of Distributable Profit and Loss
As on Quarter Ended 30th Chaitra 2076.
(As per NRB Regulation)

Figures in NPR '000

Particulars	Upto This Quarter(YTD)
Net profit for the period as on Chaitra quarter 2076/77	193,227
<u>Appropriations:</u>	
<u>1.1 Profit required to be appropriated to:</u>	(40,578)
<i>a. General reserve</i>	(38,645)
<i>b. Foreign exchange fluctuation fund</i>	
<i>c. Capital redemption reserve</i>	
<i>d. Corporate social responsibility fund</i>	(1,932)
<i>e. Employees training fund</i>	
<i>f. Other</i>	
<u>1.2 Profit required to be transferred to Regulatory Reserve:</u>	(42,013)
<i>a. Transferred to Regulatory Reserve</i>	(42,013)
<i>b. Transferred from Regulatory Reserve</i>	
Net Profit for the period ended Chaitra quarter 2076 available for distribution	110,637

Notes to the Interim Financial Statements

1. Basis of preparation

The Interim Financial Statements of the Finance for the Third quarter of current FY 2076-2077 ending 12th April 2020 (30th Chaitra 2076) have been prepared in accordance with the requirement of 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 Formats used in the preparation of the Financial Statements and the disclosures made therein comply with the specified formats prescribed by the Nepal Rastra Bank for the preparation, presentation and publication of the Interim Financial Statements.

The Condensed Consolidated Interim Financial Statement comprise of:

- Condensed Consolidated Statement of Financial Position,
- Condensed Consolidated Statement of Profit or Loss,
- Condensed Consolidated Statement of Comprehensive Income,
- Condensed Consolidated Statement of Changes in Equity,
- Condensed Consolidated Statement of Cash Flows,
- Ratios as per NRB Directive

1.1 Reporting Period

The Finance follows the Nepalese financial year based on the Nepalese calendar. The corresponding dates for the English calendar are as follows:

Relevant Financial Statement	Nepalese Calendar Date/Period	English Calendar Date/Period
Statement of Financial Position	30 th Chaitra,2076	12 th April 2020
Statement of Profit/Loss	1 st Shrawan 2076 to 30 th Chaitra,2076	17 th July ,2019 to 12 th April ,2020

1.2 Functional and Presentation Currency

The Nepalese Rupees (NRs), being the currency of primary economic environment under which finance operates, has been used as the functional currency. The Interim Financial information has been presented in Nepalese Rupees and has been shown in actual figure, unless indicated otherwise.

1.3 New standards in issue but not yet effective

The interim financial statement of the Finance have been prepared in accordance with Nepal Financial Reporting Standards (NFRS) to the extent applicable and as issued by Accounting Standard Board-Nepal.

1.4 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 reclassified whenever necessary to conform to current period presentation.

2. Statement of Compliance with NFRSs

The interim financial statement of group which comprise of Condensed Consolidated Statement of Financial Position, Condensed Consolidated Statement of Profit or Loss, Condensed Consolidated Statement of Comprehensive Income, Ratios, Condensed Consolidated Statement of Changes in Equity, Condensed Consolidated Statement of Cash Flows and Notes to the consolidated Interim Financial Statements have been prepared in accordance with Nepal Financial Reporting Standards (NFRS) as issued by Accounting Standards Board and carve out issued by the Institute of Chartered Accountants of Nepal and in compliance with BAFIA 2073 and Unified Directive 2076 issued by Nepal Rastra Bank and all other applicable laws and regulations.

3. Use of Estimates, Assumptions and Judgments

The Management of the Finance has made judgments, estimations and assumptions which affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses that is required for the preparation of interim condensed financial statements in conformity with Nepal Financial Reporting Standards (NFRS). The Management believes that the estimated used in preparation of financial statements are prudent and reasonable. Estimates and underlying assumptions are reviewed on an ongoing basis. Necessary revisions to accounting estimates are recognized in the period in which such estimates are revised and in any future periods affected. Actual results may differ from these estimates. Any revision in accounting estimate is recognized prospectively in present and future periods as required under NAS 08 Accounting Policies, Changes in Accounting Estimates and Error.

Significant estimates, assumptions and judgments used in applying accounting policies which have material effect in financial statements are:

- Impairment on loans and advances (Provision for loan calculated as per NRB)
- Determination of fair value of financial instruments
- Assessment of Finance's ability to continue as going concern.

4. Changes in Accounting Policies

There are no changes in accounting policies and methods of computation since the publication of annual accounts for the year ended Poush2076.

5. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these Financial Statements, and deviations if any have been disclosed accordingly.

5.1 Basis of Measurement

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

- Financial instruments at fair value through profit or loss are measured at fair value.
- Investment Property measured at Fair Value.

5.2 Cash and Cash equivalent

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

5.3 Financial Instruments- Initial recognition and subsequent measurement

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 are 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.

5.4 Loans and advances to customers and BFIs

Loans and advances to customers and BFIs comprises of non-derivative financial assets with fixed or determinable payments that are not quoted in an active market which includes short term lending, term based lending, mortgage lending, personal lending loans to employees and others. Loans and advances are presented on net of the total loan loss provision on the basis of directive number 2 issued by Nepal Rastra Bank. These loans are categorized under pass, watch list, sub-standard, doubtful and loss category. Loan loss provisions are provided on the basis of percentage of total loan outstanding on the basis of their overdue days and other criteria set out in the directive.

5.5 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.

5.6 Property and Equipment

Property and equipment is stated at cost excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. Changes in the expected useful life are accounted for by changing the amortization period or methodology, as appropriate, and treated as changes in accounting estimates. Subsequent expenditures are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the finance and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repair and maintenance costs are charged to other operating expenses during the financial period in which they are incurred.

5.7 Goodwill and Intangible Assets

An intangible asset is recognized only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the finance. Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite.

5.8 Investment Property

Non-Banking Assets which are acquired as part of recovery of loans are classified as investment property and are carried at cost. The Finance's policy is to determine whether a repossessed asset can be best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category at the repossessed value. Land and Building of repossessed collateral are classified as investment property.

5.9 Income Tax

As per Nepal Accounting Standard- NAS 12 (Income Tax) tax expense is the aggregate amount included in determination of profit or loss for the period in respect of current and deferred taxation. Income Tax expense is recognized in the statement of Profit or Loss, except to the extent it relates to items recognized directly in equity or other comprehensive income in which case it is recognized in equity or in other comprehensive income.

a) Current Tax

Current tax assets and liabilities consist of amounts expected to be recovered from or paid to Inland Revenue Department in respect of the current year, using the tax rates

and tax laws enacted or substantively enacted on the reporting date and any adjustment to tax payable in respect of prior years.

b) Deferred Tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination, and at the time of transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carried forward unused tax credits and unused tax losses (if any), to the extent that it is probable that the taxable profit will be available against which the deductible temporary differences, carried forward unused tax credits and unused tax losses can be utilized except:

- Where the deferred tax asset relating to the deductible temporary differences arising from the initial recognition of an asset or liability in a transaction that is not a business combination, and at the time of transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in Subsidiaries, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary difference will be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is probable that sufficient profit will be available to allow the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current and deferred tax assets and liabilities are offset only to the extent that they relate to income taxes imposed by the same taxation authority.

5.10 Deposits

The Finance accepts deposits from its customers under savings account, current account, 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 Finance and represents the amount owed by the Finance to the customer.

5.11 Provisions

Provisions are recognized when the Finance has a present obligation (legal or constructive) as a result of past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, the Finance determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the income statement net of any reimbursement in other operating expenses.

5.12 Share capital and Reserves

Ordinary share capital represents the par value of ordinary shares issued. Share issuance cost which were incurred for raising the capital has not been shown as deduction from share capital but are charged to statement of profit or loss. Share premium represents the excess consideration received by the bank over the par value of ordinary shares issued, and is classified as equity.

Statutory reserves represents the mandatory reserves maintained by the bank as per Nepal Rastra Bank Directives. This includes general reserve, exchange equalization reserve, capital redemption reserve, investment adjustment reserve, interest capitalized reserves, corporate social responsibility reserve, training and development reserve and other reserves as notified by Nepal Rastra Bank. These reserves are not available for distribution of dividend to the shareholders. Retained earnings represents the cumulative net earnings or profit after accounting for dividends to shareholders and mandatory reserves required as per directives issued by Nepal Rastra Bank before distributing dividend. Retained earnings represents the cumulative net earnings or profit after accounting for dividends to shareholders and mandatory reserves required as per directives issued by Nepal Rastra Bank.

5.13 Financial guarantee and loan commitment

Financial guarantees are contracts that require the Finance 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.

5.14 Revenue Recognition

Interest income includes interest income on the basis of accrual basis from loan and advance to borrowers, loans, investment in government securities, and investment in development bond.

Interest income is recorded using the effective interest rate (EIR) method. EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Fees and commission income earned from services that are provided over a certain period of time which includes fees and commission collected from issuance of, guarantees are recognized on time proportion basis. And net trading income comprises gains less losses related to trading assets and liabilities, and includes all realized and unrealized fair value changes, interest, dividends.

5.15 Interest Expenses

Interest expense is recorded using the effective interest rate (EIR) method. EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial liability. Expenses for promotion and incentives provided to bring the deposits are not included in the calculation of effective interest rate because of the immaterial nature and allocation of the cost to individual deposit is not feasible.

5.16 Personnel Expenses

The cost of all short-term employee benefits is recognized as an expense during the period in which the employee renders the related service. Accruals for employee entitlements to salaries, bonus and annual leave represent the amount which the finance has a present obligation to pay as a result of employees' services provided up to the reporting date. The accruals have been calculated at undiscounted amounts based on current salary rates. Annual staff bonus of 10% have been computed as per Bonus Act on the profit for the period before tax.

Defined Benefit Plans- Gratuity and unutilized accumulated leave

Gratuity has been calculated on the basis of HR Byelaws of the company which may be differs from Actuarial Valuation which is in the process.

5.17 Other Operating Expenses

Other Operating expenses are incurred and accounted on an accrual basis and are charged to income statement unless those expenses form the capital nature.

5.18 Depreciation and Amortization

Depreciation is calculated by using the straight line method on cost or carrying value of property, plant & equipment other than freehold land. Fixed Assets are depreciated on the basis of expected useful life on Straight Line Method (SLM) basis. Land is not depreciated. Management has determined the expected life of the fixed assets for depreciation purpose as follows:

S.N.	Assets Types	Depreciation Rate
1.	Leasehold	5 years
2.	Vehicle	7 years
3.	Furniture & Fixture	5 years
4.	Office Equipment	5 years
5.	Computer	5 years
6.	Computer Software	5 years

5.19 Earnings per Share

Finance presents basic and diluted Earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit and loss attributable to ordinary equity holders of Finance by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting both the profit and loss attributable to the ordinary equity holders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares, if any.

6. Segment Reporting:

The bank's operation are managed centrally through head office. All strategic, financial and operational policies and operations are controlled and directed from head office. The bank operates in all provinces 1, 2, 3, 4, 5, and 7. The management of the bank is on the basis of various types of operations supported by ancillary support services.

Figure In NPR '000

	Particulars	Province no 1	Province no 2	Province no 3	Province no 5	Sudur Paschim	Ganadaki	Total
a	Revenues from external customers	117,268	38,910	604,867	102,450	46,729	22,278	932,503
b	Intersegment revenues		-					-
c	Net Revenue	117,268	38,910	604,867	102,450	46,729	22,278	932,503
d	Interest revenue	113,567	37,682	488,072	99,217	45,255	21,575	805,367
e	Interest expense	53,488	14,293	392,708	46,388	17,381	26,151	550,409
f	Net interest revenue	60,078	23,389	95,363	52,829	27,874	(4,576)	254,958
g	Depreciation and amortization	1,762	585	7,574	1,540	702	335	12,498
h	Segment profit /(loss)	58,316	22,804	188,677	51,289	27,171	(4,911)	343,348
i	Entity's interest in the profit or loss of associates accounted for using equity method							-
j	Other material non-cash items:							-
	Provision for loan loss	1,419	471	6,100	1,240	566	270	10,065
k	Impairment of assets	-	-	-	-	-	-	-
l	Segment assets	810,776	269,019	7,423,418	708,328	323,081	154,030	9,688,653
m	Segment liabilities	550,665	147,144	6,962,661	477,565	178,938	269,226	8,586,200

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities**a) Revenue****Figure In NPR '000**

Total revenues for reportable segment	932,503
Other revenues	-
Elimination of intersegment revenues	-
Entity's revenues	932,503

(b) Profit or loss

Total profit or loss for reportable segments	343,348
Other profit or loss	-
Elimination of intersegment profits	-
Unallocated amounts:	
Profit before income tax	343,348

(c) Assets

Total assets for reportable segments	9,688,653
Other assets	-
Unallocated amounts	
Entity's assets	9,688,653

(d) Liabilities

Total liabilities for reportable segments	8,586,200
Other liabilities	-
Unallocated liabilities	
Entity's liabilities	8,586,200