कुमारी बैंक लिमिटेड
KUMARI BANK LIMITED
सबैका लागि, सधैंका लागि

Interim Financial Statements

As on 31 Asoj End 2082 (17 October 2025)

Kumari Bank Limited
Condensed Consolidated Statement of Financial Position
As at First Quarter (17th October 2025) of the Fiscal Year 2025/26

Amount in NPR

Particulars	Group		Bank	
	This Quarter Ending	**Immediate Previous Year Ending**	**This Quarter Ending**	**Immediate Previous Year Ending**
Assets				
Cash and Cash Equivalents	19,830,281,778	20,152,713,898	19,632,044,712	19,768,452,519
Due from Nepal Rastra Bank	19,113,770,476	21,322,921,184	19,113,770,476	21,322,921,184
Placement with Bank and Financial Institutions	5,361,703,068	28,969,566,993	5,361,703,068	28,969,566,993
Derivative Financial Instruments	2,147,603,185	1,176,104,630	2,147,603,185	1,176,104,630
Other Trading Assets	-	-	-	-
Loans and Advances to BFIs	13,942,536,847	14,140,779,353	13,942,536,847	14,140,779,353
Loans and Advances to Customers	269,418,489,202	260,948,398,135	269,418,489,202	260,948,398,135
Investment Securities	96,708,993,828	80,626,751,160	96,251,328,263	80,213,706,216
Current Tax Assets	2,105,859,586	1,352,722,555	2,103,323,166	1,348,290,043
Investment in Subsidiaries	-	-	600,000,000	600,000,000
Investment in Associates	1,470,294,707	1,451,308,802	985,017,596	985,017,596
Investment Property	2,521,108,958	2,538,824,508	2,521,108,958	2,538,824,508
Property and Equipment	2,088,158,127	2,103,218,255	2,044,574,308	2,058,755,895
Goodwill and Intangible Assets	181,007,947	188,977,865	176,802,060	184,391,875
Deferred Tax Assets	210,987,291	30,206,399	210,987,291	30,206,399
Other Assets	8,222,848,359	8,416,347,134	7,860,847,903	8,211,233,275
Total Assets	**443,323,643,359**	**443,418,840,871**	**442,370,137,036**	**442,496,648,620**
Liabilities				
Due to Bank and Financial Institutions	11,967,774,359	11,008,829,728	12,126,538,629	11,085,042,708
Due to Nepal Rastra Bank	3,895,761,000	3,895,761,000	3,895,761,000	3,895,761,000
Derivative Financial Instruments	2,109,244,888	1,176,437,275	2,109,244,888	1,176,437,275
Deposits from Customers	360,406,645,530	364,639,161,514	360,406,645,530	364,639,161,514
Borrowings	1,410,779,693	1,380,591,727	1,410,779,693	1,380,591,727
Current Tax Liabilities	-	-	-	-
Provisions	3,100,000	3,100,000	3,100,000	3,100,000
Deferred Tax Liabilities	-	-	-	-
Other Liabilities	10,931,605,929	9,434,390,020	10,352,995,085	9,044,417,551
Debt Securities Issued	13,982,124,278	13,982,370,181	13,982,124,278	13,982,370,181
Subordinated Liabilities	-	-	-	-
Total Liabilities	**404,707,035,678**	**405,520,641,444**	**404,287,189,105**	**405,206,881,955**
Equity				
Share Capital	26,225,861,340	26,225,861,340	26,225,861,340	26,225,861,340
Share Premium	-	-	-	-
Retained Earnings	(3,422,677,051)	(2,220,590,232)	(3,919,920,199)	(2,794,020,616)
Reserves	15,813,423,392	13,892,928,319	15,777,006,790	13,857,925,941
Total Equity Attributable to Equity Holders	**38,616,607,681**	**37,898,199,426**	**38,082,947,931**	**37,289,766,665**
Non-Controlling Interest	-	-	-	-
Total Equity	**38,616,607,681**	**37,898,199,426**	**38,082,947,931**	**37,289,766,665**
Total Liabilities and Equity	**443,323,643,359**	**443,418,840,871**	**442,370,137,036**	**442,496,648,620**

Condensed Consolidated Statement of Profit or Loss
For the First Quarter Ended (17th October 2025) of the Fiscal Year 2025/26

Amount in NPR

Particulars	Group				Bank			
	Current Year		Previous Year		Current Year		Previous Year	
	This Quarter	Upto this Quarter (YTD)	This Quarter	Upto this Quarter (YTD)	This Quarter	Upto this Quarter (YTD)	This Quarter	Upto this Quarter (YTD)
Interest income	7,340,942,093	7,340,942,093	8,651,113,003	8,651,113,003	7,336,110,442	7,336,110,442	8,640,810,331	8,640,810,331
Interest expense	4,424,044,996	4,424,044,996	5,834,549,812	5,834,549,812	4,424,059,448	4,424,059,448	5,834,564,264	5,834,564,264
Net interest income	**2,916,897,097**	**2,916,897,097**	**2,816,563,190**	**2,816,563,190**	**2,912,050,994**	**2,912,050,994**	**2,806,246,068**	**2,806,246,068**
Fee and commission income	944,586,828	944,586,828	689,624,537	689,624,537	944,586,828	944,586,828	689,624,537	689,624,537
Fee and commission expense	95,390,446	95,390,446	81,430,303	81,430,303	95,390,446	95,390,446	81,430,303	81,430,303
Net fee and commission income	**849,196,382**	**849,196,382**	**608,194,234**	**608,194,234**	**849,196,382**	**849,196,382**	**608,194,234**	**608,194,234**
Net interest, fee and commission Income	**3,766,093,479**	**3,766,093,479**	**3,424,757,424**	**3,424,757,424**	**3,761,247,376**	**3,761,247,376**	**3,414,440,302**	**3,414,440,302**
Net trading income	146,450,233	146,450,233	84,017,094	84,017,094	146,450,233	146,450,233	84,017,094	84,017,094
Other operating income	378,175,056	378,175,056	420,964,495	420,964,495	307,616,144	307,616,144	228,017,455	228,017,455
Total operating income	**4,290,718,768**	**4,290,718,768**	**3,929,739,014**	**3,929,739,014**	**4,215,313,753**	**4,215,313,753**	**3,726,474,851**	**3,726,474,851**
Impairment charge/ (reversal) for Loans and other losses	1,264,107,078	1,264,107,078	630,689,103	630,689,103	1,264,107,078	1,264,107,078	630,689,103	630,689,103
Net operating income	**3,026,611,690**	**3,026,611,690**	**3,299,049,911**	**3,299,049,911**	**2,951,206,675**	**2,951,206,675**	**3,095,785,748**	**3,095,785,748**
Operating expense							-	
Personnel expenses	1,104,997,509	1,104,997,509	1,122,328,309	1,122,328,309	1,091,032,931	1,091,032,931	1,106,885,793	1,106,885,793
Other operating expenses	272,432,299	272,432,299	256,154,792	256,154,792	250,392,233	250,392,233	235,322,180	235,322,180
Depreciation & Amortization	188,609,879	188,609,879	205,255,698	205,255,698	185,745,715	185,745,715	203,871,694	203,871,694
Operating Profit	**1,460,572,003**	**1,460,572,003**	**1,715,311,112**	**1,715,311,112**	**1,424,035,796**	**1,424,035,796**	**1,549,706,081**	**1,549,706,081**
Non-operating income	3,174,934	3,174,934	7,065,849	7,065,849	3,174,934	3,174,934	7,065,849	7,065,849
Non-operating expense	50,000	50,000	-	-	50,000	50,000	-	-
Profit before income tax	**1,463,696,937**	**1,463,696,937**	**1,722,376,961**	**1,722,376,961**	**1,427,160,730**	**1,427,160,730**	**1,556,771,930**	**1,556,771,930**
Income tax expense	375,691,058	375,691,058	491,803,128	491,803,128	370,629,565	370,629,565	478,594,149	478,594,149
Current Tax	446,946,679	446,946,679	494,306,862	494,306,862	438,546,212	438,546,212	478,594,149	478,594,149
Deferred Tax	(71,255,621)	(71,255,621)	(2,503,734)	(2,503,734)	(67,916,647)	(67,916,647)	-	-
Profit/(loss) for the period	**1,088,005,880**	**1,088,005,880**	**1,230,573,833**	**1,230,573,833**	**1,056,531,165**	**1,056,531,165**	**1,078,177,781**	**1,078,177,781**
Condensed Consolidated Statement of Comprehensive income								
Profit/(loss) for the period	1,088,005,880	1,088,005,880	1,230,573,833	1,230,573,833	1,056,531,165	1,056,531,165	1,078,177,781	1,078,177,781
Other Comprehensive income	(263,349,906)	(263,349,906)	168,223,176	168,223,176	(263,349,906)	(263,349,906)	168,223,176	168,223,176
Total Comprehensive income for the period	**824,655,974**	**824,655,974**	**1,398,797,009**	**1,398,797,009**	**793,181,260**	**793,181,260**	**1,246,400,957**	**1,246,400,957**
Basic earnings per share		16.59		18.77		16.11		16.44
Diluted earnings per share		16.59		18.77		16.11		16.44
Profit attributable to:								
Equity holders of the Bank	**824,655,974**	**824,655,974**	**1,398,797,009**	**1,398,797,009**	**793,181,260**	**793,181,260**	**1,246,400,957**	**1,246,400,957**
Non-controlling interest	-	-	-	-	-	-	-	-

Condensed Consolidated Statement of Comprehensive Income

For the Quarter End Asoj 2082

Amount in NPR

Particulars	Group				Bank			
	Current Year		Previous Year Corresponding		Current Year		Previous Year Corresponding	
	This Quarter	Upto this Quarter (YTD)	This Quarter	Upto this Quarter (YTD)	This Quarter	Upto this Quarter (YTD)	This Quarter	Upto this Quarter (YTD)
Profit/(loss) for the period	**1,088,005,880**	**1,088,005,880**	**1,230,573,833**	**1,230,573,833**	**1,056,531,165**	**1,056,531,165**	**1,078,177,781**	**1,078,177,781**
Other Comprehensive income	-	-	-	-	-	-	-	-
a) Items that will not be reclassified to Profit or Loss								
- Gain / (Loss) from Investments in equity instruments measured at fair value	(373,740,852)	(373,740,852)	240,318,823	240,318,823	(376,214,151)	(376,214,151)	240,318,823	240,318,823
- Gain / (Loss) on revaluation	-	-	-	-	-	-	-	-
- Actuarial Gain / (Loss) on defined benefit plans	-	-	-	-	-	-	-	-
- Income tax relating to above items	112,122,256	112,122,256	(72,095,647)	(72,095,647)	112,864,245	112,864,245	(72,095,647)	(72,095,647)
Net Other comprehensive income that will not be reclassified to profit or loss	**(261,618,596)**	**(261,618,596)**	**168,223,176**	**168,223,176**	**(263,349,906)**	**(263,349,906)**	**168,223,176**	**168,223,176**
b) Items that are or may be reclassified to Profit or Loss								
- Gain / (Loss) 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	-	-	-	-	-	-	-	-
Total Comprehensive income for the period	**826,387,283**	**826,387,283**	**1,398,797,009**	**1,398,797,009**	**793,181,260**	**793,181,260**	**1,246,400,957**	**1,246,400,957**
Profit attributable to:	-		-		-		-	
Equity holders of the Bank	826,387,283	826,387,283	1,398,797,009	1,398,797,009	793,181,260	793,181,260	1,246,400,957	1,246,400,957
Non-contorting interest	-	-	-	-	-	-	-	-
Total	**826,387,283**	**826,387,283**	**1,398,797,009**	**1,398,797,009**	**793,181,260**	**793,181,260**	**1,246,400,957**	**1,246,400,957**
Earnings per share	-							
Basic earnings per share		16.59		18.77		16.11		0.02
Annualized Basic earnings per share		16.59		18.77		16.11		0.02
Diluted earnings per share		16.59		18.77		16.11		0.02

Ratios as per NRB Directives

Particulars	Group				Bank			
	Current Year		Previous Year Corresponding		Current Year		Previous Year Corresponding	
	This Quarter	Upto this Quarter (YTD)	This Quarter	Upto this Quarter (YTD)	This Quarter	Upto this Quarter (YTD)	This Quarter	Upto this Quarter (YTD)
Tier 1 Capital to RWA		8.54%		8.52%		8.54%		8.52%
CET 1 Capital to RWA		8.54%		8.52%		8.54%		8.52%
Capital fund to RWA		12.54%		12.41%		12.54%		12.41%
Non-Performing Loan (NPL) to Total Loan		6.98%		4.96%		6.98%		4.96%
Net Non-Performing Loan to Total Loan		1.56%		0.82%		1.56%		0.82%
Total loan loss provision to Total NPL		129.63%		135.62%		129.63%		135.62%
Cost of Funds	4.29%		5.75%		4.29%		5.75%	
Credit to Deposit Ratio	79.07%		82.88%		79.07%		82.88%	
Base Rate (FTM)	5.82%		7.48%		5.82%		7.48%	
Interest Rate Spread	3.53%		3.86%		3.53%		3.86%	
Return on Equity	11.10%		11.25%		11.10%		11.25%	
Return on Assets	0.96%		0.97%		0.96%		0.97%	

Condensed Consolidated Statement of Changes in Equity

For the Quarter ended Asoj 2082

Amount in NPR

Particulars	Group											
	Attributable to the equity holders of the bank											
	Share Capital	Share Premium	General Reserve	Exchange equalization reserve	Regulatory Reserve	Fair Value Reserve	Revaluation Reserve	Retained Earnings	Other Reserve	Total	Non-controlling interest	Total Equity
Balance at Shrawan 1 2081	**26,225,861,340**	**-**	**5,830,291,066**	**68,454,329.44**	**4,942,793,363**	**328,506,038**	**393,177,536**	**(4,862,133,823)**	**2,404,400,265**	**35,331,350,113**	**-**	**35,331,350,113**
Profit for the period	-	-	-	-	-	-	-	2,261,691,121	-	2,261,691,121	-	2,261,691,121
Other Comprehensive Income	-	-	-	-	-	-	-	393,406,686	-	393,406,686	-	393,406,686
Total Comprehensive Income	-	-	-	-	-	-	-	2,655,097,807	-	2,655,097,807	-	2,655,097,807
Transfer to / from Reserve During the Year	**-**	**-**	**434,047,677**	**28,159,015.02**	**(1,966,779,031)**	**442,558,309**	**(23,248,492)**	**444,829,320**	**1,010,591,395**	**-**	**-**	**-**
Contributions from and distributions to owners								**(393,406,687)**		**(393,406,687)**	**-**	**(393,406,687)**
Share Issued	-	-	-	-	-	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-	-	-	-	-	-	-
Dividend to equity holders												
Bonus share issued	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividend paid	-	-	-	-	-	-	-	(65,000,000)	-	(65,000,000)	-	(65,000,000)
Other	-	-	-	-	-	-	-	-	-	-	-	-
Total Contribution by and distributions	-	-	-	-	-	-	-	**(65,000,000)**	-	**(65,000,000)**	-	**(65,000,000)**
Balance at Asadh end 2082	**26,225,861,340**	**-**	**6,264,338,743**	**96,613,344**	**2,976,014,332**	**771,041,196**	**369,929,043**	**(2,220,590,231)**	**3,414,991,660**	**37,898,199,427**	**-**	**37,898,199,427**
Balance at Shrawan 1 2082	**26,225,861,340**	**-**	**6,264,338,743**	**96,613,344**	**2,976,014,332**	**771,041,196**	**369,929,043**	**(2,220,590,231)**	**3,414,991,660**	**37,898,199,427**	**-**	**37,898,199,427**
Profit for the period	-	-	-	-	-	-	-	1,089,737,189	-	1,089,737,189	-	1,089,737,189
Other Comprehensive Income	-	-	-	-	-	-	-	(263,349,906)	-	(263,349,906)	-	(263,349,906)
Total Comprehensive Income	-	-	-	-	-	-	-	826,387,283	-	826,387,283	-	826,387,283
Transfer to / from Reserve During the Year	**-**	**-**	**212,555,114**	**2,755,784**	**1,631,476,019**	**(263,349,906)**	**-**	**(2,183,771,555)**	**336,991,313**	**-**	**-**	**-**
Contributions from and distributions to owners								**263,349,905**		**263,349,905**	**-**	**263,349,905**
Share Issued	-	-	-	-	-	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-	-	-	-	-	-	-
Dividend to equity holders												
Bonus share issued	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividend paid	-	-	-	-	-	-	-	(108,000,000)	-	(108,000,000)	-	(108,000,000)
Other (From Merger)	-	-	-	-	-	-	-	-	-	-	-	-
Total Contribution by and distributions	-	-	-	-	-	-	-	(108,000,000)	-	(108,000,000)	-	(108,000,000)
Balance at Asoj end 2082	**26,225,861,340**	**0**	**6,476,960,607**	**99,369,128**	**4,607,490,351**	**507,691,290**	**369,929,043**	**(3,422,677,053)**	**3,751,982,973**	**38,616,607,680**	**-**	**38,616,607,680**

Condensed Consolidated Statement of Changes in Equity

For the Quarter ended Asoj 2082

Amount in NPR

Particulars	Bank											
	Attributable to the equity holders of the bank											
	Share Capital	**Share Premium**	**General Reserve**	**Exchange equalization reserve**	**Regulatory Reserve**	**Fair Value Reserve**	**Revaluation Reserve**	**Retained Earnings**	**Other Reserve**	**Total**	**Non-controlling interest**	**Total Equity**
Balance at Shrawan 1 2081	**26,225,861,340**	**-**	**5,809,870,410**	**68,454,329**	**4,942,793,363**	**327,359,447**	**393,177,536**	**(5,367,424,481)**	**2,403,107,477**	**34,803,199,422**	**-**	**34,803,199,422**
Profit for the period	-	-	-	-	-	-	-	2,116,409,051	-	2,116,409,051	-	2,116,409,051
Other Comprehensive Income	-	-	-	-	-	-	-	393,406,686	-	393,406,686	-	393,406,686
Total Comprehensive Income	-	-	-	-	-	-	-	2,509,815,737	-	2,509,815,737	-	2,509,815,737
Transfer to / from Reserve During the Year	**-**	**-**	**423,281,810**	**28,159,015**	**(1,966,779,031)**	**441,950,440**	**(23,248,492)**	**63,588,129**	**1,009,799,637**	**-**	**-**	**-**
Contributions from and distributions to owners										-	-	-
Share Issued	-	-	-	-	-	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-	-	-	-	-	-	-
Dividend to equity holders	-	-	-	-	-	-	-	-	-	-	-	-
Bonus share issued	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividend paid	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-
Total Contribution by and distributions	-	-	-	-	-	-	-	-	-	-	-	-
Balance at Asadh end 2082	**26,225,861,340**	**-**	**6,233,152,221**	**96,613,344**	**2,976,014,332**	**769,309,887**	**369,929,043**	**(2,794,020,615)**	**3,412,907,114**	**37,289,766,667**	**-**	**37,289,766,667**
Balance at Shrawan 1 2082	**26,225,861,340**	**-**	**6,233,152,221**	**96,613,344**	**2,976,014,332**	**769,309,887**	**369,929,043**	**(2,794,020,615)**	**3,412,907,114**	**37,289,766,667**	**-**	**37,289,766,667**
Profit for the period	-	-	-	-	-	-	-	1,056,531,165	-	1,056,531,165	-	1,056,531,165
Other Comprehensive Income	-	-	-	-	-	-	-	(263,349,906)	-	(263,349,906)	-	(263,349,906)
Total Comprehensive Income	-	-	-	-	-	-	-	793,181,260	-	793,181,260	-	793,181,260
Transfer to / from Reserve During the Year	**-**	**-**	**211,306,233**	**2,755,784**	**1,631,476,019**	**(263,349,906)**	**-**	**(1,919,080,849)**	**336,892,718**	**-**	**-**	**-**
Contributions from and distributions to owners										-	-	-
Share Issued	-	-	-	-	-	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-	-	-	-	-	-	-
Dividend to equity holders	-	-	-	-	-	-	-	-	-	-	-	-
Bonus share issued	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividend paid	-	-	-	-	-	-	-	-	-	-	-	-
Other (From Merger)	-	-	-	-	-	-	-	-	-	-	-	-
Total Contribution by and distributions	-	-	-	-	-	-	-	-	-	-	-	-
Balance at Asoj end 2082	**26,225,861,340**	**-**	**6,444,458,454**	**99,369,128**	**4,607,490,351**	**505,959,981**	**369,929,043**	**(3,919,920,203)**	**3,749,799,832**	**38,082,947,927**	**-**	**38,082,947,927**

Condensed Consolidated Statement of Cash Flow

For the Quarter ended Asoj 2082

Amount in NPR

Particulars	Group		Bank	
	Upto this Quarter	Corresponding Previous Year Upto this Quarter	Upto this Quarter	Corresponding Previous Year Upto this Quarter
CASH FLOWS FROM OPERATING ACTIVITIES				
Interest Received	6,748,739,095	34,306,188,448	6,743,907,444	34,275,902,336
Fee and Other Income Received	944,586,828	3,039,564,447	944,586,828	3,039,564,447
Dividend Received	-	-	-	-
Receipts from Other Operating Activities	331,915,010	1,027,408,937	280,342,002	765,594,000
Interest Paid	(3,986,194,503)	(19,298,673,034)	(3,986,208,954)	(19,298,687,486)
Commissions and Fees Paid	(95,390,446)	(365,745,274)	(95,390,446)	(365,745,274)
Cash Payment to Employees	(1,024,385,618)	(3,607,130,922)	(1,010,421,040)	(3,547,760,208)
Other Expenses Paid	(1,879,773,855)	(3,711,320,750)	(1,890,763,456)	(3,665,376,135)
Operating Cash Flows before Changes in Operating Assets and Liabilities	**1,039,496,510**	**11,390,291,852**	**986,052,379**	**11,203,491,680**
(Increase) Decrease in Operating Assets				
Due from Nepal Rastra Bank	2,209,150,708	6,835,170,234	2,209,150,708	6,835,170,234
Placement with Banks and Financial Institutions	23,607,863,925	(27,546,652,986)	23,607,863,925	(27,546,652,986)
Other Trading Assets	-	-	-	-
Loans and Advances to BFIs	198,242,506	(3,395,332,639)	198,242,506	(3,395,332,639)
Loans and Advances to Customers	(8,470,091,067)	7,482,872,335	(8,470,091,067)	7,482,872,335
Other Assets	(390,910,640)	(3,977,391,894)	(28,910,185)	(3,772,278,036)
Increase (Decrease) in Operating Liabilities				
Due to Banks and Financial Institutions	1,482,731,651	(3,108,579,436)	1,041,495,921	(3,632,366,456)
Due to Nepal Rastra Bank	-	166,261,000	-	166,261,000
Deposit from Customers	(4,232,515,983)	31,527,839,029	(4,232,515,983)	31,527,839,029
Borrowings	30,187,966	39,998,148	30,187,966	39,998,148
Other Liabilities	2,664,401,149	1,953,710,636	2,085,790,305	1,563,738,166
Net Cash Flow from Operating Activities before Tax Paid	**18,138,556,725**	**21,368,186,279**	**17,427,266,475**	**20,472,740,475**
Income Tax Paid	(1,201,177,248)	(2,575,189,701)	(1,193,579,336)	(2,526,098,571)
Net Cash Flow from Operating Activities	**16,937,379,477**	**18,792,996,578**	**16,233,687,139**	**17,946,641,903**
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of Investment Securities	(16,495,287,612)	(15,912,985,048)	(16,139,010,538)	(15,499,940,104)
Receipts from Sale of Investment Securities	-	101,388,492	101,388,492	101,388,492
Purchase of Property and Equipment	(197,432,397)	(1,226,625,916)	(153,848,578)	(1,182,163,556)
Receipts from Sale of Property and Equipment	-	-	-	-
Purchase of Intangible Assets	3,383,928	30,610,360	7,589,815	35,196,350
Receipts from Sale of Intangible Assets	-	-	-	-
Purchase of Investment Properties	-	-	-	-
Receipts from Sale of Investment Properties	-	-	-	-
Interest Received	-	-	-	-
Dividend Received	176,899,308	212,090,502	176,899,308	212,090,502
Net Cash Used in Investing Activities	**(16,512,436,773)**	**(16,795,521,610)**	**(16,006,981,502)**	**(16,333,428,316)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts from Issue of Debt Securities	(245,903)	1,909,724	(245,903)	1,909,724
Repayments of Debt Securities	-	-	-	-
Receipts from Issue of Subordinated Liabilities	-	-	-	-
Repayments of Subordinated Liabilities	-	-	-	-
Receipt from Issue of Shares (Including Premium)	-	-	-	-
Dividends Paid	-	-	-	-
Interest Paid	(362,867,542.06)	(1,428,306,987.52)	(362,867,541.54)	(1,428,306,985.77)
Other Receipts/Payments	-	-	-	-
Net Cash from Financing Activities	**(363,113,445)**	**(1,426,397,264)**	**(363,113,445)**	**(1,426,397,262)**
Net Increase (Decrease) in Cash and Cash Equivalents	**61,829,259**	**571,077,705**	**(136,407,807)**	**186,816,326**
Cash and Cash Equivalents at Shrawan 01, 2082	**19,768,452,519**	**19,581,636,193**	**19,768,452,519**	**19,581,636,193**
Effect of Exchange Rate fluctuations on Cash and Cash Equivalents Held	-	-	-	-
Cash and Cash Equivalents at Asoj 2082	**19,768,452,519**	**19,581,636,193**	**19,768,452,519**	**19,581,636,193**

Statement of Distributable Profit or Loss
For the Quarter end of Asoj 2082
(As per NRB Regulation)

Amount in NPR

	Current Year Upto this Qtr YTD	Previous Year Corresponding Qtr YTD
Net profit or (loss) as per statement of profit or loss	**1,056,531,165**	**1,078,177,781**
Appropriations:		
a. General reserve	(211,306,233)	(215,635,556)
b. Foreign exchange fluctuation fund	(2,755,784)	(1,580,967)
c. Capital redemption reserve	(260,416,667)	(260,416,667)
d. Corporate social responsibility fund	(10,565,312)	(10,032,094)
e. Employees' training fund	(65,910,740)	(17,031,829)
f. Other (Investment adjustment reserve)	-	-
Profit or (loss) befor regulatory adjustment	**505,576,430**	**573,480,668**
Regulatory adjustment :		
a. Interest receivable (-)/previous accrued interest received (+)	(1,544,281,260)	(323,710)
b. Short loan loss provision in accounts (-)/reversal (+)	-	-
c. Short provision for possible losses on investment (-)/reversal (+)	(263,349,906)	-
d. Short loan loss provision on Non Banking Assets (-)/reversal (+)	244,071,796	(112,583,374)
e. Deferred tax assets recognised (-)/ reversal (+)	(67,916,643)	-
f. Goodwill recognised (-)/ impairment of Goodwill (+)	-	-
g. Bargain purchase gain recognised (-)/reversal (+)	-	-
h. Actuarial loss recognised (-)/reversal (+)	-	-
i. Other (+/-) Interest Capialization	-	-
Net Profit for the quarter ended Asoj 2082 available for distribution	**(1,125,899,583)**	**460,573,585**
Opening Retained Earnings as on Shrawan 2082	**(2,794,020,616)**	**(3,788,998,255)**
Adjustment:	-	-
Distribution:		
Bonus Shares Issued	-	-
Cash Dividend Paid	-	-
Total Distributable Profit or (Loss) as on quarter ended Asoj 2082	**(3,919,920,199)**	**(3,328,424,671)**
Annualised Distributable Profit/Loss per share	-	-

NOTES TO THE INTERIM FINANCIAL STATEMENTS
Period ended 17th October 2025

1. BASIS OF PREPARATION

The interim financial statements of the Group (Bank and its subsidiary, Kumari Capital Limited and K.B.L. Securities Limited) have been prepared on accrual basis of accounting except the cash flow information that is prepared, on a cash basis, using the direct method.

The interim financial statements comprise of the Condensed Statement of Financial Position, Condensed Statement of Profit or Loss and Condensed Statement of Other Comprehensive Income, the Condensed Statement of Changes in Equity, the Condensed Statement of Cash Flows and the Notes to the Accounts of the Group and Separate Financial Statements of the Bank. The Significant Accounting Policies applied in the presentation of the Financial Statements are set out below. These policies are consistently applied to all the years presented, except for the changes in the accounting policies disclosed specifically.

1.1 Reporting Period and Approval of Financial Statements

a) Reporting Period

The Bank has prepared the interim financial statements in accordance with NFRS depicting financial performance for period ended 17th October 2025 of FY 2025/26.

b) Responsibility for Financial Statements

The preparation and presentation of Interim Financial Statements is the responsibility of the Management as per the governing provisions.

1.2 Functional and Presentation Currency

The Financial Statements of Bank and Group are presented in Nepalese Rupees (Rs.), which is the currency of the primary economic environment in which the Bank operates. There was no change in Bank's presentation and functional currency during the year under review.

2. STATEMENT OF COMPLIANCE

The Interim Financial Statements of Bank for the period ended 17th October 2025 comprising Condensed Consolidated Statement of Financial Position, Condensed Consolidated Statement of Profit or Loss, Statement of Comprehensive Income, Condensed Consolidated Statement of Changes in Equity, Condensed Consolidated Statement of Cash Flows and Notes to the Interim Financial Statements (including Significant Accounting Policies), have been prepared in accordance with Nepal Financial Reporting Standards (hereafter referred as NFRS), laid down by the Institute of Chartered Accountants of Nepal and in compliance with the requirements of all applicable laws and regulations.

3. USE OF ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

The preparation of Interim Financial Statements in conformity with Nepal Financial Reporting Standards requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ due to these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

The most significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have most significant effect in the Interim Financial Statements are as follows:

3.1 Going Concern

The Bank's ability to continue as a going concern is proper and that it has the resources to continue in business for the foreseeable future. Furthermore, there are no any material uncertainties that may provide significant doubt upon Bank's ability to continue as a going concern and there is no intension either to liquidate or to cease operations of it. Therefore, the Interim Financial Statements continue to be prepared on the going concern basis.

3.2 Fair Value of Financial Instruments

Where the fair values of financial assets and financial liabilities recorded in the condensed consolidated statement of financial position can be derived from active markets, they are derived from observable market data. However, if this is not available, judgment is required to establish fair values.

3.3 Impairment of Financial Assets – Loans and Advances

The Bank review it's individually significant loans and advances at each condensed consolidated statement of financial position date to assess whether an impairment loss should be recorded in the income statement. The bank has conducted objective evidence test for individual impairment through different parameters like inability to meet loan agreements, substantial drop in profits/ turnover, significant adverse cash flows, significant adverse net worth situation, problematic borrower financial position, etc. Mainly, management judgment is required in the estimation of the amount and timing of the expected future cash flows for determination of the impairment loss.

These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the impairment allowance.

Loans and advances that have been assessed individually and found to be not impaired and all individually insignificant loans and advances are then assessed collectively, in groups of assets with similar risk characteristics, to determine whether provision should be made due to incurred loss events for which there is objective evidence, but the effects of which are not yet evident. The collective assessment takes in to account data from the loan portfolio such as levels of arrears, credit quality, portfolio size etc. and judgments based on current economic conditions.

The Bank recognizes impairment allowances on credit exposures pursuant to the regulatory backstop in NFRS 9 – Expected Credit Loss Related Guideline, 2024 is calculated as the higher of: (i) Total Expected Credit Loss (ECL) under NFRS 9; and (ii) Existing regulatory provisions under NRB Directives No. 2.

3.4 Write off of Loan and Interest Suspense

The Bank has not written off any loan or interest suspense during the period from Shrawan 2082 to Asoj 2082.

3.5 Impairment of Investments measured through OCI

Bank reviews its investments classified as available for sale, at each reporting date to assess whether they are impaired. Objective evidence that an available for sale debt security is impaired includes among other things significant financial difficulty of the issuer, a breach of contract such as a default or delinquency in interest or principal payments etc. The Bank also records impairment charges on available for sale equity investments where there is significant or prolonged decline in fair value below their cost. The determination of what is 'significant' or 'prolonged' requires judgment.

3.6 Taxation

The Bank is subject to income tax and judgment is required to determine the total provision for current, deferred and other taxes due to the uncertainties that exist with respect to the interpretation of the applicable tax laws, at the time of preparation of these Interim Financial Statements.

Deferred tax assets are recognized in respect of tax losses to the extent that it is probable that future taxable profit will be available against which the losses can be utilized. Judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits, together with future tax planning strategies.

3.7 Fair Value of Property, Plant and Equipment

The freehold land and buildings of the bank are not reflected at fair value and no revaluation has been carried at the reporting date. Cost of acquisition has been considered as the fair value for Property and Equipment on the basis that these assets value are comparable to fair value.

3.8 Useful Life-time of the Property, Plant and Equipment

Property, Plant and Equipment is recognized on cost model. Cost includes the purchase price and other directly attributable costs to the acquisition of individual asset item. Bank reviews the residual values, useful lives and methods of depreciation of property, plant and equipment at each reporting date. Judgment of the management is exercised in the estimation of these values, rates, methods and hence they are subject to uncertainty.

a) Fixed Assets

Fixed assets except land are stated at acquisition cost less accumulated depreciation. Acquisition cost includes expenditures that are directly attributable to the acquisition of the assets. Assets with a value less than Rs. 10,000 are charged off as a revenue expense irrespective of its useful life in the year of purchase. Leasehold improvements are capitalized at cost and amortized over the period of five years. The amount of amortization is charged as revenue expenses.

b) Computer Software

Acquired computer software licenses are capitalized on the basis of cost incurred to acquire and bring to use the specific software and are amortized over their useful life estimated as 5 years from the date of acquisition.

Depreciation/Amortization on newly acquired property and equipment and intangible assets are charged from the next month of booking. It ceases when it is derecognized at the time of its disposal or write off.

3.9 Provisions for Liabilities and Contingencies

The Bank receives legal claims against it in the normal course of business. Management has made judgments as to the likelihood of any claim succeeding in making provisions. The time of concluding legal claims is uncertain, as is the amount of possible outflow of economic benefits.

4 CHANGES IN ACCOUNTING POLICIES

The bank has changed its accounting policies, wherever required, to ensure compliance with NFRS. The effect of change in accounting policy at the date of transition has been given to the retained earnings (and reserves, if applicable).

4.1 Discounting

When the realization of assets and settlement of obligation is for more than one year, the Bank considers the discounting of such assets and liabilities where the impact is material. Various internal and external factors have been considered for determining the discount rate to be applied to the cash flows of company. Effective interest rate calculation under Loan Administration fee and share/debenture issue expenses are considered as immaterial. Thus those fee and expenses as immaterial and impracticable to determine reliably, has not been considered in computation of effective interest rate as per Carve-out (optional) pronounced on 20th September 2018.

4.2 Materiality and Aggregation

In compliance with Nepal Accounting Standard - NAS 01 (Presentation of Financial Statements), each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or functions too are presented separately unless they are immaterial. Financial Assets and Financial Liabilities are offset and the net amount reported in the Condensed Consolidated Statement of Financial Position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. Income and expenses are not offset in the Condensed Consolidated Statement of Profit or Loss unless required or permitted by an Accounting Standard.

4.3 Comparative Information

The Interim Financial Statement of the Bank provides comparative information in respect of previous periods. The accounting policies have been consistently applied by Bank with those of the previous financial year. Further, comparative information is reclassified wherever necessary to comply with the current presentation.

5. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these Interim 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 following material items in the statement of financial position:

- Financial assets other than measured at amortized cost are measured at fair value.
- Investment securities are measured at fair value.
- Inventories are measured at cost or net realizable value whichever is lower.
- Liabilities for defined benefit obligations are recognized at the present value of the defined benefit obligation less the fair value of the plan assets.
- Investment property is measured at cost.
- Non-derivative financial instruments at fair value through profit or loss are measured at fair value.
- Derivative financial instruments are measured at fair value.
- Liabilities for cash-settled, share-based-payment arrangements are measured at fair value.
- Investment securities are measured at fair value.
- Trading Assets like Bonds, Treasury Bills, Equities, etc. held for trading purpose are measured at fair value.

- Impairment of asset is measured at fair value and related disposal cost.
- Assets acquired & Liabilities assumed in a business combination are recognized at fair value.
- Any other requirements or options provided by standards.

5.2 Basis of consolidation

The Group's financial statements comprise consolidation of the financial statements of the Bank and those of the following entities:

a. The Subsidiary, in accordance with NFRS 10 – "Consolidated Financial Statements" inclusive of the alternative treatment prescribed on carve-out in NFRS; and
b. The proportionate share of the profit or loss and net assets of the Associate Company in accordance with NAS – 28 "Investments in Associates and Joint Ventures" inclusive of the alternative treatment prescribed on carve-out in NFRS.

a. Subsidiaries

Subsidiaries are entities that are controlled by the Bank. The Bank is presumed to control an investee when it is exposed or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. At each reporting date the Bank reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more elements of control mentioned above.

The Interim Financial Statements of Subsidiaries are fully consolidated from the date on which control is transferred to the Bank and continue to be consolidated until the date when such control ceases. The Interim Financial Statements of the Bank's Subsidiaries are prepared for the same reporting period as per the Bank, using consistent accounting policies.

The cost of acquisition of a Subsidiary is measured as the fair value of the consideration, including contingent consideration, given on the date of transfer of title. The acquired identifiable assets, liabilities are measured at their fair values at the date of acquisition. Subsequent to the initial measurement, the Bank continues to recognize the investments in Subsidiaries at cost.

The Group has recognized Kumari Capital Limited and K.B.L. Securities Limited as a Subsidiary company in which the Bank held 100% controlling interest at the report date.

b. Transaction elimination on consolidation

Intra group balances and transactions, any unrealized income and expenses arising from intra group transactions, are eliminating in preparing the condensed consolidated financial statements. Unrealized gains/losses arising from transactions with equity accounted investees are eliminated against the investments to the extent of group interest of investee.

c. Business combination

Business combinations are accounted for using the acquisition method. As of the acquisition date, the amount of non-controlling interest is measured either at fair value or at the non-controlling interest's proportionate share of the acquirer's identifiable net assets. Acquisition related costs are expensed in the periods in which the costs are incurred and the services are received.
The Group elects on a transaction by transaction basis whether to measure non-controlling interest at its fair value, or at its proportionate share of the recognized amount of the identifiable net assets, at the acquisition date. Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

5.3 Financial Assets and financial liabilities

a. Recognition

All financial assets and liabilities are initially recognized on the trade date, i.e. the date that Bank becomes a party to the contractual provisions of the instrument. This includes ‘regular way trades’. Regular way trade means purchases or sales of financial assets that required delivery of assets within the time frame generally established by regulation or convention in the market place.

The classification of financial instruments at the initial recognition depends on their purpose and characteristics and the management’s intention in acquiring them.

b. Classification and Measurement

<u>Classification of Financial Assets</u>

The Group classifies the financial assets as subsequently measured at amortized cost or fair value on the basis of the Group’s business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The two classes of financial assets are as follows:

1. Financial assets measured at amortized cost

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

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

2. Financial asset measured at fair value

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

i. Financial assets at fair value through profit or loss

Financial assets are classified as fair value through profit or loss (FVTPL) if they are held for trading purpose or are designated at fair value through profit or loss. Upon initial recognition, transaction costs 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.

ii. Financial assets at fair value through other comprehensive income

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

Classification and Subsequent Measurement of Financial Liabilities
At the inception, Bank determines the classification of its financial liabilities. Accordingly, financial liabilities are classified as:

1. **Financial liabilities at fair value through profit or loss**
   Financial liabilities 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 costs are directly attributable to the acquisition are recognized in Statement of Profit or Loss as incurred. Subsequent changes in fair value is recognized at profit or loss.

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

Measurement of Financial Assets

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

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

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

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

De-recognition
Financial assets are derecognized when the right to receive cash flows from the assets have expired or where the Bank has transferred substantially all risks and rewards of ownership. If substantially all the risks and rewards have been neither retained nor transferred and the Bank has retained control, the assets continue to be recognized to the extent of the Bank's continuing involvement.

On de-recognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset de-recognized) and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss, except for equity instruments elected FVOCI.

Financial liabilities are de-recognized when they are extinguished. A financial liability is extinguished when the obligation is discharged, cancelled or expired and this is evaluated both qualitatively and quantitatively.

Fair Value Measurement

Assets and liabilities carried at fair value or for which fair values are disclosed have been classified into three levels according to the observability of the significant inputs used to determine the fair values. Changes in the observability of significant valuation inputs during the reporting period may result in a transfer of assets and liabilities within the fair value hierarchy. The Bank recognizes transfers between levels of the fair value hierarchy when there is a significant change in either its principal market or the level of observability of the inputs to the valuation techniques as at the end of the reporting period.

The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity 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. If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability

Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs shall be used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date

c. Impairment

At each reporting date, Bank assesses whether there is any objective evidence that a financial asset or group of financial assets not carried at fair value through profit or loss is impaired. A financial asset or group of financial assets is deemed to be impaired if and only if there is objective evidence of impairment as a result of one or more events, that have occurred after the initial recognition of the asset (an 'incurred loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Objective evidence of impairment may include: indications that the borrower or a group of borrowers is experiencing significant financial difficulty; the probability that they will enter bankruptcy or other financial reorganization; default or delinquency in interest or principal payments; and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Impairment of Financial Assets carried at Amortized Cost

For financial assets carried at amortized cost, such as amounts due from banks, held to maturity investments etc., Bank first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant or collectively for financial assets that are not individually significant. In the event Bank determines that no objective evidence of impairment exists for an individually assessed financial asset, financial assets in a group with similar credit risk characteristics are collectively assesses for impairment. However, assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

If there is an objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current rate closely approximates effective interest rate. If the Bank has reclassified trading assets to loans and advances, the discount rate for measuring any impairment loss is the new closely approximates effective interest rate determined at the reclassification date. The calculation of the present value of the estimated future cash flows of collateralized financial assets reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

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

Objective evidence of impairment of investment in an equity instrument is a significant or prolonged decline in its fair value below its cost. Impairment losses are recognized by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and the current fair value, less any impairment loss recognized previously in profit or loss.

5.4 Trading Assets

Financial assets such as government securities, equity etc. held for short term with an intention to trade have been classified as trading assets. Trading assets are measured at fair value with any changes in fair value being recognized in Profit or Loss.

5.5 Derivative assets and derivative liabilities

Derivative financial instruments such as forward foreign exchange contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation technique is forward pricing model which incorporates various inputs including foreign exchange spot and forward premiums.

Forward contracts are the contracts to purchase or sell a specific quantity of a financial instrument, a commodity, or a foreign currency at a specified price determined at the outset, with delivery or settlement at a specified future date. Settlement is at maturity by actual delivery of the item specified in the contract, or by a net cash settlement.

5.6 Property and Equipment

Recognition

Property, plant and equipment are tangible items that are held for use in the production or supply of services, for rental to others or for administrative purposes and are expected to be used during more than one period. The Bank applies the requirements of the Nepal Accounting Standard - NAS 16 (Property, Plant and Equipment) in accounting for these assets. Property, plant and equipment are recognized if it is probable that future economic benefits associated with the asset will flow to the entity and the cost of the asset can be measured reliably measured.

Measurement

An item of property, plant and equipment that qualifies for recognition as an asset is initially measured at its cost. Cost includes expenditure that is directly attributable to the acquisition of the asset and cost incurred subsequently to add to, replace part of an item of property, plant & equipment. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the asset to a working condition for its intended use and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalized as part of computer equipment. When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Cost Model

Property and equipment is stated at cost excluding the costs of day–to–day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing part of the equipment when that cost is incurred, if the recognition criteria are met.

Depreciation

Depreciation is calculated by using the straight line method on cost or carrying value of property, plant & equipment other than freehold land.

The depreciable amount of an item of property, plant and equipment is allocated on systematic basis over its useful life, under written down value method of depreciation except for Leasehold properties and is depreciated as follows:

Asset Category	Estimated Useful Life of Asset (Years)
Buildings	40 Years
Vehicles	10 Years
Office Equipment	8 Years
Furniture & Fixtures (Metal & Wooden)	8 Years
Computer Hardware	8 Years
Battery	6 Years
Leasehold Properties	5 Years

Salvage Value is assumed to be 10% of the cost of the asset in case of asset depreciated on Diminishing Value Method.

Depreciation on newly acquired property and equipment are charged from the month of booking. Depreciation of property and equipment ceases when it is de-recognized at the time of its disposal.

5.7 Intangible Assets and Goodwill

Recognition

An intangible asset is an identifiable non-monetary asset without physical substance, held for use in the production or supply of goods or services, for rental to others or for administrative purposes. An intangible asset is recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. An intangible asset is initially measured at cost. Expenditure incurred on an intangible item that was initially recognized as an expense by the Bank in previous annual Financial Statements or interim Financial Statements are not recognized as part of the cost of an intangible asset at a later date.

Computer Software

Cost of purchased licenses and all computer software costs incurred, licensed for use by the Bank, which are not integrally related to associated hardware, which can be clearly identified, reliably measured, and it's probable that they will lead to future economic benefits, are included in the Statement of Financial Position under the category 'Intangible assets' and carried at cost less accumulated amortization and any accumulated impairment losses.

Subsequent Expenditure

Expenditure incurred on software is capitalized only when it is probable that this expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standard of performance and this expenditure can be measured and attributed to the asset reliably. All other expenditure is expensed as incurred.

Amortization of Intangible Assets

Intangible Assets, except for goodwill, are amortized on a straight–line basis in the Statement of Profit or Loss from the date when the asset is available for use, over the best of its useful economic life based on a pattern in which the asset's economic benefits are consumed by the bank. Amortization methods, useful lives, residual values are reviewed at each financial year end and adjusted if appropriate. The Bank assumes that there is no residual value for its intangible assets.

Asset Category	For the period ended 12 April 2024	For the year ended 16 July 2022
Computer Software	5 years	5 years

Goodwill Intangible Assets

Goodwill represents the residual of the cost of acquisition over the fair value of the identifiable net assets and contingents acquired. Goodwill represents those intangibles that are not identifiable. Goodwill is allocated to a cash-generating unit (CGU), which may be larger than the entity acquired, and is not amortized. It is assessed for impairment on an annual basis by comparing the present value of the expected cash flows generated by the CGU to the carrying value of the net assets of that CGU (including the goodwill). To the extent, impairment is identified, this is charged to the income statement at that time.

5.8 Investment Property

Investment property is property (land or a building or part of a building or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both but not for sale in the ordinary course of business.

5.9 Income Tax

As per Nepal Accounting Standard- NAS 12 (Income Taxes) 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 condensed consolidated 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. The Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to tax authorities.

5.10 Deposits, debt securities issued and subordinated liabilities

Deposits, debt securities issued and subordinated liabilities are the Bank's sources of funding. Deposits include non-interest bearing deposits, saving deposits, term deposits, call deposits and margin deposits. The estimated fair value of deposits with no stated maturity period is the amount repayable on demand. The fair value of fixed interest bearing deposits is considered as the interest receivable on these deposits plus carrying amount of these deposits. The fair value of debt securities issued is also considered as the carrying amount of these debt securities issued. Sub-ordinate liabilities are liabilities subordinated, at the event of winding up, to the claims of depositors, debt securities issued and other creditors.

5.11 Provisions

A provision is recognized if, as a result of a past event, the Bank 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. The amount recognized is the best estimate of the consideration required to settle the present obligation at the reporting date, taking in to account the risks and uncertainties surrounding the obligation at that date. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is determined based on the present value of those cash flows. A provision for onerous contracts is recognized when the expected benefits to be derived by the Bank from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured as the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

5.12 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to Bank and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized.

Interest Income

For all financial instruments measured at amortized cost, interest bearing financial assets classified as measured at fair value through OCI and financial instruments designated at fair value through profit or loss, interest income or expense is recorded using the EIR. 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 or financial liability. Loan Administration Fees that are integral part of EIR is treated immaterial and not considered while calculating the Effective Interest Rate (EIR).

The Bank has adopted the Expected Credit Loss (ECL) model under NFRS 9. Consequently, recognition of interest income is based on the Guidance Note on Interest Income Recognition (2025) issued by the NRB.

Fee and Commission Income

Fees earned for the provision of services over a period of time are accrued over the period, which include service fees and commission income.

Dividend Income

Dividend income is recognized when the right to receive payment is established.

Net Trading Income
Net trading income comprises gains less losses relating to trading assets and liabilities, and includes all realized interest, dividend and foreign exchange differences as wells as unrealized changes in fair value of trading assets and liabilities.

Net income from other financial instrument measured at fair value through Profit or Loss
Trading assets such as equity shares and mutual fund are recognized at fair value through profit or loss. No other financial instruments are designated at fair value through profit or loss. The bank has no income under the heading net income from other financial instrument at fair value through profit or loss.

Interest expense
For all financial liabilities measured at amortized cost, interest expense is recognized using the EIR. EIR is the rate that exactly discounts estimated future cash payments through the expected life of the financial liabilities or a shorter period, where appropriate, to the net carrying amount of the financial liability.

Employee Benefits
Employee benefits include:

- Short-term employee benefits such as the following, if expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related services:

i. Wages, salaries and social security contributions;
ii. Paid annual leave and paid sick leave;
iii. Profit sharing and bonuses, and
iv. Non-monetary benefits (such as medical care, housing, cars and free or subsidized goods or services) for current employees;

Short term employee benefits are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short term cash bonus or profit sharing plans if the Bank has present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

- Post-employment benefits, such as the following:

i. Retirement benefits (e.g.: pensions, lump sum payments on retirement); and
ii. Other post-employment benefits such as post-employment life insurance and post-employment medical care;

- Other long term employee benefits and
- Termination benefits

5.13 Foreign currency translation
All foreign currency transactions are translated into the functional currency, which is Nepalese Rupees, using the exchange rates prevailing at the dates when the transactions were affected.

5.14 Segment Reporting
An operating segment is a component of an entity:

- that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity),

- whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and
- For which discrete financial information is available.

The bank has identified the key segments of business on the basis of nature of operations that assists the Executive Committee of the bank in decision making process and to allocate the resources. It will help the management to assess the performance of the business segments. The business segments identified are Banking (including loan, deposit and trade operations), Payment solutions (Cards), Remittance, Treasury and Micro Banking. All operations between the segments are conducted on pre-determined transfer price. Treasury department acts as the fund manager of the Bank.

5.15 Cash Flow Statement

The cash flow statement has been prepared using 'The Direct Method', whereby gross cash receipts and gross cash payments of operating activities, finance activities and investing activities have been recognized.

5.16 Comparative Figures

The comparative figures and phrases have been rearranged wherever necessary to conform to the current year's presentation.

6. SEGEMENTAL INFORMATION

The Bank has identified the key segments of business based on nature of banking operations. It helps the management to assess the performance of the business segments. The business segments identified are Banking (including loans, deposits and trade operations), Cards, Remittance and Treasury.

A. Information about reportable segments

In 000

Particulars	Banking		Treasury		Card		Remittance		Total	
	Current Qtr.	Corresponding Previous Yr Qtr	Current Qtr	Corresponding Previous Yr Qtr	Current Qtr	Corresponding Previous Yr Qtr	Current Qtr	Corresponding Previous Yr Qtr	Current Qtr	Corresponding Previous Yr Qtr
Revenues from external customers	6,945,808	8,006,383	1,422,877	1,361,407	324,845	253,698	44,409	28,047	8,737,939	9,649,535
Intersegment Revenues	-	-	-	-	-	-	-	-	-	-
Segment Profit / (Loss) Before tax	307,396	551,258	862,961	819,140	223,653	171,818	33,151	14,556	1,427,161	1,556,772
Segment Assets	326,356,828	334,076,568	115,804,744	109,942,593	175,168	163,128	33,397	55,980	442,370,137	444,238,269
Segment Liabilities	401,082,987	388,355,285	3,176,437	17,520,105	15,215	15,608	12,550	(369)	404,287,189	405,890,629

B. Reconciliation of reportable segment profit or loss

Particulars	Current Qtr	Corresponding Previous Yr Qtr
Profit before tax for reportable segments	1,677,552,963	1,792,094,110
Elimination of inter-segment profit	-	-
Elimination of discontinued operation	-	-
Unallocated Amounts:	-	-
- Other Corporate Expenses	(250,392,233)	(235,322,180)
Profit before tax	**1,427,160,730**	**1,556,771,930**

7. Concentration of Borrowings and Deposits

A. Concentration of Borrowings

Particulars	Current Year	Previous Year
Borrowing from 10 largest Lenders	9,585,510,000	24,733,700,000
Percentage of borrowings from ten largest lenders to total depositors	2.56%	6.52%

B. Concentration of Credit exposures

Particulars	Current Year	Previous Year
Total exposures to twenty largest borrowers		
a. As per group (related party)	51,339,456,387	39,174,671,242
b. As per individual customer	2,446,910,215	2,224,511,302
Percentage of exposures to twenty largest borrowers to Total Loans and Advances		
a. As per group (related party)	17.28%	13%
b. As per individual customer	0.82%	0.76%

C. Concentration of Deposits

Particulars	Current Year	Previous Year
Total deposits from twenty largest depositors		
a. Group-wise	92,947,208,406	97,564,493,105
b. As per individual customer	3,138,793,911	2,698,590,461
Percentage of deposits from twenty largest depositors to Total Deposits		
a. Group-wise	24.82%	25.70%
b. As per individual customer	0.84%	0.71%

8. **RELATED PARTY DISCLOSURES**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions and include major shareholders, subsidiary companies, associates, retirement funds, directors and key management personnel and their close family members.

Banking transactions with the related parties are executed substantially on the same terms, including mark-up rates and collateral, as those prevailing at the time for comparable transactions with unrelated parties and do not involve more than a normal risk.

a) Subsidiary

Transactions between the Bank and its subsidiary, Kumari Capital Limited and K. B.L. Securities Ltd, meet the definition of related party.

Transactions during the year (Kumari Capital Limited)	**FY 2082-83 (Rs)**	**FY 2081-82 (Rs)**
Equity Investment by Kumari Bank Limited on Kumari Capital Ltd.		-
Deposits held by Kumari Capital Limited at Kumari Bank Ltd.	63,604,784	63,604,784
Interest Expenses incurred by Kumari Bank Limited, which formed part of income of Kumari Capital Limited	1,252,574.12	1,252,574.12
Expenses of Kumari Capital Limited paid by Kumari Bank Ltd, reimbursable	-	-
RTS Fee income of Kumari Capital Limited for the service rendered to Kumari Bank Limited	1,500,000	1,500,000
Share/Debenture Credit Charge received from KBL	-	-
ASBA Fee received from KBL	-	-
Auction Management Fee received from KBL		
Amount transferred in relation to Dividend Payable of Kumari Bank Limited for subsequent payment to shareholders	68,000,000	60,000,000

Transactions during the year (KBL Securities Limited)	**FY 2082-83 (Rs)**	**FY 2081-82 (Rs)**
Equity Investment by Kumari Bank Limited on K.B.L Securities Ltd.	-	-
Deposits held by K.B.L Securities Ltd at Kumari Bank Ltd.	3,826,175	12,608,196
Expenses of K.B.L. Securities Limited paid by Kumari Bank Ltd, reimbursable	-	1,700,000
Interest Expenses incurred by Kumari Bank Limited, which	27,496.45	109,564

Transactions during the year (KBL Securities Limited)	FY 2082-83 (Rs)	FY 2081-82 (Rs)
formed part of income of K.B.L Securities Limited		
Amount transferred in relation to Dividend Payable of Kumari Bank Limited for subsequent payment to shareholders	40,000,000	5,000,000

b) Associates

Associates are an entity over which the investor has significant influence. Where an entity holds 20% or more of the voting power (directly or through subsidiaries) on an investee, it will be presumed the investor has significant influence unless it can be clearly demonstrated that this is not the case. If the holding is less than 20%, the entity will be presumed not to have significant influence unless such influence can be clearly demonstrated. The existence of significant influence by an entity is usually evidenced in one or more of the following ways:

- representation on the board of directors or equivalent governing body of the investee;
- participation in the policy-making process, including participation in decisions about dividends or other distributions;
- material transactions between the entity and the investee;
- interchange of managerial personnel; or
- provision of essential technical information

Transactions between the Bank and its associates also meet the definition of related parties.

The Bank exercise significant influence in the financial and operating policy decisions of any of its investees as at and Ashad 31, 2081 as the bank has representation on the board of directors in case of following investees:

S.N	Associate	Representative From KBL
1	National Microfinance Laghubitta Bittiya Sanstha Limited	Mr. Kshitij Khadka
2	First Microfinance Laghubitta Bittiya Sanstha Limited.	Mr. Chandan Karki
3	Mero Microfinance Laghubitta Bittiya Sanstha Limited.	Mrs. Sajana Manandhar
4	Sadhana Laghubitta Bittiya Sanstha Limited	Mr. Anish Tamrakar
5	Aviyan Laghubitta Bittiya Sanstha Limited	Mr. Prabin Jha
6	Avasar Equity	Mr. Chandan Karki

Particulars	**Ashad End 2081-82 (Rs.)**	**Ashad End 2080-81 (Rs.)**
National Microfinance Bittiya Sanstha Limited		
Investment in shares-Promoter	20,000,000	20,000,000
First Microfinance Laghu Bittiya Sanstha Limited		
Investment in shares-Promoter	20,414,200	20,414,200
Investment in shares-Ordinary	2,580,396	2,580,396
Mero Micro Finance Bittiya Sanstha Ltd		
Investment in shares- Promoter	37,023,000	37,023,000
Aviyan Laghubitta Bittiya Sanstha Ltd		
Investment in shares- Promoter	25,000,000	25,000,000
Avasar Equity and Diversified Fund		
Investment in shares- Promoter	880,000,000	880,000,000
Total Investment in Associates	**985,017,596**	**985,017,596**

c) Directors and other Key Managerial Personnel (KMP)

Key Management Personnel and their immediate family members are also considered to be related parties for disclosure purpose as per NAS-24 “Related Party Disclosures”.

As per Nepal Financial Reporting Standard (NAS 24) “Related Party Disclosures”, Key Management Personnel are those having authority and responsibility for planning, directing and controlling the activities of the entity. The Bank considers the members of its Board, Chief Executive Officer and all managerial level executives as Key Management Personnel (KMP) of the Bank.

Following is a list of Board of Directors and CEO bearing office at Asoj 31, 2082.

Mr. Amir Pratap J. B. Rana	Chairman
Mr. Pashupati Murarka	Director
Mr. Mahesh Prasad Pokharel	Director
Mr. Bijay Kumar Shrestha	Director
Mr. Rajaram Khadka	Director
Mr. Bijay Sthapit	Director
Ms. Simran Agrawal	Director
Mr. Ram Chandra Khanal	Chief Executive Officer

Commencing on November 17, 2023, Mr. Ram Chandra Khanal assumed the role of Chief Executive Officer. However, Mr. Ramesh Raj Aryal was bank's Chief Executive Officer from January 1, 2023, following the merger with NCC Bank Limited. Furthermore, on November 17, 2023, Mr. Ram Chandra Khanal was appointed as Chief Executive Officer following the resignation of Mr. Ramesh Raj Aryal.

Compensation to the members of the Board

All members of the Board are non-executive directors and no executive compensation is paid to the directors. Specific non-executive allowances paid to directors are as under:

Board Meeting fees	Rs. 963,000
Other benefits	Rs. 31,625

The Annual General Meeting of the Bank approves these allowances and benefits.

Compensation to Chief Executive Officer and Senior Management of the Bank

Amount in NPR

Description	**Chief Executive Officer**	**Senior Management**
Salary	4,597,560	5,222,979
Allowance (Including Dasain Allowance)	1,393,200	3,729,641
Annual Leave Allowance	-	223,700
Vehicle Facility Allowance	-	2,337,742
Other	1,469,977	2,326,485
Total	**7,460,737**	**13,840,548**

Employees of AGM level and above represent Senior Management Personnel

- Benefits and perquisites for Senior Management are governed by the Bank's Employee Service Regulations and Human Resource Policy. This includes provisions for vehicle-related benefits where applicable.

- Employees receive a bonus as mandated by the Bonus Act, 2030. Provident Fund contributions are made in accordance with the Labor Act, 2074. Life Insurance, Medical Insurance, and Accident Insurance coverage is provided to employees as stipulated in the Bank's Employee Service Regulations.

- All salaries, allowances, and benefits disbursed are subject to applicable tax deductions as per prevailing legislation.

9. Construction of Corporate Building

Fixed assets under construction relate to the development of the Bank's new corporate building. Costs previously incurred included soil testing at the Naxal site. As of the balance sheet date, the carrying amount of Capital WIP is NPR 550,838,315. As these assets are not yet ready for their intended use, they continue to be classified as Capital Work in Progress.

Movement during the year

The carrying amount of Capital Work-in-Progress is as follows:

Amount in NPR

Description	Amount
Opening Balance as of Shrawan 1, 2082	**550,838,315**
Add: Additions during the year	-
Less: Amounts transferred to Property, Plant and Equipment	-
Closing Balance as of 31st Asoj 2082	**550,838,315**

As of the reporting date, the carrying amount of NPR 550,838,315 relates solely to the development of the new corporate building. This includes initial costs such as soil testing conducted at the project site in Naxal.

No depreciation is charged on Capital Work-in-Progress, as stipulated by NAS 16, since the asset is not yet available for use. The project is ongoing, and further costs are expected to be incurred in subsequent periods until its completion.

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

There is no repurchase and repayments of debt and equity securities during the interim period as on Asoj end 2082.

11. Events after interim period

The Bank has also availed the provision as provided by NRB directive that allows Banks to consider interest recovery made till 1st November, 2025 while calculating amount to be transferred to regulatory reserve on account of interest income recognized on accrual basis but not realized for an amount of NPR. 426,215,991 till October 17, 2025.