INTERIM FINANCIAL

REPORT

17th October 2025 (31st Ashwin 2082)

I. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

NPR in '000

Particulars	Group		Bank	
	This Quarter Ending	Immediate Previous Year Ending	This Quarter Ending	Immediate Previous Year Ending
Assets				
Cash and Cash Equivalents	19,569,036	7,794,225	10,549,572	7,519,089
Due from Nepal Rastra Bank	24,699,330	21,309,898	24,699,330	21,309,898
Placement with Banks and FIs	29,937,130	24,279,366	29,937,130	24,279,366
Derivative Financial Instruments	19,822,191	20,345,559	19,822,191	20,345,559
Other Trading Assets	1,171,411	1,678,848	-	-
Loans and Advances to Banks and FIs	15,049,512	14,195,506	15,049,512	14,195,506
Loans and Advances to Customers	421,026,606	412,795,547	421,026,606	412,795,547
Investment Securities	135,277,264	117,665,144	134,806,744	117,289,485
Current Tax Assets	465,607	601,988	435,264	581,013
Investment in Subsidiaries	-	-	1,798,000	1,798,000
Investment in Associates	201,683	201,683	80,000	80,000
Investment Property	3,845,088	4,067,766	3,845,088	4,067,766
Property and Equipment	4,400,997	4,488,536	4,374,535	4,464,895
Goodwill and Intangible Assets	286,386	380,048	278,164	372,146
Deferred Tax Assets	-	-	-	-
Other Assets	9,778,131	9,823,490	8,821,394	9,057,489
Total Assets	**685,530,371**	**639,627,604**	**675,523,529**	**638,155,760**
Liabilities				
Due to Banks and FIs	9,931,167	8,633,747	9,931,167	8,633,747
Due to Nepal Rastra Bank	-	-	-	-
Derivative Financial Instruments	19,824,917	20,401,917	19,824,917	20,401,917
Deposits from Customers	555,882,380	523,916,736	556,618,505	524,625,959
Borrowings	537,500	463,000	-	-
Current Tax Liabilities	-	-	-	-
Provisions	-	-	-	-
Deferred Tax Liabilities	1,445,029	1,685,305	1,531,161	1,687,331
Other Liabilities	19,812,954	10,332,223	10,021,695	9,436,461
Debt Securities Issued	12,463,916	9,630,773	12,463,916	9,630,773
Subordinated Liabilities	-	-	-	-
Total Liabilities	**619,897,864**	**575,063,702**	**610,391,361**	**574,416,188**
Equity				
Share Capital	27,056,997	27,056,997	27,056,997	27,056,997
Share Premium	-	-	-	-
Retained Earnings	5,607,927	5,088,046	5,635,298	4,773,059
Reserves	32,670,116	32,124,268	32,439,874	31,909,517
Total Equity Attributable to Equity Holders	**65,335,040**	**64,269,310**	**65,132,168**	**63,739,572**
Non-Controlling Interest	297,468	294,593	-	-
Total Equity	**65,632,508**	**64,563,903**	**65,132,168**	**63,739,572**
Total Liabilities and Equity	**685,530,371**	**639,627,604**	**675,523,529**	**638,155,760**

II. CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

NPR in '000

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)
Interest Income	9,810,280	9,810,280	10,833,748	10,833,748	9,801,139	9,801,139	10,819,990	10,819,990
Interest Expense	5,917,505	5,917,505	6,685,435	6,685,435	5,899,879	5,899,879	6,679,705	6,679,705
Net Interest Income	**3,892,774**	**3,892,774**	**4,148,312**	**4,148,312**	**3,901,260**	**3,901,260**	**4,140,285**	**4,140,285**
Fee and Commission Income	1,114,018	1,114,018	1,018,605	1,018,605	1,023,103	1,023,103	932,401	932,401
Fee and Commission Expense	234,664	234,664	195,921	195,921	224,375	224,375	180,917	180,917
Net Fee and Commission Income	**879,354**	**879,354**	**822,683**	**822,683**	**798,728**	**798,728**	**751,484**	**751,484**
Net Interest, Fee and Commission Income	**4,772,128**	**4,772,128**	**4,970,995**	**4,970,995**	**4,699,987**	**4,699,987**	**4,891,769**	**4,891,769**
Net Trading Income	(5,245)	(5,245)	187,869	187,869	225,069	225,069	173,272	173,272
Other Operating Income	334,533	334,533	324,222	324,222	349,053	349,053	263,790	263,790
Total Operating Income	**5,101,416**	**5,101,416**	**5,483,086**	**5,483,086**	**5,274,110**	**5,274,110**	**5,328,830**	**5,328,830**
Impairment Charge/ (Reversal) for Loans and Other Losses	647,227	647,227	457,727	457,727	647,227	647,227	457,727	457,727
Net Operating Income	**4,454,189**	**4,454,189**	**5,025,358**	**5,025,358**	**4,626,883**	**4,626,883**	**4,871,103**	**4,871,103**
Operating Expense								
Personnel Expenses	1,501,297	1,501,297	1,453,780	1,453,780	1,478,551	1,478,551	1,429,834	1,429,834
Other Operating Expenses	396,794	396,794	379,327	379,327	387,542	387,542	371,010	371,010
Depreciation & Amortization	184,608	184,608	180,259	180,259	180,904	180,904	176,800	176,800
Operating Profit	**2,371,489**	**2,371,489**	**3,011,993**	**3,011,993**	**2,579,886**	**2,579,886**	**2,893,459**	**2,893,459**
Non-Operating Income	5,760	5,760	57,319	57,319	5,760	5,760	8,154	8,154
Non-Operating Expense	103,401	103,401	65,428	65,428	103,401	103,401	65,428	65,428
Profit Before Income Tax	**2,273,848**	**2,273,848**	**3,003,884**	**3,003,884**	**2,482,245**	**2,482,245**	**2,836,186**	**2,836,186**
Income Tax Expense								
Current Tax	739,895	739,895	810,316	810,316	725,254	725,254	779,595	779,595
Deferred Tax	(77,498)	(77,498)	2,821	2,821	-	-	-	-
Profit for the Year	**1,611,451**	**1,611,451**	**2,190,746**	**2,190,746**	**1,756,991**	**1,756,991**	**2,056,590**	**2,056,590**

III. STATEMENT OF COMPREHENSIVE INCOME

NPR in '000

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 year	1,611,451	1,611,451	2,190,746	2,190,746	1,756,991	1,756,991	2,056,590	2,056,590
Other Comprehensive Income (net of income tax)								
a) Items that will not be reclassified to profit or loss:								
Gains/(losses) from investment in equity instruments measured at fair value	(538,209)	(538,209)	668,191	668,191	(520,565)	(520,565)	666,186	666,186
Gains/(losses) on revaluation	-	-	-	-	-	-	-	-
Actuarial gains/(losses) on defined benefit plans	-	-	-	-	-	-	-	-
Less: Income tax expense relating to above items	161,463	161,463	(200,457)	(200,457)	156,170	156,170	(199,856)	(199,856)
Net other comprehensive income that will not be reclassified to profit or loss	(376,746)	(376,746)	467,734	467,734	(364,396)	(364,396)	466,330	466,330
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	-	-	-	-	-	-	-	-
Reclassify to profit or loss	-	-	-	-	-	-	-	-
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 year (net of income tax)	(376,746)	(376,746)	467,734	467,734	(364,396)	(364,396)	466,330	466,330
Total Comprehensive Income for this quarter	1,234,705	1,234,705	2,658,480	2,658,480	1,392,596	1,392,596	2,522,921	2,522,921
Total Comprehensive Income attributable to:								
Equity-Holders of the Bank	1,230,920	1,230,920	2,643,086	2,643,086	1,392,596	1,392,596	2,522,921	2,522,921
Non-Controlling Interest	3,785	3,785	15,394	15,394	-	-	-	-
Total Comprehensive Income for this quarter	1,234,705	1,234,705	2,658,480	2,658,480	1,392,596	1,392,596	2,522,921	2,522,921
Earnings per Share								
Basic Earnings per Share		23.37		32.39		25.49		29.83
Diluted Earnings per Share		23.37		32.39		25.49		29.83

IV. RATIOS AS PER NRB DIRECTIVE (%)

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)
Capital Fund to RWA		12.85		12.66		12.67		12.64
Tier-1 Capital to RWA		10.04		9.79		9.55		9.77
CET-1 Capital to RWA		10.04		9.79		9.55		9.77
Gross Non-Performing Loan (NPL)		4.31		4.24		4.31		4.24
Net Non-Performing Loan (NPL)		0.97		1.42		0.97		1.42
Total Loan Loss Provision to Total NPL		108.71		100.73		108.71		100.73
Costs of Funds		4.13		5.31		4.13		5.31
Credit to Deposit Ratio		78.14		81.71		78.14		81.71
Base Rate		5.58		7.02		5.58		7.02
Interest Rate Spread		3.51		3.98		3.51		3.98
Return on Equity (Annualized)		9.76		14.30		10.70		13.52
Return on Assets (Annualized)		0.95		1.53		1.05		1.44

V. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

NPR in '000

Particulars	Group											
	Attributable to Equity-Holders of the Bank										Non-Controlling Interest Share	Total Group Equity
	Share Capital	Share Premium	General Reserve	Exchange Equalisation	Regulatory Reserve	Fair Value Reserve	Revaluation Reserve	Retained Earning	Other Reserve	Total		
Balance at Shrawan 01, 2081 (16-Jul-2024)	**27,056,997**	**-**	**15,208,100**	**814,064**	**4,713,122**	**3,865,559**	**560,136**	**3,403,422**	**3,511,396**	**59,132,795**	**276,268**	**59,409,063**
Comprehensive Income for the FY 2080-81 (2023-24) :												
Profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**7,352,055**	**-**	**7,352,055**	**37,431**	**7,389,486**
Other Comprehensive Income (net of tax)	**-**	**-**	**-**	**-**	**-**	**728,071**	**-**	**-**	**(91,649)**	**636,422**	**1,390**	**637,813**
Gains/ (losses) from investment in equity instruments measured at fair value	-	-	-	-	-	728,071	-	-	-	728,071	1,390	729,461
Gains/ (losses) on revaluation	-	-	-	-	-	-	-	-	-	-	-	-
Actuarial gains/ (losses) on defined benefit plans	-	-	-	-	-	-	-	-	(91,649)	(91,649)	-	(91,649)
Gains/ (losses) on cash flow hedge	-	-	-	-	-	-	-	-	-	-	-	-
Exchange gains/ (losses)(arising from translating financial assets of foreign operation)	-	-	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income for the year	**-**	**-**	**-**	**-**	**-**	**728,071**	**-**	**7,352,055**	**(91,649)**	**7,988,478**	**38,821**	**8,027,299**
Transfer to Reserves during the year	-	-	1,451,904	46,549	(146,097)	-	-	(2,930,568)	1,578,212	-	4,761	4,761
Transfer from Reserves during the year	-	-	-	-	-	(6,435)	-	121,453	(115,018)	-	(45)	(45)
Transactions with Owners, directly recognized in Equity :												
Right Share Issued	-	-	-	-	-	-	-	-	-	-	-	-
Share Based Payments	-	-	-	-	-	-	-	-	-	-	-	-
Dividend to Equity-Holders	-	-	-	-	-	-	-	-	-	-	-	-
Bonus Shares Issued	-	-	-	-	-	-	-	-	-	-	-	-
Cash Dividend Paid	-	-	-	-	-	-	-	(2,857,994)	-	(2,857,994)	(20,463)	(2,878,458)
Other	-	-	-	-	-	(4,128)	-	(322)	10,482	6,031	(4,749)	1,282
Total Contributions by and Distributions	-	-	1,451,904	46,549	(146,097)	(10,563)	-	(5,667,432)	1,473,675	(2,851,963)	(20,496)	(2,872,459)
Balance at Ashad 32, 2082 (16-July-2025)	**27,056,997**	**-**	**16,660,004**	**860,613**		**4,583,067**	**560,136**	**5,088,046**	**4,893,422**	**64,269,310**	**294,593**	**64,563,903**
Reserves added through acquisition	**-**	**-**	**-**	**-**		**-**	**-**	**-**	**-**	**-**	**-**	**-**
Balance at Shrawan 01, 2082 (17-Jul-2025)	**27,056,997**	**-**	**16,660,004**	**860,613**	**4,567,025**	**4,583,067**	**560,136**	**5,088,046**	**4,893,422**	**64,269,310**	**294,593**	**64,563,903**
Comprehensive Income for the FY 2082-83 (2025-26) :												
Profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,602,726**	**-**	**1,602,726**	**8,725**	**1,611,451**
Other Comprehensive Income (net of tax)	**-**	**-**	**-**	**-**	**-**	**(371,806)**	**-**	**-**	**-**	**(371,806)**	**(4,940)**	**(376,746)**
Gains/ (losses) from investment in equity instruments measured at fair value	-	-	-	-	-	(371,806)	-	-	-	(371,806)	(4,940)	(376,746)
Gains/ (losses) on revaluation	-	-	-	-	-	-	-	-	-	-	-	-
Actuarial gains/ (losses) on defined benefit plans	-	-	-	-	-	-	-	-	-	-	-	-
Gains/ (losses) on cash flow hedge	-	-	-	-	-	-	-	-	-	-	-	-
Exchange gains/ (losses)(arising from translating financial assets of foreign operation)	-	-	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income for the year	**-**	**-**	**-**	**-**	**-**	**(371,806)**	**-**	**1,602,726**	**-**	**1,230,920**	**3,785**	**1,234,705**
Transfer to Reserves during the year	-	-	351,681	13,334	159,133	-	-	(917,646)	393,499	-	960	960
Transfer from Reserves during the year	-	-	-	-	-	-	-	(26,736)	26,736	-	(4)	(4)
Transactions with Owners, directly recognized in Equity :												
Right Share Issued	-	-	-	-	-	-	-	-	-	-	-	-
Share Based Payments	-	-	-	-	-	-	-	-	-	-	-	-
Dividend to Equity-Holders	-	-	-	-	-	-	-	-	-	-	-	-
Bonus Shares Issued	-	-	-	-	-	-	-	-	-	-	-	-
Cash Dividend Paid	-	-	-	-	-	-	-	(154,558)	-	(154,558)	(1,705)	(156,263)
Other	-	-	-	-	-	(327)	-	16,096	(26,401)	(10,632)	(161)	(10,793)
Total Contributions by and Distributions	-	-	351,681	13,334	159,133	(327)	-	(1,082,844)	393,834	(165,190)	(910)	(166,100)
Balance at Ashwin 31, 2082 (17-October-2025)	**27,056,997**	**-**	**17,011,685**	**873,947**	**4,726,157**	**4,210,934**	**560,136**	**5,607,927**	**5,287,256**	**65,335,040**	**297,468**	**65,632,508**

NPR in '000

Particulars	Bank									
	Attributable to Equity-Holders of the Bank									
	Share Capital	Share Premium	General Reserve	Exchange Equalisation	Regulatory Reserve	Fair Value Reserve	Revaluation Reserve	Retained Earning	Other Reserve	Total
Balance at Shrawan 01, 2081 (16-Jul-2024)	**27,056,997**	**-**	**15,161,310**	**814,064**	**4,713,122**	**3,860,041**	**560,136**	**3,082,904**	**3,428,361**	**58,676,934**
Comprehensive Income for the FY 2080-81 (2023-24) :										
Profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**7,127,566**	**-**	**7,127,566**
Other Comprehensive Income (net of tax)	**-**	**-**	**-**	**-**	**-**	**725,986**	**-**	**-**	**(91,649)**	**634,337**
Gains/ (losses) from investment in equity instruments measured at fair value	-	-	-	-	-	725,986	-	-	-	(596,991)
Gains/ (losses) on revaluation	-	-	-	-	-	-	-	-	-	-
Actuarial gains/ (losses) on defined benefit plans	-	-	-	-	-	-	-	-	(91,649)	-
Gains/ (losses) on cash flow hedge	-	-	-	-	-	-	-	-	-	-
Exchange gains/ (losses)(arising from translating financial assets of foreign operation)	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income for the year	**-**	**-**	**-**	**-**	**-**	**725,986**	**-**	**7,127,566**	**(91,649)**	**7,761,903**
Transfer to Reserves during the year	-	-	1,426,800	46,549	(146,097)	-	-	(2,902,344)	1,575,091	-
Transfer from Reserves during the year	-	-	-	-	-	(6,435)	-	170,633	(164,198)	-
Transactions with Owners, directly recognized in Equity :	-	-	-	-	-	-	-	-	-	-
Right Share Issued	-	-	-	-	-	-	-	-	-	-
Share Based Payments	-	-	-	-	-	-	-	-	-	-
Dividend to Equity-Holders	-	-	-	-	-	-	-	-	-	-
Bonus Shares Issued	-	-	-	-	-	-	-	-	-	-
Cash Dividend Paid	-	-	-	-	-	-	-	(2,705,700)	-	(2,705,700)
Other	-	-	-	-	-	6,435	-	-	-	6,435
Total Contributions by and Distributions	-	-	1,426,800	46,549	(146,097)	-	-	(5,437,411)	1,410,893	(2,699,265)
Balance at Ashad 32, 2082 (16-July-2025)	**27,056,997**	**-**	**16,588,110**	**860,613**	**4,567,025**	**4,586,027**	**560,136**	**4,773,059**	**4,747,606**	**63,739,572**
Reserves added through acquisition	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Balance at Shrawan 01, 2082 (17-Jul-2025)	**27,056,997**	**-**	**16,588,110**	**860,613**	**4,567,025**	**4,586,027**	**560,136**	**4,773,059**	**4,747,606**	**63,739,572**
Comprehensive Income for the FY 2082-83 (2025-26) :										
Profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,756,991**	**-**	**1,756,991**
Other Comprehensive Income (net of tax)	**-**	**-**	**-**	**-**	**-**	**(364,396)**	**-**	**-**	**-**	**(364,396)**
Gains/ (losses) from investment in equity instruments measured at fair value	-	-	-	-	-	(364,396)	-	-	-	(364,396)
Gains/ (losses) on revaluation	-	-	-	-	-	-	-	-	-	-
Actuarial gains/ (losses) on defined benefit plans	-	-	-	-	-	-	-	-	-	-
Gains/ (losses) on cash flow hedge	-	-	-	-	-	-	-	-	-	-
Exchange gains/ (losses)(arising from translating financial assets of foreign operation)	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income for the year	**-**	**-**	**-**	**-**	**-**	**(364,396)**	**-**	**1,756,991**	**-**	**1,392,596**
Transfer to Reserves during the year	-	-	351,398	13,334	159,133	-	-	(917,258)	393,393	-
Transfer from Reserves during the year	-	-	-	-	-	-	-	22,505	(22,505)	-
Transactions with Owners, directly recognized in Equity :										
Right Share Issued	-	-	-	-	-	-	-	-	-	-
Share Based Payments	-	-	-	-	-	-	-	-	-	-
Dividend to Equity-Holders	-	-	-	-	-	-	-	-	-	-
Bonus Shares Issued	-	-	-	-	-	-	-	-	-	-
Cash Dividend Paid	-	-	-	-	-	-	-	-	-	0
Other	-	-	-	-	-	-	-	-	-	-
Total Contributions by and Distributions	-	-	351,398	13,334	159,133	-	-	(894,753)	370,888	0
Balance at Ashwin 31, 2082 (17-October-2025)	**27,056,997**	**-**	**16,939,508**	**873,947**	**4,726,157**	**4,221,631**	**560,136**	**5,635,298**	**5,118,494**	**65,132,168**

VI. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

NPR in '000

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	9,125,638	10,833,748	9,116,497	8,716,600
Fees and other income received	1,454,311	1,400,145	1,377,917	1,204,345
Dividend received	-	-	-	-
Receipts from other operating activities	(5,245)	187,869	225,069	173,272
Interest paid	(5,917,505)	(6,685,435)	(5,899,879)	(6,650,806)
Commission and fees paid	(234,664)	(195,921)	(224,375)	(180,917)
Cash payment to employees	(1,071,217)	(1,453,780)	(1,051,790)	(1,114,702)
Other expense paid	(500,196)	(444,755)	(490,943)	(436,438)
Operating cash flows before changes in operating assets and liabilities	2,851,121	3,641,870	3,052,495	1,711,353
(Increase)/Decrease in operating assets		-		
Due from Nepal Rastra Bank	(3,389,431)	864,977	(3,389,431)	864,977
Placement with bank and financial institutions	(5,657,764)	(8,156,597)	(5,657,764)	(8,156,597)
Other trading assets	507,437	(339,511)	-	-
Loan and advances to bank and financial institutions	(320,320)	(1,467,437)	(854,007)	(1,467,437)
Loan and advances to customers	(8,878,286)	(7,769,195)	(8,344,600)	(5,665,805)
Other assets	589,732	(3,976,667)	676,032	(3,478,846)
	-	-		
Increase/ (Decrease) in operating liabilities	-	-		
Due to bank and financial institutions	1,297,420	1,411,412	1,297,420	1,411,412
Due to Nepal Rastra Bank	-	-	-	-
Deposit from customers	31,965,644	17,325,092	31,992,546	17,369,227
Borrowings	74,500	117,742	-	-
Other Liabilities	11,184,927	5,961,192	(258,044)	3,824,333
Net cash flow from operating activities before tax paid	30,224,979	7,612,877	18,514,647	6,412,617
Income taxes paid	(526,016)	(2,012,314)	(579,505)	(721,529)
Net cash flow from operating activities (A)	29,698,964	5,600,563	17,935,142	5,691,088
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investment securities	(17,988,866)	(2,152,494)	(17,881,655)	(2,786,099)
Receipts from sale of investment securities	-	-	-	-
Purchase of property and equipment	(91,834)	(106,581)	(51,729)	134,522
Receipt from the sale of property and equipment	4,585	-	4,585	-
Purchase of intangible assets	83,843	731	(1,729)	11,635
Receipt from the sale of intangible assets	-	-	-	-
Purchase of investment properties	222,678	53,351	222,678	53,351
Receipt from the sale of investment properties	-	-	-	-
Interest received	-	-	-	-
Dividend received	-	-	-	-
Net cash used in investing activities (B)	(17,769,595)	(2,204,993)	(17,707,850)	(2,586,591)
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipt from issue of debt securities	-	(209,976)	2,833,143	(209,976)
Repayment of debt securities	-	-	-	-
Receipt from issue of subordinated liabilities	-	-	-	-
Repayment of subordinated liabilities	-	-	-	-
Receipt from issue of shares	-	-	-	-
Dividends paid	(154,558)	(152,295)	(29,952)	-
Interest paid	-	-	-	-
Other receipt/payment	-	-	-	-
Net cash from financing activities (C)	(154,558)	(362,271)	2,803,192	(209,976)
Net increase (decrease) in cash and cash equivalents	11,774,811	3,033,300	3,030,483	2,894,521
	-	-	-	-
Cash and cash equivalents at Shrawan 01 (beginning of the year)	7,794,225	8,294,458	7,519,089	8,178,988
Effect of exchange rate fluctuations on cash and cash equivalents held	-	-	-	-
Cash and cash equivalents at Ashwin end	19,569,036	11,327,758	10,549,572	11,073,509

VII. STATEMENT OF DISTRIBUTABLE PROFIT OR LOSS

NPR in '000

Particulars	Bank	
	Current Year Upto this Quarter YTD	Previous Year Upto this Quarter YTD
Net profit / (loss) as per statement of profit or loss	1,756,991	2,056,590
Transfer from Fair Value Reserve	-	-
Less: appropriations (-) / contributions (+):		
a. General reserve	(351,398)	(411,318)
b. Foreign exchange fluctuation fund	(13,334)	(8,680)
c. Capital redemption reserve (Debenture Redemption Reserve)	(355,852)	(355,852)
d. Corporate social responsibility fund	(17,570)	(20,566)
e. Employees' training fund	1,490	2,862
f. Investment adjustment reserves	-	-
g. Others:	1,043	4,175
Profit or (loss) before regulatory adjustment	1,021,371	1,267,212
Regulatory Adjustment:		
a. Interest receivable (-)/previous accrued interest received (+)	(265,616)	(499,427)
b. Short loan loss provision in accounts (-)/reversal (+)	-	-
c. Short provision for possible losses on investment (-)/reversal (+)	-	-
d. Short loan loss provision on Non-Banking Assets (-)/reversal (+)	110,827	367,195
e. Deferred tax assets recognised (-)/ reversal (+)	-	-
f. Goodwill recognised (-)/ impairment of Goodwill (+)	-	-
g. Bargain purchase gain recognised (-)/reversal (+)	-	-
h. Actuarial loss recognised (-)/reversal (+)	-	-
i. Other (+/-)	(4,344)	(11,088)
Net Profit for the Quarter end of Ashwin 2082 available for distribution	862,239	1,123,892
Opening Retained Earnings as on Shrawan 1, 2082	4,773,059	3,857,344
Adjustment (+/-)	-	-
Distribution:		
Bonus Share Issued	-	-
Cash Dividend Paid	-	-
Total Distributable Profit/(Loss)as on quarter end date	5,635,298	4,981,236
Annualized Distributable Profit/(Loss) per share on Ashwin End 2082	30.15	20.96

VIII. CONCENTRATION OF CREDITS, DEPOSITS AND BORROWINGS

Ashwin 2082 (Q1, 2082-83)

NPR in '000

A. Concentration of Borrowings		
Particulars	Current Year	Previous Year
Borrowings from 10 largest lenders.	-	-
Percentage of borrowings from ten largest lenders to total depositors	0.00%	0.00%

B. Concentration of Credit exposures		
Particulars	Current Year	Previous Year
Total exposures to twenty largest borrowers		
a. As per group (related party)	47,719,948	41,547,516
b. As per individual customer	38,154,712	36,798,234
Percentage of exposures to twenty largest borrowers to Total Loans and Advances		
a. As per group (related party)	10.78%	10.49%
b. As per individual customer	8.62%	9.30%

LDO	442,645,279	395,889,966

C. Concentration of Deposits		
Particulars	Current Year	Previous Year
Total deposits from twenty largest depositors		
a. Group-wise	101,550,936	105,356,843
b. As per individual customer	7,545,634	6,090,281
Percentage of deposits from twenty largest depositors to Total Deposits		
a. Group-wise	17.92%	21.61%
b. As per individual customer	1.33%	1.25%

A. NOTES TO THE INTERIM FINANCIAL STATEMENTS

i. Reporting Entity

Nabil Bank Limited (hereinafter referred to as "the Bank") is a public limited company domiciled in Nepal. It was incorporated on May 11, 1984 under then Companies Act 1964 A.D. of Nepal. It is a class "A" licensed commercial bank regulated under the Banks and Financial Institutions Act 2017 A.D. It commenced banking operations on 12th July 1984 and has its registered head office in 'Nabil Center', Tindhara, Durbarmarg, Kathmandu, Nepal. It is listed on the Nepal Stock Exchange.

ii. Subsidiary Company

The Group comprises of the Bank and two of its subsidiaries viz. Nabil Investment Banking Limited, and Nabil Stock Dealer Limited.

Nabil Investment Banking Limited is a public limited company domiciled in Nepal. It was incorporated on February 07, 2010 under then Companies Act 2006 A.D. of Nepal. It is a Merchant Banker licensed under the Securities Businessperson (Merchant Banker) Regulations, 2008 A.D. It commenced its commercial operations on May 26, 2010 and operates from its registered office at Central Plaza, Narayanchaur, Naxal, Kathmandu, Nepal. The Subsidiary is not listed.

Nabil Stock Dealer Limited is a public limited company domiciled in Nepal. It was incorporated on 19th July 2021 with a paid-up capital of NPR 1.5 Billion, with the objective of carrying out securities brokerage activities.

iii. Basis of preparation

- The condensed consolidated financial statements of the Group have been prepared in accordance with Nepal Financial Reporting Standards (NFRS) developed by the Accounting Standards Board Nepal (ASBN) along with the carve outs, and pronounced for application by the Institute of Chartered Accountants of Nepal (ICAN).
- The disclosure made in the condensed consolidated interim financial information have been limited on the format prescribed by Nepal Rastra Bank Directive no. 4.
- The Bank has calculated expected credit loss figures which came at lower side as compared to Provision calculated as per NRB Prudential Norms and hence The Bank has booked the loan loss provision calculated as per prudential norms prescribed by Nepal Rastra Bank as impairment charges.
- Regulatory adjustment on accrued interest and on possible losses in investment property (NBA) has been made as per NRB Directives.
- Interest Income on Loan and Advances has been recognized as per Guidance note on Interest Income Recognition, 2025 issued by NRB.
- Figures presented in unaudited financial (Including corresponding previous year) may vary with the audited figures if instructed by the banking regulator and/or statutory auditors.

iv. Statement of Compliance with NFRS

These condensed financial statements comply with the requirements of the Nepal Financial Reporting Standards (NFRS) laid down by The Institute of Chartered Accountants of Nepal (ICAN), BAFIA 2073, Unified Directive 2081, Companies Act, 2006 and all other applicable lows and regulation and amendments thereto and also provide appropriate disclosures required under regulations of the Securities Exchange Board of Nepal (SEBON).

v. Carve-outs in NFRS

The ICAN, on recommendation from ASBN, has issued following carve-outs in the implementation of NFRS at licensed banks and financial institutions and has also prescribed alternative treatments explained below:

a) Appendix A Defined terms relating to Amortized Cost
Carve out from the requirement to adjust loss allowance for calculating interest income. The loss allowance shall be the allowance as per paragraph 5.5 without considering loan loss provision as per the prescribed regulatory norms of respective industry.

b) Para 5.4 of NFRS 9 – "Financial Instruments" read together with appendix A (Defined Terms) relating to Effective Interest Rate

Carve out from the requirement to incorporate all fees and points paid or received under contractual terms of a financial instrument in the calculation of 'Effective Interest Rate' for the financial instrument as specified in para 5.4 of NFRS 9 unless it is impracticable to determine reliably between parties to the contract that are an integral part of the effective interest rate (see paragraphs B5.4.1-B5.4.3), transaction costs, and all over premiums or discounts.

The Group has adopted this alternative treatment in the case of loans and advances. As a result of this alternative treatment, the Group has excluded the full amount of upfront loan management fees or commission received on loans and advances in the calculation of effective interest rate for the loan. The upfront fees and commission are recognized as income in the same period the loan is approved. The Group has assessed that this election is justifiable in line with the principal of cost and benefit of adopting certain provisions in NFRS.

c) Appendix A (Defined Terms) relating to credit adjusted effective interest rate

Carve out from the requirement to incorporate all fees and points paid or received under contractual terms of a financial instrument in the calculation of 'Credit Adjusted Effective Interest Rate' for the financial instrument unless it is impracticable to determine reliably for financial assets recognized before end of fiscal year 2082.83 and/or the amount is immaterial.

The Group has adopted this alternative treatment in the case of loans and advances.

d) Para 5.4 Amortised cost measurement

Carve out from recognizing interest revenue by using the effective interest rate method. For bank or other financial institutions established /licensed by appropriate government bodies, interest revenue can be recognized as per the Guidance Note issued by respective regulators.

The Group has adopted this mandatory treatment and has recognized interest income as per the Guidance Note on Interest Income issued by Nepal Rastra Bank.

e) Para 5.5 of NFRS 9 – "Financial Instruments" read together with appendix A (Defined Terms) relating to loss allowance

Carve out from the requirement to recognize impairment loss for expected credit losses on financial assets – loans and advances as specified in para 5.4 of NFRS 9 unless the reporting entity is a bank or financial institutions established/licensed by appropriate government bodies. For such entities, loss allowance shall be higher of total amount derived as per the respective regulatory norms for loan loss provision or measured as per paragraph 5.5.

The Group has adopted this mandatory treatment. As a result of this treatment, the Group has recognized impairment loss on loans and advances at the higher of the amount derived as per prudential norms specified in NRB directive no. 2/80 and the amount derived from expected credit loss model as specified in para 5.5 of NFRS 9.

The Group has recognized impairment loss on other financial assets measured at amortized cost in accordance with para 5.5 of NFRS 9.

f) Para 5.5 Impairment

Carve out from the requirement to recognize 12 month expected credit losses at the current reporting date if the an entity has measured the loss allowance for a financial instrument at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that paragraph 5.5.3 is no longer met. If the entity is bank or other financial institution established /licensed by appropriate government bodies. Such entity shall measure loss allowance in line with the Guidance Note issued by respective regulators.

The Group has adopted this mandatory treatment.

g) Para 5.5.11 Determining significant increase in credit risk

Carve out from the rebuttable presumption that provides an option of demonstrating that the credit risk on a financial asset has not increased significantly since initial recognition even though the contractual payments are more than 30 days past due.
For bank or other financial institution established /licensed by appropriate government bodies, such presumption cannot be rebutted.

The Group has adopted this mandatory treatment.

h) Application guidance on Definition of default

Carve out from the rebuttable presumption that provides an option of demonstrating that a more lagging default criterion than that of 90 days is reasonable. Such rebuttable presumption does not apply for bank or other financial institution established /licensed by appropriate government bodies.

The Group has adopted this mandatory treatment.

vi. Use of estimates, assumptions and judgments

Preparation of financial statements in conformity with NFRS requires the Group's management to make critical judgments, estimates and assumptions such that could potentially have a material impact on the reported financial figures. These affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

On an ongoing basis the management reviews these estimates and underlying assumptions to ensure that they continue to be relevant and reasonable. Revisions to accounting estimates are recognized prospectively.

The most significant areas of assumptions and estimation applied in the application of accounting policies that have the most significant effect on the amounts recognized in the financial statements are listed hereinafter and their description follows:

- Fair value of financial instruments

- Classification of financial assets and financial liabilities
- Impairment losses on financial assets
- Impairment losses on non-financial assets
- Useful economic life of property and equipment
- Taxation and deferred tax
- Defined benefit obligations
- Provisions for liabilities, commitments and contingencies
- Valuation of goodwill

vii. Changes in accounting policies

The Group has consistently applied the accounting policies for all periods reported in the financial statements. There were no changes in accounting policy in the reporting period.

B. Significant accounting policies

The Group has applied the accounting policies set out below consistently to all periods presented in the accompanying financial statements unless specifically stated otherwise.

i. Basis of measurement

Financial Statements of the Group have been prepared on historical cost convention, except for the following:

- Investments in equity instruments presented in SoFP line items Other Trading Assets and Investment Securities measured at fair value under NFRS 9 'Financial Instruments'.
- Investment Property (land and building acquired as non-banking assets) are measured at fair value under NAS 40 'Investment Property'.
- Liabilities for employee defined benefit obligations and liabilities for long service leave are measured at fair value under NAS 19 'Employee Benefits'.

ii. 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"; i.e Equity Method.

iii. Investment in subsidiary

The Group has recognized Nabil Investment Banking Ltd. as a Subsidiary company in which the Bank held 60% controlling interest at the report date. Further, the Bank has recognized Nabil Stock Dealer as subsidiary company in which the Bank holds 100% controlling interest at the reporting date.

iv. Investment in Associate

The Group has recognized NADEP Laghubitta Bittiya Sanstha Ltd. as an Associate company in which the Bank held 25% equity interest at the report date. There has been no change in the Bank's holding in the Associate for the reporting period and the previous comparative period.

v. Cash and cash equivalents

Cash and cash equivalent comprise of the total amount of cash-in-hand, balances with other bank and financial institutions, money at call and short notice, and highly liquid financial assets with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the licensed institution in the management of its short-term commitments. Restricted deposits are not included in cash and cash equivalents. These are measured at amortized cost and presented as a line item on the face of consolidated Statement of Financial Position (SoFP).

vi. Financial assets and financial liabilities

Financial assets refer to assets that arise from contractual agreements on future cash flows or from owning equity instruments of another entity. Since financial assets derive their value from a contractual claim, these are nonphysical in form and are usually regarded as being more liquid than other tangible assets. Common examples of financial assets are cash, cash equivalents, bank balances, placements, investments in debt and equity instruments, derivative assets and loans and advances.

Financial liabilities are obligations that arise from contractual agreements and that require settlement by way of delivering cash or another financial asset. Settlement could also require exchanging other financial assets or financial liabilities under potentially unfavorable conditions. Settlement may also be made by issuing own equity instruments. Common examples of financial liabilities are due to banks, derivative liabilities, deposit accounts, money market borrowings and debt capital instruments.

The contractual agreements, generally referred to as financial instruments, are characterized by the existence of counterparties and the contract terms give rise to a financial asset to one counterparty and a corresponding financial liability or equity instrument to the other counterparty.

The Group has applied NFRS 9 – "Financial Instruments" in the classification and measurement of its financial instruments and measured impairment loss on financial assets measured at amortized cost.

vii. Trading Assets

Trading assets are those assets that are acquired principally for the purpose of selling in the near term, or held as part of a portfolio that is managed together for short-term profit. It includes non-derivative financial assets such as government bonds, NRB bonds, domestic corporate bonds, treasury bills, equities, etc. held primarily for trading purpose. If a trading asset is a debt instrument, it is subject to the same accounting policy applied to financial assets measured at amortized cost. If a trading asset is an equity instrument, it is subject to the same accounting policy applied to financial assets measured at FVTPL.

viii. Derivative assets and derivative liabilities

Derivative assets and derivative liabilities (derivatives) create rights and obligations that have the effect of transferring between the parties to the instrument one or more of the financial risks inherent in an underlying primary financial instrument. However, they generally do not result in a transfer of the underlying primary financial instrument on inception of the contract, nor does such a transfer necessarily take place on maturity of the contract.

The value of a derivative changes with the change in value of the underlying. Examples of derivative are forward, futures, options or swap contracts. The underlying could be specified interest rate, security price, commodity price, exchange rate, price index, etc.

Derivative financial instruments meet the definition of a financial instrument and are accounted for as derivative financial asset or derivative financial liability measured at FVTPL and corresponding fair value changes are recognized in profit or loss. The Group has not designated derivative as a hedging instrument in an eligible hedging relationship under NFRS 9 – “Financial Instrument” and has not applied hedge accounting.

ix. Property and Equipment

Property and equipment are tangible items that are held for and used in the provision of services, for rental to others, or for administrative purposes, and are expected to be used for more than one-year period. The Group applies NAS 16 – “Property, Plant and Equipment” in the accounting of property and equipment.

Property and equipment are recognized if it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be reliably measured.

An item of property and equipment that qualifies for recognition as an asset is initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset and eligible subsequent expenditure. Subsequent expenditure is capitalized only when it is probable that the future economic benefits of the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed off as incurred.

The Group applies the cost model to all property and equipment and records these at cost of purchase together with any incidental expenses thereon, less accumulated depreciation and any accumulated impairment losses, except for those acquired from mergers and acquisition, which have been revalued at the date of acquisition. Cost also includes the cost of replacing part of the equipment when the recognition criteria are met.

x. De - recognition of Assets

The carrying amount of an item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of an asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in profit or loss in the year the asset is derecognized

xi. Depreciation of Property

The Group provides depreciation from the date the assets are available for use up to the date of disposal. Assets are depreciated on a straight-line basis over its estimated useful lives.

Class of Fixed Assets	Estimated Useful Life
Freehold Building	Up to 50 years
Motor Vehicles	Up to 8 years
Metal Furniture	Up to 10 years
Wooden Furniture & Fixture	Up to 10 years
Information Technology Hardware	Up to 15 years
Office Equipment	Up to 10 years
Leasehold Assets	Up to 10 years

xii. Goodwill and intangible assets

Goodwill that arises on the acquisition of Subsidiaries is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed.

Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group’s cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units.

Intangible assets are identifiable non-monetary asset without physical substance, which are held for and used in the provision of services, for rental to others or for administrative purposes. The Group applies NAS 38 – “Intangible Assets” in accounting for its intangible assets.

The Group recognizes an intangible asset when:
- The cost of the asset can be measured reliably;
- There is control over the asset as a result of past events (for example, purchase or self-creation); and

- Future economic benefits (inflows of cash or other assets) are expected from the asset.

Intangibles can be acquired by separate purchase; as part of a business combination; by a government grant; by exchange of assets; or by self-creation (internal generation). An intangible asset appearing in the Group's books is computer software.

xiii. Investment Property

Investment properties are land or building or both other than those classified as property and equipment under NAS 16 – "Property, Plant and Equipment"; and assets classified as non-current assets held for sale under NFRS 5 – "Non-Current Assets Held for Sale & Discontinued Operations". The Group has recognized as investment property all land or land and building acquired by the Bank as non-banking assets in course of recovery of loans and advances to borrowers that have turned into chronic defaulters.

Non-banking assets (only land and building) are initially recognized at cost. Subsequent to initial recognition the Group has chosen to apply the cost model allowed by NAS 40 – "Investment Property".

xiv. Income Tax

Tax expense is the aggregate amount included in the determination of profit or loss for the period in respect of current and deferred taxes. The Group applies NAS 12 – "Income Taxes" for the accounting of Income Tax. Income tax expense is recognized in profit or loss, except to the extent it relates to items recognized directly in equity or directly in other comprehensive income. Tax expense relating to items recognized directly in other comprehensive income is recognized in the Statement of Other Comprehensive Income.

xv. Deposits, debt securities and subordinated liabilities

1. Deposits from customers and BFIs

The Group presents deposit accounts held by customers and those held by BFIs in the Bank under respective line items in the face of the consolidated statement of financial position. These are classified as financial liabilities measured at amortized cost.

2. Debt securities issued

The Group presents debenture issued by the Bank under this line item. These are classified as financial liabilities measured at amortized cost.

3. Subordinated liabilities

These comprise of liabilities subordinated, at the event of winding up, to the claims of depositors, debt securities issued and other creditors. Items eligible for presentation under this line item include redeemable preference share, subordinated notes issued, borrowings etc. These are subject to the same accounting policies applied to financial liabilities measured at amortized cost. The Group does not have any subordinated liabilities at the reporting date.

xvi. Provisions

The Group applies NAS 37 – "Provisions, Contingent Liabilities & Contingent Assets" in the accounting of provisions.

xvii. Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be measured reliably. The Group applies NAS 18 – "Revenue" in the accounting of revenue, unless otherwise stated.

1. Interest income

Interest income are recognized in profit or loss using the effective interest rate (EIR) method for all financial assets measured at amortized cost. Interest income is earned on bank balances, investments in money market and capital market instruments, loans and advances, etc.

2. Fees and commission income

The Group earns fee and commission income on providing a diverse range of services to its customers. Such income earned on services including loan management fees, account maintenance, remittance transactions, agency commissions, e-commerce transactions, letter of credits, bank guarantees, loan management, etc. are recognized as the related services are performed. Fee and commission earned for the provision of services over a period of time are accrued over that period. These fees and commission that are integral to effective interest rate on financial assets are included in the measurement of the effective interest rate and shall not be recognized as income, however immaterial amount can be recognized in profit or loss account as income.

3. Dividend income

Dividend income is recognized when the right to receive income is established, which is the ex-dividend date for quoted equity instruments and unit investments. In line with the requirements of the Income Tax Act 2002, dividends received from domestic companies are recognized as final withholding income, while those received in respect of unit investments in mutual funds and equity interest in foreign companies are recognized in gross amounts and respective withholding taxes are recognized as tax receivables.

4. Net trading income

Trading income comprises of gains or losses relating to financial assets and liabilities held in the Group's trading books. The Group presents all accrued interest, dividend, unrealized fair value changes and disposal gains or losses in respect of trading assets and liabilities under this head. The Group also presents foreign exchange trading gains or losses arising on foreign exchange buy and sell transactions under trading income.

5. Other Operating Income

The Group presents income other than those presented under interest income, fees and commission income and trading income under this heading. Income recognized here includes items such as foreign exchange revaluation gain or loss; dividend on equity investments that are measured at FVTOCI; dividend from subsidiary and associates; gain or loss on disposal of property and equipment; gain and loss on disposal of investment property; and gain or loss on disposal of investment securities except for equity investments measured at FVTOCI.

6. Foreign exchange revaluation gain / (loss)

Gains and losses arising from day-to-day revaluations of foreign currency denominated assets and liabilities, exclusively due to the effect of changes in foreign currency exchange rates, are recognized in profit or loss in the period in which they arise.

7. Gain/(loss) on disposal of property and equipment

Gain or loss on the disposal of property and equipment is determined on the difference between the asset's carrying amount on disposal date and the disposal proceeds, net of any incremental disposal costs. This is recognized as an item of Other Operating Income in the year in which significant risks and rewards incidental to the asset's ownership is transferred to the buyer.

xviii. Interest Expense

Interest expense is recognized in profit or loss using the effective interest rate (EIR) method for all financial liabilities measured at amortized cost. Interest expense is borne on inter-bank borrowings, deposit from customers, debenture issued, refinance borrowing, etc.

xix. Employee Benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees. The Group's remuneration package includes both short term and long-term benefits and comprise of items such as salary, allowances, paid leave, accumulated leave, gratuity, provident fund and annual statutory bonus.

The Group applies NAS 19 – "Employee Benefits" in accounting of all employee benefits and recognizes the followings in its financial statements:

- A liability when an employee has provided service in exchange for employee benefits to be paid in the future; and

- An expense when the Group consumes the economic benefit arising from service provided by an employee in exchange for employee benefits.

xx. Leases

NFRS 16 "Leases "introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. The Group has applied NFRS 16 effective from FY 2078-79.

xxi. Foreign currency transaction, translation and balances

All foreign currency transactions are translated into the functional currency, which is Nepalese Rupees, using the spot exchange rates prevailing at respective transaction dates. All foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss.

All monetary assets and liabilities denominated in foreign currencies are translated into the functional currency by applying the year end exchange rates, and the resulting foreign exchange gains and losses are recognized in profit or loss.

All non-monetary assets and liabilities held at historical cost are translated at historical exchange rates (rate prevailing at transaction date), and those held at fair value are translated at year-end exchange rate. The resulting exchange gains and losses are recognized in profit or loss OR in other comprehensive income. When gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is also recognized in other comprehensive income. Similarly, when gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is also recognized in profit or loss.

xxii. Financial guarantee and loan commitment

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

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

xxiii. Share Capital and Reserves

Ordinary shares in the Bank are recognized at the amount paid per ordinary share. Nabil Bank Ltd.'s shares are listed at Nepal Stock Exchange Ltd. The holders of ordinary shares are entitled to one vote per share at general meetings of the bank and are entitled to receive the annual dividend payments. The Bank does not have any other form of share capital (preference shares, convertible instruments, share based payments, etc.) apart from the ordinary shares.

There are a number of statutory and non- statutory reserve headings maintained by the Group in order to comply with regulatory framework and other operational requirements. The various reserve headings are explained hereinafter:

1. General reserve

This is a statutory reserve and is a compliance requirement of NRB directive no. 4/81 and stipulations of BAFIA. The Bank is required to appropriate a minimum 20% of current year's net profit into this heading each year until it becomes double of paid-up capital and then after a minimum 10% of profit each year. This reserve is not available for distribution to shareholders in any form and requires specific approval of the central bank for any transfers from this heading. The Bank has consistently appropriated the required amount from each year's profit into this heading. There is also an additional requirement of 20% of the income recognized as distributable profit from other comprehensive income shall be appropriated to General Reserve.

2. Exchange equalization reserve

This is a statutory reserve and is a compliance requirement of NRB directive no. 4/81 and stipulations of BAFIA. The Bank is required to appropriate 25% of current year's total revaluation gain (except gain from revaluation of Indian Currency) into this heading. The Bank has consistently appropriated the required amount from each year's profit into this heading. There is no such statutory requirement for the Subsidiary.

3. Fair value reserve

This is a non-statutory reserve and is a requirement in the application of accounting policy for financial assets. NFRS 9 requires that cumulative net change in the fair value of financial assets measured at FVTOCI is recognized under fair value reserve heading until the fair valued asset is de-recognized. Any realized fair value changes upon disposal of the re-valued asset are reclassified from this reserve heading to retained earnings. The Group has complied with this accounting policy application.

4. Asset revaluation reserve

This is a non-statutory reserve and is a requirement in the application of accounting policy for non-financial assets such as property, equipment, investment property and intangible assets that are measured following a re-valuation model. Revaluation reserves often serve as a cushion against unexpected losses but may not be fully available to absorb unexpected losses due to the subsequent deterioration in market values and tax consequences of revaluation.

5. Capital reserve

This is a non-statutory reserve and represents the amount of all capital nature reserves such as the amounts arising from share forfeiture, capital grants, capital reserve arising out of business combinations and other reserve created as per the regulatory instructions of the central Bank.

6. Special reserve

This is a statutory reserve and is a compliance requirement of NRB circular 12/072/73. The Bank is required to appropriate an amount equivalent to 100% of capitalized portion of interest income on borrowing accounts where credit facility was rescheduled or restructured, following the after effects of the great earthquake that struck the nation in April 2015. Fund in this account can be reclassified to retained earnings upon full and final repayment of the credit facility. There is no such statutory requirement for the Subsidiary.

7. Capital redemption reserve

This is a non-statutory reserve created for making payment towards redeemable non-convertible preference shares. The Group does not have any amount to present under Capital redemption reserve.

8. Dividend equalization fund

This is a non-statutory reserve created for supporting the dividend payout policy by appropriating amounts from current year's profit to fund for future period's payout. Fund in this heading is available for distribution to shareholders upon approval of the board of directors and endorsement of the share holders' general meeting. The Group does not have any amount to present under Dividend equalization fund.

9. Capital adjustment / equalization fund

This is a non-statutory reserve created by appropriating amounts from current year's profit and by crediting amounts for calls is advance towards raising capital. The Group does not have any amount to present under this head.

10. Corporate social responsibility fund

This is a statutory reserve and is a compliance requirement of NRB Directive 06/81. The Bank is required to appropriate an amount equivalent to 1% of net profit into this fund annually. The fund is created towards funding the Bank's corporate social responsibility expenditure during the subsequent year. There is no such statutory requirement for the Subsidiary.

11. Investment adjustment reserve

This is a statutory reserve under domestic banking regulations specified in NRB directive no. 4/81 and 8/81; under which Investment adjustment reserve shall be created against the unquoted share investment if they did not get listed within 3 years of investment date. However, in case of holding of more than 50% in entities which don't require to get listed and investment in Karja Suchana Kendra, Nepal Clearing House Ltd, National Banking Institute, Nepal Electronic Payment System(NEPS), Nepal Stock Exchange, such adjustment reserve need not to be created. Changes in this reserve requirement are reclassified to retained earnings. There is no such statutory requirement for the Subsidiary.

12. Actuarial gain / loss reserve

This is a non-statutory reserve and is a requirement in the application of accounting policy for employee benefits. NAS 19 requires that actuarial gain or loss resultant of the change in actuarial assumptions used to value defined benefit obligations be presented under this reserve heading. Any change in this reserve heading is recognized through other comprehensive income and is not an appropriation of net profit. The Group has complied with this accounting policy application.

13. Regulatory reserve

This is a statutory reserve and is a requirement in the application of accounting policy as prescribed in NRB directive no. 4/081. In the transition to NFRS from previous GAAP the Bank is required to reclassify all amounts that are resultant of re-measurement adjustments and that are recognized in retained earnings into this reserve heading. The amount reclassified to this reserve includes re-measurement adjustments such as interest income recognized against interest receivables, difference in loan loss provision as per NRB directive and impairment on loan and advance as per NFRS, amount equals to deferred tax assets, actual loss recognized in other comprehensive income, amount of goodwill recognized under NFRS, etc. after adjustment of tax, staff bonus and other statutory reserves. Balance in this reserve is not regarded as free for distribution of dividend. The Bank has complied with this regulatory requirement. There is no such statutory requirement for the Subsidiary.

14. Other reserve fund

Debenture Redemption Reserve

This is a statutory reserve under domestic banking regulations specified in NRB directive no.16/81. The Bank is required to maintain a redemption reserve in respect of borrowing raised through debenture issuance. The reserve has been maintained on debenture issued by the bank.

Employees training and capacity development fund

This is a statutory reserve and is a compliance requirement of NRB circular 6/081. The Bank is required to incur expenses towards employee training and development for an amount that is equivalent to at least 3% of the preceding year's total salary and allowances. Any shortfall amount in meeting this mandatory expense requirement in the current year will have to be transferred to this reserve fund through appropriation of net profit and the amount shall accumulate in the fund available for related expenses in the subsequent year. Balance in this fund is directly reclassified to retained earnings in the subsequent year to the extent of expenses made for employees training related activities.

xxiv. Earnings per Share

The Group calculates basic and diluted Earnings per Share (EPS) data for its ordinary shares as required under Nepal Accounting Standards – NAS 33 on "Earnings per Share". Basic EPS is calculated by dividing the profit or loss that is attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the reported period. Diluted EPS is calculated by adjusting the profit or loss that is attributable to the ordinary shareholders of the Bank and the weighted average number of ordinary shares outstanding adjusted for the effects of all dilutive potential ordinary shares, such as share options granted to employees and hybrid capital instruments.

The Group does not hold any dilutive potential ordinary shares, and as such the Basic EPS is also the Diluted EPS of the Group.

xxv. Segment Reporting

The Group has disclosed information on operating segments to enable users of financial statements to evaluate the nature and financial effects of the Group's business activities and that of the economic environment in which the Group operates.

xxvi. Statement of Cash Flows

The Group has reported its cash flow statement applying the 'Direct Method' in accordance with NAS 07 – "Statement of Cash Flows". Application of the direct method in presenting cash flow statement discloses major classes of gross cash receipts and gross cash payments, thereby provides information which may be useful in estimating future cash flows of an entity.

xxvii. Segmental Information

The Bank has adopted "Management Approach" for identifying the operating segments i.e. seven segments based on the geographic locations of its offices in the 7 provinces of the country. Interest earnings and foreign exchange gains/losses generated while conducting businesses under different segments are reported under the respective segment. Shareholder's Equity in Segment Liabilities and Tax Expense in Segment profit/ (loss) are not allocated to the individual segments. For segmentation purpose, all business transactions of offices and business units located in a particular province are grouped together. All transactions between the units are conducted on arm's length basis, with intra unit revenue and cost being nullified at the bank level.

a. Information about Reportable Segments

NPR in '000

Particulars	Koshi		Madhesh		Bagmati		Gandaki	
	Current Quarter	Corresponding Previous Year Quarter	Current Quarter	Corresponding Previous Year Quarter	Current Quarter	Corresponding Previous Year Quarter	Current Quarter	Corresponding Previous Year Quarter
Revenues from external customers	707,875	884,037	605,458	768,419	8,453,234	8,566,752	481,097	541,558
Intersegment revenues	664,147	763,184	330,667	361,774	11,580,198	13,818,703	302,131	309,201
Segment profit/(loss)	637,065	282,042	304,499	63,333	928,044	2,563,417	78,963	137,949
Segment assets	38,438,279	35,680,303	36,035,636	31,989,256	532,320,868	452,385,895	18,410,359	17,396,021
Segment liabilities	37,958,570	34,784,708	35,451,472	31,408,781	469,957,715	393,098,565	17,867,806	16,863,186

Particulars	Lumbini		Karnali		Sudur Pashchim		Total	
	Current Quarter	Corresponding Previous Year Quarter	Current Quarter	Corresponding Previous Year Quarter	Current Quarter	Corresponding Previous Year Quarter	Current Quarter	Corresponding Previous Year Quarter
Revenues from external customers	689,164	911,975	62,327	71,885	254,014	289,391	11,253,170	12,034,017
Intersegment revenues	501,497	534,506	37,252	38,286	129,760	139,913	13,545,653	15,965,567
Segment profit/(loss)	783,465	57,320	141	16,239	25,873	31,016	2,758,050	3,151,316
Segment assets	35,715,598	33,444,007	3,077,646	2,754,865	11,525,143	10,541,108	675,523,529	584,191,455
Segment liabilities	34,938,539	33,001,255	2,998,420	2,643,190	11,218,838	10,300,925	610,391,361	522,100,610

b. Reconciliation of reportable segment profit or loss

NPR in '000

Particulars	Current Quarter	Corresponding Previous Year Quarter
Total profit before tax for reportable segments	2,758,050	3,151,317
Profit before tax for other segments		
Elimination of inter-segment profit		
Elimination of discontinued operation		
Unallocated amounts:		
- Other corporate expenses	275,805	315,132
Profit before tax	**2,482,245**	**2,836,185**

SEBON Disclosure

1. Related Party Disclosure

- Group comprises of Nabil Bank Ltd. (the Bank), Nabil Investment Banking Ltd. (Subsidiary) and Nabil Stock Dealer Ltd. (Subsidiary).
- Nabil Investment Banking Ltd is a Merchant Banker licensed under Securities Businessperson (Merchant Banker) Regulation, First Amendment 2074 from the Securities Board of Nepal (SEBON). Nabil Stock Dealer Ltd. is a stock dealer / brokerage company licensed under Securities Business Person (Securities Broker and Securities Dealer) Regulation, 2064 from SEBON.
- All transactions between the Bank and the Subsidiaries are executed on arm's length principle. Effects of all inter-company transactions and outstanding balances are excluded in group statements.
- Bank and Nabil Investment Banking Ltd. (Subsidiary) have entered into a Service Level Agreement (SLA) under which the Bank provides various operational supports to Subsidiary.
- Bank has appointed Nabil Investment Banking Ltd (Subsidiary) as its Registrar to Share, Registrar to various Debentures issued by the bank and also the Fund Manager to Mutual Fund Schemes under the Bank's sponsorship.
- All transactions with the Directors and Key Management Personnel are conducted on the basis of Articles of Association and Employee Bylaws of the bank.

Summary of related Party Transactions:

Nabil Investment Banking Ltd.

Particulars	Amount (NPR)
Expenses	**2,185,030**
Interest Expenses	1,674,530
Corporate Advisory Fee	98,000
RTS-Annual Fee	412,500
Fee and Commission Income	**554,515**
Bank Balance	662,625,144

Nabil Stock Dealer:

Particulars	Amount (NPR)
Interest Expense on Deposit	868,951
Interest on Borrowings	-
Performance Fee / Guarantee Expenses	124,000
SLA Expenses	1,514,015
Balance Sheet Exposure	
Deposit	72,499,683
Other Liability	3,505,995

2. Management Analysis

- Management is consistently working on building a strong balance sheet, diversifying its portfolio to cater to the growing demands of the economy, achieving sustainable growth and making investments in high quality assets, ensuring continuity of business, making effective use of its resources and further enhance management and workplace efficiency.
- The Bank has made significant investments in its products, people and technology with the introduction of DigiBank and nBank, has upgraded its IT infrastructure, automated work processes, further enhancing transaction and data security all the while maintaining and improving internal control systems and risk management practices.
- There are no such incidents during the period which might have negative impact on the reserve, profit or cash flow position of the Bank.

3. Details Related to Legal Proceedings

Except in the regular course of business, there are no law-suits of material nature filed by or filed against the Bank/promoters/directors on account of violation of prevailing laws or commission of criminal offences or financial crime.

4. Analysis of Bank's shares transactions

- The market price of the Bank's share is fully dependent on market movements and the Bank does not comment on its share transactions.
- The Bank has complied with the prevailing disclosure norms and regulatory directives issued by Securities Board of Nepal (SEBON) and Nepal Rastra Bank (NRB).
- Details of share transactions during the quarter:

Particulars	
Maximum Price (NPR)	562.00
Minimum Price (NPR)	471.00
Closing Price (NPR)	509.00
Total Units Traded	3,978,495
Total Days Traded	51

5. Problems and Challenges

Internal:

- Management of NPA owing to the economic situation of the country.
- Challenge of assets growth in the back drop of low economic growth and declining assets quality
- Challenge of improving non - interest revenue
- Challenge of liquidity and interest risk management

External:

- Political instability and slowdown in the economy
- Fluctuating/Excess market liquidity position
- Stagnant credit demand
- Impact of low capital expenditure of government on various sectors
- Increasing information security risk

Bank's strategy to mitigate problems and challenges:

- Prudent management of assets and liabilities
- Effective management of cost through improved productivity and efficiency
- Exploration of alternate business avenues and channels for maintaining the contribution from non-interest income
- Embracing digitization for remarkable improvement in product offerings and service delivery
- Enhancing skill sets of staff for upgrading our service standard

6. Corporate Governance

The Bank has a separate Governance Unit in place for continuous monitoring of governance issues within the Bank. The Board of Directors, Audit Committee and Senior Management are committed to upholding good corporate governance practices in the Bank. The Bank's organization structure, internal control system and management practices are designed keeping best corporate governance practices in mind.

7. Declaration by Chairman/CEO about the truthfulness of financials / information

I, CEO of the Bank, take responsibility on the truthfulness of the information and particulars disclosed in this report to the best of my knowledge. Further, I declare that the particulars mentioned in this report, to the best of my knowledge, are true, fair and complete at the time of publication of this report and have not knowingly concealed any material particulars and information for investors to take informed decisions.