INTERIM FINANCIAL

REPORT

14th January 2026 (30th Poush 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	9,303,366	12,823,207	9,189,774	7,519,089
Due from Nepal Rastra Bank	27,182,990	21,309,898	27,182,990	21,309,898
Placement with Banks and FIs	35,833,027	24,279,366	35,833,027	24,279,366
Derivative Financial Instruments	25,072,604	20,345,559	25,072,604	20,345,559
Other Trading Assets	1,612,880	1,601,785	-	-
Loans and Advances to Banks and FIs	15,895,783	14,195,506	15,895,783	14,195,506
Loans and Advances to Customers	434,738,445	410,992,041	434,738,445	410,992,041
Investment Securities	129,943,945	117,675,148	129,389,795	117,289,485
Current Tax Assets	619,269	1,050,807	576,893	1,016,125
Investment in Subsidiaries	-	-	1,798,000	1,798,000
Investment in Associates	187,304	201,683	80,000	80,000
Investment Property	3,726,173	4,067,766	3,726,173	4,067,766
Property and Equipment	4,345,641	4,488,534	4,319,784	4,464,894
Goodwill and Intangible Assets	277,393	380,056	269,322	372,154
Deferred Tax Assets	-	-	-	-
Other Assets	10,043,641	9,928,250	8,953,035	9,057,489
Total Assets	**698,782,460**	**643,339,607**	**697,025,625**	**636,787,373**
Liabilities				
Due to Banks and FIs	9,537,803	8,633,747	9,537,803	8,633,747
Due to Nepal Rastra Bank	-	-	-	-
Derivative Financial Instruments	25,309,631	20,401,917	25,309,631	20,401,917
Deposits from Customers	565,743,259	524,057,692	566,059,414	524,625,959
Borrowings	1,022,300	463,000	-	-
Current Tax Liabilities	-	-	-	-
Provisions	-	-	-	-
Deferred Tax Liabilities	1,586,943	1,711,608	1,649,128	1,714,949
Other Liabilities	13,527,843	15,092,201	12,987,837	9,245,876
Debt Securities Issued	12,723,727	9,630,773	12,723,727	9,630,773
Subordinated Liabilities	-	-	-	-
Total Liabilities	**629,451,507**	**579,990,938**	**628,267,540**	**574,253,222**
Equity				
Share Capital	32,056,997	27,056,997	32,056,997	27,056,997
Share Premium	-	-	-	-
Retained Earnings	3,313,445	4,160,444	3,273,032	3,855,506
Reserves	33,657,684	31,835,840	33,428,056	31,621,648
Total Equity Attributable to Equity Holders	**69,028,126**	**63,053,281**	**68,758,085**	**62,534,151**
Non Controlling Interest	302,827	295,388	-	-
Total Equity	**69,330,953**	**63,348,669**	**68,758,085**	**62,534,151**
Total Liabilities and Equity	**698,782,460**	**643,339,607**	**697,025,625**	**636,787,373**

Note: Share Capital for this includes NPR 5 Billion 'Nabil 8% PNCPS'

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	9,404,549	19,214,829	9,603,414	20,437,161	9,399,699	19,200,838	9,599,454	20,419,444
Interest Expense	5,235,454	11,152,960	5,850,074	12,535,509	5,213,671	11,113,550	5,843,789	12,523,494
Net Interest Income	**4,169,095**	**8,061,870**	**3,753,340**	**7,901,652**	**4,186,028**	**8,087,288**	**3,755,665**	**7,895,949**
Fee and Commission Income	1,155,468	2,269,487	1,080,208	2,098,813	1,090,610	2,113,714	999,584	1,931,985
Fee and Commission Expense	273,977	508,641	249,912	445,833	278,011	502,387	239,626	420,543
Net Fee and Commission Income	**881,492**	**1,760,846**	**830,296**	**1,652,980**	**812,599**	**1,611,327**	**759,958**	**1,511,442**
Net Interest, Fee and Commisson Income	**5,050,587**	**9,822,715**	**4,583,636**	**9,554,632**	**4,998,627**	**9,698,614**	**4,515,622**	**9,407,391**
Net Trading Income	322,729	317,484	165,648	353,517	239,251	464,320	169,364	342,636
Other Operating Income	134,267	468,799	81,706	405,927	119,741	468,794	55,582	319,372
Total Operating Income	**5,507,583**	**10,608,999**	**4,830,990**	**10,314,076**	**5,357,618**	**10,631,729**	**4,740,569**	**10,069,399**
Impairment Charge/ (Reversal) for Loans and Other Losses	(696,054)	(48,826)	893,282	1,351,009	(696,054)	(48,826)	893,282	1,351,009
Net Operating Income	**6,203,637**	**10,657,825**	**3,937,708**	**8,963,067**	**6,053,672**	**10,680,555**	**3,847,287**	**8,718,390**
Operating Expense								
Personnel Expenses	1,415,319	2,916,616	977,531	2,431,311	1,396,536	2,875,087	952,066	2,381,900
Other Operating Expenses	496,405	893,200	443,365	822,692	488,520	876,062	436,648	807,658
Depreciation & Amortisation	177,980	362,588	177,916	358,175	175,803	356,707	174,622	351,422
Operating Profit	**4,113,932**	**6,485,422**	**2,338,896**	**5,350,889**	**3,992,812**	**6,572,698**	**2,283,950**	**5,177,410**
Non Operating Income	123,164	128,924	(66,373)	(9,054)	137,542	143,302	1,009	9,163
Non Operating Expense	2,558	105,959	484,723	550,151	2,558	105,959	484,723	550,151
Profit Before Income Tax	**4,234,538**	**6,508,386**	**1,787,801**	**4,791,684**	**4,127,796**	**6,610,042**	**1,800,236**	**4,636,422**
Income Tax Expense								
Current Tax	1,131,509	1,871,403	634,332	1,444,648	1,125,146	1,850,400	612,549	1,392,145
Deferred Tax	25,108	(52,390)	(10,742)	(7,921)	-	-	-	-
Profit/(Loss) for the Period	**3,077,921**	**4,689,373**	**1,164,211**	**3,354,957**	**3,002,650**	**4,759,641**	**1,187,687**	**3,244,277**

III. CONDENSED CONSOLIDATED STATEMENT OF OTHER 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	**3,077,921**	**4,689,373**	**1,164,211**	**3,354,957**	**3,002,650**	**4,759,641**	**1,187,687**	**3,244,277**
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	373,156	(165,053)	(604,797)	63,394	377,026	(143,540)	(605,008)	61,178
Gains/(losses) on revaluation	-	-	-	-	-	-	-	-
Actuarial gains/(losses) on defined benefit plans	-	-	-	-	-	-	-	-
Less: Income tax expense relating to above items	(111,947)	49,516	181,439	(19,018)	(113,108)	43,062	181,502	(18,353)
Net other comprehensive income that will not be reclassified to profit or loss	**261,209**	**(115,537)**	**(423,358)**	**44,376**	**263,918**	**(100,478)**	**(423,506)**	**42,825**
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)	**261,209**	**(115,537)**	**(423,358)**	**44,376**	**263,918**	**(100,478)**	**(423,506)**	**42,825**
Total Comprehensive Income for the year	**3,339,130**	**4,573,836**	**740,852**	**3,399,332**	**3,266,568**	**4,659,164**	**764,181**	**3,287,102**
Total Comprehensive Income attributable to:								
Equity-Holders of the Bank	3,333,771	4,564,691	737,159	3,380,245	3,266,568	4,659,164	764,181	3,287,102
Non-Controlling Interest	5,360	9,145	3,694	19,088	-	-	-	-
Total Comprehensive Income for the year	**3,339,130**	**4,573,836**	**740,852**	**3,399,332**	**3,266,568**	**4,659,164**	**764,181**	**3,287,102**
Earnings per Share								
Annualized Basic Earnings per Share (Equity Shareholders)		34.51		24.87		35.04		24.05
Annualized Diluted Earnings per Share (Equity Shareholders)		34.51		24.87		35.04		24.05

EPS (Equity Shareholders) = (Net Profit after tax – PNCPS Dividend)/Number of Equity Shares

IV. 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								**6,136,373**	**-**	**6,136,373**	**38,444**	**6,174,817**
Other Comprehensive Income (net of tax)	**-**	**-**	**-**	**-**	**-**	**728,073**	**-**	**-**	**(91,978)**	**636,095**	**1,172**	**637,267**
Gains/(losses) from investment in equity instruments measured at fair value	-	-	-	-	-	728,073	-	-	-	728,073	1,391	729,464
Gains/(losses) on revaluation	-	-	-	-	-	-	-	-	-	-	-	-
Actuarial gains/(losses) on defined benefit plans	-	-	-	-	-	-	-	-	(91,978)	(91,978)	(220)	(92,198)
Gains/(losses) on cash flow hedge	-	-	-	-	-	-	-	-	-	-	-	-
Exchange gains/(losses)(arising from translating financial assets of foreign operation)	-	-	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income for the year	**-**	**-**	**-**	**-**	**-**	**728,073**	**-**	**6,136,373**	**(91,978)**	**6,772,468**	**39,616**	**6,812,084**
Transfer to Reserves during the year	-	-	1,209,794	46,549	(181,283)	-	-	(2,642,012)	1,566,952	-	4,872	4,872
Transfer from Reserves during the year	-	-	-	-	-	(6,435)	-	120,997	(114,562)	-	(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)	-	(341)	10,482	6,012	(4,860)	1,152
Total Contributions by and Distributions	**-**	**-**	**1,209,794**	**46,549**	**(181,283)**	**(10,563)**	**-**	**(5,379,350)**	**1,462,872**	**(2,851,982)**	**(20,496)**	**(2,872,478)**
Balance at Ashad 32, 2082 (16-July-2025)	**27,056,997**	**-**	**16,417,894**	**860,613**	**4,531,839**	**4,583,069**	**560,136**	**4,160,444**	**4,882,289**	**63,053,281**	**295,388**	**63,348,669**
Reserves added through acquisition	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Balance at Shrawan 01, 2082 (17-Jul-2025)	**27,056,997**	**-**	**16,417,894**	**860,613**	**4,531,839**	**4,583,069**	**560,136**	**4,160,444**	**4,882,289**	**63,053,281**	**295,388**	**63,348,669**
Comprehensive Income for the FY 2082-83 (2025-26) :												
Profit for the year								**4,674,204**	**-**	**4,674,204**	**15,168**	**4,689,373**
Other Comprehensive Income (net of tax)	**-**	**-**	**-**	**-**	**-**	**(109,513)**	**-**	**-**	**-**	**(109,513)**	**(6,024)**	**(115,537)**
Gains/(losses) from investment in equity instruments measured at fair value	-	-	-	-	-	(109,513)	-	-	-	(109,513)	(6,024)	(115,537)
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	**-**	**-**	**-**	**-**	**-**	**(109,513)**	**-**	**4,674,204**	**-**	**4,564,691**	**9,145**	**4,573,836**
Transfer to Reserves during the year	-	-	954,204	26,287	190,195	-	-	(2,002,972)	832,288	-	1,669	1,669
Transfer from Reserves during the year	-	-	-	-	-	-	-	(8,685)	8,685	-	(15)	(15)
Transactions with Owners, directly recognized in Equity :												
Right Share Issued												
Share Based Payments												
Dividend to Equity-Holders												
Bonus Shares Issued	-	-	-	-	-	-	-	-	-	-	-	-
Cash Dividend Paid	-	-	-	-	-	-	-	(3,536,682)	-	(3,536,682)	(1,705)	(3,538,388)
Other (Nabil 8% PNCPS)	5,000,000	-	-	-	-	(329.32)	(53,105)	27,136	(26,866)	4,946,836	(1,653)	4,945,183
Total Contributions by and Distributions	**5,000,000**	**-**	**954,204**	**26,287**	**190,195**	**(329)**	**(53,105)**	**(5,521,204)**	**814,107**	**1,410,154**	**(1,705)**	**1,408,449**
Balance at Poush 30, 2082 (14-Janaury-2025)	**32,056,997**	**-**	**17,372,097**	**886,900**	**4,722,033**	**4,473,227**	**507,031**	**3,313,445**	**5,696,396**	**69,028,126**	**302,827**	**69,330,953**

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								**5,922,144**	**-**	**5,922,144**
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**	**-**	**5,922,144**	**(91,649)**	**6,556,481**
Transfer to Reserves during the year	-	-	1,185,716	46,549	(181,283)	-	-	(2,614,019)	1,563,037	-
Transfer from Reserves during the year	-	-	-	-	-	(6,435)	-	170,176	(163,741)	-
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	-	-	1,185,716	46,549	(181,283)	-	-	(5,149,543)	1,399,296	(2,699,265)
Balance at Ashad 32, 2082 (16-July-2025)	**27,056,997**	**-**	**16,347,026**	**860,613**	**4,531,839**	**4,586,027**	**560,136**	**3,855,506**	**4,736,008**	**62,534,151**
Reserves added through acquisition	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Balance at Shrawan 01, 2082 (17-Jul-2025)	**27,056,997**	**-**	**16,347,026**	**860,613**	**4,531,839**	**4,586,027**	**560,136**	**3,855,506**	**4,736,008**	**62,534,151**
Comprehensive Income for the FY 2082-83 (2025-26) :										
Profit for the year								**4,759,641**	**-**	**4,759,641**
Other Comprehensive Income (net of tax)	**-**	**-**	**-**	**-**	**-**	**(100,478)**	**-**	**-**	**-**	**(100,478)**
Gains/(losses) from investment in equity instruments measured at fair value	-	-	-	-	-	(100,478)	-	-	-	(100,478)
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	**-**	**-**	**-**	**-**	**-**	**(100,478)**	**-**	**4,759,641**	**-**	**4,659,164**
Transfer to Reserves during the year	-	-	951,928	26,287	190,195	-	-	(2,000,528)	832,119	-
Transfer from Reserves during the year	-	-	-	-	-	-	-	40,538	(40,538)	-
Transactions with Owners, directly recognized in Equity :										
Right Share Issued										
Share Based Payments										
Dividend to Equity-Holders										
Bonus Shares Issued	-	-	-	-	-	-	-	-	-	-
Cash Dividend Paid	-	-	-	-	-	-	-	(3,382,125)	-	(3,382,125)
Other (Nabil 8% PNCPS)	5,000,000	-	-	-	-	-	(53,105)	-	-	4,946,895
Total Contributions by and Distributions	5,000,000	-	951,928	26,287	190,195	-	(53,105)	(5,342,115)	791,581	1,564,771
Balance at Poush 30, 2082 (14-Janaury-2025)	**32,056,997**	**-**	**17,298,954**	**886,900**	**4,722,033**	**4,485,549**	**507,031**	**3,273,032**	**5,527,589**	**68,758,085**

V. 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	18,372,824	18,728,645	18,358,833	18,710,927
Fees and other income received	2,867,210	2,495,686	2,725,810	2,260,520
Dividend received	-	-	-	-
Receipts from other operating activities	317,484	352,036	464,320	341,154
Interest paid	(11,152,960)	(12,535,509)	(10,966,062)	(12,523,494)
Commission and fees paid	(508,641)	(445,833)	(502,387)	(420,543)
Cash payment to employees	(1,932,964)	(1,738,230)	(1,897,318)	(1,708,329)
Other expense paid	(999,159)	(1,372,843)	(982,021)	(1,357,809)
Operating cash flows before changes in operating assets and liabilities	**6,963,795**	**5,483,952**	**7,201,175**	**5,302,426**
(Increase)/Decrease in operating assets				
Due from Nepal Rastra Bank	(5,873,092)	(5,343,852)	(5,873,092)	(5,343,852)
Placement with bank and financial institutions	(11,553,660)	(7,948,739)	(11,553,660)	(7,948,739)
Other trading assets	(11,095)	(417,792)	-	-
Loan and advances to bank and financial institutions	(1,101,593)	144,254	(1,700,277)	(1,405,849)
Loan and advances to customers	(23,697,578)	(19,490,250)	(23,098,893)	(17,843,915)
Other assets	(4,765,493)	(6,721,653)	(4,702,467)	(6,462,083)
Increase/ (Decrease) in operating liabilites				
Due to bank and financial institutions	904,056	2,235,625	904,056	2,235,625
Due to Nepal Rastra Bank	-	-	-	-
Deposit from customers	41,685,567	18,093,296	41,433,454	18,143,296
Borrowings	559,300	255,000	-	-
Other Liabilities	5,578,754	6,948,119	6,216,742	5,670,437
Net cash flow from operating activities before tax paid	**8,688,961**	**(6,762,040)**	**8,827,038**	**(7,652,655)**
Income taxes paid	(1,387,476)	(1,710,369)	(1,411,168)	(1,664,343)
Net cash flow from operating activities (A)	**7,301,485**	**(8,472,409)**	**7,415,869**	**(9,316,998)**
Cash flows from investing activities:				
Purchase of investment securities	(12,369,955)	12,681,278	(12,200,787)	12,015,955
Receipts from sale of investment securities	-	-	-	-
Purchase of property and equipment	(205,695)	(385,671)	(31,972)	(376,750)
Receipt from the sale of property and equipment	5,106	-	5,106	-
Purchase of intangible assets	(2,588)	10,600	(2,023)	10,343
Receipt from the sale of intangible assets	-	-	-	-
Purchase of investment properties	(64,159)	(838,536)	(64,159)	(838,536)
Receipt from the sale of investment properties	352,647	-	352,647	-
Interest received	-	-	-	-
Dividend received	-	-	-	-
Net cash used in investing activities (B)	**(12,284,644)**	**11,467,671**	**(11,941,188)**	**10,811,012**
Cash flows from financing activities:				
Receipt from issue of debt securities	-	(2,333)	3,000,000	(2,333)
Repayment of debt securities	-	-	-	-
Receipt from issue of subordinated liabilities	-	-	-	-
Repayment of subordinated liabilities	-	-	-	-
Receipt from issue of shares	5,000,000	-	5,000,000	-
Dividends paid	(3,536,682)	(2,857,994)	(1,803,996)	(1,348,928)
Interest paid	-	-	-	-
Other receipt/payment	-	-	-	-
Net cash from financing activities (C)	**1,463,318**	**(2,860,327)**	**6,196,004**	**(1,351,261)**
Net increase (decrease) in cash and cash equivalents	**(3,519,841)**	**134,934**	**1,670,686**	**142,753**
Cash and cash equivalents at Shrawan 01 (beginning of the year)	12,823,207	8,331,352	7,519,089	8,178,988
Effect of exchange rate fluctuations on cash and cash equivalents held	-	-	-	-
Cash and cash equivalents at Poush end	**9,303,366**	**8,466,286**	**9,189,774**	**8,321,740**

VI. STATEMENT OF DISTRIBUTABLE PROFIT OR LOSS

NPR '000

Particulars	Current Year Upto this Qtr YTD	Previous Year Corresponding Qtr YTD
Net profit / (loss) as per statement of profit or loss	**4,759,641**	**3,244,277**
Transfer from Fair Value Reserve	-	**(1,481)**
Less: appropriations (-) / contributions (+):	-	
a. General reserve	(951,928)	(648,559)
b. Foreign exchange fluctuation fund	(26,287)	(17,191)
c. Capital redemption reserve (Debenture Redemption Reserve)	(711,703)	(711,703)
d. Corporate social responsibility fund	(47,596)	(32,443)
e. Employees' training fund	(1,862)	385
f. Investment adjustment reserves	-	-
g. Others:	(30,419)	10,103
Profit or (loss) before regulatory adjustment	**2,989,846**	**1,843,387**
Regulatory adjustment :	-	
a. Interest receivable (-)/previous accrued interest received (+)	(297,965)	(239,475)
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 (+)	132,253	(76,698)
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 (+/-)	(24,482)	(12,683)
Net Profit for the Quarter end available for distribution	**2,799,651**	**1,514,531**
Opening Retained Earnings as on Shrawan 1, 2082	**3,855,506**	**3,082,904**
Adjustment (+/-)	-	-
Distribution:		
Bonus Share Issued	-	-
Cash Dividend Paid	(3,382,125)	(2,705,700)
Total distributable Profit/(Loss) as on quarter end date	**3,273,032**	**1,891,735**
Anualized Distributable Profit/(Loss) per share on Poush End 2082 (Equity Shareholders)	**22.50**	**9.38**

VII. 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		13.33		12.11		12.77		11.78
Tier-1 Capital to RWA		10.34		9.38		9.76		9.04
CET-1 Capital to RWA		9.47		9.38		8.89		9.04
Gross Non-Performing Loan (NPL) to Total Loan		4.25		4.93		4.25		4.93
Net Non-Performing Loan (NPL) to Total Loan		0.88		1.70		0.88		1.70
Total Loan Loss Provision to Total NPL		111.97		95.25		111.97		95.25
Costs of Funds		3.62		4.81		3.62		4.81
Credit to Deposit Ratio		78.12		82.80		78.12		82.80
Base Rate (3 Months Average)		5.04		6.31		5.04		6.31
Interest Rate Spread		3.54		3.74		3.54		3.74
Return on Equity (Annualized)		14.24		11.33		14.54		11.03
Return on Assets (Annualized)		1.40		1.18		1.43		1.14

VIII. CONCENTRATION OF CREDITS, DEPOSITS AND BORROWINGS

Poush 2082 (Q2, 2082/83)

NPR in '000

Particulars	Current Year	Previous Year
A. Concentration of Borrowings		
Borrowings from 10 largest lenders.	-	-
Percentage of borrowings from ten largest lenders to total depositors	0.00%	0.00%
B. Concentration of Credit exposures		
Total exposures to twenty largest borrowers		
a. As per group (related party)	50,825,468	44,108,429
b. As per individual customer	38,830,133	36,566,106
Percentage of exposures to twenty largest borrowers to Total Loans and Advances		
a. As per group (related party)	11.07%	10.75%
b. As per individual customer	8.46%	8.91%
LDO	**459,092,826**	**410,241,470**
C. Concentration of Deposits		
Total deposits from twenty largest depositors		
a. Group-wise	104,011,980	100,762,403
b. As per individual customer	7,704,270	6,526,796
Percentage of deposits from twenty largest depositors to Total Deposits		
a. Group-wise	18.07%	20.60%
b. As per individual customer	1.34%	1.33%

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).
- 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. 2/82 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.

Impairment of financial assets

NFRS 9 provides that in measuring expected credit losses an entity must reflect:

- An unbiased evaluation of a range of possible outcomes and their probabilities of occurrence.
- Discounting for the time value of money.
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions, and forecasts of future economic conditions.

Expected Credit losses of the loans and advances are assessed collectively by employing the impairment principles to each segment separately. Accordingly, all loans and advances other than those classified as of individually significant loans (ISL) shall be subjected to collective impairment based on the portfolio segments of the Bank.

Based on the above, the following products of the bank have been considered for impairment purposes.

- Due from Nepal Rastra Bank
- Placement with Bank and Financial Institutions
- Loan and advances to B/FIs
- Loans and advances to customers
- Investment securities (If measured at amortized cost or FVOCI)

For the purposes of impairment and income recognition, financial assets under the scope of impairment requirement shall be classified into stage 1,2 or 3 within each portfolio segment.

Stage 1 -	All loans and advances other than purchased or originated credit-impaired financial assets and NRB guidelines require a different classification, are classified at initial recognition as stage 1.
Stage 2 -	Upon subsequent review, any loans, and advances where there is a significant increase in credit risk are classified as stage 2.
Stage 3 -	Any loans and advances where an actual default has taken place are classified as stage 3.

Stage 1

The bank shall classify loans and advances, under each segment, with the following characteristics as stage 1.

- Initially recognized financial instruments, unless it is purchased or originated credit-impaired financial assets
- Financial instruments that do not have significant increase in credit risk since initial recognition.
  - Loans with days past due up to **One Month** or as specified by NRB
  - All other initially recognized financial instruments, unless it is purchased or originated credit-impaired financial assets
- Financial instruments that have low credit risk at the reporting date. Such instruments include:
  - All exposures on Nepal Government/Province/Local Level or Nepal Rastra Bank
  - Exposures fully guaranteed by Nepal Government/Province/Local Level
  - Foreign Sovereign exposures having rating BBB- and above from an external rating agency at the reporting date.
  - All exposures on BIS, IMF, EC, ECB and multilateral development banks with risk weight of 0% as defined in Capital Adequacy Framework 2015
  - Debenture/bonds having rating of AA or above at reporting date from external credit rating agency.

Stage 2

The bank shall classify loans and advances, under each segment, with following characteristics as stage 2.

- Financial instruments having significant increase in credit risk since initial recognition
- Financial instruments having contractual payments overdue for more than **One Month** but not exceeding **Three Months** or as specified by NRB
- Loans classified under 'Watchlist' as per NRB Directive on prudential provisioning
  - Loans with days past due more than **One month** but upto **Three Months** or as specified by NRB
  - Loans granted to customers with negative net worth or net loss for 3 consecutive years (with some exceptions)
  - Loans granted to customers with Debt equity ratio greater than 80:20
  - Loans granted to customers with inadequate Debt to income ratio
  - Loans granted to customers with loans at multiple banks without consortium (> 2 billion)
  - Loans granted to customers with non-performing loans at other BFIs
  - Loans instructed to be categorized into Watchlist category based on NRB inspection
- Loans without approved credit line or with credit line revoked by the bank
- Loan that has been restructured/rescheduled but not classified as non-performing loan as per existing provisions of NRB directives. However, rescheduling of instalment/EMI based loans resulting reduction in number of instalments due to prepayments or change in number of instalments due to change in interest rates under floating interest rate are not applicable.
- Claims on non-investment grade financial instruments i.e. with credit rating of BB+ or below

Stage 3

The bank shall classify loans and advances, under each segment, with following characteristics as stage 3.

- Financial instruments having contractual payments overdue for more than **Three Months** or as specified by NRB
- The Bank considers that the borrower is unlikely to pay its credit obligations to the bank in full, without realizing security (if held). The indicators of unlikeliness to pay includes:
  - bank puts credit obligation on non-accrued status
  - bank consents to distressed restructuring of credit obligation resulting in reduction in financial obligation due to material forgiveness, postponement of principal, interest
  - bank has filed for debtor's bankruptcy or a similar order in respect of the borrower's credit obligation
  - The bank sells a part of the credit obligation at a material credit-related economic loss.
  - The debtor has sought or has been placed in bankruptcy or similar protection where this would avoid or delay repayment of the credit obligation.
  - there is evidence that full repayment based on contractual terms is unlikely without bank's realization of collateral regardless of whether the exposure is current or past due by few days

- Loan is classified as non-performing as per the NRB prudential provisioning directive

The bank uses the following conditions as indicators of a significant increase in credit risk, as defined by the NRB.

i. More than **One Month** past due.
ii. Absolute Lifetime PD is 5% or more
iii. Relative Lifetime PD is increased by 100% or more
iv. Risk rating (internal or external) downgraded by 2 notches since initial recognition
v. Risk rating downgraded to non-investment grade by external credit rating agency (BB+ or below) or by bank's internal credit rating system
vi. Deterioration of relevant determinants of credit risk (e.g. future cash flows) for an individual obligor (or pool of obligors)
vii. Expectation of forbearance or restructuring due to financial difficulties
viii. Deterioration of prospects for sector or industries within which a borrower operates
ix. Borrowers affected by macroeconomic conditions based on reasonable and supportable forecasts.
x. Modification of terms resulting in restructuring/rescheduling
xi. Credit Quality Indicators determined as per internal credit assessment of performing loans which are subject to individual monitoring and review, are weaker than that in the initial recognition

Management decision to strengthen collateral and/or covenant requirements for credit exposures because of changes in the credit risk of those exposures since initial recognition

The following model shall be applied for the purpose of assessing the ECL on a collective basis.

ECL = PD x LGD x EAD

Where:

EAD : Exposure at Default

PD : Probability of Default

LGD : Loss Given Default

- Probability of Default (PD) Modelling

The Probability of Default (PD) represents the likelihood of default within a given time horizon (12 months for Stage 1 and lifetime for Stage 2 and 3). Through-the-cycle (TTC) PD is computed using a transition matrix which is based on the past due information of past 5 years of each segment. A credit index based on the historical information and year on year transition is taken into account on a monthly basis. For credit cards and revolving products, TTC PD is calculated using net flow rate method.

Then, the credit index is regressed with macro-economic variables and a regression model incorporating correlations, standard deviations, and averages to predict the credit index for the future periods is developed. Three scenarios with base, best and worst case for future prediction is taken with respective weightages. In order to get the forward looking PD, TTC PD is adjusted by forecasted credit index.

- Loss Given Default (LGD)s

The Loss Given Default (LGD) is the percentage of loan that the bank expects to lose, if the customer defaults. The bank has integrated Collateral LGD, Recovery LGD, and Write-Off LGD to arrive at the LGD for each portfolio. All the contracts that have crossed NPA in the last 5 years have been considered for LGD calculation.

- Exposure at Default (EAD)

Exposure at Default (EAD) is the estimate of the exposure at a future default date, taking into account the expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise and expected drawdowns on committed facilities.

For loans and receivables with contractual maturity, loan balances are taken upto the remaining maturity based on the repayment pattern. Mainly mid-year balances in the repayment schedule are taken by discounting them to the reporting date. For unutilized credits and other off balance sheet items, credit conversion factor is used to get the EAD.

For Stage 3 loans, no CCF is applied since the bank freezes these limits and prevents further disbursements, ensuring that no additional risk arises from such exposures.

Impairment of Loan and advances:

The bank for the current financial year has assessed the impairment under para 5.5 of the NFRS 9 impairment model and the NRB Directive. The Bank, following regulatory backstop as mentioned in Clause 16 of "NFRS 9- Expected Credit Loss Related Guidelines, 2024" has recognize impairment on credit exposures as the HIGHER of total ECL calculated as per NFRS 9 and existing regulatory provisions as mentioned in Unified NRB Directives no 02. Further, Bank has applied carve out issued by ICAN and has computed impairment loss. As per the carve-out issued by ICAN as a mandatory treatment of impairment loss for banks and financial institution till FY 2082.83, and regulatory backstop measures in Expected Credit Loss related guidelines-2024 by Nepal Rastra Bank, BFIs are required to recognize impairment on credit exposures as the higher of total ECL calculated as per NFRS 9 and existing regulatory provisions in Unified Directives. i.e Such entities shall measure impairment loss on loans and advances at the higher of:

- Amount derived as per directive no. 2/82 of Nepal Rastra Bank for loan loss provisioning generally applying a fixed percentage of impairment allowance based on overdue period; and

- Amount determined as per para 5.5 of NFRS 9 which prescribes calculation of impairment loss on expected credit loss method

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.

Nepal Rastra Bank has issued "Guidance Note on Interest Income Recognition, 2025" for implementation in the financial statements of current reporting period. This document provides detailed guidance on recognition of interest income in each Stage of financial asset as well as in the case of Purchased or Originated Credit Impaired Assets. The bank has implemented this guideline and recognized interest income on Stage 1 and 2 assets on accrual basis and on cash basis for Stage 3 assets as follow:

Stage 1 and Stage 2 Financial Assets: Based on coupon interest rate on principal outstanding for all financial assets (accrual basis)

Stage 3 or Purchased or Originated Credit Impaired Financial Assets: Based on cash basis approach (incremental). Coupon interest rate applied on principal outstanding.

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

Share Capital Includes Ordinary Shares and Preference Shares Capital of the Bank. Ordinary shares and preference shares in the Bank are recognized at the amount paid per ordinary share. Nabil Bank Ltd.'s ordinary 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 (convertible instruments, share based payments, etc.) apart from the ordinary shares and preference shares.

The Bank **issued 'Nabil 8% Perpetual Non-Cumulative Preference Shares' (Nabil 8% PNCPS)** amounting to NPR 5 billion (50,000,000 Kitta @ NPR 100 Each) during the FY 2082-83. This capital instrument has been reflected under Share Capital in the Bank's Statement of Financial Position. With the issuance of the Nabil 8% PNCPS, the Bank's capital adequacy position is expected to strengthen further, enhancing its resilience and improving the risk absorbing capacity as an Additional Tier-1 capital instrument.

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. 4/82 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. 4/82 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. 4/082. 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.16/82. 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 (after deducting dividend to the Preference 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.

Explanatory Notes:

NPR

Particulars	Group		Bank	
	Current Year	Previous Year Corresponding	Current Year	Previous Year Corresponding
Net Profit During the Year	4,689,372,548	6,174,817,095	4,759,641,250	5,922,144,047
Less: Preference Shares Dividend	(32,876,712)	-	(32,876,712)	-
Earnings Available to Equity Holders	**4,656,495,836**	**6,174,817,095**	**4,726,764,538**	**5,922,144,047**
Weighted Average Number of Shares				
Opening Number of Equity Shares	270,569,967	270,569,967	270,569,967	270,569,967
Bonus Issued During the Year	-	-	-	-
Right Issue during the period	-	-	-	-
Weighted Average Number of Shares	**270,569,967**	**270,569,967**	**270,569,967**	**270,569,967**
Basic EPS	34.51	22.82	35.04	21.89
Diluted EPS	34.51	22.82	35.04	21.89

EPS (Equity Shareholders) = (Net profit after tax - PNCPS Dividend)/Number of Equity Shares

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	1,553,215	1,700,995	1,316,251	1,487,726	16,167,037	16,085,865	958,100	1,054,653
Intersegment revenues	1,280,282	1,459,610	641,822	687,751	22,125,039	26,242,653	584,094	595,747
Segment profit/(loss)	927,169	311,144	463,897	282,770	3,588,334	3,707,429	252,252	155,058
Segment assets	39,850,224	37,103,736	36,798,320	33,397,377	549,138,746	449,131,091	18,562,596	17,599,242
Segment liabilities	39,850,224	37,103,736	36,798,320	33,397,216	480,380,661	389,875,675	18,562,596	17,599,242

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	1,530,440	1,677,798	122,152	140,219	500,452	555,971	22,147,647	22,703,227
Intersegment revenues	971,831	1,026,026	72,578	74,066	252,055	268,539	25,927,701	30,354,393
Segment profit/(loss)	1,321,293	553,606	(13,448)	36,077	70,544	105,497	6,610,042	5,151,580
Segment assets	37,663,530	34,400,969	3,281,860	2,791,666	11,730,348	11,056,409	697,025,625	585,480,490
Segment liabilities	37,663,530	34,400,969	3,281,860	2,791,666	11,730,348	11,056,409	628,267,540	526,223,635

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	7,344,491	5,151,580
Profit before tax for other segments		
Elimination of inter-segment profit		
Elimination of discontinued operation		
Unallocated amounts:		
- Other corporate expenses	734,449	515,158
Profit before tax	**6,610,042**	**4,636,422**

SEBON DISCLOSURE

1. Major Financial Indicators:

Earnings per share (Equity Shareholders) (NPR)	35.04
Price Earnings Ratio (Times)	13.91
Net Worth Per Share (Equity Shareholders) (NPR)	235.64
Total Assets Per Share (Equity Shareholders) (NPR)	2,576.14
LD Ratio (%)	29.60

Note:

- Earnings per share (EPS) is calculated after deduction of PNCPS dividend (proportionately) and divided by Number of Equity Shares i.e. Earnings per share (Equity Shareholders) = (Net Profit after Tax-PNCPS Dividend)/ Number of Equity Shares
- Net worth Per Share (Equity Shareholders) = (Total Equity Fund-Preference Shares Capital)/ Number of Equity Shares

2. Related Party Disclosure

- Group comprises of Nabil Bank Limited (the Parent), Nabil Investment Banking Limited (Subsidiary) and Nabil Stock Dealer Limited (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 Limited 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 Limited (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 Limited (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 Limited:

NPR

Particulars	Amount
Expenses	**5,853,575**
Interest Expenses	4,936,742
Corporate Advisory Fee	196,000
RTS-Annual Fee	720,833
Fee and Commission Income	**1,119,890**
Bank Balance	275,222,528

Nabil Stock Dealer Limited:

NPR

Particulars	Amount
Income	**7,047,000**
Performance Fee / Gurantee Expenses	1484000
Loan service charge	5563000
Expense	**6,842,790**
Interest Expenses on Deposit	921,603
SLA Expenses	5,921,187
Balance Sheet Exposure	**44,617,982**
Deposit	40,931,986
Other Assets	3,685,995
Off-Balance Sheet Exposure	**100,000,000**
Guarantee	100,000,000

3. Management Analysis

- The Bank issued 'Nabil 8% Perpetual Non-Cumulative Preference Shares' (Nabil 8% PNCPS) amounting to NPR 5 billion (50,000,000 Kitta @ NPR 100 Each) during this quarter. This capital instrument has been reflected under Share Capital in the Bank's Statement of Financial Position. With the issuance of the Nabil 8% PNCPS, the Bank's capital adequacy position is expected to strengthen further, enhancing its resilience and improving the risk absorbing capacity as an Additional Tier-1 capital instrument.
- 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.

4. 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.

5. 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:

Maximum Price (NPR)	522.00
Minimum Price (NPR)	485.00
Closing Price (NPR)	487.50
Total Units Traded (NPR)	2,256,440
Total Days Traded (NPR)	55

6. Problems and Challenges

Internal:

- Management of NPA owing to the economic and political 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

7. 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.

8. 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.