

Sanima Bank Ltd.
Condensed Consolidated Statement of Financial Position

For the quarter ended 30th Poush 2082

Amount In NPR

	Group		Bank	
	This Quarter Ending	Ashad End 2082 (Audited)	This Quarter Ending	Ashad End 2082 (Audited)
Assets				
Cash and cash equivalent	11,013,699,891	20,448,092,756	10,972,976,103	20,360,777,301
Due from Nepal Rastra Bank	23,579,328,817	19,875,524,160	23,579,328,817	19,875,524,160
Placement with Bank and Financial Institutions	564,151,177	3,520,159,602	564,151,177	3,455,159,602
Derivative financial instruments	-	-	-	-
Other trading assets	711,032,605	594,502,435	550,958,206	429,613,790
Loan and advances to B/FIs	7,920,531,966	7,014,125,237	7,920,531,966	7,014,125,237
Loans and advances to customers	183,790,511,931	176,399,593,214	183,862,229,799	176,440,505,806
Investment securities	36,298,056,499	29,630,731,732	36,172,051,796	29,502,942,270
Current tax assets	-	171,713,870	-	169,643,424
Investment in subsidiaries	-	-	450,000,000	450,000,000
Investment in associates	-	-	-	-
Investment property	1,018,473,368	951,498,926	1,018,473,368	951,498,926
Property and equipment	1,345,656,949	1,358,643,176	1,316,543,213	1,343,337,324
Goodwill and Intangible assets	112,250,905	89,113,215	109,078,256	85,859,445
Deferred tax assets	167,997,010	161,285,762	163,373,152	162,676,832
Other assets	3,769,040,513	3,359,307,235	3,703,317,666	3,310,270,762
Total Assets	270,290,731,631	263,574,291,320	270,383,013,519	263,551,934,879
Liabilities				
Due to Bank and Financial Institutions	867,676,624	1,582,917,866	867,676,624	1,572,392,607
Due to Nepal Rastra Bank	-	-	-	-
Derivative financial instruments	16,891,680	21,381,629	16,891,680	21,381,629
Deposits from customers	230,550,489,282	223,418,246,120	231,050,046,832	223,954,679,225
Borrowing	2,185,595,870	2,063,250,000	2,163,000,000	2,063,250,000
Current Tax Liabilities	2,353,343	-	3,627,265	-
Provisions	55,103,919	40,464,867	55,103,919	40,464,867
Deferred tax liabilities	-	-	-	-
Other liabilities	3,665,546,948	3,856,330,287	3,429,993,616	3,484,840,654
Debt securities issued	9,383,291,000	9,381,366,000	9,383,291,000	9,381,366,000
Subordinated Liabilities	-	-	-	-
Total liabilities	246,726,948,665	240,363,956,769	246,969,630,936	240,518,374,981
Equity				
Share capital	13,581,525,414	13,581,525,414	13,581,525,414	13,581,525,414
Share premium	-	-	-	-
Retained earnings	1,717,867,960	2,236,983,568	1,610,256,783	2,102,906,994
Reserves	8,264,389,592	7,391,825,568	8,221,600,386	7,349,127,489
Total equity attributable to equity holders	23,563,782,966	23,210,334,551	23,413,382,583	23,033,559,897
Non-controlling interest				
Total Equity	23,563,782,966	23,210,334,551	23,413,382,583	23,033,559,897
Total Liabilities and Equity	270,290,731,631	263,574,291,320	270,383,013,519	263,551,934,879

Sanima Bank Ltd.
Condensed Consolidated Statement of Profit or Loss

For the quarter ended 30th Poush 2082

Amount In NPR

	Group				Bank			
	Current Year		Previous Year Corresponding		Current Year		Previous Year Corresponding	
	This Quarter	Up to This Quarter (YTD)	This Quarter	Up to This Quarter (YTD)	This Quarter	Up to This Quarter (YTD)	This Quarter	Up to This Quarter (YTD)
Interest income	4,133,974,223	8,466,883,931	4,375,265,027	8,832,752,324	4,134,194,155	8,466,396,974	4,375,134,453	8,830,755,922
Interest expense	2,393,309,804	5,035,804,977	2,817,937,148	5,950,498,528	2,394,632,963	5,038,311,310	2,820,717,275	5,956,323,992
Net interest income	1,740,664,419	3,431,078,954	1,557,327,879	2,882,253,796	1,739,561,192	3,428,085,664	1,554,417,177	2,874,431,930
Fee and commission income	362,315,307	748,626,368	388,017,756	738,563,802	344,038,763	692,543,729	358,244,621	672,935,381
Fee and commission expense	45,330,242	91,538,483	45,358,278	99,673,845	43,077,646	86,646,136	42,824,334	93,310,576
Net fee and commission income	316,985,065	657,087,886	342,659,478	638,889,958	300,961,117	605,897,593	315,420,287	579,624,805
Net interest, fee and commission income	2,057,649,483	4,088,166,840	1,899,987,357	3,521,143,753	2,040,522,309	4,033,983,257	1,869,837,464	3,454,056,735
Net trading income	169,508,321	315,684,190	101,445,971	317,597,426	158,718,905	327,616,715	109,030,941	297,090,774
Other operating income	92,412,814	284,170,600	116,986,511	240,545,918	92,729,510	313,220,194	143,574,427	263,643,631
Total operating income	2,319,570,618	4,688,021,629	2,118,419,839	4,079,287,098	2,291,970,725	4,674,820,166	2,122,442,833	4,014,791,140
Impairment charge/(reversal) for loans and other losses	122,198,754	1,078,974,034	198,786,276	761,952,733	122,198,754	1,078,974,034	198,786,276	761,952,733
Net operating income	2,197,371,864	3,609,047,596	1,919,633,563	3,317,334,365	2,169,771,970	3,595,846,132	1,923,656,557	3,252,838,407
Operating expense								
Personnel expenses	575,023,827	1,065,126,678	548,776,919	1,032,961,929	566,309,917	1,045,166,836	540,476,016	1,010,736,579
Other operating expenses	251,522,519	495,122,571	256,591,549	497,476,190	248,693,690	486,539,151	252,970,712	488,084,838
Depreciation & Amortization	53,399,483	106,164,923	54,243,621	106,859,554	52,668,638	104,422,784	53,296,538	104,999,636
Operating Profit	1,317,426,034	1,942,633,424	1,060,021,474	1,680,036,691	1,302,099,726	1,959,717,361	1,076,913,291	1,649,017,354
Non operating income	8,168,373	9,283,937	490,425	3,814,022	8,168,373	9,283,937	490,425	3,814,022
Non operating expense	1,223,606	25,619,053	2,063,106	3,392,417	1,223,606	25,619,053	2,063,106	3,392,417
Profit before income tax	1,324,370,801	1,926,298,308	1,058,448,793	1,680,458,297	1,309,044,492	1,943,382,245	1,075,340,611	1,649,438,960
Income tax expense								
Current Tax	375,012,465	563,723,016	240,634,022	426,726,546	372,886,921	552,306,523	234,296,357	408,864,213
Deferred Tax	2,027,100	(5,938,287)	44,464,418	47,434,252	-	-	48,263,459	48,263,459
Profit for the period	947,331,236	1,368,513,579	773,350,354	1,206,297,499	936,157,572	1,391,075,722	792,780,795	1,192,311,288
Condensed Consolidated Statement of Other Comprehensive Income								
Profit/(Loss) for the period	947,331,236	1,368,513,579	773,350,354	1,206,297,499	936,157,572	1,391,075,722	792,780,795	1,192,311,288
Other comprehensive income	23,400,563	(9,648,386)	3,080,547	(3,489,395)	21,237,235	(7,836,260)	1,802,661	(4,119,187)
Total Comprehensive Income	970,731,799	1,358,865,194	776,430,901	1,202,808,103	957,394,807	1,383,239,462	794,583,457	1,188,192,101
Basic earnings per share		20.21		17.81		20.54		17.61
Diluted earnings per share		20.21		17.81		20.54		17.61
Profit attributable to:								
Equity holders of the Bank	947,331,236	1,368,513,579	773,350,354	1,206,297,499	936,157,572	1,391,075,722	792,780,795	1,192,311,288
Non-controlling interest	-	-	-	-	-	-	-	-
Total	947,331,236	1,368,513,579	773,350,354	1,206,297,499	936,157,572	1,391,075,722	792,780,795	1,192,311,288

Sanima Bank Ltd.
Condensed Consolidated Statement of Other Comprehensive Income

For the quarter ended 30th Poush 2082

Amount In NPR

	Group				Bank			
	Current Year		Previous Year Corresponding		Current Year		Previous Year Corresponding	
	This Quarter	Up to This Quarter (YTD)	This Quarter	Up to This Quarter (YTD)	This Quarter	Up to This Quarter (YTD)	This Quarter	Up to This Quarter (YTD)
Profit for the period	947,331,236	1,368,513,579	773,350,354	1,206,297,499	936,157,572	1,391,075,722	792,780,795	1,192,311,288
Other comprehensive income, net of income tax								
a) Items that will not be reclassified to profit or loss								
Gains/(losses) from investments in equity instruments measured at fair value	33,429,376	(13,783,408)	4,400,782	(4,984,851)	30,338,908	(11,194,657)	2,575,230	(5,884,553)
Gain/(losses) on revaluation	-	-	-	-	-	-	-	-
Actuarial gains/(losses) on defined benefit plans	-	-	-	-	-	-	-	-
Income tax relating to above items	(10,028,813)	4,135,022	(1,320,235)	1,495,455	(9,101,672)	3,358,397	(772,569)	1,765,366
Net other comprehensive income that will not be reclassified to profit or loss	23,400,563	(9,648,386)	3,080,547	(3,489,395)	21,237,235	(7,836,260)	1,802,661	(4,119,187)
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 period, net of income tax	23,400,563	(9,648,386)	3,080,547	(3,489,395)	21,237,235	(7,836,260)	1,802,661	(4,119,187)
Total comprehensive income for the period	970,731,799	1,358,865,194	776,430,901	1,202,808,103	957,394,807	1,383,239,462	794,583,457	1,188,192,101
Profit attributable to:								
Equity holders of the Bank	947,331,236	1,368,513,579	773,350,354	1,206,297,499	936,157,572	1,391,075,722	792,780,795	1,192,311,288
Non-controlling interest	-	-	-	-	-	-	-	-
Total	947,331,236	1,368,513,579	773,350,354	1,206,297,499	936,157,572	1,391,075,722	792,780,795	1,192,311,288
Earning per share								
Basic earnings per share		20.21		17.81		20.54		17.61
Diluted earnings per share		20.21		17.81		20.54		17.61

Sanima Bank Ltd.
Consolidated Statement of changes in equity
For the quarter ended 30th Poush 2082

Amount In NPR

	Group										Non-controlling interest	Total equity
	Attributable to equity holders of the Bank											
	Share Capital	Share premium	General reserve	Exchange equalization reserve	Regulatory reserve	Fair value reserve	Revaluation reserve	Retained earning	Other reserve	Total		
Balance at Shrawan 1, 2081	13,581,525,414	-	3,863,000,000	38,946,402	1,712,096,053	53,668,614	-	1,535,962,971	256,552,790	21,041,752,244		21,041,752,244
Restatement						(59,335)		(2,459,208)		(2,518,543)		(2,518,543)
Restated Opening Balance	13,581,525,414	-	3,863,000,000	38,946,402	1,712,096,053	53,609,279	-	1,533,503,763	256,552,790	21,039,233,701		21,039,233,701
Comprehensive income for the year												
Profit for the year								2,628,934,948		2,628,934,948		2,628,934,948
Other comprehensive income, net of tax						216,209,287		-	32,819,956	249,029,244		249,029,244
Gains/(losses) from investments in equity instruments measured at fair value						216,209,287				216,209,287		216,209,287
Gains/(losses) on revaluation										-		-
Actuarial gains/(losses) on defined benefit plans									32,819,956	32,819,956		32,819,956
Gains/(losses) on cash flow hedge										-		-
Exchange gains/(losses) (arising from translating financial assets of foreign operation)										-		-
Total comprehensive income for the year	-	-	-	-	-	216,209,287	-	2,628,934,948	32,819,956	2,877,964,192		2,877,964,192
Transfer to reserve during the period	-	-	514,493,000	20,692,934	(288,924,384)	-	-	(1,265,623,921)	1,019,362,371	-		-
Transfer from reserve during the period	-	-	4,429,000	-	-	(24,301,590)	-	47,400,858	(29,057,529)	(1,529,261)		(1,529,261)
Transactions with owners, directly recognized in equity												
Share issued										-		-
Share based payments										-		-
Dividends to equity holders										-		-
Bonus shares issued	-							-		-		-
Cash dividend paid								(714,822,846)		(714,822,846)		(714,822,846)
Other			1,898,000					7,590,766		9,488,766		9,488,766
Total contributions by and distributions	-	-	520,820,000	20,692,934	(288,924,384)	191,907,697	-	703,479,806	1,023,124,799	2,171,100,850	-	2,171,100,850
Balance at Ashad end, 2082	13,581,525,414	-	4,383,820,000	59,639,336	1,423,171,668	245,516,976	-	2,236,983,568	1,279,677,589	23,210,334,551	-	23,210,334,551
Balance at Shrawan 1, 2082	13,581,525,414	-	4,383,820,000	59,639,336	1,423,171,668	245,516,976	-	2,236,983,568	1,279,677,589	23,210,334,551	-	23,210,334,551
Restatement										-		-
Restated Opening Balance	13,581,525,414	-	4,383,820,000	59,639,336	1,423,171,668	245,516,976	-	2,236,983,568	1,279,677,589	23,210,334,551	-	23,210,334,551
Comprehensive income for the year												
Profit for the year								1,368,513,579		1,368,513,579	-	1,368,513,579
Other comprehensive income, net of tax						(9,648,386)		-	-	(9,648,386)		(9,648,386)
Gains/(losses) from investments in equity instruments measured at fair value						(9,648,386)				(9,648,386)		(9,648,386)
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	-	-	-	-	-	(9,648,386)	-	1,368,513,579	-	1,358,865,194	-	1,358,865,194
Transfer to reserve during the period	-	-	278,216,000	8,800,719	178,646,012	-	-	(883,315,689)	417,652,958	-		-
Transfer from reserve during the period	-	-	(1,243,000)	-	-	6,211,512	-	(1,429,722)	(5,538,792)	(2,000,002)		(2,000,002)
Transactions with owners, directly recognized in equity												
Share issued										-		-
Share based payments										-		-
Dividends to equity holders										-		-
Bonus shares issued	-							-		-		-
Cash dividend paid								(1,000,754,700)		(1,000,754,700)		(1,000,754,700)
Other			(533,000)					(2,129,077)		(2,662,077)		(2,662,077)
Total contributions by and distributions	-	-	276,440,000	8,800,719	178,646,012	(3,436,873)	-	(519,115,608)	412,114,166	353,448,415	-	353,448,415
Balance at Poush end, 2082	13,581,525,414	-	4,660,260,000	68,440,055	1,601,817,680	242,080,103	-	1,717,867,960	1,691,791,755	23,563,782,966	-	23,563,782,966

	Bank										Non- controlling interest	Total equity
	Attributable to equity holders of the Bank											
	Share Capital	Share premium	General reserve	Exchange equalization reserve	Regulatory reserve	Fair value reserve	Revaluation Reserve	Retained earning	Other reserve	Total		
Balance at Shrawan 1, 2081	13,581,525,414	-	3,863,000,000	38,946,402	1,712,096,053	54,660,334	-	1,447,337,257	226,083,662	20,923,649,123	-	20,923,649,123
Restatement										-		-
Restated Opening Balance	13,581,525,414	-	3,863,000,000	38,946,402	1,712,096,053	54,660,334	-	1,447,337,257	226,083,662	20,923,649,123		20,923,649,123
Comprehensive income for the year										-		-
Profit for the year								2,572,463,980		2,572,463,980		2,572,463,980
Other comprehensive income, net of tax	-	-	-	-	-	209,960,918		-	32,819,956	242,780,874		242,780,874
Gains/(losses) from investments in equity instruments measured at fair value						209,960,918				209,960,918		209,960,918
Gains/(losses) on revaluation										-		-
Actuarial gains/(losses) on defined benefit plans									32,819,956	32,819,956		32,819,956
Gains/(losses) on cash flow hedge										-		-
Exchange gains/(losses) (arising from translating financial assets of foreign operation)										-		-
Total comprehensive income for the year	-	-	-	-	-	209,960,918	-	2,572,463,980	32,819,956	2,815,244,855		2,815,244,855
Transfer to reserve during the period			514,493,000	20,692,934	(288,924,384)	-		(1,256,401,885)	1,010,140,336	-		-
Transfer from reserve during the period			4,429,000			(22,140,453)		46,739,721	(29,028,268)	-		-
Transactions with owners, directly recognized in equity										-		-
Share issued										-		-
Share based payments										-		-
Dividends to equity holders										-		-
Bonus shares issued	-							-		-		-
Cash dividend paid								(714,822,846)		(714,822,846)		(714,822,846)
Other			1,898,000					7,590,766		9,488,766		9,488,766
Total contributions by and distributions	-	-	520,820,000	20,692,934	(288,924,384)	187,820,465	-	655,569,736	1,013,932,025	2,109,910,775	-	2,109,910,775
Balance at Ashad end, 2082	13,581,525,414	-	4,383,820,000	59,639,336	1,423,171,668	242,480,799	-	2,102,906,994	1,240,015,687	23,033,559,897	-	23,033,559,897
Balance at Shrawan 1, 2082	13,581,525,414	-	4,383,820,000	59,639,336	1,423,171,668	242,480,799	-	2,102,906,994	1,240,015,687	23,033,559,897	-	23,033,559,897
Restatement										-		-
Restated Opening Balance	13,581,525,414	-	4,383,820,000	59,639,336	1,423,171,668	242,480,799	-	2,102,906,994	1,240,015,687	23,033,559,897		23,033,559,897
Comprehensive income for the year												
Profit for the year								1,391,075,722		1,391,075,722		1,391,075,722
Other comprehensive income, net of tax						(7,836,260)		-	-	(7,836,260)		(7,836,260)
Gains/(losses) from investments in equity instruments measured at fair value						(7,836,260)				(7,836,260)		(7,836,260)
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	-	-	-	-	-	(7,836,260)	-	1,391,075,722	-	1,383,239,462	-	1,383,239,462
Transfer to reserve during the period			278,216,000	8,800,719	178,646,012	-		(881,412,435)	415,749,704	-		-
Transfer from reserve during the period			(1,243,000)			6,211,512		570,279	(5,538,791)	-		-
Transactions with owners, directly recognized in equity										-		-
Share issued										-		-
Share based payments										-		-
Dividends to equity holders										-		-
Bonus shares issued	-							-		-		-
Cash dividend paid								(1,000,754,700)		(1,000,754,700)		(1,000,754,700)
Other			(533,000)					(2,129,077)		(2,662,077)		(2,662,077)
Total contributions by and distributions	-	-	276,440,000	8,800,719	178,646,012	(1,624,747)	-	(492,650,211)	410,210,913	379,822,686	-	379,822,686
Balance at Poush end, 2082	13,581,525,414	-	4,660,260,000	68,440,055	1,601,817,680	240,856,051	-	1,610,256,783	1,650,226,600	23,413,382,583	-	23,413,382,583

Sanima Bank Ltd.
Condensed Consolidated Statement of Cash Flows
For the Quarter ended 30th Poush 2082

Amount In NPR

	Group		Bank	
	Upto This Quarter	Previous Year Upto This Quarter	Upto This Quarter	Previous Year Upto This Quarter
CASH FLOWS FROM OPERATING ACTIVITIES				
Interest received	7,860,789,131	8,522,685,786	7,858,884,860	8,521,217,838
Fees and other income received	764,352,686	738,382,683	689,305,343	674,697,407
Dividend received	27,313,109	14,330,994	26,570,848	11,839,495
Receipts from other operating activities	381,575,252	323,315,440	379,942,027	306,321,098
Interest paid	(4,976,908,052)	(5,897,005,968)	(4,979,414,385)	(5,902,831,432)
Commission and fees paid	(91,846,701)	(99,722,047)	(86,646,136)	(93,310,576)
Cash payment to employees	(1,346,192,388)	(1,178,895,332)	(1,318,045,002)	(1,154,784,788)
Other expense paid	(521,149,277)	(483,215,796)	(512,158,204)	(473,477,255)
Operating cash flows before changes in operating assets and liabilities	2,097,933,760	1,939,875,760	2,058,439,353	1,889,671,787
(Increase)/Decrease in operating assets				
Due from Nepal Rastra Bank	(3,703,804,657)	(6,439,216,723)	(3,703,804,657)	(6,439,216,723)
Placement with bank and financial institutions	2,956,008,425	(397,993,486)	2,891,008,425	(382,993,486)
Other trading assets	(163,985,179)	(15,981,677)	(144,348,815)	(5,668,672)
Loan and advances to bank and financial institutions	(906,406,729)	(708,178,870)	(906,406,729)	(708,178,870)
Loans and advances to customers	(8,596,614,071)	(8,318,808,970)	(8,596,634,524)	(8,318,848,711)
Other assets	304,031,889	(816,513,480)	393,628,876	(779,021,106)
Increase/(Decrease) in operating liabilities				
Due to bank and financial institutions	(704,715,983)	1,129,050,361	(704,715,983)	1,129,050,361
Due to Nepal Rastra Bank	-	-	-	-
Deposit from customers	7,132,243,162	10,666,336,742	7,095,367,607	10,697,428,706
Borrowings	142,605,433	69,217,869	99,750,000	34,800,000
Other liabilities	(79,670,023)	(67,108,750)	2,878,267	(71,196,702)
Net cash flow from operating activities before tax paid	(1,522,373,973)	(2,959,321,224)	(1,514,838,179)	(2,954,173,417)
Income taxes paid	(391,155,804)	(487,821,524)	(379,035,834)	(479,061,431)
Net cash flow from operating activities	(1,913,529,777)	(3,447,142,748)	(1,893,874,014)	(3,433,234,848)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investment securities	(6,681,552,474)	(4,527,879,188)	(6,681,552,474)	(4,507,879,188)
Receipts from sale of investment securities	124,593,857	191,691,103	124,593,857	191,691,103
Purchase of property and equipment	(74,300,617)	(71,256,814)	(65,792,078)	(71,244,362)
Receipt from the sale of property and equipment	1,405,101	1,575,000	-	-
Purchase of intangible assets	(35,055,406)	(805,106)	(35,055,406)	(805,106)
Receipt from the sale of intangible assets	-	-	-	-
Purchase of investment properties	-	-	-	-
Receipt from the sale of investment properties	29,792,237	47,388,313	29,792,237	47,388,313
Interest received	-	-	-	-
Dividend received	133,518,080	49,226,745	153,175,976	44,137,725
Net cash used in investing activities	(6,501,599,222)	(4,310,059,947)	(6,474,837,889)	(4,296,711,515)
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipt from issue of debt securities	0	-	0	-
Repayment of debt securities	-	-	-	-
Receipt from issue of subordinated liabilities	-	-	-	-
Repayment of subordinated liabilities	-	-	-	-
Receipt from issue of shares	-	-	-	-
Dividends paid	(1,000,754,700)	(714,822,846)	(1,000,754,700)	(714,822,846)
Interest paid	-	-	-	-
Other receipt/payment	(18,509,166)	(1,538,213)	(18,334,596)	(1,515,950)
Net cash from financing activities	(1,019,263,866)	(716,361,058)	(1,019,089,296)	(716,338,796)
Net increase (decrease) in cash and cash equivalents	(9,434,392,865)	(8,473,563,754)	(9,387,801,199)	(8,446,285,158)
Cash and cash equivalents at Shrawan 1	20,448,092,756	13,140,926,093	20,360,777,301	13,072,489,091
Effect of exchange rate fluctuations on cash and cash equivalents held	-	-	-	-
Cash and cash equivalents at period end	11,013,699,891	4,667,362,340	10,972,976,103	4,626,203,932

Ratios as per NRB Directive

Particular	Group		Bank	
	Current Year	Previous Year Corresponding	Current Year	Previous Year Corresponding
	Up to This Quarter (YTD)	Up to This Quarter (YTD)	Up to This Quarter (YTD)	Up to This Quarter (YTD)
Capital Fund to RWA (%)	12.57	13.01	12.57	13.01
Tier I Capital to RWA (%)	9.32	9.58	9.32	9.58
CET I Capital to RWA (%)	9.32	9.58	9.32	9.58
Gross Non Performing Loan (NPL) to Total Loan (%)	3.63	3.22	3.63	3.22
Net Non Performing Loan (NPL) to Total Loan (%)	1.33	1.51	1.33	1.51
Total Loan Loss Provision to Total NPL (%)	111.52	101.10	111.52	101.10
Monthly Cost of Funds (%)	4.02	5.28	4.02	5.28
Credit To Deposit Ratio (%)	79.42	79.68	79.42	79.68
Monthly Base Rate (%)	5.25	6.79	5.25	6.79
Interest Rate Spread (%)	3.32	4.00	3.32	4.00
Return on Equity (%)	11.74	11.37	12.01	11.30
Return on Total Assets (%)	1.03	1.01	1.04	1.00

Statement of Distributable Profit or Loss

For the quarter ended 30th Poush 2082

(As per NRB Regulation)

	Bank	
	Current Year	Previous Year
	Upto this Qtr YTD	Corresponding Qtr YTD
Net profit or (loss) as per statement of profit or loss	1,391,075,722	1,192,311,288
Transfer from corporate social responsibility fund	5,538,791	14,683,817
Transfer from fair value reserve (net of general reserve)	(4,968,512)	4,859,220
Reversal of deferred tax liability/(asset) (net of general reserve)	(2,129,077)	2,082,237
<u>Appropriations:</u>		
<i>a. General reserve</i>	(278,216,000)	(238,463,000)
<i>b. Foreign exchange fluctuation fund</i>	(8,800,719)	(11,639,718)
<i>c. Capital redemption reserve</i>	-	-
<i>d. Corporate social responsibility fund</i>	(13,910,757)	(11,923,113)
<i>e. Employees' training fund</i>	-	-
<i>f. Investment Adjustment Reserve</i>	(29,980,137)	(30,000,000)
<i>g. Other</i>		
<i>Debenture redemption reserve</i>	(371,858,810)	(135,100,046)
Profit or (loss) before regulatory adjustment	686,750,502	786,810,685
<u>Regulatory adjustment :</u>		
<i>a. Interest receivable (-)/previous accrued interest received (+)</i>	(136,610,900)	182,043,297
<i>b. Short loan loss provision in accounts (-)/reversal (+)</i>	-	-
<i>c. Short provision for possible losses on investment (-)/reversal (+)</i>	-	-
<i>d. Short loan loss provision on Non Banking Assets (-)/reversal (+)</i>	(33,333,180)	60,711,710
<i>e. Deferred tax assets recognized (-)/ reversal (+)</i>	-	48,263,459
<i>f. Goodwill recognized (-)/ impairment of Goodwill (+)</i>	-	-
<i>g. Bargain purchase gain recognized (-)/reversal (+)</i>	-	-
<i>h. Actuarial loss recognized (-)/reversal (+)</i>	-	-
<i>i. Other (+/-)</i>	(8,701,932)	(10,703,642)
Net Profit for the Qtr ended Poush 2082 available for distribution	508,104,490	1,067,125,508
Opening retained earning as on Shrawan 1	2,102,906,994	1,447,337,257
<u>Distribution</u>		
Bonus Share issued	-	-
Cash Dividend paid	(1,000,754,700)	(714,822,846)
Total Distributable profit or (loss) as on qrt end date	1,610,256,783	1,799,639,920
Annualized Distributable Profit/Loss per share	16.95	19.14

1. Basis of Preparation

The interim financial statements of the Bank have been prepared in accordance with Nepal Financial Reporting Standards (NFRS), including the carve-outs issued by the Institute of Chartered Accountants of Nepal. The disclosures made in the condensed consolidated interim financial information have been limited based on the format prescribed by Nepal Rastra Bank.

2. Statement of Compliance

The Unaudited Condensed Financial Statements of the Bank for the period ended and as on 14th January, 2026 comprising Condensed Consolidated Statement of Financial Position, Condensed Consolidated Statement of Profit or Loss, Condensed Statement of Other Comprehensive Income, Condensed Consolidated Statement of Changes in Equity, Condensed Consolidated Statement of Cash Flows and Notes to the Interim Financial Statements have been prepared in accordance with Nepal Financial Reporting Standards (hereafter referred to as NFRS), developed by the Accounting Standards Board, Nepal (ASBN) and pronounced for application by the Institute of Chartered Accountants of Nepal (ICAN) and in compliance with the format issued by Nepal Rastra Bank in Directive No. 4 and all applicable laws and regulations.

3. Use of Estimates, Assumptions and Judgments

The preparation of Financial Statements in conformity with NFRS requires the management to make judgments, estimates and assumptions that could affect the application of accounting policies and the reported financial figures. Actual results may differ due to these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis to ensure that they continue to be relevant and reasonable. Effects of revision in accounting estimates are prospectively provided in the financial statements.

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

- Fair Value of Financial Instruments
- Classification of financial assets and financial liabilities
- Impairment losses on financial and non-financial assets
- Useful economic life of property and equipment
- Defined benefit obligations
- Provisions for liabilities, commitments and contingencies

4. Changes in Accounting Policies

There are different accounting principles adopted by management and these policies are consistently applied to all years presented except for changes in accounting policies that have been disclosed separately.

The Bank, under NFRS, is required to apply accounting policies to most appropriately suit its circumstances and operating environment. Further, the Bank is required to make judgments in respect of items where the choice of specific policy, accounting estimate or assumption to be followed could materially affect the financial statements. This may later be determined that a different choice could have been more appropriate. The accounting policies have been included in the relevant notes for each item of the financial statements and the effect and nature of the changes, if any, have been disclosed.

5. Significant accounting policies

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

5.1 Basis of Measurement

The Financial Statements of the Bank have been prepared on the historical cost basis, except for the following:

- Liabilities for defined benefit obligations are recognized at the present value of the defined benefit obligation less the fair value of the plan assets
- Investment in Equities classified under Fair Value through Profit or Loss and Fair Value through Other Comprehensive Income

5.2 Basis of consolidation

a. Business Combinations and Goodwill

There has been no business combination during the reporting period and the Bank has not recognized any goodwill.

b. Non-controlling interest (NCI)

Non-controlling interest (NCI), also known as minority interest, is an ownership position whereby a shareholder owns less than 50% of outstanding shares and has no control over decisions. Non-controlling interests are measured at the net asset value of entities and do not account for potential voting rights.

The Bank has two 100% subsidiaries and thus does not have NCI.

c. Subsidiaries

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

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

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

When a Subsidiary is acquired or sold during the year, the operating results of such Subsidiary are included from the date of acquisition or to the date of disposal.

The Bank has recognized Sanima Capital Limited and Sanima Securities Limited as its subsidiaries in which the Bank has 100% controlling interest at the report date. All subsidiaries of the Bank have been incorporated in Nepal.

d. Loss of Control

Upon the loss of control, the Bank derecognizes the assets and liabilities of the Subsidiary, any non-controlling interests and other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognized in the Statement of Profit or loss.

If the Bank retains any interest in the previous Subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as equity-accounted investee or in accordance with the Bank's accounting policy for financial instruments depending on the level of influence retained. During the interim period, the Bank does not have any loss of control.

e. Transaction elimination on consolidation

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

5.3 Cash and cash equivalent

Cash and Cash Equivalents comprise cash in hand, balances with other banks, placements with banks and money at call and at short notice with original maturity of 90 days or less. These are subject to insignificant risk of changes in their fair value and are used by the Bank in the management of short-term commitments.

5.4 Financial Assets and financial liabilities

a. Recognition

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

The classification of financial instruments at the initial recognition depends on their purpose and characteristics and the management's intention in acquiring them. The classification of financial assets and liabilities is made as per NFRS 9 while the impairment is made as per the allowed carve-out to NFRS 9 and NFRS 9-Expected Credit Loss Related Guidelines, 2024 issued by NRB.

b. Classification

Financial Assets

All financial instruments are measured initially at their fair value plus transaction costs that are directly attributable to acquisition or issue of such financial instruments except in the case of such financial assets and liabilities at fair value through profit or loss, as per NFRS 9 (Financial Instruments: Recognition and Measurement). Transaction costs in relation to financial assets and financial liabilities at fair value through profit or loss are dealt with in the Statement of Profit or Loss.

At the inception, a financial asset is classified into one of the following:

- a. Financial Assets at amortized cost
- b. Financial Assets at fair value through profit or loss
- c. Financial Assets at fair value through other comprehensive income

The subsequent measurement of financial assets depends on their classification.

i. Financial Assets measured at amortized cost

Financial assets whose objective is to collect contractual cash flow and contractual cash flow received in specified day including interest and principal; are classified at amortized Cost. These includes fixed deposit investment, loans and advances to customers and banks, staff loans receivable, and trade receivable. These are measured at Amortized cost.

ii. Financial assets held at fair value through profit or loss

Financial assets whose objective/ business model is not to collect Contractual Cash flow but to gain from movement in fair value are classified at fair value through profit or loss. These include investment in equity shares. Gain/ loss on movement of fair value is charged to the statement of profit or loss.

iii. Financial assets held at fair value through other comprehensive income

Financial assets whose objective or business model is not to collect Contractual Cash flow is classified at fair value through OCI. Investment in equity which are not regularly traded are classified at fair value through OCI. The gain/loss on movement in fair value is charged to OCI. Its tax impact is also charged into OCI. The gain or loss on disposal of investment classified as fair value through OCI is charged to equity for earlier years while the difference between the fair value realized and the carrying amount at the year of disposal is charged to Profit or Loss.

c. Measurement

i. Financial assets measured at amortized cost

Financial assets in this category are measured initially at fair value plus transaction costs and subsequently amortized using the effective interest rate method, less impairment losses if any. Such assets are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. The amortization is included in 'Interest income' in the Statement of Profit or Loss. The losses arising from impairment of such investments are recognized in the Statement of Profit or Loss.

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

If evidence of impairment exists, an impairment loss is recognized in profit or loss as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

If in a subsequent period, the amount of an impairment loss recognized on a financial asset carried at amortized cost decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down is reversed through profit or loss.

Major Financial Assets classified at Amortized Cost are:

- **Loans and Receivables from Customers**

Loans and receivables include non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

- Those that the Bank intends to sell immediately or in the near term and those that the Bank, upon initial recognition, designates as fair value through profit or loss

- Those that the Bank, upon initial recognition, designates as fair value through OCI
- Those for which the Bank may not recover substantially all of its initial investment through contractual cash flows, other than because of credit deterioration.

After initial measurement, loans and receivables shall be subsequently measured at amortized cost using the effective interest rate, less allowance for impairment. The amortization shall be included in 'Interest Income' in the Statement of Profit or Loss. The losses arising from impairment are recognized in 'Impairment charge / reversal for loans and other losses' in the Statement of Profit or Loss.

However, for the purpose of interest income recognition for the reporting period, the Bank has applied coupon interest rate on principal outstanding for all financial assets categorized under Stage 1 and Stage 2 in accordance with the Carve-out to NFRS 9 pronounced on 25th August 2025 and Guidance Note on Interest Income Recognition, 2025 issued by NRB.

- ***Staff Loans measured at amortized cost***

The Bank has a policy to provide home loan, hire purchase loan and loans tied up with insurance to employees at subsidized interest rates. The Bank has measured the staff loans at amortized cost. The difference between book value and amortized value of loans has been shown as prepaid employee benefits.

ii. Financial assets held at fair value through profit or loss

At initial recognition, the company measures a financial asset at its fair value.

Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of profit or loss within net gains/(losses) on financial instruments held at fair value through profit or loss in the period in which they arise.

The fair value of financial assets traded in active markets is subsequently based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs. The quoted market price used for financial assets held by the company is the closing price.

iii. Financial Assets measured at fair value through OCI

After initial measurement, financial assets are subsequently measured at fair value. Unrealized gains and losses are recognized directly in equity through 'Other comprehensive income/expense' in the 'fair value reserve'. When the investment is disposed of, the cumulative gain or loss is recognized and recycled through OCI. Where the Bank holds more than one investment in the same security, they are deemed to be disposed off on a first-in-first-out basis. Dividend earned whilst holding 'Financial investments at fair value through OCI' are recognized in the Statement of Profit or Loss as 'other operating income' when the right to receive the payment has been established.

The gain/loss on movement in fair value is taken to OCI. Its deferred tax impact is also given into OCI. The gain or loss on disposal of investment in entirety classified as fair value through OCI is charged to equity for earlier years while the difference between the fair value realized and the carrying amount at the year of disposal is charged to Profit or Loss.

Financial Liabilities

At the inception, Bank determines the classification of its financial liabilities. Accordingly, financial liabilities are classified as:

- a. Financial liabilities at fair value through profit or loss
- b. Financial liabilities at amortized cost

Financial Liabilities at Fair Value through Profit or Loss

Financial Liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as fair value through profit or loss. Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value and changes therein are recognized in profit or loss.

Financial Liabilities at Amortized Cost

Financial instruments issued by Bank that are not classified as fair value through profit or loss are classified as financial liabilities at amortized cost.

After initial recognition, such financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Amortization is included in 'Interest Expenses' in the Statement of Profit or Loss. Gains and losses are recognized in the Statement of Profit or Loss when the liabilities are derecognized.

d. Reclassification

There is no reclassification of financial assets during the reporting period.

e. Derecognition

Derecognition of Financial Assets

Bank derecognizes a financial asset (or where applicable a part of financial asset or part of a group of similar financial assets) when:

- The rights to receive cash flows from the asset have expired; or
- Bank has transferred its rights to receive cash flows from the asset or
- Bank has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either Bank has transferred substantially all the risks and rewards of the asset or it has neither

transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized) and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognized in other comprehensive income is recognized in equity.

Derecognition of Financial Liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as derecognition of the original liability and the recognition of a new liability.

The difference between the carrying value of the original financial liability and the consideration paid is recognized in profit or loss.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount presented in the Statement of Financial Position when and only when Bank has a legal right to set off the recognized amounts and it intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted under NFRS or for gains and losses arising from a group of similar transaction such as in trading activity.

f. Determination of fair value

‘Fair value’ is the price that would be received on sale of an asset or paid to transfer a liability (exit price) in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or
- In the absence of principal market, in the most advantageous market for asset or liability.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- **Level 1 - Valuation technique using quoted market price:** financial instruments with quoted prices for identical instruments in active markets.

When available, the Bank measures the fair value of an instrument using quoted prices in an active market for that instrument or dealer price quotations (assets and long positions are measured at a bid price, liabilities and short positions are measured at an ask price), without any deduction for transaction costs.

A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

- **Level 2 - Valuation technique using observable inputs:** financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.

If a market for a financial instrument is not active, then the Bank establishes fair value using a valuation technique. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analysis and option pricing models. The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the Group, incorporates all factors that market participants would consider in setting a price, and is consistent with accepted economic methodologies for pricing financial instruments. Inputs to valuation techniques reasonably represent market expectations and measures of the risk-return factors inherent in the financial instrument. The Bank calibrates valuation techniques and tests them for validity using prices from observable current market transactions in the same instrument or based on other available observable market data.

- **Level 3 – Valuation technique with significant unobservable inputs:** financial instruments valued using valuation techniques where one or more significant inputs are unobservable.

Certain financial instruments are recorded at fair value using valuation techniques in which current market transactions or observable market data are not available. Their fair value is determined using a valuation model that has been tested against prices or inputs to actual market transactions and using the Bank's best estimate of the most appropriate model assumptions. Models are adjusted to reflect the spread for bid and ask prices to reflect costs to close out positions, credit and debit valuation adjustments, liquidity spread and limitations in the models. Also, profit or loss calculated when such financial instruments are first recorded (day 1 profit or loss) is deferred and recognized only when the inputs become observable or on de- recognition of the instrument.

g. Impairment

Impairment loss for financial assets is measured through a comprehensive approach that considers both specific and general factors affecting the asset's value. Financial assets are assessed when there is evidence of impairment, such as significant credit deterioration, overdue payments, breach of loan covenants or other financial difficulties. In these cases,

impairment loss is calculated by estimating the expected future cash flows, discounted at the original effective interest rate of the asset. This allows for a precise calculation of the loss based on the specific circumstances of the asset.

For assets that do not show direct signs of impairment but may be exposed to risks due to shared characteristics, the Bank applies a broader evaluation. In this approach, assets are grouped based on similarities such as type, credit risk or borrower category. The Bank uses historical data, statistical models and macroeconomic factors to estimate potential credit losses across these groups. This method is commonly applied to portfolios of smaller loans or those with similar risk profiles, such as retail or small business loans.

This combined approach ensures a holistic view of impairment, addressing both specific and general risk factors to accurately measure expected credit losses.

i. Impairment of Financial Assets carried at Amortized Cost

Segmentation

Adaptation of the Expected Credit Loss (ECL) requires the grouping of the financial assets of the Bank into segments and sub-segments wherever applicable. The level of segmentation for the ECL computation is as follows:

Terminating	Revolving	Other Products
Term loans (Personal, Business, Working Capital)	Overdraft/Cash Credit	Investments
Personal residential loans	Trust receipt/ import loans	Contingent liabilities
Real estate loans	Short-Term Working Capital	Bills purchased
Hire purchase loans	Deprived sector loans	Staff loans
Deprived sector loans	Margin lending loans	Credit cards
Other	Other	
Additional products as decided by the Bank or Regulator in the future		

Staging

For the determination of the NFRS 9 expected credit loss, the facilities are allocated to one of the three impairment stages by determining whether a significant increase in credit risk has occurred since initial recognition or whether the facility has defaulted.

Assessment of whether there has been a significant increase in credit risk is carried out at each reporting date. An asset can move into and out of the lifetime expected credit losses categories (Stage 2 and 3) based on a predefined pattern obtained from the historical default rates or delinquency status of accounts across various internal rating grades, products, or sectors.

The assessment of whether there has been a significant increase in credit risk is made for a specific instrument rather than for a counterparty since the quantum of change in credit risk may be different for different instruments transacted with the same party. Also, different instruments issued by the same counterparty may have had a different credit risk at initial

recognition. Some of the indicators (non-exhaustive list) of a significant increase in credit risk are:

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

Under the general approach of NFRS 9, the financial assets are classified into 3 stages, as illustrated below. Each stage indicates the credit quality of the financial asset under consideration:

Stage 1 : Includes financial instruments that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date. For these assets, 12-month expected credit losses (ECL) are recognized. Stage 1 includes the following:

- a. Financial assets in which contractual payments are not overdue or is overdue for up to 1 month.
- b. Financial instruments that do not have significant increase in credit risk since initial recognition.
- c. Financial instruments that have low credit risk at the reporting date. For this purpose, instruments with low credit risk 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 a rating of 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 the Capital Adequacy Framework 2015

- Debenture/ bonds having a rating of AA or above at the reporting date from an external credit rating agency.

Stage 2 : Includes financial assets that have had a significant increase in credit risk since initial recognition (unless they have low credit risk at the reporting date) but that do not have objective evidence of impairment or financial assets that have significant increase in credit risk at inception. For these assets, lifetime ECL is recognized.

The financial assets created or acquired by the Bank & including those with credit risk exceeding the Bank's ratios for low-risk financial assets, shall be directly classified at (Stage 2) upon initial recognition. Therefore, the ECL thereof shall be measured based on the Lifetime ECL.

Facilities with overdue period more than 1 month but not exceeding 3 months are classified under Stage 2. Further Loans classified under 'Watchlist' as per NRB Directive on prudential provisioning have been classified under stage 2.

Besides these, Stage 2 includes the following:

- a. Loans without an approved credit line or with a credit line revoked by the Bank.
- b. Loans that have been restructured/ rescheduled but not classified as non-performing loans 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.
- c. Claims on non-investment grade financial instruments, i.e., with a credit rating of BB+ or below.

Stage 3 : Includes financial assets that have objective evidence of impairment at the reporting date and includes:

- a. Financial assets overdue for more than 3 months.
- b. Credit facilities classified as non-performing as per the NRB prudential provisioning directive and are already in an impaired (defaulted) status.
- c. Credit impaired financial instruments with objective evidence of impairment. A financial instrument is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial instrument have occurred. Evidence that a financial instrument is credit-impaired includes observable data about the following events:
 - significant financial difficulty of the issuer or the borrower;
 - a breach of contract, such as a default or past due event;
 - the lenders of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lenders would not otherwise consider;
 - becoming probable that the borrower will enter bankruptcy or other financial reorganization;

- disappearance of an active market for that financial instrument because of financial difficulties.
 - purchase or origination of a financial instrument at a deep discount that reflects the incurred credit losses.
 - If any, credit impaired as per the risk management practices of the Bank.
- d. 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 include:
- The Bank puts the credit obligation on non-accrued status.
 - The Bank consents to distress restructuring of credit obligation resulting in a reduction in financial obligation due to material forgiveness, postponement of principal or interest.
 - The Bank has filed for the 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 the Bank's realization of collateral regardless of whether the exposure is current or past due by a few days.

Computation methodology

The expected credit loss is calculated as the product of probability of default (PD), Exposure at Default (EAD) and Loss Given Default (LGD). Bank has adopted the following approach to determine these variables:

a) Probability of Default (PD):

- PD is derived based on the past five years' historical default migration rates and/or other data, internal and external credit rating.
- PD models are used to compute a Through-the-Cycle (TTC) PD, i.e., PDs that are neutral to changes in conditions over the economic cycle covering the lifetime of the exposure. These TTC PDs are adjusted to reflect the impact of macroeconomic factors to arrive at forward-looking PDs.
- Minimum floor PD of 2.5% is used for all credit exposures as a regulatory backstop measure. This is irrespective of the results derived by the PD models.

b) Loss given default (LGD)

- This is computed for each segmentation of the portfolio based on the past 5 years of historical data of cash recovery from defaults (including settlements), cost, and time of recoveries.
- Expected recovery from collateral may also be utilized during the computation of LGD.

- Minimum LGD of 45% is used for credit exposures in the absence of sufficient data or inputs for modelling LGD in line with NRB guidelines.

c) Exposure at default (EAD):

- For on balance exposures, EAD is the outstanding amount at the time of default. Outstanding on-balance sheet exposure, such as financing facilities, is directly taken as exposure on any reporting date, subject to the inclusion of repayment structures. The repayment schedules at the time of origination of financing are considered.
- The EAD estimation of off-balance sheet exposures is calculated after applying the Credit Conversion Factor (CCF) to the nominal amount of the off-balance sheet instrument.
- CCF is derived based on historical trends. In case, data is not available for computing CCF, proxy CCF numbers is used as defined by the regulator.

Impairment of Financial Assets – Loans and Advances

Loans & Advances to B/FIs and Customers have been valued under amortized cost as allowed under NFRS 9. Separate Effective Interest Rate (EIR) has not been computed, and coupon interest rate is considered as EIR for the computation of Expected Credit Loss. Also, the Institute of Chartered Accountants of Nepal (ICAN) has provided a carve-out on EIR till FY 2082/83.

As per NFRS 9, an entity shall assess at the end of each reporting period if there is any objective evidence that a financial asset or a group of financial assets measured at amortized cost is impaired.

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, the Bank has applied the 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 institutions till FY 2082-83, impairment loss is to be measured at the higher of the amount derived as per norms prescribed by NRB for loan loss provision and measured as per paragraph 5.5 of NFRS 9.

ii. Impairment of Investments measured at fair value through OCI

Bank reviews its investments classified as fair value through OCI, at each reporting date to assess whether they are impaired. Objective evidence that such debt security is impaired includes among other things, significant financial difficulty of the issuer, a breach of contract such as a default or delinquency in interest or principal payments etc.

Reversal of Impairment

If the amount of an impairment loss decreases in a subsequent period and the decrease can be related objectively to an event occurring after the impairment was recognized, the excess is written back by reducing the financial asset impairment allowance account accordingly. The write-back is recognized in the Statement of Profit or Loss.

Write-off of Financial Assets measured at Amortized Cost

Financial assets (and the related impairment allowance accounts) are normally written off either partially or in full, when there is no realistic prospect of recovery. Where financial assets are secured, this is generally after receipt of any proceeds from the realization of security.

Collateral Valuation

The Bank seeks to use collateral, where possible, to mitigate its risks on financial assets. The collateral comes in various forms such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements. The fair value of collateral is generally assessed, at a minimum, at inception and based on the guidelines issued by the central bank (Nepal Rastra Bank). Non-financial collateral, such as real estate, is valued based on data provided by third parties such as independent valuator and audited financial statements.

Collateral Repossessed or Where Properties have Devolved to the Bank

The Bank's policy is to determine whether a repossessed asset is best used for its internal operations or should be sold. The immovable property acquired by foreclosure of collateral from defaulting customers, or which has devolved on the Bank as part settlement of debt, has not been accounted for as an investment property or as part of the assets of the Bank in accordance with directions issued by the Nepal Rastra Bank.

Collateral repossessed, considered as Non-Banking Assets, are the assets obtained as security for loans & advances subsequently taken over by the Bank in the course of loan recovery. Such assets are initially valued at fair market value or total amount due from the borrower, whichever is lower and the balance loan remaining is charged to profit and loss account in the same year and classified into Investment Property.

5.5 Trading Assets

Financial assets such as government securities, equity, etc., 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, have been classified as trading assets. These assets are financial instruments classified as Fair Value Through Profit or Loss. Trading assets are measured at fair value with any changes in fair value being recognized in Profit or Loss.

5.6 Derivative assets and derivative liabilities

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

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

All freestanding contracts that are considered derivatives for accounting purposes are carried at fair value on the statement of financial position regardless of whether they are held for trading or non-trading purposes. Changes in fair value on derivatives is marked to market applying mid exchange rate as on reporting date. Gain or loss on derivatives financial instruments are accounted under net trading income under Statement of Profit or Loss.

5.7 Property and Equipment

Recognition

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

Measurement

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

Cost Model

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

Revaluation Model

The Bank has not applied the revaluation model to any class of freehold land and buildings or other assets.

Subsequent Cost

The subsequent cost of replacing a component of an item of property, plant and equipment is recognized in the carrying amount of the item, if it is probable that the future economic benefits embodied within that part will flow to the Bank and it can be reliably measured. The cost of day to day servicing of property, plant and equipment are charged to the Statement of Profit or Loss as incurred.

Derecognition

The carrying amount of an item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use. The gain or loss arising from de-recognition of an item of property, plant and equipment is included in the Statement of Profit or Loss when the item is derecognized. When replacement costs are recognized in the carrying amount of an item of property, plant and equipment, the remaining carrying amount of the replaced part is derecognized. Major inspection costs are capitalized. At each such capitalization, the remaining carrying amount of the previous cost of inspections is derecognized.

Depreciation

The depreciable amount of an item of property, plant and equipment is allocated on a systematic basis over its useful life and is depreciated as follows:

Class of Asset	Depreciation Basis
Building	50 years SLM
Furniture	10 years SLM
Office Equipment	7 years SLM
Vehicles	7 years SLM
Computers	5 years SLM
Plant and Machinery	10 years SLM
Leasehold Assets	15 Years or Lease period whichever is lower

Depreciation on assets acquired during the year is computed on a proportionate basis from the next month of date of purchase or date of put to use, whichever is earlier.

Changes in Estimates

The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end. The Bank has not revised its estimates during the interim period.

Capital Work in Progress

These are expenses of capital nature directly incurred in the construction of buildings, major plant and machinery and system development, awaiting capitalization. Capital work-in-progress would be transferred to the relevant asset when it is ready for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Capital work-in-progress is stated at cost less any accumulated impairment losses.

5.8 Intangible Assets

Recognition

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

Computer Software

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

Goodwill

The bank does not have any business combination during the reporting period and goodwill, if any, for business combination has not been recognized.

Subsequent Expenditure

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

Amortization of Intangible Assets

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

Acquired computer software licenses are capitalized on the basis of cost incurred to acquire and bring to use the specific software and are amortized over their useful life estimated as 5 years from the next month of date of acquisition or over the period of the license, whichever is less.

Derecognition of Intangible Assets

The carrying amount of an item of intangible asset is derecognized on disposal or when no future economic benefits are expected from its use. The gain or loss arising on derecognition of an item of intangible assets is included in the Statement of Profit or Loss when the item is derecognized.

5.9 Investment Property

Properties held to earn rental and or capital appropriation are recognized as investment property. Non-Banking assets (land/building) acquired by the Bank in the course of recovery of loans and advances to borrowers that have turned into chronic defaulters are also classified as investment property. The Bank has measured investment property at cost.

5.10 Income Tax

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

Current Tax

Current tax comprises the amount of income taxes payable (or recoverable) in respect of the taxable profit (or tax loss) for the reporting period, using the tax rates and tax laws enacted or substantively enacted on the reporting date and any adjustment to tax payable in respect of prior years.

Deferred Tax

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

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

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

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

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

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

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

5.11 Deposits, debt securities issued and subordinated liabilities

Deposits, debt securities issued and subordinated liabilities have been measured at amortized cost. Debt securities issue expenses have been considered in computation of fair value of debt securities.

5.12 Provisions, Commitments and Contingencies

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

Before a provision is established, the Bank recognizes any impairment loss on the assets associated with that contract. The expense relating to any provision is presented in the Statement of Profit or Loss, net off any reimbursement.

All discernible risks are accounted for in determining the amount of all known liabilities. Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is not probable or cannot be reliably measured. Contingent liabilities are not recognized in the Statement of Financial Position but are disclosed unless they are remote.

5.13 Revenue Recognition

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

Interest Income

As per NFRS 9, for all financial instruments measured at amortized cost, interest income or expense is recorded using the Effective Interest Rate (EIR). EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability.

The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses. The carrying amount of the financial asset or financial liability is adjusted if the bank revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original EIR and the change in carrying amount is recorded as 'Interest income' for financial assets and 'Interest and similar expense' for financial liabilities. However, for a reclassified financial asset for which the bank subsequently increases its estimates of future

cash receipts as a result of increased recoverability of those cash receipts, the effect of that increase is recognized as an adjustment to the EIR from the date of the change in estimate.

However, for the purpose of interest income recognition for the reporting period, the Bank has applied coupon interest rate on principal outstanding for all financial assets categorized under Stage 1 and Stage 2 in accordance with the Carve-out to NFRS 9 pronounced on 25th August 2025 and Guidance Note on Interest Income Recognition, 2025 issued by NRB.

Interest accrued on loans falling under Stage 3 has been recognized as income on cash basis (incremental) approach as per NFRS 9-Expected Credit Loss Related Guidelines, 2024 and Guidance Note on Interest Income Recognition, 2025 issued by NRB. Unrecognized interest income on such loans amounts to NPR 683.75 million till second quarter end of FY 2025-26.

Fee and Commission Income

Fees earned for the provision of services over a period of time are accrued over the period, which include service fees and commission income. Loan commitment fees for loans that are likely to be drawn down and other credit related fees are deferred (together with any incremental costs) are not deferred for the purpose of EIR in accordance with the Carve-out to NFRS 9 pronounced on 25th August 2025.

Dividend Income

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

Net Trading Income

Net Trading Income includes all gains and losses from changes in fair value and related capital gain/loss and dividend from financial assets Held for Trading. The Bank also presents foreign exchange trading gains or losses arising on foreign exchange buy and sell transactions under trading income.

Other Operating Income

The Bank 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.

5.14 Interest expense

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

5.15 Employee Benefits

Defined Contribution Plans

A defined contribution plan is a post-employment benefit plan under which the Bank makes fixed contribution into a separate Bank account (a fund) and will have no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employee benefits relating to employee services in the current and prior periods as defined in NAS 19 (Employee Benefits).

The contribution payable by the employer to a defined contribution plan in proportion to the services rendered to Bank by the employees and is recorded as an expense under 'Personnel Expense' as and when they become due. Unpaid contribution is recorded as a liability under 'Other Liabilities'.

Bank contributes 10% of the salary of each employee to the Employees' Provident Fund. The above expenses are identified as contributions to 'Defined Contribution Plans' as defined in NAS 19 (Employee Benefits).

Defined Benefit Plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. Accordingly, staff gratuity and leave encashment has been considered as defined benefit plans as per NAS 19 (Employee Benefits). Valuation for such employee benefits is done on annual basis only.

Employee Bonus

Employee bonus is calculated at the rate of 10% of Net Profit as per Bonus Act, 2030 and shown under Personnel Expenses.

5.16 Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The bank recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) which are recognized as expenses in PL. Lease payments included in the measurement of the lease liability comprise fixed lease payments (including in-substance fixed payments), less any lease incentives receivable, variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date, the amount expected to be payable by the lessee under residual value guarantees, the exercise price of purchase options if the lessee is reasonably certain to exercise the options; payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

5.17 Foreign currency translation

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

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Nepalese Rupees using the spot foreign exchange rate ruling at that date and all differences arising on non-trading activities are taken to 'Other Operating Income' in the Statement of Profit or Loss. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the rates of exchange prevailing at the end of the reporting period.

Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items in foreign currency measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Foreign exchange differences arising on the settlement or reporting of monetary items at rates different from those which were initially recorded are dealt with in the Statement of Profit or Loss.

5.18 Financial guarantee and loan commitments

Contingent Liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefits is not probable or cannot be reliably measured as defined in the NAS 37 (Provisions, Contingent Liabilities and Contingent Assets).

To meet the financial needs of customers, the Bank enters into various irrevocable commitments and contingent liabilities. These consist of financial guarantees, letter of credit and other undrawn commitments to lend. Letters of credit, guarantees and acceptances commit the Bank to make payments on behalf of customers in the event of a specific act, generally related to the import or export of goods. They carry a similar credit risk to loans. Operating lease commitments of the Bank (as a lessor and as a lessee) and pending legal claims against the Bank too form part of commitments of the Bank. Contingent liabilities are not recognized in the Statement of Financial Position but are disclosed unless they are remote. But these contingent liabilities do contain credit risk and are therefore form part of the overall risk of the Bank.

Financial guarantees are initially recognized in the Statement of Financial Position (within 'other liabilities') at fair value, being the premium received. Subsequent to initial recognition, the Bank's liability under each guarantee is measured at the higher of the amount initially recognized less cumulative amortization recognized in the Statement of Profit or Loss, and the best estimate of expenditure required to settle any financial obligation arising as a result of the guarantee.

Any increase in the liability relating to the financial guarantees is recorded in the Statement of Profit or Loss under 'impairment charges for loans & other losses'. The premium received is recognized in the Statement of Profit or Loss under 'net fees and commission income' on a straight-line basis over the life of the guarantee.

5.19 Share capital and reserves

Ordinary shares have been treated as equity instruments as per NAS 32 representing the net assets of the entity. The Bank has a policy to treat share issue expenses up to 1% of the issue amount as immaterial. Thus, same has not been deducted from capital and has been charged to the profit or loss of the relevant period.

✓ General Reserve

The Bank is required to appropriate a minimum 20% of the current year's net profit into this reserve heading each year until it becomes double of paid up capital and thereafter a minimum 10% of profit each year as per the Bank and Financial Institution Act, 2073. Additionally, 20% of income previously recognised in Statement of Other Comprehensive Income is also allocated to this reserve at the time of distribution. 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.

✓ Exchange Equalization Reserve

25% of the revaluation gain is set aside every year to the foreign exchange reserve as per Bank and Financial Institution Act, 2073.

✓ Corporate Social Responsibility Reserve

The fund created for the purpose of corporate social responsibility by allocating 1% of Net profit as per NRB Directive is presented under this head. The amount allocated for CSR activity is spent via this reserve.

✓ Debenture Redemption Reserve

The debenture redemption reserve represents amount allocated every year as per NRB Directive to redeem debentures until the debentures are fully settled. However, as per NRB Directive if the bank issues bonus shares equivalent to the amount to be transferred to debenture redemption reserve in respect of debenture having remaining maturity of more than 5 fiscal years, bank is not required to create debenture redemption reserve. The bank has created debenture redemption reserve following the provisions of NRB Directive and terms of approval granted by NRB.

✓ Regulatory Reserve

As per the Directive of NRB, the amount is allocated from the Bank's retained earnings to this reserve for the purpose of implementation of NFRS and shall not be considered available for distribution of dividend (cash and bonus shares). The amount allocated to this reserve shall include interest income recognized but not received in cash, difference of loan loss provision

as per NRB directive and impairment on loan and advance as per NFRS (in case lower impairment is recognized under NFRS), deferred tax income charged to Statement of Profit or Loss, fair value gain on equity investments measured through profit or loss etc. The net effect of bonus, tax, general reserve, and CSR reserve is considered as per NRB's Directive.

✓ **Investment Adjustment Reserve**

It is a reserve created where investment is made in unlisted equity shares and those are not listed even within 3 years of the investment date.

✓ **Fair Value Reserve**

Any increase or decrease in fair value of investments measured at FVTOCI is accounted under this head. Any realized fair value changes upon disposal of the revalued asset are reclassified from this reserve heading to retained earnings.

✓ **Actuarial Gain/(Loss) Reserve**

Actuarial Gain or Loss arising on the defined benefit plan and credited/charged to other comprehensive income is allocated under this head as per Nepal Rastra Bank's Directive.

✓ **Employees training and capacity development fund**

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.

✓ **Other reserve**

The Bank is required to appropriate an amount equivalent to 100% of the capitalized portion of interest income on borrowing accounts where the credit facility was rescheduled or restructured resultant of the earthquake in April 2015 specified as per NRB circular 12/072/73. Accordingly, Bank had created 'Capital Adjustment Reserve' for the said purpose pertaining to two borrowers. Fund in this account can be reclassified to retained earnings upon full and final repayment of the credit facility.

5.20 Earnings per share including diluted

Earnings Per Share- Basic

Basic earnings per share is calculated by dividing the net profit for the year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the year, as per NAS 33 - Earnings per Share. Bank presents annualized Basic EPS in its interim financial statements.

Earnings Per Share- Diluted

The calculation of Diluted Earnings Per Share as at reporting date is based on sum of profit attributable to equity holders of the Bank plus notional earnings from the possible dilution divided by the weighted average number of ordinary shares outstanding during the year, after adjustment for the effects of all potentially dilutive weighted average number of ordinary shares. Bank presents annualized Diluted EPS in its interim financial statements.

5.21 Impairment of Non-Financial Assets

The Bank assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Bank estimates the asset's recoverable amount. Recoverable amount is the higher of an asset's or Cash Generating Units (CGU)'s fair value less costs to sell and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

5.22 Statement of Cash Flows

The statement of cash flows has been prepared using 'The Direct Method', where gross cash receipts and gross cash payments of operating activities, financing activities and investing activities have been recognized.

6 Segmental Information

The Bank has identified its geographical segments on the basis of business activities in 7 different provinces of the country. Further, bank classifies banking, treasury, digital banking and remittance as the major segments on a sectorial basis for decision making.

Management monitors the operating results of its segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profits or losses which, in certain respects, are measured differently from operating profits or losses in the consolidated financial statements. Income taxes are managed on a group basis and are not allocated to operating segments. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

A. Information about reportable segments

NPR in '000'

Particular	Banking		Treasury		Digital Banking		Remittance		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	Current Quarter	Corresponding Previous Year Quarter
Revenues from external customers	7,766,832	8,043,906	1,790,759	1,780,922	245,112	233,587	6,358	9,825	9,809,062	10,068,240
Intersegment revenues	599,520	691,583	(614,937)	(727,108)	(3,215)	(2,446)	18,631	37,971	-	-
Net Revenue	8,366,352	8,735,489	1,175,822	1,053,814	241,898	231,140	24,990	47,796	9,809,062	10,068,240
Segment profit/(loss) before tax	1,116,244	843,484	636,843	674,775	180,816	114,565	9,480	16,615	1,943,382	1,649,439
Segment assets	199,844,800	180,960,135	70,279,116	64,835,491	254,519	238,007	4,578	3,829	270,383,014	246,037,462
Segment liabilities	244,461,514	222,519,152	2,179,892	1,817,273	328,225	301,416	-	-	246,969,631	224,637,840

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	1,943,382	1,649,439
Profit before tax for other segments	-	-
Elimination of inter-segment profit	-	-
Elimination of discontinued operation	-	-
Unallocated amounts:		
- Other corporate expenses	-	-
Profit before tax	1,943,382	1,649,439

7 Concentration of Borrowings, Credit Exposures and Deposits

A. Concentration of Borrowings

Amount In NPR

Particulars	Current Year (Poush end 2082)	Previous Year (Ashad end 2082)
Total borrowings from ten largest lenders	10,266,856,000	10,017,106,000
Percentage of borrowings from ten largest lenders to total borrowings	88.74	87.33

B. Concentration of Credit Exposures

Amount In NPR

Particulars	Current Year (Poush end 2082)	Previous Year (Ashad end 2082)
Total exposures to twenty largest borrowers		
a. As per group (Related Party)	47,591,169,064	44,731,252,175
b. As per individual customer	31,040,160,815	29,472,553,062
Percentage of exposures to twenty largest borrowers to Total Loans and Advances		
a. As per group (Related Party)	24.43	24.08
b. As per individual customer	15.94	15.87

C. Concentration of Depositors

Amount In NPR

Particulars	Current Year (Poush end 2082)	Previous Year (Ashad end 2082)
Total deposits from twenty largest depositors (Group-wise/ individual customer)	40,227,738,482	38,119,013,007
Percentage of deposits from twenty largest depositors to Total Deposits (Group-wise/ individual customer)	17.35	16.91

8 Related Parties Disclosures

- Group represents Sanima Bank Ltd. and its 100% subsidiaries Sanima Capital Ltd and Sanima Securities Ltd.
- All inter-company transactions are executed on arm's length basis. All inter-company transactions and outstanding balances amongst group companies have been eliminated in the above statements related to group.
- The Bank has Rs. 499.56 million as various deposits of its subsidiaries at this quarter end. The Bank paid net interest amount Rs. 3.43 million on such deposits during the reporting period. The Bank has also provided loan of Rs. 71.79 million to its subsidiaries at this quarter end. The Bank earned interest of Rs. 1.68 million on such loans during the reporting period.
- The Bank has entered into Service Level Agreements with Sanima Capital Ltd to provide operational and technical assistance for a fee of Rs. 2.30 million for the year 2025-26.
- The Bank has entered into Service Level Agreements with Sanima Securities Ltd to provide operational and technical assistance for a fee of Rs. 0.6 million for the year 2025-26.
- The Bank has appointed Sanima Capital Ltd as its share registrar.

9 Dividends paid (aggregate or per share) separately for ordinary shares and other shares

Dividend on ordinary shares are recognized as liability and deducted from equity when they are approved by the Annual General Meeting of shareholders. Proposed cash dividend of 7.3685% (including tax) from the retained earnings as at 16th July 2025 have been approved by the Annual General Meeting on 19th October, 2025.

10 Issues, repurchases and repayments of debt and equity securities

The Bank has not issued, repurchased and repaid any debt and equity securities during the interim period.

11 Events after interim period

No material events have occurred since the reporting date, which require disclosures or adjustments to the financial statements.

12 Effect of changes in the composition of the entity during the interim period including merger and acquisition

There is no merger or acquisition affecting the changes in the composition of the entity during the interim period.

धितोपत्र दर्ता तथा निष्काशन नियमावली २०७३ को अनुसूची १४ बमोजिमको विवरण

(नियम २६ को उपनियम (१) सँग सम्बन्धित)

१. वित्तीय विवरण

क) बैंकको आ.व. २०८२/८३ को दोस्रो त्रैमासको वित्तीय विवरण यसैसाथ प्रकाशित गरिएको छ ।

ख) प्रमुख वित्तीय अनुपातहरू

प्रति शेयर आमदानी (रु.)	२०.५४	प्रति शेयर कुल सम्पति (रु.)	१,९९०.८१
मूल्य आमदानी अनुपात	१६.४१	तरलता अनुपात (%)	२८.२२
प्रति शेयर नेटवर्थ (रु.)	१७२.३९		

२. व्यवस्थापकीय विश्लेषण

क) समुच्च आर्थिक प्रतिकूलताको बावजुद बैंकको व्यवसायमा सन्तोषजनक वृद्धि भएको छ ।

ख) दिगो आर्थिक विकासका लागि बैंकले विश्वसनीय तवरबाट सदाभैँ सरोकारवालाहरूको हितको संरक्षण गर्दै विशुद्ध बैंकिङ सुविधा प्रदान गर्दै जानेछ ।

ग) समीक्षा अवधिमा बैंकको मौज्दात, नाफा वा नगद प्रवाहमा तात्त्विक असर पार्ने कुनै घटना, अवस्था आदि नभएको ।

३. कानुनी कारवाही सम्बन्धी विवरण

क) त्रैमासिक अवधिमा संगठित संस्थाले वा संस्था विरुद्ध कुनै मुद्दा दायर भएको भए ।

- यस त्रैमासमा बैंकको सामान्य व्यवसायिक कारोबार सम्बन्धी मुद्दा बाहेक व्यवसायमा तात्त्विक असर पर्ने गरी बैंकले वा बैंकको विरुद्ध कुनै मुद्दा दायर नभएको ।

ख) संगठित संस्थाको संस्थापक वा संचालकले संस्थापक वा संचालकको विरुद्धमा प्रचलित नियमको अवज्ञा वा फौजदारी अपराध गरेको सम्बन्धमा दायर मुद्दा ।

- यस सम्बन्धी कुनै जानकारी प्राप्त नभएको ।

ग) कुनै संस्थापक वा संचालक विरुद्ध आर्थिक अपराध गरेको सम्बन्धमा कुनै मुद्दा दायर भएको भए ।

- यस सम्बन्धी कुनै जानकारी प्राप्त नभएको ।

४. संगठित संस्थाको शेयर कारोबार सम्बन्धी विश्लेषण

क) धितोपत्र बजारमा सुचिकृत रहेको यस बैंकको शेयरको कारोबार मूल्य खुल्ला बजारले निर्धारण गर्ने भएकाले यस सम्बन्धमा व्यवस्थापनको धारणा तटस्थ रहेको छ ।

ख) समीक्षा अवधिमा शेयरको अधिकतम, न्यूनतम र अन्तिम मूल्य, कुल कारोबार भएको दिन र कुल कारोबार भएको संख्या र शेयर विवरण देहाय बमोजिम रहेको छ ।

अधिकतम मूल्य (रु.)	३५३.००	कुल कारोबार दिन	५५
न्यूनतम मूल्य (रु.)	२९५.००	कुल कारोबार संख्या	१२,५०४
पौष मसान्तको अन्तिम मूल्य (रु.)	३३७.००	कुल कारोबार शेयर संख्या	४१,२३,०५८

५. समस्या तथा चुनौती

क) आन्तरिक समस्या तथा चुनौती

- ब्याज तथा गैरब्याज आमदानीको वृद्धिमा चुनौती ।
- कर्जा असुलीमा चाप तथा निष्कृत्य कर्जामा वृद्धि ।

ख) वाह्य समस्या र चुनौती

- कर्जाको माग तथा निक्षेप वृद्धिमा सन्तुलन नहुनु ।

- सूचना प्रविधिको क्षेत्रमा देखा परेका नयाँ किसिमका चुनौतीहरू ।
- राजनितिक अस्थिरता, राष्ट्रिय तथा अन्तर्राष्ट्रिय अर्थतन्त्रको संकुचनबाट उत्पन्न हुन सक्ने जोखिमहरू तथा असुलीमा चाप ।
- नीतिनिर्देशन तथा कानूनहरूमा हुने परिवर्तनले उत्पन्न हुनसक्ने सम्भावित चुनौतीहरू ।

ग) रणनीति

- निक्षेप तथा कर्जाको विविधिकरण ।
- आयआर्जन गर्ने नयाँ क्षेत्रहरू विस्तार तथा निक्षेप परिचालनमा जोड ।
- समय सापेक्ष प्रविधिमा आधारित नयाँ सेवाहरूको विकास ।
- पूँजीकोष वृद्धि ।
- निष्कृत्य कर्जा व्यवस्थापन ।
- कर्जा असुलीलाई विशेष प्राथमिकता ।
- समग्र जोखिम व्यवस्थापनको आधारभूत पक्षहरूको मजबूतीकरण ।

६. संस्थागत सुशासन

- बैंक तथा वित्तीय संस्था सम्बन्धी ऐन, २०७३, नेपाल राष्ट्र बैंकद्वारा जारी गरिएका निर्देशन तथा परिपत्रहरूको पूर्ण रुपमा पालना गरिएको छ । संस्थागत सुशासनलाई सदैव उच्च प्राथमिकतामा राख्दै आएको र संस्थागत सुशासन सम्बन्धी निर्देशन तथा परिपत्रहरूको अक्षरस पालना गरिएको छ ।
- बैंकको समग्र जोखिम व्यवस्थापन कार्यलाई मजबुत पार्न, संचालन जोखिम कम गर्न तथा आन्तरिक प्रकृयाहरूलाई व्यवस्थित गर्न जोखिम व्यवस्थापन समिति (Risk Management Committee) गठन गरिएको छ । आन्तरिक नियन्त्रण प्रणाली व्यवस्थित गर्न लेखापरीक्षण समिति (Audit Committee) गठन गरिएको छ जसले बाह्य तथा आन्तरिक लेखापरीक्षकबाट दिईएका सुझाव तथा निर्देशनहरूलाई कार्यान्वयन गराउनुका साथै आन्तरिक नियन्त्रण प्रणालीलाई अझ सुदृढ बनाउन व्यवस्थापनलाई सल्लाह र सुझावहरू दिदै आईरहेको छ । त्यस्तै सम्पति शुद्धिकरण सम्बन्धी कार्यहरूको अनुपालनाको अवस्था विश्लेषण गर्न सम्पति शुद्धिकरण समिति क्रियाशिल रहेको छ ।
- कारोवारलाई छिटो, छरितो, चुस्त तथा वैज्ञानिक बनाउन तथा अन्य आवश्यक रणनीति तय गर्न व्यवस्थापन समिति (MANCOM), कर्जा जोखिम व्यवस्थापन समिति (Credit Risk Management Committee), सम्पति/दायित्व व्यवस्थापन समिति (ALCO) लगायतका विभिन्न समितिहरू क्रियाशिल रहेका छन् ।
- नेपाल राष्ट्र बैंकको निर्देशन, स्थलगत निरीक्षण प्रतिवेदन, आन्तरिक तथा बाह्य लेखापरीक्षण प्रतिवेदनमा औल्याईएका सुझाव तथा निर्देशनहरूलाई यस बैंकले सदैव पालना गर्दै आएको छ । संस्थागत सुशासनको पूर्ण पालना गर्दै यसलाई अझ सुदृढ बनाउँदै लैजान यस बैंकको संचालक समिति र व्यवस्थापन प्रतिबद्ध रहेको छ ।

७. सत्यतथ्य सम्बन्धमा कार्यकारी प्रमुखको उद्घोषण

आजका मितिसम्म यस प्रतिवेदनमा उल्लिखित जानकारी तथा विवरणहरूको शुद्धता सम्बन्धमा म व्यक्तिगत रुपमा उत्तरदायित्व लिन्छु । साथै, म यो उद्घोष गर्दछु कि मैले जाने बुझ्नेसम्म यस प्रतिवेदनमा उल्लिखित विवरणहरू सत्य, तथ्य र पुर्ण छन् तथा लगानीकर्ताहरूलाई सुसूचित निर्णय लिन आवश्यक कुनै विवरण, सूचना तथा जानकारीहरू लुकाइएको छैन ।