



INTERIM FINANCIAL **REPORT**

16th July 2025 (32 Ashadh 2082)

I. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

NPR in '000

Particulars	Group		Bank	
	This Quarter Ending	Immediate Previous Year Ending	This Quarter Ending	Immediate Previous Year Ending
Assets				
Cash and Cash Equivalents	7,794,225	8,331,352	7,519,089	8,178,988
Due from Nepal Rastra Bank	21,309,898	20,182,905	21,309,898	20,182,905
Placement with Banks and FIs	24,279,366	14,287,531	24,279,366	14,287,531
Derivative Financial Instruments	20,345,559	7,781,530	20,345,559	7,781,530
Other Trading Assets	1,678,848	880,130	-	-
Loans and Advances to Banks and FIs	14,195,506	12,149,940	14,195,506	12,149,940
Loans and Advances to Customers	412,795,547	373,477,925	412,795,547	373,574,157
Investment Securities	117,665,144	104,025,176	117,289,485	102,940,712
Current Tax Assets	601,988	-	581,013	-
Investment in Subsidiaries	-	-	1,798,000	1,798,000
Investment in Associates	201,683	228,231	80,000	80,000
Investment Property	4,067,766	2,962,634	4,067,766	2,962,634
Property and Equipment	4,488,536	4,195,544	4,464,895	4,173,204
Goodwill and Intangible Assets	380,048	300,022	372,146	292,309
Deferred Tax Assets	-	-	-	-
Other Assets	9,823,490	9,171,064	9,057,489	8,617,981
Total Assets	639,627,604	557,973,984	638,155,760	557,019,891
Liabilities				
Due to Banks and FIs	8,633,747	6,687,812	8,633,747	6,687,812
Due to Nepal Rastra Bank	-	-	-	-
Derivative Financial Instruments	20,401,917	7,763,741	20,401,917	7,763,741
Deposits from Customers	523,916,736	461,603,087	524,625,959	462,097,419
Borrowings	463,000	-	-	-
Current Tax Liabilities	-	32,163	-	38,276
Provisions	-	-	-	-
Deferred Tax Liabilities	1,685,305	1,605,547	1,687,331	1,607,553
Other Liabilities	10,332,223	11,244,129	9,436,461	10,519,716
Debt Securities Issued	9,630,773	9,628,440	9,630,773	9,628,440
Subordinated Liabilities	-	-	-	-
Total Liabilities	575,063,702	498,564,921	574,416,188	498,342,957
Equity				
Share Capital	27,056,997	27,056,997	27,056,997	27,056,997
Share Premium	-	-	-	-
Retained Earnings	5,088,046	3,403,422	4,773,059	3,082,904
Reserves	32,124,268	28,672,377	31,909,517	28,537,033
Total Equity Attributable to Equity Holders	64,269,310	59,132,795	63,739,572	58,676,934
Non-Controlling Interest	294,593	276,268	-	-
Total Equity	64,563,903	59,409,063	63,739,572	58,676,934
Total Liabilities and Equity	639,627,604	557,973,984	638,155,760	557,019,891

II. CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

NPR in '000

Particulars	Group				Bank			
	Current Year		Previous Year Corresponding		Current Year		Previous Year Corresponding	
	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)
Interest Income	10,180,291	40,514,084	11,000,746	46,576,645	10,156,693	40,470,486	10,973,867	46,413,426
Interest Expense	5,898,000	24,170,170	7,209,043	30,110,926	5,883,821	24,143,189	7,207,920	30,096,111
Net Interest Income	4,282,292	16,343,914	3,791,702	16,465,719	4,272,872	16,327,297	3,765,948	16,317,315
Fee and Commission Income	1,474,583	4,622,023	1,319,291	4,228,109	1,386,412	4,311,876	1,245,382	3,983,674
Fee and Commission Expense	263,673	947,524	240,213	771,820	247,448	895,712	230,206	741,951
Net Fee and Commission Income	1,210,910	3,674,500	1,079,078	3,456,289	1,138,964	3,416,163	1,015,175	3,241,723
Net Interest, Fee and Commission Income	5,493,202	20,018,413	4,870,781	19,922,008	5,411,836	19,743,461	4,781,123	19,559,038
Net Trading Income	201,865	814,573	208,383	588,774	221,342	768,124	142,411	536,655
Other Operating Income	169,874	728,672	82,706	242,060	73,667	493,525	59,202	215,669
Total Operating Income	5,864,941	21,561,658	5,161,870	20,752,842	5,706,844	21,005,110	4,982,737	20,311,362
Impairment Charge/ (Reversal) for Loans and Other Losses	104,699	2,397,906	1,401,796	4,637,739	104,698.74	2,397,906	1,401,796	4,637,739
Net Operating Income	5,760,242	19,163,752	3,760,074	16,115,103	5,602,146	18,607,203	3,580,941	15,673,623
Operating Expense								
Personnel Expenses	1,615,147	5,332,409	934,809	4,748,902	1,583,178	5,228,148	907,471	4,660,876
Other Operating Expenses	578,663	1,803,313	257,332	1,712,059	560,980	1,770,702	252,632	1,685,427
Depreciation & Amortisation	236,470	775,023	462,884	693,817	232,472	760,503	457,427	679,683
Operating Profit	3,329,962	11,253,006	2,105,049	8,960,324	3,225,515	10,847,850	1,963,411	8,647,637
Non-Operating Income	30,523	48,317	59,936	87,330	7,633	74,866	2,682	38,165
Non-Operating Expense	17,919	577,146	4,564	89,740	17,919	577,146	4,564	89,740
Profit Before Income Tax	3,342,566	10,724,178	2,160,421	8,957,914	3,215,230	10,345,570	1,961,530	8,596,062
Income Tax Expense								
Current Tax	1,359,053	3,528,282	808,709	2,822,686	1,331,164	3,410,085	777,094	2,743,598
Deferred Tax	(199,507)	(193,590)	(334,100)	(336,325)	(192,081)	(192,081)	(344,644)	(344,644)
Profit for the Year	2,183,020	7,389,486	1,685,812	6,471,552	2,076,146	7,127,566	1,529,080	6,197,109

III. STATEMENT OF COMPREHENSIVE INCOME

Particulars	Group				Bank			
	Current Year		Previous Year Corresponding		Current Year		Previous Year Corresponding	
	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)
	NPR in '000							
Profit / (loss) for the year	2,183,020	7,389,486	1,685,812	6,471,552	2,076,146	7,127,566	1,529,080	6,197,109
Other Comprehensive Income (net of income tax)								
a) Items that will not be reclassified to profit or loss:								
Gains/(losses) from investment in equity instruments measured at fair value	721,781	1,042,087	1,022,584	194,641	720,335	1,037,123	1,019,911	194,207
Gains/(losses) on revaluation	-	-	-	-	-	-	-	-
Actuarial gains/(losses) on defined benefit plans	(130,927)	(130,927)	(84,111)	(84,111)	(130,927)	(130,927)	(83,049)	(83,049)
Less: Income tax expense relating to above items	(177,256)	(273,348)	(281,542)	(33,159)	(176,823)	(271,859)	(281,059)	(33,347)
Net other comprehensive income that will not be reclassified to profit or loss	413,598	637,813	656,931	77,371	412,586	634,337	655,804	77,810
b) Items that are or may be reclassified to profit or loss:								
Gains/(losses) on cash flow hedge	-	-	-	-	-	-	-	-
Exchange gains/(losses)(arising from translating financial assets of foreign operation)	-	-	-	-	-	-	-	-
Income tax relating to above items	-	-	-	-	-	-	-	-
Reclassify to profit or loss	-	-	-	-	-	-	-	-
Net other comprehensive income that are or may be reclassified to profit or loss	-	-	-	-	-	-	-	-
c) Share of other comprehensive income of associate accounted as per equity method	-	-	-	-	-	-	-	-
Other Comprehensive Income for the year (net of income tax)	413,598	637,813	656,931	77,371	412,586	634,337	655,804	77,810
Total Comprehensive Income for this quarter	2,596,619	8,027,299	2,342,743	6,548,923	2,488,732	7,761,903	2,184,884	6,274,919
Total Comprehensive Income attributable to:								
Equity-Holders of the Bank	2,585,893	7,988,478	2,325,046	6,503,532	2,488,732	7,761,903	2,184,884	6,274,919
Non-Controlling Interest	10,726	38,821	17,697	45,390	-	-	-	-
Total Comprehensive Income for this quarter	2,596,619	8,027,299	2,342,743	6,548,923	2,488,732	7,761,903	2,184,884	6,274,919
Earnings per Share								
Basic Earnings per Share		27.31		23.92		26.34		22.90
Diluted Earnings per Share		27.31		23.92		26.34		22.90

IV. RATIOS AS PER NRB DIRECTIVE (%)

Particulars	Group				Bank			
	Current Year		Previous Year Corresponding		Current Year		Previous Year Corresponding	
	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)
Capital Fund to RWA		12.26		12.36		11.94		12.24
Tier-1 Capital to RWA		9.86		9.58		9.52		9.47
CET-1 Capital to RWA		9.86		9.58		9.52		9.47
Gross Non-Performing Loan (NPL)		4.27		4.45		4.27		4.45
Net Non-Performing Loan (NPL)		0.95		1.37		0.95		1.37
Total Loan Loss Provision to Total NPL		108.60		103.35		108.60		103.35
Costs of Funds		4.41		5.86		4.41		5.86
Credit to Deposit Ratio		82.48		83.60		82.48		83.60
Base Rate		5.83		7.63		5.83		7.63
Interest Rate Spread		3.57		3.99		3.57		3.99
Return on Equity (Annualised)		11.98		11.08		11.64		10.72
Return on Assets (Annualised)		1.23		1.25		1.19		1.19

V. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Particulars	Group												Non-Controlling Interest Share	Total Group Equity
	Attributable to Equity-Holders of the Bank											Total		
	Share Capital	Share Premium	General Reserve	Reserve	Exchange Equalisation	Regulatory Reserve	Fair Value Reserve	Revaluation Reserve	Retained Earning	Other Reserve	Reserve			
Balance at Shrawan 01, 2080 (17-Jul-2023)	27,056,997	-	13,928,155	-	787,713	3,629,740	3,715,314	560,136	3,372,743	4,137,727	-	57,188,524	263,275	57,451,799
Comprehensive Income for the FY 2080-81 (2023-24) :	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	-	-	6,425,986	-	-	6,425,986	45,566	6,471,552
Other Comprehensive Income (net of tax)	-	-	-	-	-	-	136,127	-	-	(58,581)	-	77,546	(176)	77,371
Gains/(losses) from investment in equity instruments measured at fair value	-	-	-	-	-	-	136,127	-	-	-	-	136,127	122	136,249
Gains/(losses) on revaluation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Actuarial gains/(losses) on defined benefit plans	-	-	-	-	-	-	-	-	-	(58,581)	-	(58,581)	(298)	(58,878)
Gains/(losses) on cash flow hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Exchange gains/(losses)(arising from translating financial assets of foreign operation)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income for the year	-	-	-	-	-	-	136,127	-	6,425,986	(58,581)	-	6,503,532	45,390	6,548,923
Transfer to Reserves during the year	-	-	1,273,959	-	26,351	1,083,382	-	-	(3,442,687)	1,058,996	-	-	7,036	7,036
Transfer from Reserves during the year	-	-	-	-	-	-	(82,829)	-	187,056	(104,227)	-	-	(178)	(178)
Transactions with Owners, directly recognized in Equity :	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Right Share Issued	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share Based Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend to Equity-Holders	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bonus Shares Issued	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash Dividend Paid	-	-	-	-	-	-	-	-	(3,024,870)	-	-	(3,024,870)	(32,400)	(3,057,270)
Other	-	-	5,987	-	-	-	96,947	-	(114,806)	(1,522,519)	-	(1,534,391)	(8,856)	(1,541,248)
Total Contributions by and Distributions	-	-	1,279,945	-	26,351	1,083,382	14,118	-	(6,395,307)	(567,751)	-	(4,559,261)	(32,398)	(4,591,659)
Balance at Ashadh 31, 2081 (15-Jul-2024)	27,056,997	-	15,208,100	-	814,064	4,713,122	3,865,559	560,136	3,403,422	3,511,396	-	59,132,795	276,268	59,409,063
Reserves added through acquisition	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at Shrawan 01, 2081 (16-Jul-2024)	27,056,997	-	15,208,100	-	814,064	4,713,122	3,865,559	560,136	3,403,422	3,511,396	-	59,132,795	276,268	59,409,063
Comprehensive Income for the FY 2081-82 (2024-25) :	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	-	-	7,352,055	-	-	7,352,055	37,431	7,389,486
Other Comprehensive Income (net of tax)	-	-	-	-	-	-	728,071	-	-	(91,649)	-	636,422	1,390	637,813
Gains/(losses) from investment in equity instruments measured at fair value	-	-	-	-	-	-	728,071	-	-	-	-	728,071	1,390	729,461
Gains/(losses) on revaluation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Actuarial gains/(losses) on defined benefit plans	-	-	-	-	-	-	-	-	-	(91,649)	-	(91,649)	-	(91,649)
Gains/(losses) on cash flow hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Exchange gains/(losses)(arising from translating financial assets of foreign operation)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income for the year	-	-	-	-	-	-	728,071	-	7,352,055	(91,649)	-	7,988,478	38,821	8,027,299
Transfer to Reserves during the year	-	-	1,451,904	-	46,549	(146,097)	-	-	(2,930,568)	1,578,212	-	-	4,761	4,761
Transfer from Reserves during the year	-	-	-	-	-	-	(6,435)	-	121,453	(115,018)	-	-	(45)	(45)
Transactions with Owners, directly recognized in Equity :	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Right Share Issued	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share Based Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend to Equity-Holders	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bonus Shares Issued	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash Dividend Paid	-	-	-	-	-	-	-	-	(2,857,994)	-	-	(2,857,994)	(20,463)	(2,878,458)
Other	-	-	-	-	-	-	(4,128)	-	(322)	10,482	-	6,031	(4,749)	1,282
Total Contributions by and Distributions	-	-	1,451,904	-	46,549	(146,097)	-	-	(5,667,432)	1,473,675	-	(2,851,963)	(20,496)	(2,872,459)
Balance at Ashad 32, 2082 (16-July-2025)	27,056,997	-	16,660,004	-	860,613	4,567,025	4,583,067	560,136	5,088,046	4,893,422	-	64,269,910	294,593	64,563,903

INTERIM FINANCIAL REPORT – Q4 FY 2024-25

Particulars	Bank											Total
	Share	Capital	Share Premium	General Reserve	Exchange Equalisation	Regulatory Reserve	Fair Value Reserve	Revaluation Reserve	Retained Earning	Other Reserve		
Balance at Shrawan 01, 2080 (17-Jul-2023)		27,056,997	-	13,905,322	787,713	3,629,740	3,724,096	560,136	3,187,059	4,061,615		56,912,678
Comprehensive Income for the FY 2080-81 (2023-24) :												
Profit for the year		-	-	-	-	-	-	-	6,197,109	-	-	6,197,109
Other Comprehensive Income (net of tax)		-	-	-	-	-	135,945	-	-	(58,134)	-	77,810
Gains/(losses) from investment in equity instruments measured at fair value		-	-	-	-	-	135,945	-	-	-	-	(596,991)
Gains/(losses) on revaluation		-	-	-	-	-	-	-	-	-	-	-
Actuarial gains/(losses) on defined benefit plans		-	-	-	-	-	-	-	-	(58,134)	-	-
Gains/(losses) on cash flow hedge		-	-	-	-	-	-	-	-	-	-	-
Exchange gains/(losses)(arising from translating financial assets of foreign operation)		-	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income for the year		-	-	-	-	-	135,945	-	6,197,109	(58,134)	-	6,274,919
Transfer to Reserves during the year		-	-	1,255,988	26,351	1,083,382	-	-	(3,419,326)	1,053,605	-	-
Transfer from Reserves during the year		-	-	-	-	-	(82,829)	-	186,789	(103,960)	-	-
Transactions with Owners, directly recognized in Equity :												
Right Share Issued		-	-	-	-	-	-	-	-	-	-	-
Share Based Payments		-	-	-	-	-	-	-	-	-	-	-
Dividend to Equity-Holders		-	-	-	-	-	-	-	-	-	-	-
Bonus Shares Issued		-	-	-	-	-	-	-	-	-	-	-
Cash Dividend Paid		-	-	-	-	-	-	-	(2,976,270)	-	-	(2,976,270)
Other		-	-	-	-	-	82,829	-	(92,457)	(1,524,765)	-	(1,534,394)
Total Contributions by and Distributions		-	-	1,255,988	26,351	1,083,382	-	-	(6,301,264)	(575,120)	-	(4,510,663)
Balance at Ashadh 31, 2081 (15-Jul-2024)		27,056,997	-	15,161,310	814,064	4,713,122	3,860,041	560,136	3,082,904	3,428,361		58,676,934
Reserves added through acquisition		-	-	-	-	-	-	-	-	-	-	-
Balance at Shrawan 01, 2081 (16-Jul-2024)		27,056,997	-	15,161,310	814,064	4,713,122	3,860,041	560,136	3,082,904	3,428,361		58,676,934
Comprehensive Income for the FY 2081-82 (2024-25) :												
Profit for the year		-	-	-	-	-	-	-	7,127,566	-	-	7,127,566
Other Comprehensive Income (net of tax)		-	-	-	-	-	725,986	-	-	(91,649)	-	634,337
Gains/(losses) from investment in equity instruments measured at fair value		-	-	-	-	-	725,986	-	-	-	-	725,986
Gains/(losses) on revaluation		-	-	-	-	-	-	-	-	-	-	-
Actuarial gains/(losses) on defined benefit plans		-	-	-	-	-	-	-	-	(91,649)	-	(91,649)
Gains/(losses) on cash flow hedge		-	-	-	-	-	-	-	-	-	-	-
Exchange gains/(losses)(arising from translating financial assets of foreign operation)		-	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income for the year		-	-	-	-	-	725,986	-	7,127,566	(91,649)	-	7,761,903
Transfer to Reserves during the year		-	-	1,426,800	46,549	(146,097)	-	-	(2,902,344)	1,575,091	-	-
Transfer from Reserves during the year		-	-	-	-	-	(6,435)	-	170,633	(164,198)	-	-
Transactions with Owners, directly recognized in Equity :												
Right Share Issued		-	-	-	-	-	-	-	-	-	-	-
Share Based Payments		-	-	-	-	-	-	-	-	-	-	-
Dividend to Equity-Holders		-	-	-	-	-	-	-	-	-	-	-
Bonus Shares Issued		-	-	-	-	-	-	-	-	-	-	-
Cash Dividend Paid		-	-	-	-	-	-	-	(2,705,700)	-	-	(2,705,700)
Other		-	-	-	-	-	6,435	-	-	-	-	6,435
Total Contributions by and Distributions		-	-	1,426,800	46,549	(146,097)	-	-	(5,437,411)	1,410,893	-	(2,699,265)
Balance at Ashad 32, 2082 (16-July-2025)		27,056,997	-	16,588,110	860,613	4,567,025	4,586,027	560,136	4,773,059	4,747,606		63,739,572

VI. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Particulars	Group		Bank	
	Upto This Quarter	Corresponding Previous Year Upto This Quarter	Upto This Quarter	Corresponding Previous Year Upto This Quarter
CASH FLOWS FROM OPERATING ACTIVITIES:				
Interest Received	40,155,611	46,576,645	40,112,013	46,369,651
Fees and other income received	5,399,012	4,557,498	4,880,266	4,237,508
Dividend received	-	-	-	-
Receipts from other operating activities	821,008	588,774	774,559	536,655
Interest paid	(24,170,170)	(30,110,926)	(24,143,189)	(29,974,977)
Commission and fees paid	(947,524)	(771,820)	(895,712)	(741,951)
Cash payment to employees	(3,535,346)	(4,748,902)	(3,471,186)	(4,660,876)
Other expense paid	(2,380,459)	(1,801,799)	(2,347,848)	(1,775,167)
Operating cash flows before changes in operating assets and liabilities	15,342,133	14,289,470	14,908,904	13,990,843
(Increase)/Decrease in operating assets	-	-	-	-
Due from Nepal Rastra Bank	(1,126,993)	5,469,516	(1,126,993)	5,469,516
Placement with bank and financial institutions	(9,991,835)	(863,142)	(9,991,835)	(863,142)
Other trading assets	(798,718)	(787,320)	-	-
Loan and advances to bank and financial institutions	(2,294,548)	(3,866,880)	(2,045,566)	(3,866,880)
Loan and advances to customers	(41,715,528)	(46,992,494)	(41,868,278)	(47,044,950)
Other assets	(13,351,186)	(5,188,548)	(13,333,187)	(4,768,045)
	-	-	-	-
Increase/ (Decrease) in operating liabilities	-	-	-	-
Due to bank and financial institutions	1,945,935	410,100	1,945,935	410,100
Due to Nepal Rastra Bank	-	-	-	-
Deposit from customers	62,313,649	66,404,082	62,528,541	65,253,920
Borrowings	463,000	-	-	-
Other Liabilities	10,601,655	5,266,437	10,434,252	5,295,464
Net cash flow from operating activities before tax paid	21,387,564	34,141,222	21,451,773	33,876,827
Income taxes paid	(3,968,843)	(4,453,312)	(4,029,374)	(4,322,545)
Net cash flow from operating activities (A)	17,418,721	29,687,910	17,422,398	29,554,282
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investment securities	(12,844,680)	(26,770,162)	(13,583,509)	(26,775,383)
Receipts from sale of investment securities	-	481,863	-	481,863
Purchase of property and equipment	(1,038,148)	(1,169,635)	(632,568)	(1,043,258)
Receipt from the sale of property and equipment	14,392	164,457	14,392	164,457
Purchase of intangible assets	(124,285)	(7,474)	(123,052)	(6,854)
Receipt from the sale of intangible assets	-	-	-	-
Purchase of investment properties	(1,105,131)	(1,135,565)	(1,105,131)	(1,135,565)
Receipt from the sale of investment properties	-	-	-	-
Interest received	-	-	-	-
Dividend received	-	-	-	-
Net cash used in investing activities (B)	(15,097,853)	(28,436,517)	(15,429,869)	(28,314,741)
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipt from issue of debt securities	-	3,141,458	-	3,141,458
Repayment of debt securities	-	-	-	-
Receipt from issue of subordinated liabilities	-	-	-	-
Repayment of subordinated liabilities	-	-	-	-
Receipt from issue of shares	-	-	-	-
Dividends paid	(2,857,994)	(3,024,870)	(2,652,428)	(2,976,270)
Interest paid	-	-	-	-
Other receipt/payment	-	-	-	-
Net cash from financing activities (C)	(2,857,994)	116,588	(2,652,428)	165,188
Net increase (decrease) in cash and cash equivalents	(537,127)	1,367,981	(659,899)	1,404,730
Cash and cash equivalents at Shrawan 01 (beginning of the year)	8,331,352	6,963,371	8,178,988	6,774,258
Effect of exchange rate fluctuations on cash and cash equivalents held	-	-	-	-
Cash and cash equivalents at Quarter end	7,794,225	8,331,352	7,519,089	8,178,988

VII. STATEMENT OF DISTRIBUTABLE PROFIT OR LOSS

Particulars	NPR in '000	
	Current Year Upto this Qtr YTD	Previous Year Upto this Qtr YTD
Net profit / (loss) as per statement of profit or loss	7,127,566	6,197,109
Transfer from Fair Value Reserve	6,435	82,829
Less: appropriations (-) / contributions (+):		
a. General reserve	(1,426,800)	(1,255,988)
b. Foreign exchange fluctuation fund	(46,549)	(26,351)
c. Capital redemption reserve (Debenture Redemption Reserve)	(1,423,407)	(923,407)
d. Corporate social responsibility fund	(71,276)	(61,971)
e. Employees' training fund	(836)	(13,696)
f. Investment adjustment reserves	(6,742)	-
g. Others:	91,367	49,429
Profit or (loss) before regulatory adjustment	4,249,758	4,047,954
Regulatory adjustment:		
a. Interest receivable (-)/previous accrued interest received (+)	655,929	(27,579)
b. Short loan loss provision in accounts (-)/reversal (+)	-	-
c. Short provision for possible losses on investment (-)/reversal (+)	-	-
d. Short loan loss provision on Non-Banking Assets (-)/reversal (+)	(209,382)	(715,406)
e. Deferred tax assets recognized (-)/ reversal (+)	(192,081)	(247,769)
f. Goodwill recognized (-)/ impairment of Goodwill (+)	-	-
g. Bargain purchase gain recognized (-)/reversal (+)	-	-
h. Actuarial loss recognized (-)/reversal (+)	(52,609)	(83,049)
i. Other (+/-)	(55,760)	(9,579)
Total Adjustment in Regulatory Reserve	146,097	(1,083,382)
Net Profit for the quarter end available for distribution	4,395,854	2,964,572
Opening balance in retained earnings	3,082,904	3,187,059
Adjustment (+/-)	-	(92,457)
Bonus Share Issued	-	-
Cash Dividend Paid	(2,705,700)	(2,976,270)
Total distributable profit as on quarter end date	4,773,059	3,082,904
Distributable profit per share	17.64	11.39

VIII. CONCENTRATION OF CREDITS, DEPOSITS AND BORROWINGS

Ashadh 2082 (Q4, 2081-82)

NPR in '000

A. Concentration of Borrowings		
Particulars	Current Year	Previous Year
Borrowings from 10 largest lenders.	1,100,000	-
Percentage of borrowings from ten largest lenders to total depositors	0.21%	0.00%
B. Concentration of Credit exposures		
Particulars	Current Year	Previous Year
Total exposures to twenty largest borrowers		
a. As per group (related party)	46,862,410.34	40,157,106
b. As per individual customer	38,254,323.24	36,676,161
Percentage of exposures to twenty largest borrowers to Total Loans and Advances		
a. As per group (related party)	10.81%	10.34%
b. As per individual customer	8.82%	9.44%
LDO	433,679,749	388,361,647
C. Concentration of Deposits		
Particulars	Current Year	Previous Year
Total deposits from twenty largest depositors		
a. Group-wise	95,261,849	105,069,918
b. As per individual customer	6,913,239	5,755,035
Percentage of deposits from twenty largest depositors to Total Deposits		
a. Group-wise	17.86%	22.41%
b. As per individual customer	1.30%	1.23%

A. NOTES TO THE INTERIM FINANCIAL STATEMENTS**i. Reporting Entity**

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

ii. Subsidiary Company

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

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

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

iii. Basis of preparation

- The condensed consolidated financial statements of the Group have been prepared in accordance with Nepal Financial Reporting Standards (NFRS) developed by the Accounting Standards Board Nepal (ASBN) along with the carve outs, and pronounced for application by the Institute of Chartered Accountants of Nepal (ICAN).
- The disclosure made in the condensed consolidated interim financial information have been limited on the format prescribed by Nepal Rastra Bank Directive no. 4.
- The Bank has calculated expected credit loss figures which came at lower side as compared to Provision calculated as per NRB Prudential Norms and hence The Bank has booked the loan loss provision calculated as per prudential norms prescribed by Nepal Rastra Bank as impairment charges.
- Regulatory adjustment on accrued interest and on possible losses in investment property (NBA) has been made as per NRB Circular (BFIRD/Policy/Circular/05/2081-82).
- Interest Income on Loan and Advances has been recognized as per Guidance note on Interest Income Recognition, 2025 issued by NRB.

iv. Statement of Compliance with NFRS

These condensed financial statements comply with the requirements of the Nepal Financial Reporting Standards (NFRS) laid down by The Institute of Chartered Accountants of Nepal (ICAN), BAFIA 2073, Unified Directive 2080, Companies Act, 2006 and all other applicable laws and regulation and amendments thereto and also provide appropriate disclosures required under regulations of the Securities Exchange Board of Nepal (SEBON).

v. Use of estimates, assumptions and judgments

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

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

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

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

vi. Changes in accounting policies

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

B. Significant accounting policies

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

i. Basis of measurement

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

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

ii. Basis of consolidation

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

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

iii. Investment in subsidiary

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

iv. Investment in Associate

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

v. Cash and cash equivalents

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

vi. Financial assets and financial liabilities

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

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

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

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

vii. Trading Assets

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

viii. Derivative assets and derivative liabilities

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

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

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

ix. Property and Equipment

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

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

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

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

x. De - recognition of Assets

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

xi. Depreciation of Property

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

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

xii. Goodwill and intangible assets

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

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

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

The Group recognizes an intangible asset when:

- The cost of the asset can be measured reliably;
- There is control over the asset as a result of past events (for example, purchase or self-creation); and
- Future economic benefits (inflows of cash or other assets) are expected from the asset.

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

xiii. Investment Property

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

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

xiv. Income Tax

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

xv. Deposits, debt securities and subordinated liabilities**1. Deposits from customers and BFIs**

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

2. Debt securities issued

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

3. Subordinated liabilities

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

xvi. Provisions

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

xvii. Revenue Recognition

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

1. Interest income

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

2. Fees and commission income

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

3. Dividend income

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

4. Net trading income

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

5. Other Operating Income

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

6. Foreign exchange revaluation gain / (loss)

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

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

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

xviii. Interest Expense

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

xix. Employee Benefits

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

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

- A liability when an employee has provided service in exchange for employee benefits to be paid in the future; and
- An expense when the Group consumes the economic benefit arising from service provided by an employee in exchange for employee benefits.

xx. Leases

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

xxi. Foreign currency transaction, translation and balances

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

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

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

xxii. Financial guarantee and loan commitment

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

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

xxiii. Share Capital and Reserves

Ordinary shares in the Bank are recognized at the amount paid per ordinary share. Nabil Bank Ltd.'s shares are listed at Nepal Stock Exchange Ltd. The holders of ordinary shares are entitled to one vote per share at general

meetings of the bank and are entitled to receive the annual dividend payments. The Bank does not have any other form of share capital (preference shares, convertible instruments, share based payments, etc.) apart from the ordinary shares.

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

1. General reserve

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

2. Exchange equalization reserve

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

3. Fair value reserve

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

4. Asset revaluation reserve

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

5. Capital reserve

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

6. Special reserve

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

7. Capital redemption reserve

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

8. Dividend equalization fund

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

9. Capital adjustment / equalization fund

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

10. Corporate social responsibility fund

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

11. Investment adjustment reserve

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

12. Actuarial gain / loss reserve

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

13. Regulatory reserve

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

14. Other reserve fund

Debenture Redemption Reserve

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

Employees training and capacity development fund

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

xxiv. Earnings per Share

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

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

xxv. Segment Reporting

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

xxvi. Statement of Cash Flows

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



xxvii. Segmental Information

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

a. Information about Reportable Segments

Particulars	NPR in '000							
	Koshi		Madhesh		Bagmati		Gandaki	
	Current Quarter	Corresponding Previous Year Quarter						
Revenues from external customers	3,355,041	3,787,511	2,963,545	3,363,248	32,547,030	35,601,892	2,059,653	2,379,521
Intersegment revenues	2,768,486	3,222,868	1,313,943	1,481,085	49,487,016.88	58,809,775	1,164,148	1,268,057
Segment profit/(loss)	801,969	812,983	807,241	577,602	7,780,223.68	6,659,134	624,298	530,028
Segment assets	37,103,736	35,359,021	33,397,377	31,235,652	501,806,361	426,724,051	17,599,242	17,443,195
Segment liabilities	37,102,458	35,357,720	33,397,216	31,235,491	438,068,228	368,048,579	17,599,242	17,443,195

Particulars	Lumbini		Karnali		Sudur Pashchim		Total	
	Current Quarter	Corresponding Previous Year Quarter	Current Quarter	Corresponding Previous Year Quarter	Current Quarter	Corresponding Previous Year Quarter	Current Quarter	Corresponding Previous Year Quarter
	Revenues from external customers	3,335,361	4,165,349	271,953	347,155	1,092,769	1,327,245	45,625,352
Intersegment revenues	1,971,489	2,208,544	141,845	173,693	513,667	591,204	57,360,595	67,755,226
Segment profit/(loss)	1,067,653	496,165	72,893	131,726	340,801	343,542	11,495,078	9,551,180
Segment assets	34,400,969	33,218,422	2,791,666	2,726,016	11,056,409	10,313,534	638,155,760	557,019,891
Segment liabilities	34,400,969	33,218,422	2,791,666	2,726,016	11,056,409	10,313,534	574,416,188	498,342,957

b. Reconciliation of reportable segment profit or loss

Particulars	NPR in '000	
	Current Quarter	Corresponding Previous Year Quarter
Total profit before tax for reportable segments	11,495,078	9,551,180
Profit before tax for other segments		
Elimination of inter-segment profit		
Elimination of discontinued operation		
Unallocated amounts:		
- Other corporate expenses	1,149,508	955,118
Profit before tax	10,345,570	8,596,062

SEBON Disclosure**1. Related Party Disclosure**

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

Summary of related Party Transactions:**Nabil Investment Banking Ltd.**

Particulars	Amount (NPR)
Expenses	9,220,405
Interest Expenses	7,078,405
Corporate Advisory Fee	392,000
RTS-Annual Fee	1,750,000
Fee and Commission Income	2,018,520
Bank Balance	576,546,623

Nabil Stock Dealer:

Particulars	Amount (NPR)
Interest Expense on Deposit	6,422,798
Interest on Borrowings	330,473
Performance Fee / Guarantee Expenses	284,000
SLA Expenses	2,006,144
Balance Sheet Exposure	
Deposit	132,676,492
Off Balance Sheet Exposure	
Guarantee	71,000,000

2. Management Analysis

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

3. Details Related to Legal Proceedings

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

4. Analysis of Bank's shares transactions

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

Particulars	
Maximum Price (NPR)	543.60
Minimum Price (NPR)	474.10
Closing Price (NPR)	541.37
Total Units Traded	4,011,420
Total Days Traded	63

5. Problems and Challenges

Internal:

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

External:

- Fluctuating market liquidity position
- Stagnant credit demand
- Impact of low capital expenditure of government on various sectors
- Increasing information security risk
- Slowdown in the economy

Bank's strategy to mitigate problems and challenges:

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

6. Corporate Governance

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

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

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