



INTERIM FINANCIAL **REPORT**

15th July 2024 (31st Ashadh 2081)

A. 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	8,294,458	6,963,371	8,178,988	6,774,258
Due from Nepal Rastra Bank	20,182,905	25,652,421	20,182,905	25,652,421
Placement with Banks and FIs	14,287,531	13,424,390	14,287,531	13,424,390
Derivative Financial Instruments	7,781,530	3,833,462	7,781,530	3,833,462
Other Trading Assets	908,383	92,810	-	-
Loans and Advances to Banks and FIs	12,149,940	8,283,059	12,149,940	8,283,059
Loans and Advances to Customers	373,977,599	331,123,171	373,977,599	331,123,171
Investment Securities	104,025,176	77,109,537	102,940,712	76,452,985
Current Tax Assets	-	-	-	-
Investment in Subsidiaries	-	-	1,798,000	1,798,000
Investment in Associates	179,067	179,067	80,000	80,000
Investment Property	2,962,634	1,827,069	2,962,634	1,827,069
Property and Equipment	4,195,519	3,884,183	4,173,204	3,871,273
Goodwill and Intangible Assets	300,021	292,548	292,309	285,455
Deferred Tax Assets	7,263	-	-	-
Other Assets	10,186,159	7,930,584	9,616,382	7,798,004
Total Assets	559,438,186	480,595,672	558,421,735	481,203,548
		Group	Bank	
	This Quarter Ending	Immediate Previous Year Ending	This Quarter Ending	Immediate Previous Year Ending
Liabilities				
Due to Banks and FIs	6,687,812	6,277,712	6,687,812	6,277,712
Due to Nepal Rastra Bank	-	-	-	-
Derivative Financial Instruments	7,763,741	3,812,946	7,763,741	3,812,946
Deposits from Customers	461,674,482	395,199,006	462,085,913	396,843,499
Borrowings	93,758	-	-	-
Current Tax Liabilities	264,719	492,879	260,645	482,352
Provisions	-	-	-	-
Deferred Tax Liabilities	1,730,273	1,908,713	1,733,501	1,918,850
Other Liabilities	11,262,031	8,965,634	10,693,757	8,468,528
Debt Securities Issued	9,628,440	6,486,982	9,628,440	6,486,982
Subordinated Liabilities	-	-	-	-
Total Liabilities	499,105,257	423,143,872	498,853,810	424,290,869
Equity				
Share Capital	27,056,997	27,056,997	27,056,997	27,056,997
Share Premium	-	-	-	-
Retained Earnings	4,133,895	3,372,743	3,857,344	3,187,059
Reserves	28,866,207	26,758,784	28,653,584	26,668,622
Total Equity Attributable to Equity Holders	60,057,098	57,188,524	59,567,925	56,912,678
Non Controlling Interest	275,830	263,275	-	-
Total Equity	60,332,929	57,451,799	59,567,925	56,912,678
Total Liabilities and Equity	559,438,186	480,595,672	558,421,735	481,203,548

B. 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	10,890,414	46,466,314	13,429,688	46,412,597	10,863,563	46,303,122	13,374,125	46,251,163
Interest Expense	7,209,043	30,110,926	7,727,489	28,501,290	7,207,920	30,096,111	7,726,441	28,502,320
Net Interest Income	3,681,371	16,355,388	5,702,199	17,911,307	3,655,643	16,207,010	5,647,684	17,748,842
Fee and Commission Income	1,315,116	4,223,934	1,132,092	3,697,012	1,245,226	3,983,518	1,085,850	3,545,846
Fee and Commission Expense	238,183	769,790	199,599	674,571	228,498	740,242	189,795	651,054
Net Fee and Commission Income	1,076,933	3,454,144	932,493	3,022,440	1,016,728	3,243,276	896,055	2,894,792
Net Interest, Fee and Commission Income	4,758,305	19,809,532	6,634,692	20,933,747	4,672,371	19,450,286	6,543,740	20,643,634
Net Trading Income	210,460	590,850	122,254	509,274	142,411	536,655	109,132	486,560
Other Operating Income	80,765	240,118	153,628	335,774	59,202	215,669	153,444	365,906
Total Operating Income	5,049,529	20,640,501	6,910,574	21,778,795	4,873,985	20,202,611	6,806,315	21,496,100
Impairment Charge/ (Reversal) for Loans and Other Losses	(11,553)	3,224,390	2,094,557	5,426,269	(11,553)	3,224,390	2,094,557	5,426,269
Net Operating Income	5,061,082	17,416,111	4,816,016	16,352,526	4,885,538	16,978,221	4,711,758	16,069,831
Operating Expense				-		-		
Personnel Expenses	1,039,731	4,853,824	2,088,240	4,582,664	1,012,839	4,766,245	2,072,296	4,525,099
Other Operating Expenses	258,437	1,713,165	314,146	1,556,627	252,647	1,685,442	299,618	1,528,763
Depreciation & Amortisation	462,972	693,905	316,208	513,243	457,427	679,683	313,737	503,210
Operating Profit	3,299,942	10,155,217	2,097,423	9,699,992	3,162,625	9,846,851	2,026,107	9,512,760
Non Operating Income	10,771	38,165	15,815	44,223	2,682	38,165	15,815	43,334
Non Operating Expense	4,564	89,740	69,604	274,884	4,564	89,740	69,604	274,884
Profit Before Income Tax	3,306,150	10,103,643	2,043,633	9,469,331	3,160,743	9,795,276	1,972,318	9,281,210
Income Tax Expense				-		-		
Current Tax	1,030,195	3,044,172	633,853	2,860,768	999,463	2,965,967	610,365	2,803,083
Deferred Tax	(219,751)	(221,976)	75,172	84,135	(230,724)	(230,724)	73,190	73,190
Profit for the Year	2,495,707	7,281,447	1,334,608	6,524,428	2,392,005	7,060,033	1,288,762	6,404,936

C. STATEMENT OF COMPREHENSIVE INCOME

NPR in
'000

Particulars	Group				Bank			
	Current Year		Previous Year Corresponding		Current Year		Previous Year Corresponding	
	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)
Profit / (loss) for the year	2,495,707	7,281,447	1,334,608	6,524,428	2,392,005	7,060,033	1,288,762	6,404,936
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	1,022,150	194,207	1,721,275	194,492	1,019,911	194,207	1,729,199	202,415
Gains/(losses) on revaluation	-	-	-	-	-	-	-	-
Actuarial gains/(losses) on defined benefit plans	(42,954)	(42,954)	21,435	21,435	(42,954)	(42,954)	21,435	21,435
Less: Income tax expense relating to above items	(293,759)	(45,376)	(522,813)	(64,778)	(293,087)	(45,376)	(525,190)	(67,155)
Net other comprehensive income that will not be reclassified to profit or loss	685,437	105,877	1,219,897	151,149	683,870	105,877	1,225,444	156,696
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)	685,437	105,877	1,219,897	151,149	683,870	105,877	1,225,444	156,696
Total Comprehensive Income for the year	3,181,144	7,387,324	2,554,505	6,675,577	3,075,875	7,165,910	2,514,206	6,561,632
Total Comprehensive Income attributable to:								
Equity-Holders of the Bank	3,164,004	7,342,490	2,542,910	6,638,441	3,075,875	7,165,910	2,514,206	6,561,632
Non-Controlling Interest	17,140	44,833	11,595	37,137	-	-	-	-
Total Comprehensive Income for the year	3,181,144	7,387,324	2,554,505	6,675,577	3,075,875	7,165,910	2,514,206	6,561,632
Earnings per Share								
Basic Earnings per Share		26.91		24.11		26.09		23.67
Diluted Earnings per Share		26.91		24.11		26.09		23.67

D. 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		12.52		12.68		12.39		12.54
Gross Non-Performing Loan (NPL)		3.85		3.39		3.85		3.39
Net Non-Performing Loan (NPL)		1.07		1.18		1.07		1.18
Total Loan Loss Provision to Total NPL		110.15		114.39		110.15		114.39
Costs of Funds		5.86		7.81		5.86		7.81
Credit to Deposit Ratio		83.60		87.12		83.60		87.12
Base Rate		7.63		9.52		7.63		9.52
Interest Rate Spread		3.99		4.99		3.99		4.99

E. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Particulars	Group										Non-Controlling Interest Share	Total Group Equity
	Attributable to Equity-Holders of the Bank											
	Share Capital	Share Premium	General Reserve	Exchange Equalisation	Regulatory Reserve	Fair Value Reserve	Revaluation Reserve	Retained Earnings	Other Reserve	Total		
Balance at Shrawan 01, 2019 (17-Jul-2022)	22,832,909	176	12,628,795	752,113	2,428,336	3,568,818	560,136	3,139,622	7,315,345	53,226,247	220,849	53,447,096
Comprehensive Income for the FY 2019-20 (2022-23) :	-	-	-	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	-	6,487,291	-	6,487,291	37,137	6,524,428
Other Comprehensive Income (net of tax)	-	-	-	-	-	136,144	-	-	15,005	151,149	-	151,149
Gains/(losses) from investment in equity instruments measured at fair value	-	-	-	-	-	136,144	-	-	-	136,144	-	136,144
Gains/(losses) on revaluation	-	-	-	-	-	-	-	-	-	-	-	-
Actuarial gains/(losses) on defined benefit plans	-	-	-	-	-	-	-	-	15,005	15,005	-	15,005
Gains/(losses) on cash flow hedge	-	-	-	-	-	-	-	-	-	-	-	-
Exchange gains/(losses) arising from translating financial assets of foreign operation	-	-	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income for the year	-	-	-	-	-	136,144	-	6,487,291	15,005	6,638,441	37,137	6,675,577
Transfer to Reserves during the year	-	-	1,303,832	35,600	1,201,404	-	-	(3,536,802)	995,985	-	-	-
Transfer from Reserves during the year	-	-	-	-	-	(3,235)	-	25,568	48,863	71,195	-	71,195
Transactions with Owners, directly recognized in Equity :	-	-	-	-	-	-	-	-	-	-	-	-
Right Share Issued	-	-	-	-	-	-	-	-	-	-	-	-
Share Based Payments	-	-	-	-	-	-	-	-	-	-	-	-
Dividend to Equity-Holders	-	-	-	-	-	-	-	-	-	-	-	-
Bonus Shares Issued	4,224,088	(176)	-	-	-	-	-	-	(4,223,913)	-	-	-
Cash Dividend Paid	-	-	-	-	-	-	-	(2,625,784)	-	(2,625,784)	-	(2,625,784)
Other	-	-	(4,472)	-	-	13,588	-	(117,162)	(15,538)	(21,575)	5,280	(18,285)
Total Contributions by and Distributions	4,224,088	(176)	1,299,360	35,600	1,201,404	10,352	-	(6,254,170)	(3,192,623)	(2,676,164)	5,280	(2,670,874)
Balance at Ashadh 31, 2020 (16-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
Reserves added through acquisition	-	-	-	-	-	-	-	-	-	-	-	-
Balance at Shrawan 01, 2020 (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 2020-21 (2023-24) :	-	-	-	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	-	7,236,613	-	7,236,613	44,833	7,281,447
Other Comprehensive Income (net of tax)	-	-	-	-	-	218,774	-	-	(30,068)	188,706	-	188,706
Gains/(losses) from investment in equity instruments measured at fair value	-	-	-	-	-	218,774	-	-	-	218,774	-	218,774
Gains/(losses) on revaluation	-	-	-	-	-	-	-	-	-	-	-	-
Actuarial gains/(losses) on defined benefit plans	-	-	-	-	-	-	-	-	(30,068)	(30,068)	-	(30,068)
Gains/(losses) on cash flow hedge	-	-	-	-	-	-	-	-	-	-	-	-
Exchange gains/(losses) arising from translating financial assets of foreign operation	-	-	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income for the year	-	-	-	-	-	218,774	-	7,236,613	(30,068)	7,425,319	44,833	7,470,153
Transfer to Reserves during the year	-	-	1,446,230	26,351	993,215	-	-	(3,547,753)	1,164,086	82,129	122	82,251
Transfer from Reserves during the year	-	-	-	-	-	(82,829)	-	188,619	(106,790)	-	-	-
Transactions with Owners, directly recognized in Equity :	-	-	-	-	-	-	-	-	-	-	-	-
Right Share Issued	-	-	-	-	-	-	-	-	-	-	-	-
Share Based Payments	-	-	-	-	-	-	-	-	-	-	-	-
Dividend to Equity-Holders	-	-	-	-	-	-	-	-	-	-	-	-
Bonus Shares Issued	-	-	-	-	-	-	-	-	-	-	-	-
Cash Dividend Paid	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	3,219	-	(3,024,870)	-	(3,024,870)	(32,400)	(3,057,270)
Total Contributions by and Distributions	-	-	1,446,230	26,351	993,215	(79,610)	-	(6,475,461)	(1,524,785)	(1,614,004)	(32,278)	(4,586,023)
Balance at Ashadh 31, 2021 (15-Jul-2024)	27,056,997	-	15,374,385	814,064	4,622,954	3,854,477	560,136	4,133,895	3,640,190	60,057,098	275,830	60,332,929

NPR in 000

NPR in 1000

Particulars	Bank										Total
	Attributable to Equity-Holders of the Bank										
	Share Capital	Share Premium	General Reserve	Exchange Equalisation	Regulatory Reserve	Fair Value Reserve	Revaluation Reserve	Retained Earning	Other Reserve		
Balance at Shrawan 01, 2019 (17-Jul-2022)	22,82,909	176	12,624,322	752,113	2,428,336	3,592,405	560,136	2,899,545	7,301,806		52,987,747
Comprehensive Income for the FY 2019-20 (2022-23) :											
Profit for the year	-	-	-	-	-	-	-	6,404,936	-	-	6,404,936
Other Comprehensive Income (net of tax)	-	-	-	-	-	141,691	-	-	15,005	-	15,005
Gains/(losses) from investment in equity instruments measured at fair value	-	-	-	-	-	141,691	-	-	-	-	(58,891)
Gains/(losses) on revaluation	-	-	-	-	-	-	-	-	-	-	-
Actuarial gains/(losses) on defined benefit plans	-	-	-	-	-	-	-	-	15,005	-	-
Gains/(losses) on cash flow hedge	-	-	-	-	-	-	-	-	-	-	-
Exchange gains/(losses) arising from translating financial assets of foreign operation	-	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income for the year	-	-	-	-	-	141,691	-	6,404,936	15,005	-	6,561,632
Transfer to Reserves during the year	-	-	1,281,000	35,600	1,201,404	-	-	(3,513,969)	985,965	-	-
Transfer from Reserves during the year	-	-	-	-	-	-	-	22,332	(27,249)	-	(4,916)
Transactions with Owners, directly recognized in Equity :	-	-	-	-	-	-	-	-	-	-	-
Right Share Issued	-	-	-	-	-	-	-	-	-	-	-
Share Based Payments	-	-	-	-	-	-	-	-	-	-	-
Dividend to Equity-Holders	-	-	-	-	-	-	-	-	-	-	-
Bonus Shares Issued	4,224,088	(176)	-	-	-	-	-	(2,625,764)	(4,223,913)	-	(2,625,764)
Cash Dividend Paid	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
Total Contributions by and Distributions	4,224,088	(176)	1,281,000	35,600	1,201,404	-	-	(6,117,421)	(3,251,196)	-	(2,630,701)
Balance at Ashadh 31, 2020 (16-Jul-2023)	27,06,997	-	13,905,322	787,713	3,629,740	3,724,096	560,136	3,187,059	4,061,615	-	56,912,678
Reserves added through acquisition	-	-	-	-	-	-	-	-	-	-	-
Balance at Shrawan 01, 2020 (17-Jul-2023)	27,06,997	-	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 2020-21 (2023-24) :											
Profit for the year	-	-	-	-	-	-	-	7,060,033	-	-	7,060,033
Other Comprehensive Income (net of tax)	-	-	-	-	-	218,774	-	-	(30,068)	-	188,706
Gains/(losses) from investment in equity instruments measured at fair value	-	-	-	-	-	218,774	-	-	-	-	218,774
Gains/(losses) on revaluation	-	-	-	-	-	-	-	-	-	-	-
Actuarial gains/(losses) on defined benefit plans	-	-	-	-	-	-	-	-	(30,068)	-	(30,068)
Gains/(losses) on cash flow hedge	-	-	-	-	-	-	-	-	-	-	-
Exchange gains/(losses) arising from translating financial assets of foreign operation	-	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income for the year	-	-	-	-	-	218,774	-	7,060,033	(30,068)	-	7,248,739
Transfer to Reserves during the year	-	-	1,428,572	26,351	993,215	-	-	(3,510,373)	1,62,235	-	-
Transfer from Reserves during the year	-	-	-	-	-	(62,829)	-	188,351	(106,522)	-	-
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 (prior period tax)	-	-	-	-	-	-	-	(92,467)	(1,524,765)	-	(1,617,232)
Total Contributions by and Distributions	-	-	1,428,572	26,351	993,215	(62,829)	-	(6,368,749)	(939,053)	-	(4,933,482)
Balance at Ashadh 31, 2021 (15-Jul-2024)	27,06,997	-	15,333,895	814,064	4,622,954	3,860,041	560,136	3,857,344	3,462,495	-	59,587,925

F. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

NPR in '000

Particulars	Group		Bank	
	Upto This Quarter	Corresponding Previous Year Upto This Quarter	Upto This Quarter	Corresponding Previous Year Upto This Quarter
CASH FLOWS FROM OPERATING ACTIVITIES:				
Interest Received	46,466,314	46,412,597	46,142,796	46,251,163
Fees and other income received	4,502,217	4,077,009	4,237,352	3,955,085
Dividend received	-	-	-	-
Receipts from other operating activities	590,850	509,274	536,655	486,560
Interest paid	(30,110,926)	(28,501,290)	(29,974,977)	(28,502,320)
Commission and fees paid	(769,790)	(674,571)	(740,242)	(651,054)
Cash payment to employees	(4,853,824)	(4,582,664)	(4,766,245)	(4,525,099)
Other expense paid	(1,802,905)	(1,831,511)	(1,775,182)	(1,803,647)
Operating cash flows before changes in operating assets and liabilities	14,021,937	15,408,843	13,660,158	15,210,689
(Increase)/Decrease in operating assets				
Due from Nepal Rastra Bank	5,469,516	(12,615,182)	5,469,516	(12,615,182)
Placement with bank and financial institutions	(863,142)	(4,553,495)	(863,142)	(4,553,495)
Other trading assets	(815,573)	99,472	-	29,729
Loan and advances to bank and financial institutions	(3,866,880)	2,083,879	(3,866,880)	2,083,879
Loan and advances to customers	(46,078,818)	(36,343,787)	(45,918,493)	(36,343,787)
Other assets	(6,203,643)	(4,051,927)	(5,766,446)	(3,961,302)
Increase/ (Decrease) in operating liabilities	-			
Due to bank and financial institutions	410,100	2,924,102	410,100	2,924,102
Due to Nepal Rastra Bank	-	(4,657,437)	-	(4,657,437)
Deposit from customers	66,475,476	69,012,934	65,242,414	70,621,189
Borrowings	93,758	(10,720,730)	-	(10,720,730)
Other Liabilities	5,882,988	(1,347,410)	5,509,600	(1,320,925)
Net cash flow from operating activities before tax paid	34,525,719	15,239,263	33,876,827	16,696,730
Income taxes paid	(4,441,509)	(1,789,039)	(4,322,545)	(1,714,252)
Net cash flow from operating activities (A)	30,084,210	13,450,224	29,554,282	14,982,478
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investment securities	(26,721,432)	(13,719,052)	(26,775,383)	(15,295,525)
Receipts from sale of investment securities	-	-	481,863	-
Purchase of property and equipment	(1,005,241)	(851,071)	(1,043,259)	(838,382)
Receipt from the sale of property and equipment	-	-	164,458	-
Purchase of intangible assets	(7,473)	1,981	(6,854)	6,265

Receipt from the sale of intangible assets	-	-	-	-
Purchase of investment properties	(1,135,565)	(508,471)	(1,135,565)	(508,471)
Receipt from the sale of investment properties	-	-	-	-
Interest received	-	-	-	-
Dividend received	-	-	-	-
Net cash used in investing activities (B)	(28,869,711)	(15,076,612)	(28,314,741)	(16,636,113)
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipt from issue of debt securities	3,141,458	2,139	3,141,458	2,139
Repayment of debt securities	-	-	-	-
Receipt from issue of subordinated liabilities	-	-	-	-
Repayment of subordinated liabilities	-	-	-	-
Receipt from issue of shares	-	-	-	-
Dividends paid	(3,024,870)	(2,625,784)	(2,976,270)	(2,625,784)
Interest paid	-	-	-	-
Other receipt/payment	-	-	-	-
Net cash from financing activities (C)	116,588	(2,623,646)	165,188	(2,623,646)
Net increase (decrease) in cash and cash equivalents	1,331,087	(4,250,035)	1,404,730	(4,277,281)
Cash and cash equivalents at Shrawan 01 (beginning of the year)	6,963,371	11,213,406	6,774,258	11,051,539
Effect of exchange rate fluctuations on cash and cash equivalents held	-	-	-	-
Cash and cash equivalents at Ashadh end	8,294,458	6,963,371	8,178,988	6,774,258

G. STATEMENT OF DISTRIBUTABLE PROFIT OR LOSS

Particulars	NPR	
	Current Year Upto this Qtr YTD	Previous Year Upto this Qtr YTD
Net profit / (loss) as per statement of profit or loss	7,060,033	6,404,936
Transfer from Fair Value Reserve	82,829	-
Less: appropriations (-) / contributions (+):		
a. General reserve	(1,428,572)	(1,281,000)
b. Foreign exchange fluctuation fund	(26,351)	(35,600)
c. Capital redemption reserve (Debenture Redemption Reserve)	(923,407)	(923,407)
d. Corporate social responsibility fund	(70,600)	(64,049)
e. Employees' training fund	(11,134)	(6,369)
f. Investment adjustment reserves	-	(1,140)
g. Others:	49,429	21,332
- Contingent reserve	(1,000)	(1,000)
- Cash dividend	-	-
- Bonus share	-	-
- CSR Expenses routed through SoPL	50,429	22,332
Profit or (loss) before regulatory adjustment	4,732,226	4,114,703
Regulatory adjustment :		
a. Interest receivable (-)/previous accrued interest received (+)	(101,005)	(902,503)
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 (+)	(715,406)	(320,337)
e. Deferred tax assets recognised (-)/ reversal (+)	(133,849)	-
f. Goodwill recognised (-)/ impairment of Goodwill (+)	-	-
g. Bargain purchase gain recognised (-)/reversal (+)	-	-
h. Actuarial loss recognised (-)/reversal (+)	(42,954)	21,435
i. Other (+/-)	-	-
Total Adjustment in Regulatory Reserve	(993,215)	(1,201,404)
Net Profit for the Year end available for distribution	3,739,012	2,913,299
Opening balance in retained earnings	3,187,059	2,899,545
Adjustment (+/-) (prior period tax adjustment)	(92,457)	-
Bonus Share Issued	-	-
Cash Dividend Paid	(2,976,270)	(2,625,784)
Total distributable profit as on year end date	3,857,344	3,187,059
Distributable profit per share	14.26	11.78

H. CONCENTRATION OF CREDITS, DEPOSITS AND BORROWINGS

	<i>NPR in Full Figures</i>	
A. Concentration of Borrowings		
Particulars	Current Year	Previous Year
Borrowings from 10 largest lenders.	-	433,950,000
Percentage of borrowings from ten largest lenders to total depositors	-	0.11%
B. Concentration of Credit exposures		
Particulars	Current Year	Previous Year
Total exposures to twenty largest borrowers		
a. As per group (related party)	40,157,106,133	35,894,270,411
b. As per individual customer	36,676,160,570	32,042,349,588
Percentage of exposures to twenty largest borrowers to Total Loans and Advances		
a. As per group (related party)	10.34%	10.51%
b. As per individual customer	9.44%	9.38%
LDO	388,361,646,985	341,451,078,077
C. Concentration of Deposits		
Particulars	Current Year	Previous Year
Total deposits from twenty largest depositors		
a. Group-wise	105,069,918,139	101,518,153,858
b. As per individual customer	5,755,035,403	3,861,433,407
Percentage of deposits from twenty largest depositors to Total Deposits		
a. Group-wise	22.41%	25.21%
b. As per individual customer	1.23%	0.96%

I. NOTES TO THE INTERIM FINANCIAL STATEMENTS

• 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.

i. 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.

• 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 applied alternative treatment in the Carve-out issued by the Institute of Chartered Accountants of Nepal with respect to the following:

- The Bank has measured impairment loss on Loans and Advances at the higher of amount derived as per norms prescribed by Nepal Rastra Bank for loan loss provision and the amount determined as per Para 5.5 of NFRS 9.
- The Bank has not factored fees and points paid or received on loans and advances in the application of effective interest rate. These have been recognized directly in the Statement of Profit and Loss.

• 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).

• 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

• **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.

• **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:

- Other Trading Assets (investment in mutual funds) and Investment Securities (investment in equity instruments) are measured at fair value under NFRS 9 ‘Financial Instrument’.
- 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” inclusive of the alternative treatment prescribed on carve-out in NFRS.

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. Para 5.2.2 of NFRS 9 prescribes the application of impairment requirements in paragraphs 58-65 and AG84 - AG93 of NAS 39 to financial assets measured at amortized cost. Accordingly, the Group has applied para 5.5 of NFRS 9 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 10 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 acquiree 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. 4/80 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. 4/80 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 and capital reserve arising out of business combinations. Funds in this reserve are not available for distribution of cash dividend but can be capitalized by issuing bonus shares upon obtaining prior approval from 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 06/80. 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 heading and is a compliance requirement of NRB directive no. 4/080 and 8/080. The Bank is required to maintain balance in this reserve heading which is calculated at fixed percentages of the cost of equity investments that are not held for trading. Changes in this reserve requirement are reclassified to retained earnings. 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.

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. 4/080. 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. 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**Contingent reserve**

This is a non-statutory reserve and is created by the Bank towards meeting operational requirements. A fixed amount is annually appropriated from net profit into this fund. Balance in this fund is utilized towards providing financial support to employees for treatment of severe cases of life-threatening ailments that are not adequately covered under medical insurance policy. Amount paid to staff from this fund is re-classified to retained earnings and is recognized as personnel expense in profit or loss. No such reserve is maintained by the Subsidiary.

Debenture Redemption Reserve

This is a statutory reserve and is a compliance requirement of NRB directive no.16/080. The Bank is required to maintain a redemption reserve in respect of borrowing raised through debenture issuance. As per the terms of NRB approval relating to the Bank's debenture issuance, the Bank is annually required to transfer 20% of the debenture's face value to redemption reserve, starting from the 6th year of the issue. The Subsidiary has not raised any borrowing through debenture issuance.

Employees training and capacity development fund

This is a statutory reserve and is a compliance requirement of NRB circular 6/080. 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.

• 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	Koshi		Madhesh		Bagmati		Gandaki	
	Current Quarter	Corresponding Previous Year Quarter	Current Quarter	Corresponding Previous Year Quarter	Current Quarter	Corresponding Previous Year Quarter	Current Quarter	Corresponding Previous Year Quarter
Revenues from external customers	3,787,511	3,016,963	3,363,248	2,551,127	35,343,939	54,321,897	2,379,521	2,152,264
Intersegment revenues	3,222,868	675,457	1,481,085	528,286	58,809,775	8,732,599	1,268,057	891,371
Segment profit (loss) before tax	812,983	-	577,602	-	7,991,593	-	530,028	-
Segment assets	35,359,021	32,793,596	31,235,652	28,647,370	428,125,895	303,484,573	17,443,195	15,826,205
Segment liabilities	35,357,720	-	31,235,491	-	368,559,432	-	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	4,165,349	2,825,153	347,155	251,513	1,327,245	818,995	50,713,967	65,937,913
Intersegment revenues	2,208,544	939,799	173,693	124,423	591,204	90,798	67,755,226	11,982,733
Segment profit (loss) before tax	496,165	-	131,726	-	343,542	-	10,883,640	-
Segment assets	33,218,422	32,091,135	2,726,016	2,802,219	10,313,534	9,277,142	558,421,735	424,922,239
Segment liabilities	33,218,422	-	2,726,016	-	10,313,534	-	498,853,810	-

b. Reconciliation of reportable segment profit or loss

Particulars	NPR 000	
	Current Quarter	Corresponding Previous Year Quarter
Total profit before tax for reportable segments	10,883,640	11,982,733
Profit before tax for other segments		
Elimination of inter-segment profit		
Elimination of discontinued operation		
Unallocated amounts:		
- Other corporate expenses	1,088,364	1,198,273
Profit before tax	9,795,276	10,784,460

• Related Parties 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 Subsidiary 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 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.

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

Not Applicable

- **Issues, repurchases and repayments of debt and equity securities**

None

- **Events after reporting period**

Events after the reporting date are those events, favorable and unfavorable, that occur between the reporting date and the date when the financial statements are authorized for issue.

There are no material events after reporting period affecting financial status of the bank as on Ashadh 2081.

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

There are no merger or acquisitions transaction during the reporting period.

J. 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.

K. 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.

L. ANALYSIS OF BANK'S SHARE 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	547
Minimum Price	419
Closing Price	524
Total Units Traded	3,983,370
Total Days Traded	61

M. PROBLEMS AND CHALLENGES

Internal:

- NPA Management 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

N. 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.

O. 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.