नेपाल बैंक लिमिटेड
NEPAL BANK LIMITED

Dharmapath, Kathmandu
Interim Financial Statement (Unaudited)

Condensed Statement of Financial Position

As on Quarter ended 31st Chaitra, 2081 (Mid April 2025) *Figures in NPR*

Assets	This Quarter Ending	Immediate Previous Year Ending
Cash and cash equivalent	38,867,395,835	35,705,074,523
Due from Nepal Rastra Bank	16,009,135,309	21,545,476,231
Placement with Bank and Financial Institutions	6,331,835,000	4,115,390,000
Derivative Financial Instrument	5,660,126,572	3,334,953,041
Other Trading Assets	171,093,299	99,314,408
Loan and advances to B/FIs	6,936,292,813	7,013,462,114
Loan and Advances to Customers	216,009,359,057	194,667,770,477
Investment Securities	57,382,537,810	46,407,773,958
Current Tax Assets	2,680,060,140	2,927,032,365
Investment in Subsidiaries	-	-
Investment in Associates	1,952,247,915	2,059,346,477
Investment Property	204,112,166	205,738,502
Property and Equipment	13,387,169,088	13,302,874,848
Goodwill and Intangible assets	15,676,069	22,251,984
Deferred Tax Assets	-	-
Other Assets	7,787,613,874	8,946,768,726
Total Assets	**373,394,654,947**	**340,353,227,653**
Liabilities		
Due to Bank and Financial Institutions	1,852,230,546	476,582,133
Due to Nepal Rastra Bank	-	-
Derivative Financial Instruments	5,316,510,745	3,321,660,000
Deposits from Customers	313,721,579,342	283,083,745,209
Borrowings	-	-
Current Tax Liabilities	-	-
Provisions	445,185,570	142,235,769
Deferred Tax Liabilities	4,385,545,724	4,039,288,771
Other Liabilities	5,864,537,281	10,159,085,084
Debt securities issued	3,495,418,412	3,494,939,268
Subordinated Liabilities	-	-
Total Liabilities	**335,081,007,620**	**304,717,536,234**
Equity		
Share Capital	14,694,022,928	14,694,022,928
Share Premium	-	-
Retained Earnings	306,218,431	(965,074,675)
Reserves	23,313,405,968	21,906,743,166
Total equity attributable to equity holders	**38,313,647,327**	**35,635,691,419**
Non-controlling interest	-	-
Total Equity	**38,313,647,327**	**35,635,691,419**
Total Liabilities and Equity	**373,394,654,947**	**340,353,227,653**

Condensed Statement of Profit or Loss

For the Quarter Ended 31st Chaitra 2081 *Figures in NPR*

Particulars	Current Year		Previous Year Corresponding	
	This Quarter	Up to This Quarter (YTD)	This Quarter	Up to This Quarter (YTD)
Interest Income	5,441,765,652	16,886,875,736	6,048,203,715	19,297,783,691
Interest expense	2,967,654,227	9,786,123,108	3,907,111,910	12,522,625,602
Net interest income	**2,474,111,425**	**7,100,752,628**	**2,141,091,805**	**6,775,158,090**
Fees and Commission Income	362,132,861	1,035,140,119	331,016,482	928,939,044
Fees and Commission Expense	149,550,757	281,226,907	28,520,898	72,638,170
Net fee and commission income	**212,582,103**	**753,913,212**	**302,495,584**	**856,300,874**
Net interest,fee and commission income	**2,686,693,528**	**7,854,665,839**	**2,443,587,390**	**7,631,458,963**
Net trading income	324,751,126	403,005,632	25,014,584	69,831,972
Other operating income	121,696,606	310,942,749	108,150,970	292,484,511
Total operating income	**3,133,141,260**	**8,568,614,221**	**2,576,752,943**	**7,993,775,447**
Impairment charge/(reversal) for loans and other losses	(2,244,624,259)	**282,817,770**	1,582,816,415	**3,660,084,055**
Net operating income	**5,377,765,520**	**8,285,796,451**	**993,936,528**	**4,333,691,392**
Operating Expenses				
Personnel Expense	1,136,971,193	2,980,816,112	828,993,274	2,711,854,497
Other Operating Expense	255,835,743	727,488,136	249,343,226	761,186,012
Depreciation and Amortization	88,943,106	264,708,927	92,864,089	275,321,343
Operating profit	**3,896,015,477**	**4,312,783,275**	**(177,264,061)**	**585,329,540**
Non operating Income	954,967	2,660,350	2,094,855	3,149,924
Non operating expense	-	-	-	-
Profit before Income tax	**3,896,970,444**	**4,315,443,625**	**(175,169,206)**	**588,479,464**
Income tax Expenses				
Current Tax	1,140,582,885	1,140,582,885	(40,043,436)	193,440,502
Deferred Tax	433,910,522	391,366,056	324,416,923	264,529,857
Profit/(loss) for the period	**2,322,477,037**	**2,783,494,683**	**(459,542,694)**	**130,509,106**
Condensed Statement of Comprehensive Income				
Profit/(loss) for the period	2,322,477,037	2,783,494,683	(459,542,694)	130,509,106
Other Comprehensive Income	(288,137,367)	(105,254,575)	(405,596,735)	(410,109,559)
Total Comprehensive Income	**2,034,339,670**	**2,678,240,108**	**(865,139,429)**	**(279,600,454)**
Basic earning per share		25.26		1.18
Diluted earning per share		25.26		1.18
Profit attributable to:				
Equity holders of the Bank	2,034,339,670	2,678,240,108	(865,139,429)	(279,600,454)
Non-controlling interests	-	-	-	-
Total	**2,034,339,670**	**2,678,240,108**	**(865,139,429)**	**(279,600,454)**
Ratios as per NRB Directives				
Tier 1 Capital to RWA		10.09%		10.37%
CET 1 Capital to RWA		10.09%		10.37%
Capital Fund to RWA		12.97%		13.09%
Return to Equity		10.04%		0.48%
Return to Asset		1.04%		0.06%
Non-Performing Loan (NPL) to total loan		5.45%		4.85%
Total Loan Loss provision to Total NPL		90.18%		103.86%
Cost of Funds		3.96%		5.81%
Credit to Deposit Ratio		72.71%		74.89%
Base Rate		5.96%		7.99%
Interest Rate Spread		3.86%		3.95%

Notes to Financial Statement

1. Above Financial Statements are prepared in accordance with the Nepal Financial Reporting Standards (NFRS) including directives issued by Nepal Rastra Bank.
2. These figures may vary with the audited figures at the instance of external auditor and regulator.
3. Figures have been regrouped and rearranged wherever necessary.
4. Loans and advances to customers include Loan to customers and Loan to Employees which have been measured at amortized cost.
5. The provision for Defined benefit obligation and leave are based on Management Assumption.
6. Personnel expenses include employee bonus provision and amortization of the deferred employee benefits of subsidized loans provided as per Employee Service Bylaw of the bank.
7. NFRS adjustments which are subject to regulatory adjustments as per NRB directives have been shown as regulatory adjustments.
8. Other Comprehensive income includes the fair value changes of Investment and actuarial gain /(losses) net of tax.
9. Pursuant to adoption of ECL model, recognition of interest income has been based upon NRB NFRS 9 ECL Related Guidelines, 2024
10. Following regulatory backstop as mentioned in Clause 16 of "NFRS 9- Expected Credit Loss Related Guidelines, 2024" bank has recognized impairment on credit exposures as the HIGHER of total ECL calculated as per NFRS 9 and existing regulatory provisions as mentioned in NRB Unified Directives no 02.
11. Coupon rate of loan has been used as effective interest rate (EIR) considering the transaction cost associated with extending credit facility as nominal.
12. **The detailed interim report has been published in the bank's website www.nepalbank.com.np.**

Statement of Distributable Profit or Loss

For the Quarter Ended 31st Chaitra 2081
(As per NRB Regulation)

Particulars	Current Year	Previous Year
	Up to this Qtr. YTD	Corresponding Qtr. YTD
Net Profit or (loss) as per statement of profit or loss	**2,783,494,683**	**130,509,106**
Appropriations		
a. General Reserve	(556,698,937)	(26,101,821)
b. Exchange Fluctuation Fund	-	-
c. Capital Redemption Reserve	-	-
d. Corporate Social Responsibility Fund	(7,065,324)	5,143,094
e. Employees Training Fund	(23,438,775)	(21,112,959)
f. Others	-	-
- Employees Welfare Fund	(27,834,947)	(1,305,091)
- Debenture Redemption Reserve	(291,666,667)	(291,666,667)
Profit or (loss) before regulatory adjustment	**1,876,790,034**	**(335,043,444)**
Regulatory adjustment		
a. Interest receivable (-)/previous accrued interest received (+)	(99,081,145)	(457,377,636)
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 (+)	849,142	10,372,439
e. Deferred tax assets recognized (-)/ reversal (+)	75,500,245	-
f. Goodwill recognized (-)/ impairment of Goodwill (+)	-	-
g. Bargain purchase gain recognized (-)/reversal (+)	-	-
h. Actuarial loss recognized (-)/reversal (+)	(552,765,170)	(395,482,920)
i. Other		
- *Investment Adjustment Reserve*	(30,000,000)	-
- *Other*	-	-
Net Profit for Quarter ended Chaitra 2081 available for distribution	**1,271,293,106**	**(1,047,022,455)**
Opening Retained Earnings as on Shrawan 1, 2081	**(965,074,675)**	**389,959**
Adjustments (+/-)		
Distribution:		
Bonus Shares issued	-	-
Cash Dividend paid	-	-
Total Distributable profit or (loss) as on Chaitra end 2081	**306,218,431**	**(1,046,632,495)**
Annualized Distributable Profit/Loss per share	**2.78**	**(9.50)**

Disclosure as per Securities Registration and Issuance Regulation, 2073

(Related to sub-Rule (1) of Rule 26)
Quarterly Detail as of Chaitra end 2081 (April 13, 2025)

1. Financial Statements

A. Statement of Financial Position and statement of profit or Loss
Published along with this report.

B. Related Party Disclosure
Nepal Government holds 51% shares in the bank and has representation on the board of directors of the bank and hence it is considered to be a related party to the bank.
The directors, chief executive officer and other key management personnel are also considered to be related parties to the bank. No transaction between the bank and KMPs was observed other than as prescribed under the Employee Service Bylaw of the bank.

C. Major Financial Highlights

a.	Earnings per Share (Annualized)	NPR 25.26	d.	Liquidity	36.05 %
b.	Market Value per Share	NPR 251	e.	Return on Assets	1.04 %
c.	Price Earnings Ratio	(Times) 9.94	f.	Net worth per Share	NPR 260.74

2. Management Analysis

a. Net profit up to this quarter for the current FY 2081/82 has increased in comparison to the same period of the previous year because of increase in net interest income and decrease in impairment charges.
b. Retained Earnings has increased during current quarter of FY 2081/82 in comparison to the same period of the previous year due to increase in profit.
c. The liquidity of the bank is sufficient to meet the lending opportunities. However, low credit demand in the overall banking industry during the review period has been a great concern.
d. The objective of business diversification and improvement in qualitative services covering remote area branches has resulted in banking access and financial inclusiveness along with customer-friendly services nationwide as per the need of time and client.
e. The bank is constantly improving its IT infrastructure to allow automated transactions through digital channels and make the bank more competitive, along with the initiation of procurement for new competitive CBS.
f. The bank has prepared a robust risk management and AML/CFT policy as per international norms and is implementing them thoroughly.

3. Detail relating to legal action

Bank has filed no cases during the quarter. However, 38 case have been filed against the bank in the quarter. No notice and information have been received by the bank to date regarding any cases filed for and against promoters/directors/on account of violation of prevailing laws or commission of criminal offenses or financial crime.

4. Analysis of share transactions and progress of the bank

a. Management view on share transactions of the bank in the securities market –
Share transaction of the bank takes place in the secondary market of the Nepal Stock Exchange through open share market operation. Management view on this is neutral. Transaction volume has increased in comparison to immediately preceding quarter.
b. Maximum, minimum, and last share price of the bank, including total number of shares traded and days of transaction during the quarter.
Maximum Price: NPR 277 Minimum Price: NPR 240.5 Last Price: NPR 251
Transaction volume: 44,87,764 shares Days of transaction: 56

5. Problems and Challenges

Internal
- Non-performing loan and its management.
- Increased operational cost.
- Retention of qualified and skilled human resources.
- Risk Management of increasing digitization and digital products.

External
- Concern on world economy growth amidst Russia-Ukraine war and Middle East Unrest.
- Decline in growth of Construction and Production sector.
- High Liquidity in Banking Sector.
- Difficulty in lending due to economic stagnation and low government spending.
- Regulated interest spread squeezing the margin.
- Stiff competition from other Bank and Financial Institutions.
- Fluctuation in foreign exchange rate along with increasing inflation rate.

Strategy
- Focus on controlled business growth and profit management.
- Digitize the banking services to increase operating efficiency and continue to introduce new banking products.
- Explore new sectors for the non-interest income of the bank.
- Focus on Prudent Assets and Liability Management of the bank.
- Maintain effectiveness in customer service and dealings with simplified processes.
- Focus on Risk Management and Internal Control along with compliance of applicable Rules and Regulations.

6. Corporate Governance

The Board of the bank is the apex body that is responsible and accountable to the shareholders for the maintenance of good governance in the bank.

The Risk Management Committee, which is a sub-committee of the Board, is entrusted to review the overall risks of the bank and recommend the Board and management for policy prescription when required. The Sub-committee meets regularly as and when required.

The Audit Committee, which is a sub-committee of the Board, reviews the audit reports of all the branches and departments/ divisions of the bank sand gives feedback to the Board and the Senior Management.

The Staff Service Facility Committee, which is a sub-committee of the Board, reviews the facilities and services of the staffs of bank and gives feedback to the Board and the Senior Management.

The Credit Committee of the bank is the CEO-level committee comprising the senior executive representing various business functions of the bank to approve, review, and monitor the credit portfolio of the bank. This committee also recommends the credit-related proposal to the Board for approval.

The ALM Committee, which is led by the CEO, is responsible for the prudent management of the Financials of the bank. It reviews interest rate risk, liquidity risk, and market risk of the bank regularly.

The AML Committee is the committee formed under the board of directors of the bank to monitor and review the AML/ CFT and CPF Activities of the Bank.

The Governance Division, which is headed by the Board Secretary, is responsible for monitoring the governance in the bank and report to the Board and concerned regulatory bodies.

7. Declaration by the Chief Executive Officer on the Truthfulness and Accuracy of information

I, as at the date, hereby individually accept responsibility for the accuracy of the information and details contained in this report. I also hereby declare that to the best of my knowledge and belief, the information contained in this report is true, accurate, and complete, and there are no other matters concealed, the omission of which shall adversely affect the informed investment decision by the investors.