नेपाल बैंक लिमिटेड
NEPAL BANK LIMITED

Head Office
Dharmapath, Kathmandu

Interim Financial Statement (Unaudited)

Condensed Statement of Financial Position

As on Quarter ended 32nd Ashadh, 2083 (Mid July 2026) — *Figures in NPR*

Assets	This Quarter Ending	Immediate Previous Year Ending (Audited)
Cash and cash equivalent	69,028,546,363	49,807,158,761
Due from Nepal Rastra Bank	31,090,832,447	18,193,432,501
Placement with Bank and Financial Institutions	10,007,942,500	6,871,215,000
Derivative Financial Instrument	8,961,897,984	6,634,727,478
Other Trading Assets	187,883,891	177,323,659
Loan and advances to B/FIs	11,870,370,135	7,180,888,311
Loan and Advances to Customers	243,590,656,227	220,499,777,916
Investment Securities	80,907,173,241	60,728,431,200
Current Tax Assets	2,274,507,135	2,569,626,251
Investment in Subsidiaries	-	-
Investment in Associates	4,286,192,000	3,705,894,927
Investment Property	361,852,896	264,227,850
Property and Equipment	13,315,438,379	13,502,108,890
Goodwill and Intangible assets	47,239,414	23,567,319
Deferred Tax Assets	-	-
Other Assets	8,523,163,505	8,483,290,438
Total Assets	**484,453,696,116**	**398,641,670,501**
Liabilities		
Due to Bank and Financial Institutions	1,201,299,427	4,782,508,343
Due to Nepal Rastra Bank	-	-
Derivative Financial Instruments	8,975,280,253	6,617,859,207
Deposits from Customers	415,182,034,292	332,092,373,047
Borrowings	-	-
Current Tax Liabilities	-	-
Provisions	208,014,441	138,801,325
Deferred Tax Liabilities	4,620,763,677	3,409,253,788
Other Liabilities	8,495,904,558	10,488,640,094
Debt securities issued	3,496,291,956	3,495,578,127
Subordinated Liabilities	-	-
Total Liabilities	**442,179,588,603**	**361,025,013,931**
Equity		
Share Capital	14,694,022,928	14,694,022,928
Share Premium	-	-
Retained Earnings	2,327,960,909	(1,418,553,086)
Reserves	25,252,123,675	24,341,186,727
Total equity attributable to equity holders	**42,274,107,512**	**37,616,656,569**
Non-controlling interest	-	-
Total Equity	**42,274,107,512**	**37,616,656,569**
Total Liabilities and Equity	**484,453,696,116**	**398,641,670,501**

Condensed Statement of Profit or Loss

For the Quarter Ended 32nd Ashadh 2083 — *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	5,756,185,800	21,953,771,899	6,235,588,519	23,122,464,255
Interest Expense	3,036,331,119	11,920,711,355	3,197,053,904	12,983,177,012
Net Interest Income	**2,719,854,681**	**10,033,060,544**	**3,038,534,615**	**10,139,287,243**
Fees and Commission Income	451,417,341	1,389,531,746	438,667,378	1,473,807,498
Fees and Commission Expense	106,764,345	360,516,125	14,508,333	295,735,240
Net Fee and Commission Income	**344,652,995**	**1,029,015,621**	**424,159,045**	**1,178,072,257**
Net Interest, Fee and Commission Income	**3,064,507,676**	**11,062,076,165**	**3,462,693,660**	**11,317,359,500**
Net Trading Income	79,460,178	338,626,543	(200,823,341)	202,182,291
Other Operating Income	166,969,170	689,266,929	164,830,709	475,773,458
Total Operating Income	**3,310,937,025**	**12,089,969,637**	**3,426,701,028**	**11,995,315,249**
Impairment charge/(reversal) for loans and other losses	(625,489,130)	**(1,016,523,786)**	1,971,547,645	**2,254,365,414**
Net Operating Income	**3,936,426,154**	**13,106,493,423**	**1,455,153,384**	**9,740,949,835**
Operating Expenses				
Personnel Expense	1,199,970,183	4,499,196,598	879,580,477	3,860,396,589
Other Operating Expense	271,571,574	1,039,359,980	354,166,337	1,081,654,473
Depreciation and Amortization	126,281,397	376,472,454	86,197,689	350,906,616
Operating Profit	**2,338,603,001**	**7,191,464,391**	**135,208,881**	**4,447,992,156**
Non-operating Income	4,186,223	6,273,317	4,638,311	7,298,661
Non-operating Expense	35,472,369	35,472,369	-	-
Profit before Income Tax	**2,307,316,856**	**7,162,265,339**	**139,847,192**	**4,455,290,817**
Income Tax Expenses				
Current Tax	617,976,545	1,531,141,311	396,662,752	1,537,245,638
Deferred Tax	(17,877,041)	1,130,924,755	(551,351,796)	(159,985,739)
Profit/(loss) for the Period	**1,707,217,351**	**4,500,199,273**	**294,536,236**	**3,078,030,919**
Condensed Statement of Comprehensive Income				
Profit/(loss) for the Period	1,707,217,351	4,500,199,273	294,536,236	3,078,030,919
Other Comprehensive Income	482,706,015	188,031,979	(991,526,993)	(1,096,781,568)
Total Comprehensive Income	**2,189,923,366**	**4,688,231,253**	**(696,990,758)**	**1,981,249,350**
Basic earning per share		30.63		20.95
Diluted earning per share		30.63		20.95
Profit Attributable to:				
Equity Holders of the Bank	2,189,923,366	4,688,231,253	(696,990,758)	1,981,249,350
Non-controlling Interests	-	-	-	-
Total	**2,189,923,366**	**4,688,231,253**	**(696,990,758)**	**1,981,249,350**
Ratios as per NRB Directives				
Tier 1 Capital to RWA		11.27%		9.41%
CET 1 Capital to RWA		11.27%		9.41%
Capital Fund to RWA		13.66%		12.43%
Return to Equity		11.27%		8.40%
Return to Asset		1.02%		0.83%
Non-performing Loan (NPL) to Total Loan		4.18%		4.56%
Total Loan Loss Provision to Total NPL		111.70%		122.91%
Cost of Funds		2.92%		3.74%
Credit to Deposit Ratio		62.85%		70.72%
Base Rate		4.45%		5.58%
Interest Rate Spread		3.54%		3.90%

Notes to Interim 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. Previous Quarter Ending Figures have been regrouped and rearranged wherever necessary which might vary from previous quarter published figures.
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. Recognition of interest income has been based upon NRB NFRS 9 ECL Related Guidelines, 2024 and Guidance Note on Interest Income Recognition, 2025
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. **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 32nd Ashadh 2083
(As per NRB Regulation) — *Figures in NPR*

Particulars	Current Year Up to this Qtr. YTD	Previous Year Corresponding Qtr. YTD
Net Profit or (loss) as per statement of profit or loss	**4,500,199,273**	**3,078,030,919**
Appropriations		
a. General Reserve	(900,039,855)	(615,606,184)
b. Exchange Fluctuation Fund	(1,880,929)	(909,136)
c. Capital Redemption Reserve	-	-
d. Corporate Social Responsibility Fund	(41,411,595)	(8,618,979)
e. Employees Training Fund	3,040,021	(22,537,024)
f. Others	-	
- Employees Welfare Fund	(45,001,993)	(30,780,309)
- Debenture Redemption Reserve	(388,888,889)	(388,888,889)
Profit or (loss) before regulatory adjustment	**3,126,016,034**	**2,010,690,398**
Regulatory adjustment		
a. Interest receivable (-)/previous accrued interest received (+)	106,850,007	(64,600,077)
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 (+)	(51,287,318)	(30,727,379)
e. Deferred tax assets recognized (-)/ reversal (+)	332,500,555	(475,851,551)
f. Goodwill recognized (-)/ impairment of Goodwill (+)		-
g. Bargain purchase gain recognized (-)/reversal (+)		-
h. Actuarial loss recognized (-)/reversal (+)	245,734,435	(1,862,989,801)
i. Other		-
- *Interest Capitalized Reserve*	(13,299,719)	-
- *Investment Adjustment Reserve*	-	(30,000,000)
Net Profit for Quarter ended Ashadh 2083 available for distribution	**3,746,513,995**	**(453,478,411)**
Opening Retained Earnings as on Shrawan 1, 2082	**(1,418,553,086)**	**(965,074,675)**
Adjustments (+/-)		
Distribution:		
Bonus Shares issued	-	-
Cash Dividend paid	-	-
Total Distributable profit or (loss) as on Ashadh end 2083	**2,327,960,909**	**(1,418,553,086)**
Annualized Distributable Profit/Loss per share	**15.84**	**(9.65)**

Disclosure as per Securities Registration and Issuance Regulation, 2073

(Related to sub-Rule (1) of Rule 26)

Quarterly Detail as of Ashadh end 2083 (July 16, 2026)

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 and has representation on the board of directors of the bank and hence it is considered to be a related party to the bank.

Directors, Chief Executive Officer and other Key Management Personnel (KMP) are also considered to be related parties to the bank. No transaction between the bank and KMP's was observed other than prescribed under the Employee Service Bylaw of the bank.

C. Major Financial Highlights

a.	Earnings per Share (Annualized)	NPR 30.63	d.	Liquidity	45.22 %
b.	Market Value per Share	NPR 261.60	e.	Return on Assets	1.02 %
c.	Price Earnings Ratio	(Times) 8.54	f.	Net worth per Share	NPR 287.70

2. Management Analysis

- Net Interest Income has decreased in comparison to same period of previous year with reduction in interest income and spread rate.
- Net profit for the current financial year has increased with reversal of impairment charges of loan and advances.
- With increased profitability, Retained Earnings has increased in comparison to same period of the previous year.
- The liquidity is sufficient to meet the lending opportunities. However, low credit demand in the economy has significant impact on overall banking industry.
- The bank aims to achieve the objectives of business growth and profitability through enhanced customer service, business diversification, digitization and deposit mobilization.
- The bank is promoting financial inclusion through conducting various financial literacy programs, awareness videos.
- The bank is constantly adopting digital channels and IT infrastructure to allow automated transactions.
- The bank has robust risk management and AML/CFT policy in implementation as per international norms.

3. Detail relating to legal action
Except in the regular course of business, there are no lawsuits of material nature filed by or filed against the bank. 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 decreased 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 285 Minimum Price: NPR 250.5 Last Price: NPR 261.6
Transaction volume: 40,18,893 shares Days of transaction: 64

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 economic growth and supply chain disruption amidst West Asia unrest.
- Decline in growth of Construction and Productive sector.
- High Liquidity in Banking Sector.
- Difficulty in lending due to economic slowdown and low capital expenditure of Government.
- Stiff competition among Bank and Financial Institutions.

Strategy
- Focus on controlled business growth and profit management.
- Digitize the banking services to increase operational efficiency.
- Explore new sectors to increase non-interest income.
- Focus on Prudent Assets and Liability Management.
- Ensure effective customer service with simplified processes.
- Focus on Risk Management and Internal Control.
- Compliance of applicable Rules and Regulations.

6. Corporate Governance

The Board of the bank is responsible and accountable to the shareholders for ensuring good governance in the bank.

The Risk Management Committee, a committee of the Board, is entrusted to review the overall risks of the bank and recommend the Board for required policy prescription. The meeting of the committee is held at least once in every three months.

The Audit Committee, a committee of the Board, reviews bank's financial position, internal control effectiveness, remarks of internal/external audit/NRB inspection/supervision and gives necessary direction to management and suggestion to the Board.

The Employee Service Facility Committee, a committee of the Board, reviews the facilities and services of the staffs of bank and gives feedback to the Board.

The Anti-Money Laundering (AML) Committee, a committee of the Board, monitors and reviews the AML/CFT and CPF activities of the Bank.

CEO-Level Executive Credit Committee, comprising senior management and head of various business functions of the bank, reviews and monitors the credit portfolio of the bank. The committee also recommends the credit-related proposals to the competent authority.

The Assets and Liability Management Committee (ALCO) is responsible for the prudent risk management. It reviews interest rate risk, liquidity risk, and market risk of the bank regularly.

The Governance Division 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.

Nepal Bank Limited
Dharmapath, Kathmandu