नेपाल बैंक लिमिटेड
NEPAL BANK LIMITED

Head Office
Dharmapath, Kathmandu

Interim Financial Statement (Unaudited)

Condensed Statement of Financial Position

As on Quarter ended 31st Ashoj , 2083 (Mid October 2026)

Figures in NPR

Assets	This Quarter Ending	Immediate Previous Year Ending (Unaudited)
Cash and cash equivalent	65,889,438,480	69,028,546,363
Due from Nepal Rastra Bank	46,690,399,358	31,090,832,447
Placement with Bank and Financial Institutions	9,864,832,500	10,007,942,500
Derivative Financial Instrument	10,896,630,337	8,961,897,984
Other Trading Assets	189,898,761	187,883,891
Loan and advances to B/FIs	12,222,826,325	11,870,370,135
Loan and Advances to Customers	250,075,963,340	243,590,656,227
Investment Securities	77,127,035,464	80,907,173,241
Current Tax Assets	2,050,399,927	2,274,507,135
Investment in Subsidiaries	-	-
Investment in Associates	4,960,653,634	4,286,192,000
Investment Property	360,804,423	361,852,896
Property and Equipment	13,316,759,370	13,315,438,379
Goodwill and Intangible assets	44,877,444	47,239,414
Deferred Tax Assets	-	-
Other Assets	10,242,140,557	8,523,163,505
Total Assets	**503,932,659,919**	**484,453,696,116**
Liabilities		
Due to Bank and Financial Institutions	1,927,369,109	1,201,299,427
Due to Nepal Rastra Bank	-	-
Derivative Financial Instruments	10,726,654,925	8,975,280,253
Deposits from Customers	434,131,911,233	415,182,034,292
Borrowings	-	-
Current Tax Liabilities	-	-
Provisions	212,139,305	208,014,441
Deferred Tax Liabilities	4,527,900,549	4,620,763,677
Other Liabilities	5,873,482,000	8,495,904,558
Debt securities issued	3,496,481,045	3,496,291,956
Subordinated Liabilities	-	-
Total Liabilities	**460,895,938,166**	**442,179,588,603**
Equity		
Share Capital	14,694,022,928	14,694,022,928
Share Premium	-	-
Retained Earnings	2,752,845,062	2,327,960,909
Reserves	25,589,853,763	25,252,123,675
Total equity attributable to equity holders	**43,036,721,753**	**42,274,107,512**
Non-controlling interest	-	-
Total Equity	**43,036,721,753**	**42,274,107,512**
Total Liabilities and Equity	**503,932,659,919**	**484,453,696,116**

Condensed Statement of Profit or Loss

For the Quarter Ended 31st Ashoj 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	5,594,466,564	5,594,466,564	5,583,299,329	5,583,299,329
Interest expense	3,104,891,766	3,104,891,766	3,013,798,940	3,013,798,940
Net interest income	**2,489,574,798**	**2,489,574,798**	**2,569,500,388**	**2,569,500,388**
Fees and Commission Income	407,470,305	407,470,305	318,229,912	318,229,912
Fees and Commission Expense	56,372,847	56,372,847	76,735,496	76,735,496
Net fee and commission income	**351,097,458**	**351,097,458**	**241,494,417**	**241,494,417**
Net interest, fee and commission income	**2,840,672,256**	**2,840,672,256**	**2,810,994,805**	**2,810,994,805**
Net trading income	124,441,012	124,441,012	35,557,606	35,557,606
Other operating income	171,139,675	171,139,675	138,413,291	138,413,291
Total operating income	**3,136,252,943**	**3,136,252,943**	**2,984,965,702**	**2,984,965,702**
Impairment charge/(reversal) for loans and other losses	546,464,674	546,464,674	641,948,956	641,948,956
Net operating income	**2,589,788,269**	**2,589,788,269**	**2,343,016,746**	**2,343,016,746**
Operating Expenses				
Personnel Expense	1,237,290,896	1,237,290,896	1,065,552,739	1,065,552,739
Other Operating Expense	277,600,552	277,600,552	277,920,762	277,920,762
Depreciation and Amortization	79,942,490	79,942,490	82,422,486	82,422,486
Operating profit	**994,954,331**	**994,954,331**	**917,120,759**	**917,120,759**
Non operating Income	2,066,400	2,066,400	1,000	1,000
Non operating expense	-	-	-	-
Profit before Income tax	**997,020,731**	**997,020,731**	**917,121,759**	**917,121,759**
Income tax Expenses				
Current Tax	227,878,774	227,878,774	380,422,389	380,422,389
Deferred Tax	(63,045,875)	(63,045,875)	(51,588,129)	(51,588,129)
Profit/(loss) for the period	**832,187,832**	**832,187,832**	**588,287,499**	**588,287,499**
Condensed Statement of Comprehensive Income				
Profit/(loss) for the period	832,187,832	832,187,832	588,287,499	588,287,499
Other Comprehensive Income	(69,573,592)	(69,573,592)	(514,160,603)	(514,160,603)
Total Comprehensive Income	**762,614,240**	**762,614,240**	**74,126,896**	**74,126,896**
Basic earning per share		22.65		16.01
Diluted earning per share		22.65		16.01
Profit attributable to:				
Equity holders of the Bank	762,614,240	762,614,240	74,126,896	74,126,896
Non-controlling interests	-	-	-	-
Total	**762,614,240**	**762,614,240**	**74,126,896**	**74,126,896**
Ratios as per NRB Directives				
Tier 1 Capital to RWA		11.23%		10.10%
CET 1 Capital to RWA		11.23%		10.10%
Capital Fund to RWA		13.64%		13.02%
Return to Equity		7.80%		6.16%
Return to Asset		0.67%		0.59%
Non-Performing Loan (NPL) to total loan		4.61%		5.49%
Total Loan Loss provision to Total NPL		103.09%		98.03%
Cost of Funds		2.83%		3.46%
Credit to Deposit Ratio		61.63%		69.42%
Base Rate		4.37%		5.16%
Interest Rate Spread		3.38%		3.91%

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. However, the bank while reporting interest income of Stage 1 & 2 loan and advance for the reporting period has applied coupon interest rate.
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 31st Ashoj 2083
(As per NRB Regulation)

Figures in NPR

Particulars	Current Year	Previous Year
	Up to this Qtr. YTD	Corresponding Qtr. YTD
Net Profit or (loss) as per statement of profit or loss	**832,187,832**	**588,287,499**
Appropriations		
a. General Reserve	(166,437,566)	(117,657,500)
b. Exchange Fluctuation Fund	-	-
c. Capital Redemption Reserve	-	-
d. Corporate Social Responsibility Fund	22,467,745	(5,763,292)
e. Employees Training Fund	(15,224,963)	(14,971,918)
f. Others	-	-
-Employees Welfare Fund	(8,321,878)	(5,882,875)
-Debenture Redemption Reserve	(97,222,222)	(97,222,222)
Profit or (loss) before regulatory adjustment	**567,448,947**	**346,789,692**
Regulatory adjustment		
a. Interest receivable (-)/previous accrued interest received (+)	(230,099,645)	(285,623,913)
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 (+)	550,815	-
e. Deferred tax assets recognized (-)/ reversal (+)	42,268,883	(51,588,129)
f. Goodwill recognized (-)/ impairment of Goodwill (+)		
g. Bargain purchase gain recognized (-)/reversal (+)		
h. Actuarial loss recognized (-)/reversal (+)	61,433,609	(130,680,646)
i. Other		
- Interest Capitalized Reserve	(16,718,456)	-
-Investment Adjustment Reserve	-	-
Net Profit for Quarter ended Ashoj 2083 available for distribution	**424,884,153**	**(121,102,996)**
Opening Retained Earnings as on Shrawan 1, 2083	**2,327,960,909**	**(449,089,958)**
Adjustments (+/-)		
Distribution:		
Bonus Shares issued	-	-
Cash Dividend paid	-	-
Total Distributable profit or (loss) as on Ashoj end 2083	**2,752,845,062**	**(570,192,954)**
Annualized Distributable Profit/Loss per share	**18.73**	**(15.52)**

Disclosure as per Securities Registration and Issuance Regulation, 2073
(Related to sub-Rule (1) of Rule 26)

Quarterly Detail as of Ashoj end 2083 (October 17, 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	22.65	d.	Liquidity	45.37 %
b.	Market Value per Share	NPR	304.10	e.	Return on Assets	0.67 %
c.	Price Earnings Ratio	(Times)	13.42	f.	Net worth per Share	NPR 292.89

2. Management Analysis

- Net interest income has decreased in comparison to same period of previous year with reduction in spread rate.
- Net profit for the current financial year has increased with increment in fee and commission income, net trading income and reduced tax expenses.
- With increased profitability, retained earning 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 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 311.90 Minimum Price: NPR 253.30 Last Price: NPR 304.10
Transaction volume: 79,85,842 shares Days of transaction: 61

5. Problems and Challenges

Internal
- Non-performing loans and its management.
- 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 Middle East unrest.
- Decline in growth of construction and productive sector.
- High liquidity in banking sector.
- Slow credit growth due to economic slowdown.
- Stiff competition among bank and financial institutions.
- Impacts of climate change and natural disaster on bank assets.
- Rising inflation across the globe.

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.
- Expedite recovery of non-performing loans.
- Focus on assets quality management.
- Ensure effective customer service with simplified processes.
- Focus on risk management and internal control.

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