RASTRIYA BANIJYA BANK LIMITED

INTERIM FINANCIAL STATEMENTS

FOURTH QUARTER

OF

FINANCIAL YEAR 2082/83

Condensed Consolidated Statement of Financial Position
As on Quarter Ended 32 Ashad 2083 (17th July 2026)

Particulars	Group		Bank	
	This Quarter Ending	Immediate Previous Year Ending (Audited)	This Quarter Ending	Immediate Previous Year Ending (Audited)
Assets				
Cash and cash equivalent	33,081,977,145	24,481,640,761	33,043,347,036	24,419,430,397
Due from Nepal Rastra Bank	50,879,448,649	56,906,901,268	50,879,448,649	56,906,901,268
Placement with Bank and Financial Institutions	-	-	-	-
Derivative financial instruments	9,072,510,400	5,432,885,520	9,072,510,400	5,432,885,520
Other trading assets	127,923,194	135,401,247	-	-
Loan and advances to B/FIs	8,255,152,958	10,184,824,563	8,255,152,958	10,184,824,564
Loans and advances to customers	332,083,450,931	292,337,157,586	332,083,450,931	292,337,157,586
Investment securities	292,860,843,322	148,255,960,467	292,627,095,822	148,090,718,467
Current tax assets	6,514,891,838	6,516,139,047	6,509,675,028	6,513,489,280
Investment in subsidiaries	-	-	400,000,000	400,000,000
Investment in associates	2,905,592,613	2,905,592,613	885,192,163	885,192,163
Investment property	310,442,151	319,952,526	310,442,151	319,952,526
Property Plant and equipment	30,172,403,666	30,410,367,057	30,166,425,421	30,406,334,352
Goodwill and Intangible assets	41,986,787	54,044,688	41,260,261	53,025,109
Deferred tax assets	-	-	-	-
Other assets	14,534,300,521	9,830,417,200	14,342,369,849	9,696,049,301
Total Assets	**780,840,924,175**	**587,771,284,543**	**778,616,370,669**	**585,645,960,533**
Liabilities				
Due to Bank and Financial Institutions	3,456,994,259	2,376,073,972	3,456,994,259	2,376,073,972
Due to Nepal Rastra Bank	-	-	-	-
Derivative financial instruments	9,105,143,677	5,423,350,000	9,105,143,677	5,423,350,000
Deposits from customers	686,125,600,169	500,141,659,372	686,135,600,169	500,414,680,516
Borrowing	60,000,000	60,000,000	60,000,000	60,000,000
Current Tax Liabilities	2,416,206	-	-	-
Provisions	328,814,902	328,705,595	328,814,902	328,705,595
Deferred tax liabilities	7,535,943,109	7,813,917,342	7,535,189,235	7,812,872,920
Other liabilities	11,015,498,914	12,331,397,398	10,906,771,394	12,050,801,158
Debt securities issued	5,000,000,000	5,000,582,191	5,000,000,000	5,000,582,191
Subordinated Liabilities	-	-	-	-
Total liabilities	**722,630,411,236**	**533,475,685,870**	**722,528,513,636**	**533,467,066,352**
Equity				
Share capital	15,637,377,055	15,637,377,055	15,637,377,055	15,637,377,055
Share premium	-	-	-	-
Retained earnings	2,582,766,639	649,584,238	1,076,957,801	(850,273,186)
Reserves	39,990,369,245	38,008,637,380	39,373,522,177	37,391,790,312
Total equity attributable to equity holders	**58,210,512,939**	**54,295,598,673**	**56,087,857,033**	**52,178,894,181**
Non-controlling interest	-	-	-	-
Total equity	**58,210,512,939**	**54,295,598,673**	**56,087,857,033**	**52,178,894,181**
Total liabilities and equity	780,840,924,175	587,771,284,543	778,616,370,669	585,645,960,533
Contingent liabilities and commitment	58,053,658,372	71,092,396,892	58,053,658,372	71,092,396,892
Net assets value per share	**372.25**	**347.22**	**358.68**	**333.68**

Condensed Consolidated Statement of Profit or Loss
For the Quarter Ended On 32 Ashad 2083 (17th July 2026)

Particulars	Group				Bank			
	Current Year		Previous Year		Current Year		Previous Year	
	This Quarter	Up to this Quarter (YTD)	This Quarter	Up to this Quarter (YTD)	This Quarter	Up to this Quarter (YTD)	This Quarter	Up to this Quarter (YTD)
Interest income	8,010,613,348	29,260,558,925	7,232,316,935	27,226,107,085	8,006,080,063	29,250,613,630	7,226,885,376	27,209,045,115
Interest expense	4,748,665,639	17,284,535,488	4,180,983,452	17,055,877,240	4,748,665,639	17,284,460,205	4,177,366,146	17,055,066,921
Net interest income	**3,261,947,709**	**11,976,023,437**	**3,051,333,483**	**10,170,229,845**	**3,257,414,424**	**11,966,153,425**	**3,049,519,230**	**10,153,978,194**
Fees and commission income	669,522,365	2,098,830,526	584,921,231	1,948,246,701	610,669,861	1,981,701,960	556,653,307	1,847,887,005
Fees and commission expense	113,947,712	367,741,580	101,727,707	355,932,080	102,977,275	347,479,385	97,407,292	339,467,609
Net fee and commission income	**555,574,653**	**1,731,088,946**	**483,193,524**	**1,592,314,622**	**507,692,586**	**1,634,222,575**	**459,246,015**	**1,508,419,396**
Net interest, fee and commission income	**3,817,522,362**	**13,707,112,383**	**3,534,527,007**	**11,762,544,466**	**3,765,107,010**	**13,600,376,000**	**3,508,765,245**	**11,662,397,590**
Net trading income	117,470,109	298,111,456	63,451,109	150,350,269	117,157,426	309,411,592	38,138,382	129,498,964
Other operating income	388,836,268	1,119,220,296	697,325,152	1,188,328,146	388,509,207	1,146,869,868	866,342,153	1,393,691,288
Total operating income	**4,323,828,739**	**15,124,444,135**	**4,295,303,268**	**13,101,222,882**	**4,270,773,643**	**15,056,657,460**	**4,413,245,780**	**13,185,587,842**
Impairment charge/(reversal) for loans and other losses	(543,349,478)	847,965,935	(39,073,480)	2,234,421,693	(543,349,478)	847,965,935	(39,073,480)	2,234,421,693
Net operating income	**4,867,178,217**	**14,276,478,200**	**4,334,376,748**	**10,866,801,189**	**4,814,123,121**	**14,208,691,525**	**4,452,319,260**	**10,951,166,149**
Operating expense								
Personnel expenses	1,577,329,062	5,512,498,108	1,577,221,630	4,831,561,656	1,563,369,491	5,485,628,985	1,564,526,504	4,801,530,232
Other operating expense	577,252,474	1,680,421,679	503,344,576	1,619,678,723	572,389,898	1,667,908,167	523,272,797	1,625,216,643
Depreciation & Amortization	145,006,314	582,726,493	122,665,473	584,734,745	143,039,965	579,836,156	122,356,288	582,394,921
Operating Profit	**2,567,590,367**	**6,500,831,920**	**2,131,145,070**	**3,830,826,065**	**2,535,323,767**	**6,475,318,217**	**2,242,163,671**	**3,942,024,353**
Non-operating income	28,721,847	36,859,615	49,195,667	69,864,770	28,721,847	36,859,615	49,195,667	69,864,770
Non-operating expense	-	2,332,901	-	-	-	2,332,901	-	-
Share of profit of associates	-	-	120,034,442	120,034,442	-	-	-	-
Profit before income tax	**2,596,312,214**	**6,535,358,634**	**2,300,375,179**	**4,020,725,277**	**2,564,045,614**	**6,509,844,931**	**2,291,359,338**	**4,011,889,123**
Income tax expense	**777,641,999**	**1,972,515,769**	**669,508,368**	**1,201,041,916**	**769,213,684**	**1,952,953,480**	**659,728,045**	**1,175,886,980**
Current Tax	(20,802,275)	1,174,071,495	(506,048,824)	25,484,724	(30,212,789)	1,153,527,007	(514,776,157)	1,382,778
Deferred Tax	798,444,274	798,444,274	1,175,557,192	1,175,557,192	799,426,473	799,426,473	1,174,504,202	1,174,504,202
Profit for the period	**1,818,670,215**	**4,562,842,865**	**1,630,866,811**	**2,819,683,361**	**1,794,831,930**	**4,556,891,451**	**1,631,631,293**	**2,836,002,143**

Statement of Comprehensive Income
For the Quarter Ended On 32 Ashad 2083 (17th July 2026)

Particulars	Group				Bank			
	Current Year		Previous Year		Current Year		Previous Year	
	This Quarter	Up to this Quarter (YTD)	This Quarter	Up to this Quarter (YTD)	This Quarter	Up to this Quarter (YTD)	This Quarter	Up to this Quarter (YTD)
Profit or loss for the period	**1,818,670,215**	**4,562,842,865**	**1,630,866,811**	**2,819,683,361**	**1,794,831,930**	**4,556,891,451**	**1,631,631,293**	**2,836,002,143**
Other comprehensive income								
a) Items that will not be reclassified to Profit or loss								
• Gains/(losses) from Investments in equity instruments measured at fair value								
• Gains/(losses) on revaluation	(745,613,897)	(646,314,750)	(1,129,030,360)	(550,851,527)	(647,928,601)	(647,928,601)	(1,471,057,740)	(892,878,907)
• Actuarial gains/(losses) on defined benefit plans	-	-	-	-	-	-	-	-
• Income tax relating to above items	-	-	-	-	-	-	-	-
Net other comprehensive income that will not be reclassified to profit or loss	-	-	-	-	-	-	-	-
b) Items that are or may be reclassified to profit or loss	**(745,613,897)**	**(646,314,750)**	**(1,129,030,360)**	**(550,851,527)**	**(647,928,601)**	**(647,928,601)**	**(1,471,057,740)**	**(892,878,907)**
• 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 period, net of income tax	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	-	-
Total comprehensive income attributable to:	**(745,613,897)**	**(646,314,750)**	**(1,129,030,360)**	**(550,851,527)**	**(647,928,601)**	**(647,928,601)**	**(1,471,057,740)**	**(892,878,907)**
Equity holders of the Bank	**1,073,056,318**	**3,916,528,115**	**501,836,450**	**2,268,831,834**	**1,146,903,329**	**3,908,962,851**	**160,573,553**	**1,943,123,237**
Non-controlling interest	-	-	-	-	-	-	-	-
Total comprehensive income for the period	**1,073,056,318**	**3,916,528,115**	**501,836,450**	**2,268,831,834**	**1,146,903,329**	**3,908,962,851**	**160,573,553**	**1,943,123,237**
Earnings per share	**1,073,056,318**	**3,916,528,115**	**501,836,450**	**2,268,831,834**	**1,146,903,329**	**3,908,962,851**	**160,573,553**	**1,943,123,237**
Basic earnings per share		29.18		18.03		29.14		18.14
Annualized earning per share		29.18		18.03		29.14		18.14
Diluted earnings per share		29.18		18.03		29.14		18.14

Significant Ratios as per NRB Directive

Particulars	Group				Bank			
	Current Year		Previous Year		Current Year		Previous Year	
	This Quarter	Up to this Quarter (YTD)	This Quarter	Up to this Quarter (YTD)	This Quarter	Up to this Quarter (YTD)	This Quarter	Up to this Quarter (YTD)
Capital Fund to RWA		11.40%		11.36%		11.40%		11.36%
Tier 1 Capital to RWA		9.19%		8.98%		9.19%		8.98%
CET 1 Capital to RWA		9.19%		8.98%		9.19%		8.98%
Return on Equity		8.40%		1.33%		8.42%		7.60%
Return on Assets		0.78%		0.14%		0.67%		0.75%
Non-Performing Loan (NPL) to Total Loan		3.95%		3.79%		3.95%		3.79%
Total Loan Loss Provision to Total NPL		106.59%		117.69%		106.59%		117.69%
Cost of Funds		2.96%		3.33%		2.96%		3.33%
Credit to Deposit Ratio		50.87%		62.39%		50.87%		62.39%
Base Rate		4.20%		4.78%		4.20%		4.78%
Base Rate (Quarterly Average)		4.22%		4.89%		4.22%		4.89%
Interest Rate Spread		3.37%		3.75%		3.37%		3.75%

Statement of Changes in Equity

For the Quarter Ended On 32 Ashad 2083 (17th July 2026)

Group

Attributable to equity holders of the Bank

Particulars	Share Capital	Share Premium	General Reserve	Exchange Equalization	Regulatory Reserve	Capital Reserve	Fair Value Reserve	Revaluation Reserve	Retained Earning	Other Reserve	Total	Non-controlling Interest	Total Equity
Balance as at Shrawan 1, 2082	**15,637,377,055**	**-**	**12,415,378,493**	**133,329,193**	**2,802,401,638**	**481,195,653**	**1,632,938,298**	**18,772,166,455**	**649,584,238**	**1,771,227,652**	**54,295,598,675**	**-**	**54,295,598,675**
Profit for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**4,562,842,866**	**-**	**4,562,842,866**	**-**	**4,562,842,866**
Other Comprehensive income, net of tax													
- Gains/(losses) from investments in equity instruments measured at fair value	-	-	-	-	-	-	52,071,399	-	-	-	52,071,399	-	52,071,399
- Gains/(losses) on revaluation	-	-	-	-	-	-	-	-	-	-	-	-	-
- Actuarial Gains/(losses) on defined benefit plans	-	-	-	-	-	-	-	-	-	(700,000,000)	(700,000,000)	-	(700,000,000)
- Gains/(losses) on cash flow hedge	-	-	-	-	-	-	-	-	-	-	-	-	-
- Exchange gains/(losses) arising from translating financial assets of foreign operation	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of other comprehensive income of associates	-	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**52,071,399**	**-**	**4,562,842,866**	**(700,000,000)**	**3,914,914,265**	**-**	**3,914,914,265**
Transfer to reserve during the year	**-**	**-**	**911,378,290**	**3,252,750**	**968,398,475**	**-**	**-**	**-**	**(2,851,215,915)**	**968,186,400**	**-**	**-**	**-**
Transfer from the reserve during the year	**-**	**-**	**-**	**-**	**(1,316,034,415)**	**-**	**-**	**-**	**221,555,451**	**1,094,478,965**	**-**	**-**	**-**
Transactions with owners, directly recognized in equity													
Calls in Advance	-	-	-	-	-	-	-	-	-	-	-	-	-
Right share issued	-	-	-	-	-	-	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends to equity holders:	-	-	-	-	-	-	-	-	-	-	-	-	-
Bonus Shares issued	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash Dividend Paid	-	-	-	-	-	-	-	-	-	-	-	-	-
Total contributions by and distributions:	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Balance as on 32 Ashad 2083	**15,637,377,055**	**-**	**13,326,756,783**	**136,581,943**	**2,454,765,698**	**481,195,653**	**1,685,009,697**	**18,772,166,455**	**2,582,766,639**	**3,133,893,017**	**58,210,512,939**	**-**	**58,210,512,939**

Statement of Changes in Equity

For the Quarter Ended On 32 Ashad 2083 (17th July 2026)

Bank

Attributable to equity holders of the Bank

Particulars	Share Capital	Share Premium	General Reserve	Exchange Equalization	Regulatory Reserve	Capital Reserve	Fair Value Reserve	Revaluation Reserve	Retained Earning	Other Reserve	Total	Non-controlling Interest	Total Equity
Balance as at Shrawan 1, 2082	**15,637,377,055**	**-**	**12,408,907,412**	**133,329,193**	**2,802,401,638**	**481,195,653**	**1,628,862,898**	**18,772,166,455**	**(850,273,186)**	**1,164,927,066**	**52,178,894,183**	**-**	**52,178,894,183**
Profit for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**4,556,891,451**	**-**	**4,556,891,451**	**-**	4,556,891,451
Other Comprehensive income, net of tax													
- Gains/(losses) from investments in equity instruments measured at fair value	-	-	-	-	-	-	52,071,399	-	-	-	52,071,399	-	52,071,399
- Gains/(losses) on revaluation	-	-	-	-	-	-	-	-	-	-	-	-	-
- Actuarial Gains/(losses) on defined benefit plans	-	-	-	-	-	-	-	-	-	(700,000,000)	(700,000,000)	-	(700,000,000)
- Gains/(losses) on cash flow hedge	-	-	-	-	-	-	-	-	-	-	-	-	-
- Exchange gains/(losses) arising from translating financial assets of foreign operation	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of other comprehensive income of associates	-	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**52,071,399**	**-**	**4,556,891,451**	**(700,000,000)**	**3,908,962,851**	**-**	**3,908,962,851**
Transfer to reserve during the year	**-**	**-**	**911,378,290**	**3,252,750**	**968,398,475**	**-**	**-**	**-**	**(2,851,215,915)**	**968,186,400**	**-**	**-**	**-**
Transfer from the reserve during the year	**-**	**-**	**-**	**-**	**(1,316,034,415)**	**-**	**-**	**-**	**221,555,451**	**1,094,478,965**	**-**	**-**	**-**
Transactions with owners, directly recognized in equity													
Calls in Advance	-	-	-	-	-	-	-	-	-	-	-	-	-
Right share issued	-	-	-	-	-	-	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends to equity holders:	-	-	-	-	-	-	-	-	-	-	-	-	-
Bonus Shares issued	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash Dividend Paid	-	-	-	-	-	-	-	-	-	-	-	-	-
Total contributions by and distributions:	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Balance as on 32 Ashad 2083	**15,637,377,055**	**-**	**13,320,285,702**	**136,581,943**	**2,454,765,698**	**481,195,653**	**1,680,934,297**	**18,772,166,455**	**1,076,957,801**	**2,527,592,431**	**56,087,857,034**	**-**	**56,087,857,033**

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RASTRIYA BANIJYA BANK LTD.
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Consolidated Statement of Cash Flows
For the Quarter Ended On 32 Ashad 2083 (17th July 2026)

Particulars	Year ended 32 Ashad 2083	Year ended 31 Ashad 2082	Year ended 32 Ashad 2083	Year ended 31 Ashad 2082
CASH FLOWS FROM OPERATINGACTIVITIES				
Interest received	21,385,061,069	21,658,982,334	21,389,314,235	21,658,982,335
Fees and other income received	2,098,830,526	1,948,246,701	1,981,701,960	1,847,887,005
Dividend received	-	-	-	-
Receipts from other operating activities	1,027,634,646	1,180,752,004	1,072,045,443	1,147,312,528
Interest paid	(16,897,619,281)	(16,806,775,163)	(16,897,543,998)	(16,805,964,844)
Commission and fees paid	(367,741,580)	(609,120,472)	(347,479,385)	(592,656,002)
Cash payment to employees	(6,633,417,927)	(8,761,760,526)	(6,711,030,846)	(8,735,948,536)
Other expense paid	(1,682,846,445)	(1,385,640,572)	(1,670,241,069)	(1,380,679,888)
Operating cash flows before changes in operating assets and liabilities	**(1,070,098,992)**	**(2,775,315,693)**	**(1,183,233,661)**	**(2,861,067,401)**
(Increase)/Decrease in Operating Assets	**(41,051,639,797)**	**(71,417,504,532)**	**(41,802,345,036)**	**(71,198,744,615)**
Due from Nepal Rastra Bank	6,027,452,619	(21,255,678,368)	6,027,452,619	(21,255,678,368)
Placement with bank and financial institutions	-	-	-	-
Other trading assets	7,478,053	(87,402,921)	-	-
Loan and advances to bank and financial institutions	1,940,473,162	1,800,491,666	1,940,473,163	1,800,491,666
Loans and advances to customers	(40,694,409,297)	(49,278,657,623)	(40,694,409,297)	(49,278,657,623)
Other assets	(8,332,634,334)	(2,596,257,286)	(9,075,861,521)	(2,464,900,290)
Increase/(Decrease) in operating liabilities	**189,753,317,134**	**74,006,414,836**	**189,790,588,437**	**73,830,729,637**
Due to bank and financial institutions	1,080,920,287	848,987,055	1,080,920,287	848,987,055
Due to Nepal Rastra Bank	-	-	-	-
Deposit from customers	185,983,940,797	71,283,825,532	185,720,919,653	71,226,916,766
Borrowings	-	-	-	-
Other liabilities	2,688,456,050	1,873,602,250	2,988,748,498	1,754,825,816
Net cash flow from operating activities before tax paid	**147,631,578,345**	**(186,405,388)**	**146,805,009,741**	**(229,082,379)**
Income taxes paid	(1,972,250,756)	(1,085,971,020)	(1,149,712,755)	(1,060,001,686)
Net cash flow from operating activities	**145,659,327,589**	**(1,272,376,408)**	**145,655,296,986**	**(1,289,084,065)**
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investment securities	-	-	-	-
Receipts from sale of investment securities	(145,072,981,988)	3,628,459,760	(145,006,781,988)	3,394,961,158
Purchase of property and equipment	(334,834,670)	(513,511,426)	(329,822,576)	(511,122,033)
Receipt from the sale of property and equipment	6,652,267	6,652,267	6,652,267	6,652,267
Purchase of intangible assets	(4,291,621)	(36,927,132)	(4,291,621)	(36,927,132)
Receipt from the sale of intangible assets	-	-	-	-
Purchase of investment properties	-	-	-	-
Receipt from the sale of investment properties	-	-	-	-
Interest received	8,284,377,486	6,479,071,651	8,270,179,024	6,462,009,680
Dividend received	425,856,274	95,009,943	420,395,185	312,961,255
Net cash used in investing activities	**(136,695,222,252)**	**9,658,755,063**	**(136,643,669,709)**	**9,628,535,196**
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipt from issue of debt securities	-	2,500,000,000	-	2,500,000,000
Repayment of debt securities	-	-	-	-
Receipt from issue of subordinated liabilities	-	-	-	-
Repayment of subordinated liabilities	-	-	-	-
Receipt from issue of shares	-	-	-	-
Dividends paid	23,729,445	(94,994)	(212,240)	(94,994)
Interest paid	(387,498,398)	(249,102,077)	(387,498,398)	(249,102,077)
Other receipt/payment	-	-	-	-
Net cash from financing activities	**(363,768,953)**	**2,250,802,929**	**(387,710,638)**	**2,250,802,929**
Net increase (decrease) in cash and cash equivalents	**8,600,336,384**	**10,637,181,584**	**8,623,916,639**	**10,590,254,059**
Cash and cash equivalents at Shrawan 1, 2081	24,481,640,761	13,844,459,177	24,419,430,397	13,829,176,338
Effect of exchange rate fluctuations on cash and cash equivalents held	-	-	-	-
Cash and cash equivalents at 31 Ashad 2081	**33,081,977,145**	**24,481,640,761**	**33,043,347,036**	**24,419,430,397**

Statement of Distributable Profit or Loss
For the Quarter Ended On 32 Ashad 2083 (17th July 2026)

Particulars	Current Year	Previous Year Corresponding
Net profit or (loss) up to Fourth Quarter of FY 2082/83	**4,556,891,451**	**2,836,002,143**
Appropriations:		
a. General reserve	(911,378,290)	(567,200,429)
b. Foreign exchange fluctuation fund	(3,252,750)	(10,854,061)
c. Capital redemption reserve	-	-
d. Corporate social responsibility fund	(23,577,630)	12,092,030
e. Employees' training fund	(27,942,104)	(30,775,689)
f. Other	(916,666,667)	(511,207,119)
Profit or (loss) before regulatory adjustment	**2,674,074,010**	**1,728,056,875**
Regulatory adjustment:		
a. Interest receivable (-)/ previous accrued interest received (+)	216,559,175	222,920,035
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 (-)	4,996,276	35,128,400
e. Deferred tax assets recognized (-)/reversal (+)	-	(128,966,566)
f. Goodwill recognized (-)/impairment of Goodwill (+)	-	-
g. Bargain purchase gain recognized (-)/reversal (+)	-	-
h. Actuarial loss recognized (-)/reversal (+)	(700,000,000)	(1,094,478,965)
i. Other	(268,398,474)	(390,779,815)
Net profit for the Fourth Quarter of FY 2082/83 available for distribution	**608,415,781**	**1,927,230,987**
Opening Retained Earning as on Shrawan 1, 2081	(850,273,186)	(1,222,153,150)
Adjustment (+/-)	-	-
Distribution:		
Bonus shares issued	-	-
Cash dividend paid	-	-
Total Distributable profit or (loss) as on Fourth Quarter end 2082/83	**1,076,957,801**	**(850,273,185)**
Annualized Distributable Profit/(Loss) per share	6.89	(5.43)

Notes to Interim Financial Statements
Fourth Quarter of FY 2082/83

1. Basis of preparation

The condensed consolidated financial statements of the Group have been prepared in accordance with Nepal Financial Reporting Standards (NFRS) developed by the Accounting Standards Board Nepal (ASBN) along with the carve outs, and pronounced for application by the Institute of Chartered Accountants of Nepal (ICAN). The disclosure made in the condensed consolidated interim financial information have been limited on the format prescribed by Nepal Rastra Bank Directive no. 4.

The Bank has calculated preliminary expected credit loss figures with some assumptions which may vary upon full-fledged implementation of expected credit loss models being in line with relevant applicable standards and regulatory directions, which came at lower side as compared to Provision calculated as per NRB Prudential Norms and hence The Bank has booked the loan loss provision calculated as per prudential norms prescribed by Nepal Rastra Bank as impairment charges.

Regulatory adjustment on accrued interest and on possible losses in investment property (NBA) has been made as per latest NRB Circular. Interest Income of the NPA accounts has been recognized on cash basis. 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 or Loss.

2. Statement of Compliance

The financial statements have been prepared in the format as prescribed by Directive No. 4 of NRB Directives, 2080. Historical cost convention was used for financial statement recognition and measurement except otherwise required by NFRS. Where, other method(s), other than historical costs, such as fair value has been applied, these have been disclosed in accordance with the applicable reporting framework.

The amounts of financial statements are presented in Nepalese Rupees (NPR) being the functional currency of the Bank. The figures were rounded to the nearest rupee except indicated otherwise.

The financial statements comprise the Statement of Financial Position, Statement of Profit or Loss, Statement of Other Comprehensive Income, the Statement of Changes in Equity, the Statement of Cash Flows and the Notes to the Accounts.

3. Use of Estimates, assumptions and judgments

The Bank, under NFRS, is required to apply accounting policies to most appropriately suit its circumstances and operating environment. Further, the Bank is required to make judgments in respect of items where the choice of specific policy, accounting estimate or assumption to be followed could materially affect the financial statements. This may later be determined that a different choice could have been more appropriate. It is also required to make estimates and assumptions that will affect the assets, liabilities, disclosure of contingent assets and liabilities, and profit or loss as reported in the financial statements. The Bank applies estimates in preparing and presenting the financial statements and such estimates and underlying assumptions are reviewed periodically. The revision to accounting estimates are recognized in the period in which the estimates are revised, and are applied prospectively.

The accounting policies as explained in Section 5 herein were consistently applied to all the years presented except otherwise stated. They were further included in the relevant notes for each item of the financial statements, and the effect and nature of the changes, if any, were disclosed. The accounting estimates were appropriately disclosed in the relevant sections of the Notes wherever the estimates have been applied along with the nature and effect of changes of accounting estimates, if any.

The accounting policies are to be applied consistently. Changes in accounting policies, if any, are to be disclosed with the financial impact to the extent possible. When policies are not guided by the reporting framework, NFRS, other reporting standards and generally accepted accounting principles are to be followed.

4. Changes in Accounting policies

There are no any significant changes in accounting policies during the period.

5. Significant Accounting Policies

5.1 Basis of Measurement

The financial statements are prepared on a historical cost basis except for the following items which were measured or recognized as stated:

1. Financial assets and liabilities are measured at fair value at its initial recognition and subsequently measured at fair value or amortized cost on the basis of classification of financial asset or liability.
2. Liabilities for defined benefit obligations are recognized at the present value of the defined benefit obligation after deducting the net of the plan assets, plus unrecognized actuarial gains, less unrecognized past service cost and unrecognized actuarial losses.

5.2 Basis of Consolidation

a. Business Combination

Business combination are accounted using the acquisition method as prescribed under NFRS 3- “Business Combination”.

There is no business combination up to Fourth Quarter of the fiscal year 2081-82.

b. Non-Controlling Interest (NCI)

For each business combination, the Bank elects to measure any non-controlling interests in the acquiree either at fair value; or at their proportionate share of the acquiree’s identifiable net assets, which are generally at fair value.

Changes in the Bank’s interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. No adjustments are made to goodwill and no gain or loss is recognized in profit or loss.

The Bank does not have any NCI as on reporting date.

c. Subsidiaries

Subsidiaries are the entities controlled by the Bank. The Bank controls an entity if it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Financial Statements of subsidiaries are included in the Consolidated Financial Statements from the date that control commences until the date that control ceases.

The Bank reassesses whether it has control if there are changes to one or more of the elements of control. In preparing the consolidated financial statements, the financial statements are combined line by line by adding the like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiary. The carrying amount of the parent's investment in subsidiary and the parent's portion of equity of subsidiary are eliminated in full. All intra group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (such as interest income and technical fee) are eliminated in full while preparing the consolidated financial statements.

d. Loss of Control

Upon the loss of control, the Bank derecognizes the assets and liabilities of the subsidiary, carrying amount of non-controlling interests and the cumulative translation differences recorded in equity related to the subsidiary. Further parent's share of components previously recognized in Other Comprehensive Income (OCI) is reclassified to profit or loss or retained earnings as appropriate. Any surplus or deficit arising on the loss of control is recognized in the profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or in accordance with the Group's accounting policy for financial instruments depending on the level of influence retained

e. Transaction Elimination on Consolidation

All intra-group balances and transactions, and any unrealized income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment

5.3 Cash and Cash equivalent

Cash and cash equivalents include notes and coins on hand 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 Bank in the management of its short-term commitments. Cash and cash equivalents are carried at amortized cost in the statement of financial position.

5.4 Financial Assets and Financial Liabilities

a. Recognition

The Bank initially recognizes a financial asset or a financial liability in its statement of financial position when, and only when, it becomes party to the contractual provisions of the instrument. The Bank initially recognize loans and advances, deposits and debt securities/ subordinated liabilities issued on the date that they are originated which is the date that the Bank becomes party to the contractual provisions of the instruments. Investments in equity instruments, bonds, debenture, Government securities, NRB bond or deposit auction, reverse repos, outright purchase are recognized on trade date at which the Bank commits to purchase/ acquire the financial assets. Regular way purchase and sale of financial assets are recognized on trade date at which the Bank commits to purchase or sell the asset.

b. Classification

Financial Assets

The Bank classifies the financial assets as subsequently measured at amortized cost or fair value on the basis of the Bank's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The two classes of financial assets are as follows;

1. Financial assets measured at amortized cost: a financial asset is measured at amortized cost if the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and if the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
2. Financial assets measured at fair value: a financial asset other than those measured at amortized cost are measured at fair value. They are further classified into two categories as below:
   a. Financial assets are measured at fair value through profit or loss if they are held for trading or are designated at fair value through profit or loss. Upon initial recognition, transaction cost is directly attributable to the acquisition are recognized in profit or loss as incurred. Such assets are subsequently measured at fair value and changes in fair value are recognized in Statement of Profit or Loss.
   b. Financial assets are measured at fair value through other comprehensive income if the Investment in an equity instrument that is not held for trading and at the initial recognition, the Bank makes an irrevocable election that the subsequent changes in fair value of the instrument is to be recognized in other comprehensive income are classified as financial assets at fair value though other comprehensive income. Such assets are subsequently measured at fair value and changes in fair value are recognized in other comprehensive income.

Financial Liabilities

The Bank classifies its financial liabilities, other than financial guarantees and loan commitments, as follows:

- Financial Liabilities at Fair Value through Profit or Loss: Financial liabilities are classified at fair value through profit or loss if they are held for trading or are designated at fair value through profit or loss. Upon initial recognition, transaction cost is directly attributable to the acquisition are recognized in Statement of Profit or Loss as incurred. Subsequent changes in fair value is recognized at profit or loss
- Financial Liabilities measured at amortized cost: Financial liabilities other than those measured at fair value though profit or loss are classified as subsequently measured at amortized cost using effective interest method.

c. Measurement

Initial Measurement

A financial asset or financial liability is measured initially at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. Transaction cost in relation to financial assets and liabilities at fair value through profit or loss are recognized in Statement of Profit or Loss.

Subsequent Measurement

A financial asset or financial liability is subsequently measured either at fair value or at amortized cost based on the classification of the financial asset or liability. Financial asset or liability classified as measured at amortized cost is subsequently measured at amortized cost using effective interest rate method.

The amortized cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility.

Financial assets classified at fair value are subsequently measured at fair value. The subsequent changes in fair value of financial assets at fair value through profit or loss are recognized in Statement of Profit or Loss whereas of financial assets at fair value through other comprehensive income are recognized in other comprehensive income.

d. De-recognition

De-recognition of Financial Assets

The Bank derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Bank neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset.

On de-recognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred) and the consideration received (including any new asset obtained less any new liability assumed) shall be recognized in profit and loss account.

In transactions in which the Bank neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset and it retains control over the asset, the Bank continues to recognize the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

De-recognition of Financial Liabilities

A financial liability is derecognized when the obligation under the liability is discharged or canceled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognized in Statement of Profit or Loss.

e. Determination of Fair Value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date. The fair value of a liability reflects its non-performance risk. The fair values are determined according to the following hierarchy:

Level 1 fair value measurements are those derived from unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 valuations are those with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.

Level 3 portfolios are those where at least one input, which could have a significant effect on the instrument's valuation, is not based on observable market data.

When available, the Bank measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis. If a market for a financial instrument is not active, the Bank establishes fair value using a valuation technique. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analyses.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price – i.e. the fair value of the consideration given or received. However, in some cases, the fair value of a financial instrument on initial recognition may be different to its transaction price. If such fair value is evidenced by comparison with other observable current market transactions in the same instrument (without modification) or based on a valuation technique whose variables include only data from observable markets, then the difference is recognized in profit or loss on initial recognition of the instrument. In other cases, the difference is not recognized in profit or loss immediately but is recognized over the life of the instrument on an appropriate basis or when the instrument is redeemed, transferred or sold, or the fair value becomes observable.

All unquoted equity instruments are recorded at average of price determined as per Capitalized Earning Method and Net Assets Value per share. Entities of which no data is whatsoever available, valuation has been done at cost net of impairment if any.

f. Impairment

At each reporting date the Bank assesses whether there is any indication that an asset may have been impaired. If such indication exists, the recoverable amount is determined. A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events occurring after the initial recognition of the asset (a loss event), and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The Bank considers the following factors in assessing objective evidence of impairment:

- Whether the counterparty is in default of principal or interest payments.
- When a counterparty files for bankruptcy and this would avoid or delay discharge of its obligation.
- Where the Bank initiates legal recourse of recovery in respect of a credit obligation of the counterpart.

- Where the Bank consents to a restructuring of the obligation, resulting in a diminished financial obligation, demonstrated by a material forgiveness of debt or postponement of scheduled payments.
- Where there is observable data indicating that there is a measurable decrease in the estimated future cash flows of a group of financial assets, although the decrease cannot yet be identified with specific individual financial assets.

The Bank considers evidence of impairment for loans and advances and amortized cost investment securities at both a specific asset and collective level. All individually significant loans and advances and amortized cost investment securities are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified.

Loans and advances and amortized cost investment securities that are not individually significant are collectively assessed for impairment by grouping together loans and advances and amortized cost investment securities with similar risk characteristics. Impairment test is done on annual basis for trade receivables and other financial assets based on the internal and external indication observed.

In assessing collective impairment, the Bank uses statistical modelling of historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends. Default rates, loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate.

Impairment losses on assets measured at amortized cost

As per NFRS 9

Financial assets carried at amortized cost (such as amounts due from Banks, loans and advances to customers as well as held–to–maturity investments are impaired, and impairment losses are recognized, only if there is objective evidence as a result of one or more events that occurred after the initial recognition of the asset. The amount of the loss is measured as the difference between the asset's carrying amount and the deemed recoverable value of loan.

Loans and advances to customers with significant value (Principal outstanding Rs 100 million or more) and borrowers classified as Non Performing as per Nepal Rastra Bank Directives are assessed for individual impairment test. The recoverable value of loan is estimated on the basis of realizable value of collateral and the conduct of the borrower/past experience of the bank. Assets that are individually assessed and for which no impairment exists are grouped with financial assets with similar credit risk characteristics and collectively assessed for impairment. The credit risk statistics for each group of the loan and advances are determined by management prudently based on the past experience. For the purpose of collective assessment of impairment, the assets are categorized in to the following nine broad products as follows:

a. Term Loan
b. Auto Loan
c. Home Loan
d. Personal Loan
e. Overdraft
f. Other Working Capital Loan

g. Gold Loan
h. Deprived & Priority Sector Loan
i. Other Loan

If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the income statement. If a future write–off is later recovered, the recovery is credited to the 'Income Statement'.

As per Loan Loss Provision of Nepal Rastra Bank

Loan loss provisions in respect of non-performing loans and advances are based on management's assessment of the degree of impairment of the loans and advances, subject to the minimum provisioning level prescribed in relevant NRB guidelines. Provision is made for possible losses on loans and advances including bills purchased at 1% to 100% on the basis of classification of loans and advances, overdraft and bills purchased in accordance with NRB directives.

Policies Adopted

As per the provisions of NFRS 9- Expected Credit Loss Related Guidelines, 2024 Bank measured impairment loss on loan and advances as the higher of amount derived as per prudential norms prescribed by Nepal Rastra Bank for loan loss provision and amount determined as per NFRS 9- Expected Credit Loss Related Guidelines, 2024.

5.5 Trading Assets and Liabilities

Trading assets and liabilities are those assets and liabilities that the Bank acquires or incurs principally for the purpose of selling or repurchasing in the near term, or holds as part of a portfolio that is managed together for short-term profit or position taking. They are initially recognized at fair value and subsequently measured at fair value in the statement of financial position, with transaction costs recognized in profit or loss. All changes in fair value are recognized as part of net trading income in profit or loss as regarded as fair value through profit & loss account.

5.6 Derivatives Assets and Derivative Liabilities

Derivatives held for risk management purposes include all derivative assets and liabilities that are not classified as trading assets or liabilities. Derivatives held for risk management purposes are measured at fair value in the statement of financial position. Hedge accounting is not adopted for certain derivatives held for risk management such as Forward Exchange Contracts.

5.7 Property and Equipment

a. Recognition and Measurement

The cost of an item of property and equipment shall be recognized as an asset, initially recognized at cost, if, and only if it is probable that future economic benefits associated with the item will flow to the entity; and if the cost of the item can be measured reliably.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

- the cost of materials and direct labor;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;

- when the Bank has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- Capitalized borrowing costs.

The Bank adopts cost model for entire class of property and equipment except for the freehold land. Neither, class of the property and equipment are measured at revaluation model nor is their fair value measured at the reporting date. Any revaluation reserve acquired from the merger accounted for using pooling of interest method are shown at the carrying amount. The items of property and equipment except for freehold are measured at cost less accumulated depreciation and any accumulated impairment losses.

Use of Revaluation Model for Freehold Land Portfolio

The Bank adopts revaluation model for freehold land portfolio. Entire portfolio of freehold land shall be revalued in every 5 years for determination of their fair value. The increase in fair value over the cost of freehold land shall be recognized in other comprehensive income and accumulated in equity as assets revaluation reserve. The same reserve shall be charged in case the fair value of the land decreases up to the extent of available revaluation reserve in respect of the land. If the amount decreases further, it shall be charged to Profit and loss account.

The decrease in fair value of land shall be charged to the profit or loss account. However, the increase in fair value shall be recognized in profit and loss account to the extent that it reverses a revaluation decrease of the land previously recognized in profit and loss.

The Bank shall periodically review the fair value of freehold land, as entire class of the assets, and makes changes in the recognized value. Professional valuators shall be used to fair value determination. Besides periodical review, the Bank shall carry out review in case of occurrence of any event that may reduce the value of the freehold land on judgment of the management.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

Subsequent expenditure is capitalized if it is probable that the future economic benefits from the expenditure will flow to the Bank. Ongoing repairs and maintenance to keep the assets in working condition are expensed as incurred. Any gain or loss on disposal of an item of property and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized within other income in profit or loss. The revaluation surplus included in equity in respect of asset (freehold land) shall be transferred directly to retained earnings when the asset (freehold land) is derecognized.

b. Capital Work in Progress

Fixed assets under construction and cost of assets not ready for use are shown as capital work in progress.

c. Depreciation

Straight line method of depreciation on fixed assets is applied to allocate their cost to their residual values over their estimated useful life as per management judgment, as follows:

Class of assets	Revised useful life	Residual Value
Computer	Up to 5 Years	1%
Furniture and Fixtures	Up to 5 Years	2%
Office Equipment	Up to 5 years	1%
Vehicle	Up to 7 Years	5%
Building	Up to 50 Years	10%
Leasehold	Lower of 15 Years or Lease Period	0
Software	5 years or expiry period whichever is lower	0

Assets costing less than Rs. 2,000 are fully charged to profit loss account in the year of purchase.

d. De-recognition

The carrying amount of Property and Equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the de-recognition of an item of property and equipment is included in profit or loss when the item is derecognized (unless on a sale & lease back). The gain shall be classified as revenue.

5.8 Intangible Assets

Acquired Intangible Assets

Intangible assets are initially measured at fair value, which reflects market expectations of the probability that the future economic benefits embodied in the asset will flow to the Bank, and are amortized on the basis of their expected useful lives.

Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with the development of software are capitalized where it is probable that it will generate future economic benefits in excess of its cost. Computer software costs are amortized on the basis of expected useful life. Costs associated with maintaining software are recognized as an expense as incurred.

At each reporting date, these assets are assessed for indicators of impairment. In the event that an asset's carrying amount is determined to be greater than its recoverable amount, the asset is written down immediately. Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

5.9 Investment Property/Non-Current Assets Held for Sale

Investment Property

Investment properties includes land or land and buildings other than those classified as property and equipment and non-current assets held for sale. Generally, it includes land, land and building acquired by the Bank as non-banking assets but not sold as on the reporting date.

The Bank holds investment property that has been acquired through enforcement of security over the loans and advances.

Non-Current Assets Held for Sale

Non-current assets (such as property) and disposal groups (including both the assets and liabilities of the disposal groups) are classified as held for sale and measured at the lower of their carrying amount and fair value less cost to sell when: (i) their carrying amounts will be recovered principally through sale; (ii) they are FVTOCI in their present condition; and (iii) their sale is highly probable.

Immediately before the initial classification as held for sale, the carrying amounts of the assets (or assets and liabilities in a disposal group) are measured in accordance with the applicable accounting policies described above.

5.10 Income Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that they relate to items recognized directly in equity or in other comprehensive income.

Current Tax

Current tax is the expected tax payable or recoverable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred Tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred income tax is determined using tax rate applicable to the Bank as at the reporting date which is expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized where it is probable that future taxable profit will be available against which the temporary differences can be utilized.

5.11 Deposits, debts securities issued and subordinated liabilities

a. Deposits

The Bank accepts deposits from its customers under savings account, current account, term deposits and margin accounts which allows money to be deposited and withdrawn by the account holder. These transactions are recorded on the bank's books, and the resulting balance is recorded as a liability for the Bank and represents the amount owed by the Bank to the customer.

b. Debt Securities Issued

Deposits, debt securities issued and subordinated liabilities are initially measured at fair value minus incremental direct transaction costs, and subsequently measured at their amortized cost using the effective interest method, except where the Group designates liabilities at fair value through profit or loss.

c. Subordinated Liabilities

Subordinated liabilities are those liabilities which at the event of winding up are subordinate to the claims of depositors, debt securities issued and other creditors. The bank does not have any of such subordinated liabilities.

5.12 Provisions

The Bank recognizes a provision if, as a result of past event, the Bank has a present constructive or legal obligation that can be reliability measured and it is probable that an outflow of economic benefit will be required to settle the obligation.

A disclosure for contingent liability is made when there is a possible obligation or a present obligation that may but probably will not require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

A provision for onerous contract is recognized when the expected benefits to be derived by the Bank from a contract are lower than the unavoidable cost of meeting its obligation under the contract.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed. Contingent assets are not recognized in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognized in the period in which the change occurs.

5.13 Revenue Recognition

Revenue is the gross inflow of economic benefits during the period arising from the course of the ordinary activities of an entity when those inflows result in increases in equity, other than increases relating to contributions from equity participants. Revenue is recognized to the extent it is probable that the economic benefits will flow to the Bank and the revenue can be reliably measured. Revenue is not recognized during the period in which its recoverability of income is not probable. The Bank’s revenue comprises of interest income, fees and commission, foreign exchange income, cards income, remittance income, bank assurance commission, etc. and the bases of incomes recognition are as follows:

a. Interest Income

Interest income on FVTOCI assets and financial assets held at amortized cost shall be recognized using the bank’s normal interest rate which is very close to effective interest rate using effective interest rate method.

For income from loans and advances to customers, initial charges are not amortized over the life of the loan and advances as the income so recognized closely approximates the income that would have been derived under effective interest rate method. The difference is not considered material. The Bank considers that the cost of exact calculation of effective interest rate method exceeds the benefit that would be derived from such compliance.

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

The Bank recognizes the interest income on loans and advances as per NFRS 9- Expected Credit Loss Related Guidelines, 2024 issued by Nepal Rastra Bank. The guideline requires bank to cease to accrue interest in case of loan where the loans and advances has been categorized as Stage 3, irrespective of the net realizable value of collateral.

Gains and losses arising from changes in the fair value of financial instruments held at fair value through profit or loss are included in the statement of profit or loss in the period in which they arise. Contractual interest income and expense on financial instruments held at fair value through profit or loss is recognized within net interest income.

b. Fees & Commission

Fees and commissions are recognized on an accrual basis when the service has been provided or significant act performed whenever the benefit exceeds cost in determining such value. Whenever, the cost of recognizing fees and commissions on an accrual basis exceeds the benefit in determining such value, the fees and commissions are charged off during the year.

c. Dividend Income

Dividend income are recognized when right to receive such dividend is established. Usually this is the ex-dividend date for equity securities. Dividends are presented in net trading income, net income from other financial instruments at fair value through profit or loss or other revenue based on the underlying classification of the equity investment.

d. Net Trading Income

Net trading income comprises gains less losses related to trading assets and liabilities, and includes all realised and unrealised fair value changes, interest, dividends and foreign exchange differences.

Net Income from other financial instrument at fair value through Profit or Loss

Net income from other financial instruments at fair value through profit or loss relates to non-trading derivatives held for risk management purposes that do not form part of qualifying hedge relationships and financial assets and liabilities designated at fair value through profit or loss. It includes all realised and unrealised fair value changes, interest, dividends and foreign exchange differences.

e. Net Income from other financial instrument at fair value through Profit or Loss

Net income from other financial instruments at fair value through profit or loss relates to non-trading derivatives held for risk management purposes that do not form part of qualifying hedge relationships and financial assets and liabilities designated at fair value through profit or loss. It includes all realized and unrealized fair value changes, interest, dividends and foreign exchange differences.

5.13.1 NFRS 15: Revenue from contract with customers

The standard requires the following five step model framework to be followed for revenue recognition:

- Identification of the contracts with the customer
- Identification of the performance obligations in the contract
- Determination of the transaction price
- Allocation of the transaction price to the performance obligations in the contract
- Recognition of revenue when the entity satisfies a performance obligation.

Bank has adopted NFRS 15 from the current fiscal year which resulted in changes in accounting policies related to recognition of Fees and commission. Accordingly, Fees and Commissions are recognized at an amount that reflects the consideration to which the bank expects to be entitled in exchange for providing the services. The performance obligations, as well as the timing of their satisfaction are identified, and determined, at the inception of the contract. Fees and Commissions from services are recognized evenly over the period, based on time-elapsed where performance obligations are satisfied over time. Where performance obligations are satisfied at a point in time, fees and commission are recognized typically on completion of underlying service.

5.14 Interest expense

Interest expense on all financial liabilities including deposits are recognized in profit or loss using effective interest rate method. Interest expense on all trading liabilities are considered to be incidental to the Bank's trading operations and are presented together with all other changes in fair value of trading assets and liabilities in net trading income.

5.15 Employees Benefits

a. Short Term Employee Benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is also recognized for the amount expected to be paid under bonus required by the Bonus Act, 2030 to pay the amount as a result of past service provided by the employee and the obligation can be estimated reliably under short term employee benefits. The Bank provides bonus at 5% of Net Profit before tax. The Bank is a wholly owned enterprise of Government of Nepal. The percentage of bonus which is to be distributed by the Government owned enterprises has been determined by the Government of Nepal at 5%.

Short-term employee benefits include all the following items (if payable within 12 months after the end of the reporting period):

- wages, salaries and social security contributions,
- paid annual leave and paid sick leave,
- profit-sharing and bonuses and
- non-monetary benefits

b. Post-Employment Benefits

Post-employment benefit plan includes the followings;

i) Defined Contribution Plan

A defined contribution plan is a post-employment benefit plan under which the Bank pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as personnel expenses in profit or loss in the periods during which related services are rendered.

Contributions to a defined contribution plan that are due more than 12 months after the end of the reporting period in which the employees render the service are discounted to their present value.

All permanent employees of the Bank are entitled to receive benefits under the provident fund, a defined contribution plan, in which both the employee and the Bank contribute monthly at a pre-determined rate of 10% of the basic salary. The Bank does not assume any future liability for provident fund benefits other than its annual contribution.

All permanent employees of the Bank are entitled to receive benefits under welfare provident fund, a defined contribution plan, in which both the Bank contribute two months' basic salary and such amount is transferred to separate retirement fund. The Bank does not assume any future liability for provident fund benefits other than its annual contribution.

All permanent employees of the Bank are entitled to receive benefits under medical fund, a defined contribution plan, in which both the Bank contribute certain percentage of annual basic salary based on level of employees and such amount is transferred to separate retirement fund. The Bank does not assume any future liability for provident fund benefits other than its annual contribution.

In addition to above, the bank has Contribution based gratuity plan to the permanent employees hired after 13 Asoj, 2078. All permanent employees of the Bank hired after above date are entitled to receive benefits under the Contribution based gratuity plan, a defined contribution plan, in which both the employee and the Bank contribute monthly at a pre-determined rate of 6% of the basic salary. The Bank does not assume any future liability for contribution-based gratuity fund benefits other than its annual contribution.

ii) Defined Benefit plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Bank's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted.

The Bank recognizes all actuarial gains and losses net of deferred tax arising from defined benefit plans immediately in other comprehensive income and all expenses related to defined benefit plans in employee benefit expense in profit or loss.

The Bank recognizes gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment or settlement comprises any resulting change in the fair value of plan assets, any change in the present value of the defined benefit obligation, any related actuarial gains and losses and any past service cost that had not previously been recognized.

The bank has pension plan to the permanent employees hired before 2050 B.S and gratuity plan to employees enrolled after 2050 B.S. Employees are also entitled to receive retirement benefit on endowment life insurance scheme and leave as per human resource by-laws of the Bank.

iii) Termination Benefits

Termination benefits are recognised as an expense when the Bank is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Bank has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

5.16 Leases

NFRS 16 replaces NAS 17 and sets out the principles for the recognition, measurement, presentation, and disclosure of leases. All leases result in the lessee recognizing the right to use an asset at the commencement date of the lease, and if lease payments are made over time, also recognizing financing. Accordingly, NFRS 16 eliminates the classification of leases as either operating leases or finance leases as required by NAS 17 and, instead, introduces a single lessee accounting model for lessee.

In accordance with the transitional provisions of NFRS 16, the bank has adopted the new standard applying a modified retrospective approach:

Lease Liability at the present value of remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application and Right of use asset equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the statement of financial position immediately before the date of application.

5.16.1 Valuation of lease liabilities and right of use asset

The application of NFRS 16 requires the bank to make judgments that affect the valuation of the lease liabilities and the valuation of right of use assets. These include determining contracts in scope on NFRS 16, determining the contract term and determining the interest rate used for discounting of future cash flows.

The lease term determined by the Bank generally comprises non-cancellable period of lease contracts, periods covered by an option to extend the lease if the bank is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the bank is reasonably certain not to exercise that option. The same term is applied as economic useful life of right of use assets.

Group as the lessee

The group enters into lease agreement as the lessee with respect to its branches.

Leases are recognised as right-of-use assets and corresponding liabilities at the date at which the leased assets are available for use by the group.

Initial Recognition

At commencement date, the group recognises a right-of-use asset a lease liability.

Lease liabilities are initially measured at an amount equal to the present value of the following lease payments for the underlying right-of-use assets during the lease term:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable.
- Variable lease payments that are based on an index or a rate.
- Amounts expected to be payable by the group under residual value guarantees.
- The exercise price of a purchase option if the group is reasonably certain to exercise that option; payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, or the group's incremental borrowing rate.

Right-of-use assets are measured initially at cost comprising the following:

- The amount of the initial measurement of the lease liability.
- Any lease payments made at or before the commencement date less any lease incentives received.
- Any initial direct costs.
- Restoration costs.

Subsequent Measurement of right of use asset

Subsequently, the right of use assets, are measured at cost less accumulated depreciation and any accumulated impairment losses and adjusted for measurement of the lease liability due to reassessment or lease modifications.

The right-of-use assets are depreciated over the lease term on a straight-line basis.

Subsequent Measurement of lease liability

Each lease payment is allocated between the liability and finance cost. Lease liabilities are subsequently measured using the effective interest method. The carrying amount of liability is remeasured to reflect any reassessment, lease modification or revised in-substance fixed payments.

Lease term

The lease term is a non-cancellable period of a lease; periods covered by options to extend and terminate the lease are only included in the lease term if it is reasonably certain that the lease will be extended or not terminated.

Short term or low value leases

Payments associated with all short-term leases and certain leases of all low-value assets are recognised on a straight-line basis as an expense in profit or loss. The group applies the exemption for low-value assets on a lease-by-lease basis.

The Group as Lessor

The Group enters into lease agreements as a lessor with respect to some of its land and building.

Leases for which the Group is a lessor are classified as finance or operating leases. A lease is classified as a finance lease if the group transfers substantially all the risks and rewards incidental to ownership of an underlying asset. All other leases are classified as operating leases.

The Group recognizes lease payments received under operating leases as other operating income in profit or loss. The accounting policies applicable to the Group as a lessor in the comparative period were not different from NFRS 16.

5.17 Foreign Currency Translation

The financial statements are presented in Nepalese Rupees (NPR).

Transactions in foreign currencies are initially recorded at the functional currency rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange at the statement of financial position date. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss. Non-monetary assets and liabilities are translated at historical exchange rates if held at historical cost, or year-end exchange rates if held at fair value, and the resulting foreign exchange gains and losses are recognized in either the statement of profit or loss or shareholders' equity depending on the treatment of the gain or loss on the asset or liability.

5.18 Financial guarantee and loan commitment

Financial guarantees are contracts that require the Bank to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of agreement. Loan commitments are firm commitments to provide credit under pre-specified terms and conditions. Loan commitment is the commitment where the Bank has confirmed its intention to provide funds to a customer or on behalf of a customer in the form of loans, overdrafts, future guarantees, whether cancellable or not, or letters of credit and the Bank has not made payments at the reporting date, those instruments are included in these financial statement as commitments.

5.19 Share Capital and Reserves

The Bank classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. Equity is defined as residual interest in total assets of the Bank after deducting all its liabilities. Common shares are classified as equity of the Bank and distributions thereon are presented in statement of changes in equity. Dividends on ordinary shares and preference shares classified as equity are recognized in equity in the period in which they are declared. Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments considering the tax benefits achieved thereon. The reserves include retained earnings and other statutory reserves such as general reserve, bond redemption reserve, foreign exchange equalization reserve, regulatory reserve etc. Regulatory reserve includes any amount derived as result of NFRS convergence with effect in retained earning computed as per NRB Directive No. 4.

5.20 Earnings per share including diluted

The Bank presents basic and diluted earnings per share (EPS) data for its ordinary shares. The basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

6. Segment Reporting

The Bank's segmental reporting is in accordance with NFRS 8 *Operating Segments*. Operating segments are reported in a manner consistent with the internal reporting provided to the bank's management committee, which is responsible for allocating resources and assessing performance of the operating segments. Bank has no practice of accounting intra segment revenue or expenses. Income and expenses directly associated with each segment are included in determining business segment performance

Information about Reportable Segments:

Particulars	Koshi Province		Madhesh Province		Bagmati Province		Gandaki Province	
	Current Quarter	Corresponding Previous Year Quarter	Current Quarter	Corresponding Previous Year Quarter	Current Quarter	Corresponding Previous Year Quarter	Current Quarter	Corresponding Previous Year Quarter
Revenue from external customers	2,943,705,731	2,864,957,203	2,096,916,630	2,108,477,204	21,404,628,481	19,493,697,947	1,632,986,215	1,770,798,285
Intersegment revenues	-	-	-	-	-	-	-	-
Segment profit/(loss)	(249,306,595)	(176,271,772)	(216,713,852)	(47,434,204)	6,941,171,995	3,809,465,214	(87,527,474)	124,891,212
Segment assets	45,224,615,516	39,720,215,417	33,367,786,156	28,444,890,867	602,862,188,250	432,756,634,354	25,721,352,136	24,185,880,965
Segment liabilities	89,006,509,695	69,842,180,116	68,110,713,361	55,327,618,967	399,011,958,456	281,093,229,909	43,573,505,324	32,250,911,602

Particulars	Lumbini Province		Karnali Province		Sudurpashim Province		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
Revenue from external customers	2,470,273,060	2,362,240,451	1,029,991,444	982,193,245	1,146,955,104	1,067,622,807	32,725,456,665	30,649,987,142
Intersegment revenues	-	-	-	-	-	-	-	-
Segment profit/(loss)	(255,889,717)	(104,900,530)	292,276,416	327,637,134	85,834,158	78,502,069	6,509,844,931	4,011,889,123
Segment assets	38,659,578,294	33,212,303,173	15,522,226,728	12,766,410,311	17,258,623,590	14,559,625,446	778,616,370,670	585,645,960,533
Segment liabilities	74,106,984,645	55,708,710,310	18,934,508,669	14,845,574,941	29,784,333,488	24,398,840,687	722,528,513,636	533,467,066,532

7. Related party disclosures

The Bank identifies the following as the related parties under the requirements of NAS 24.

SN	Name	Relationship	Remarks
1	RBB Merchant Banking Company Limited	Subsidiary	
2	Everest Foods Limited (w.e.f 1 May 2018)	Subsidiary	Defunct company
3	RBB Securities Company Limited	Subsidiary	
4	Himal Cement Company (w.e.f 1 May 2018)	Associate	Defunct company
5	Butwal Suti Dhago Udhyog	Associate	Defunct company
6	Nepal Digital Payment Co. Ltd.	Associate	
7	Nepal Ban Nigam Limited	Associate	
8	National Life Insurance Company Ltd.	Associate	
9	Nepal Stock Exchange Ltd.	Associate	
10	Neco Insurance Ltd.	Associate	
11	Gorakhkali Rubber Udyog Ltd.	Associate	Defunct company
12	Asha Laghubitta Bittiya Sanstha Ltd.	Associate	
13	Nepal Lube Oil Ltd	Associate	

a. Board Member Allowances and Facilities

The Chairperson and other members of the Board are paid NPR 4,000 per meeting respectively for Board and Board Level Committees meeting.

In addition to the above meeting allowances, the Board Members have been provided with a monthly allowance of NPR 2,000 for newspapers, NPR 2,500 for telephone and for those directors who are not using transportation facility from the Bank are provided with amount equivalent to 20 liter of fuel.

b. Amount paid to Chief Executive Officer

The Board of Directors has appointed Mr. Devendra Raman Khanal as Chief Executive Officer of the Bank with effect from 2081/02/11 for the period of 4 years. CEO has been reimbursed with the communication expenses and has been provided vehicle facility for official purpose. CEO has been paid salary and allowance till Fourth quarter of financial year 2082/83 as follows:

Name	Basic Salary	Provident Fund	Allowance	Total payment till period end
Devendra Raman Khanal	3,600,000	360,000	1,800,000	57,60,000

c. Compensation Details for Key Management Personnel

Key Management Personnel includes members of Management Committee of the Bank and includes the following members;

Name	Designation
Devendra Raman Khanal	Chief Executive Officer
Vinaya Raman Paudel	Deputy Chief Executive Officer
Pawan Regmi	Deputy Chief Executive Officer
Durga Kumari Kandel	Deputy Executive Officer
Ram Kumar Thapa	Deputy Executive Officer
Nimble Shrestha	Deputy Executive Officer
Bhim Prasad Ghimire	Deputy Executive Officer
Ganesh Chandra Paudel	Company Secretary

d. Transaction with Subsidiaries and Associates:
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.

8. Dividends paid (aggregate or per share) separately for ordinary shares and other shares.

N/A

9. Issues, repurchases and repayments of debt and equity securities

There is no issue, repurchases and repayments of debt and securities during the reporting period.

10. 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 period end.

11. Effect of changes in the composition of the entity during the interim period including merger and acquisition.

There are no merger and acquisition affecting changes in the composition of the entity during the interim period.