एक्सेल डेभलपमेन्ट बैंक लि.
Excel Development Bank Ltd. तपाइंको स्थानीय साझेदार (Your Local Partner)
नेपाल राष्ट्र बैंकबाट 'ख' वर्गको इजाजतपत्र प्राप्त संस्था (कोशी प्रदेश कार्यक्षेत्र भएको)
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INTERIM FINANCIAL STATEMENTS

AS ON ASHOJ END 2083

(For First Quarter of Fiscal Year 2083/84)

Excel Development Bank Limited

Condensed Statement of Financial Position

As on quarter end 31 Ashoj 2083 (17 October, 2026)

The Bank

Particulars	This Quarter Ending	Immediately Previous Year Ending
Assets		
Cash and Cash Equivalents	834,806,390.46	1,407,656,860.50
Due from Nepal Rastra Bank	1,252,559,229.41	1,423,764,811.98
Placement with Bank and Financial Institutions	-	-
Derivative Financial Instruments	-	-
Other Trading Assets	61,795,420.00	58,910,791.80
Loans and Advances to BFIs	262,967,058.34	204,037,428.56
Loans and Advances to Customers	13,540,779,176.75	13,188,634,831.23
Investment Securities	3,972,064,409.23	4,191,006,861.94
Current Tax Assets	-	-
Investment in Subsidiaries	-	-
Investment in Associates	-	-
Investment Property	627,569,489.37	584,555,529.77
Property and Equipment	187,293,820.40	191,994,537.88
Goodwill and Intangible Assets	2,672,388.58	2,863,498.93
Deferred Tax Assets	-	-
Other Assets	46,269,979.79	76,155,173.10
Total Assets	**20,788,777,362.33**	**21,329,580,325.70**

Particulars	This Quarter Ending	Immediately Previous Year Ending
Liabilities		
Due to Bank and Financial Institutions	107,553,325.04	177,087,994.18
Due to Nepal Rastra Bank	-	-
Derivative Financial Instruments	-	-
Deposits from Customers	18,160,262,508.50	18,582,215,125.98
Borrowings	-	-
Current Tax Liabilities	15,072,273.78	15,834,337.18
Provisions	18,278,900.70	18,278,900.70
Deferred Tax Liabilities	56,072,049.18	60,292,164.93
Other Liabilities	224,142,698.58	253,251,424.59
Debt Securities Issued	-	-
Subordinated Liabilities	-	-
Total Liabilities	**18,581,381,755.77**	**19,106,959,947.56**
Equity		
Share Capital	1,249,694,470.93	1,249,694,470.93
Share Premium	9,075,470.15	9,075,470.15
Retained Earnings	148,614,596.26	179,713,887.05
Reserves	800,011,069.21	784,136,550.00
Total Equity Attributable to Equity Holders	**2,207,395,606.56**	**2,222,620,378.14**
Non Controlling Interest		
Total Equity	**2,207,395,606.56**	**2,222,620,378.14**
Total Liabilities and Equity	**20,788,777,362.33**	**21,329,580,325.70**

Excel Development Bank Limited

Condensed Statement of Profit or Loss

For the quarter ended 31 Ashoj 2083 (17 October, 2026)

The Bank

Particulars	Current Year		previous Year corrosponding	
	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)
Interest Income	282,304,221.08	282,304,221.08	288,436,905.09	288,436,905.09
Interest Expense	129,460,856.82	129,460,856.82	155,105,660.99	155,105,660.99
Net Interest Income	**152,843,364.26**	**152,843,364.26**	**133,331,244.10**	**133,331,244.10**
Fee and Commission Income	33,617,605.86	33,617,605.86	21,533,408.71	21,533,408.71
Fee and Commission Expense	4,456,750.38	4,456,750.38	3,034,991.29	3,034,991.29
Net Fee and Commission Income	29,160,855.48	29,160,855.48	18,498,417.42	18,498,417.42
Net Interest, Fee and Commisson Income	**182,004,219.74**	**182,004,219.74**	**151,829,661.52**	**151,829,661.52**
Net Trading Income	-	-	-	-
Other Operating Income	3,697,263.82	3,697,263.82	2,191,311.12	2,191,311.12
Total Operating Income	**185,701,483.56**	**185,701,483.56**	**154,020,972.64**	**154,020,972.64**
Impairment Charge / (Reversal) for Loans and Other Lossess	80,418,977.04	80,418,977.04	158,404,249.93	158,404,249.93
Net Operating Income	**105,282,506.52**	**105,282,506.52**	**(4,383,277.28)**	**(4,383,277.28)**
Operating Expense				
Personnel Expenses	56,672,918.81	56,672,918.81	54,628,396.18	54,628,396.18
Other Operating Expenses	34,806,845.45	34,806,845.45	24,698,488.28	24,698,488.28
Depreciation & Amortisation	6,305,113.26	6,305,113.26	6,086,745.51	6,086,745.51
Operating Profit	**7,497,629.00**	**7,497,629.00**	**(89,796,907.25)**	**(89,796,907.25)**
Non Operating Income	105,373.88	105,373.88	-	-
Non Operating Expense	-			
Profit Before Income Tax	**7,603,002.88**	**7,603,002.88**	**(89,796,907.25)**	**(89,796,907.25)**
Income Tax Expense				
Current Tax	2,280,900.87	2,280,900.87		
Deferred Tax	1,314,535.51	1,314,535.51		
Profit/(Loss) for the Period	**4,007,566.51**	**4,007,566.51**	**(89,796,907.25)**	**(89,796,907.25)**
Profit Attributable to:				
Equity-holders of the Bank	4,007,566.51	4,007,566.51	(89,796,907.25)	(89,796,907.25)
Non-Controlling Interest				
Profit/(Loss) for the Period	**4,007,566.51**	**4,007,566.51**	**(89,796,907.25)**	**(89,796,907.25)**

Excel Development Bank Limited

Condensed Consolidated Statement of comprehensive income

For the Year Commencing on Shrawan 1, 2083 and Ending on Ashoj 31, 2083

Particulars	The Bank			
	Current Year		Previous Year Corresponding	
	This Quarter	Upto this Quarter (YTD)	This Quarter	Upto this Quarter (YTD)
Profit or loss for the year	**4,007,566.51**	**4,007,566.51**	**(89,796,907.25)**	**(89,796,907.25)**
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	(27,474,768.70)	(27,474,768.70)	(85,573,466.09)	(85,573,466.09)
• Gains/(losses) on revaluation	-	-		
• Actuarial gains/(losses) on defined benefit plans	-	-		
• Income tax relating to above items	8,242,430.61	8,242,430.61	25,672,039.83	25,672,039.83
Net other comprehensive income that will not be reclassified to profit or loss	**(19,232,338.09)**	**(19,232,338.09)**	**(59,901,426.26)**	**(59,901,426.26)**
b) Items that are or may be reclassified to profit or loss				
• Gains/(losses) on cash flow hedge				
• Exchange gains/(losses) (arising from trasalating 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 equited method				
Other comprehensive income for the period, net of income tax	**(19,232,338.09)**	**(19,232,338.09)**	**(59,901,426.26)**	**(59,901,426.26)**
Total comprehensive income for the period	**(15,224,771.58)**	**(15,224,771.58)**	**(149,698,333.51)**	**(149,698,333.51)**
Total comprehensive income attributable to:				
Equity holders of the Bank	(15,224,771.58)	(15,224,771.58)	(149,698,333.51)	(149,698,333.51)
Non-controlling interest				
Total comprehensive income for the period	**(15,224,771.58)**	**(15,224,771.58)**	**(149,698,333.51)**	**(149,698,333.51)**
Earning per share				
Basic earning per share		1.28		(28.74)
Annualized earning per share		1.28		(28.74)
Diluted earning per share		1.28		(28.74)

Excel Development Bank Limited
Condensed Consolidated Statement of cash flows
For the period ending 31st Ashoj 2083 (17th October, 2026)

Particulars	Current Year	Previous Year Corresponding
	Upto this Quarter (YTD)	Upto this Quarter (YTD)
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received (+)	250,067,219.06	233,648,313.79
Fees and other income received (+)	33,617,605.86	21,533,408.71
Divided received (+)		-
Receipts from other operating activities (+)		-
Interest paid (-)	(129,029,734.47)	(154,774,342.64)
Commission and fees paid (-)	(4,456,750.38)	(3,034,991.29)
Cash payment to employees (-)	(55,828,140.71)	(54,628,396.18)
Other expense paid (-)	(34,806,845.45)	(24,698,488.28)
Operating cash flows before changes in operating assets and liabilities	**59,563,353.91**	**18,045,504.11**
(Increase)/Decrease in operating assets	**675,201,177.98**	**(209,062,057.77)**
Due from Nepal Rastra Bank	171,205,582.57	(276,231,405.30)
Placement with bank and financial institutions		-
Other trading assets	(2,884,628.20)	-
Loan and advances to bank and financial institutions	59,505,309.66	42,096,592.16
Loans and advances to customers	417,489,720.64	(29,418,207.76)
Other assets	29,885,193.31	54,490,963.13
Increase/(Decrease) in operating liabilities	**(520,596,012.64)**	**(320,595,226.97)**
Due to bank and financial institutions	(69,534,669.14)	(88,026,097.14)
Due to Nepal Rastra Bank		-
Deposit from customers	(421,952,617.48)	(231,678,135.50)
Borrowings		-
Other liabilities	(29,108,726.02)	(890,994.33)
Net cash flow from operating activities before tax paid	**214,168,519.25**	**(511,611,780.63)**
Income taxes paid (-)	(3,595,436.38)	-
Net cash flow from operating activities	210,573,082.87	(511,611,780.63)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investment securities	(40,967,764,242.31)	(48,603,515,201.60)
Receipts from sale of investment securities	40,200,000,000.00	48,941,550,000.00
Purchase of property and equipment	(1,368,085.43)	(3,030,842.98)
Receipt from the sale of property and equipment		-
Purchase of intangible assets	(45,200.00)	(282,500.00)
Receipt from the sale of intangible assets		-
Purchase of investment properties	(43,013,959.60)	-
Receipt from the sale of investment properties		-
Interest received	27,955,298.81	23,805,777.38
Dividend received	815,000.00	2,189,605.26
Net cash used in investing activities	**(783,421,188.53)**	**360,716,838.06**
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipt from issue of debt securities	-	-
Repayment of debt securities	-	-
Receipt from issue of subordinated liabilities	-	-
Repayment of subordinated liabilities	-	-
Receipt from issue of shares	-	-
Dividends paid	-	-
Interest paid	-	-
Other receipt/payment	-	-
Net cash from financing activities	**-**	**-**
Net increase (decrease) in cash and cash equivalents	**(572,848,105.66)**	**(150,894,942.57)**
Cash and cash equivalents at beginning of the year	**1,407,656,860.50**	**1,487,408,026.66**
Effect of exchange rate fluctuations on cash and cash equivalents held	**(2,364.38)**	**480.86**
Cash and cash equivalents at Ashwin 31 2083	**834,806,390.46**	**1,336,513,564.95**

Excel Development Bank Limited
Statement of Changes in Equity
For the Year Commencing on Shrawan 1, 2083 and Ending on Ashoj 31, 2083

Particulars	Attributable to Equity-Holders of the Bank										NCI	Total Equity
	Share Capital	Share Premium	General Reserve	Exchange Equalisation	Regulatory Reserve	Fair Value Reserve	Revaluation Reserve	Retained Earning	Other Reserve	Total		
Balance at Shrawan 01, 2082	**1,249,694,470.93**	**9,075,470.15**	**259,728,931.55**	**16,297.14**	**202,930,916.00**	**231,550,957.86**	**-**	**(12,609,792.22)**	**4,732,512.91**	**1,945,119,764.32**	**-**	**1,945,119,764.32**
Comprehensive Income for the year												
Profit for the year	-	-	-	-	-	-	-	309,400,746.84	-	309,400,746.84	-	309,400,746.84
Other Comprehensive Income, Net of Tax												
Gains/(losses) from investment in equity instruments measured at fair value	-	-	-	-	-	(41,093,813.89)	-	-	-	(41,093,813.89)	-	(41,093,813.89)
Gains/(losses) on revaluation	-	-	-	-	-	-	-	-	-	-	-	-
Actuarial gains/(losses) on defined benefit plans	-	-	-	-	-	-	-	-	9,193,680.87	9,193,680.87	-	9,193,680.87
Gains/(losses) on cash flow hedge	-	-	-	-	-	-	-	-	-	-	-	-
Exchange gains/(losses)(arising from translating financial assets of foreign operation)	-	-	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income for the year	**-**	**-**	**-**	**-**	**-**	**(41,093,813.89)**	**-**	**309,400,746.84**	**9,193,680.87**	**277,500,613.82**	**-**	**277,500,613.82**
Transfer to Reserves during the year	-	-	61,880,882.39	1,300.12	-	-	-	(47,254,023.31)	7,941,594.78	22,569,753.99	-	22,569,753.99
Transfer from Reserves during the year	-	-		-	51,465,308.77	(3,665.12)	-	(69,823,044.27)	(4,208,353.37)	(22,569,753.99)	-	(22,569,753.99)
Transactions with Owners, directly recognized in Equity										-	-	-
Share Issued	-	-	-	-	-	-	-	-	-	-	-	-
Share Based Payments	-	-	-	-	-	-	-	-	-	-	-	-
Dividend to Equity-Holders										-	-	-
Bonus Shares Issued	-	-	-	-	-	-	-	-	-	-	-	-
Cash Dividend Paid	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-			-	-	-
Total Contributions by and Distributions	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	
Balance at Ashadh 32, 2083	**1,249,694,470.93**	**9,075,470.15**	**321,609,813.95**	**17,597.26**	**254,396,224.77**	**190,453,478.84**	**-**	**179,713,887.05**	**17,659,435.18**	**2,222,620,378.14**	**-**	**2,222,620,378.14**
Balance at Shrawan 01, 2083	**1,249,694,470.93**	**9,075,470.15**	**321,609,813.95**	**17,597.26**	**254,396,224.77**	**190,453,478.84**	**-**	**179,713,887.05**	**17,659,435.18**	**2,222,620,378.14**	**-**	**2,222,620,378.14**
Comprehensive Income for the year												
Profit for the year	-	-	-	-	-	-	-	4,007,566.51	-	4,007,566.51	-	4,007,566.51
Other Comprehensive Income, Net of Tax												
Gains/(losses) from investment in equity instruments measured at fair value	-	-	-	-	-	(19,232,338.09)	-	-	-	(19,232,338.09)	-	(19,232,338.09)
Gains/(losses) on revaluation											-	
Actuarial gains/(losses) on defined benefit plans											-	
Gains/(losses) on cash flow hedge											-	
Exchange gains/(losses)(arising from translating financial assets of foreign operation)											-	
Total Comprehensive Income for the year	**-**	**-**	**-**	**-**	**-**	**(19,232,338.09)**	**-**	**4,007,566.51**	**-**	**(15,224,771.58)**	-	(15,224,771.58)
Transfer to Reserves during the year	-	-	**801,513.30**	**(2,364.38)**	**-**	**-**	**-**	**(29,196,241.24)**	**5,111,467.14**	**(23,285,625.18)**	-	(23,285,625.18)
Transfer from Reserves during the year	-	-	**-**	**-**	**29,814,435.60**	**-**	**-**	**(5,910,616.06)**	**(618,194.36)**	**23,285,625.18**	-	23,285,625.18
Transactions with Owners, directly recognized in Equity											-	
Share Issued											-	
Share Based Payments											-	
Dividend to Equity-Holders											-	
Bonus Shares Issued											-	
Cash Dividend Paid											-	
Other											-	
Total Contributions by and Distributions												
Balance at Ashoj 31, 2083	**1,249,694,470.93**	**9,075,470.15**	**322,411,327.25**	**15,232.88**	**284,210,660.37**	**171,221,140.75**	**-**	**148,614,596.26**	**22,152,707.96**	**2,207,395,606.56**	**-**	**2,207,395,606.55**

Excel Development Bank Limited
Statement of Distributable Profit
For the quarter ended 31 Ashoj 2083 (17 October, 2026)
(As per NRB Regulation)

Particulars	Current Year Up to This Quarter (YTD)	Previous Year Corresponding Quarter (YTD)
Net profit or (loss) as per statement of profit or loss	**4,007,566.51**	**(89,796,907.25)**
Appropriations:		
a. General reserve	(801,513.30)	
b. Foreign exchange fluctuation fund	2,364.38	(120.22)
c. Capital redemption reserve	-	-
d. Corporate social responsibility fund	(40,075.67)	
e. Employees' training fund	(5,071,391.47)	(4,847,587.31)
f. Other	618,194.36	504,090.10
Profit or (loss) before regulatory adjustment	**(1,284,855.19)**	**(94,140,524.68)**
Regulatory adjustment :		
a. Interest receivable (-)/previous accrued interest received (+)	(5,283,217.58)	2,748,617.55
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 (-)/resersal (+)	(21,408,047.69)	
e. Deferred tax assets recognised (-)/ reversal (+)	-	-
f. Goodwill recognised (-)/ impairment of Goodwill (+)	-	-
g. Bargain purchase gain recognised (-)/resersal (+)	-	-
h. Acturial loss recognised (-)/reversal (+)		
i. Other (+/-)	(3,123,170.32)	
Net profit for the quarter end 31st Ashoj 2083 availiable for distribution	**(31,099,290.79)**	**(91,391,907.13)**
Opening Retained Earning as on Shrawan 01. 2083	179,713,887.05	26,067,970.61
Adjustment (+/-)		
Distribution :		
Bonus Share Issued	-	
Cash Dividend Paid	-	
Total distributable profit or (loss) as on 31st Ashoj 2083	**148,614,596.26**	**(65,323,936.52)**
Anualised Distributable Profit/loss per Share	4.43	(20.91)

Excel Development Bank Limited

Ratios as per NRB Directive

Particulars	Current Year		Previous Year Corresponding	
	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)
Capital Fund to RWA	-	14.21%	-	12.55%
Tier 1 Capital to RWA	-	11.76%	-	10.76%
Non-Performing Loan(NPL) to Total Loan	-	4.85%	-	9.68%
Total Loan Loss Provision to Total NPL	-	107.02%	-	81.65%
Cost of Funds	-	2.76%	-	3.72%
Credit to Deposit Ratio	-	78.09%	-	78.07%
Base Rate	-	5.06%	-	6.27%
Interest Rate Spread	-	4.23%	-	4.55%
Return On Equity	-	0.18%	-	-4.45%
Return On Assets	-	0.02%	-	-0.47%

EXCEL DEVELOPMENT BANK LTD.
Notes to the Interim Financial Statements
For the quarter ended Ashoj 31, 2083

1. Basis of Preparation

The Interim financial statements of the Bank have been prepared in accordance with Nepal Financial Reporting Standards (NFRS), including the carve-outs issued by the Institute of Chartered Accountants of Nepal. The disclosures made in the condensed interim financial information have been limited based on the format prescribed by Nepal Rastra Bank through NRB Directive 2080.

2. Statement of Compliance

The interim financial statements have been prepared in accordance with Nepal Financial Reporting Standards (NFRS) and carve-outs issued by the Institute of Chartered Accountants of Nepal, which allowed alternative treatments and the bank adopted following carve outs:

NAS 39: Financial Instruments: Recognition and measurement,

- Impairment accounting,
- Calculation of interest income on amortized cost

Financial information has been recorded in compliance with directives of Nepal Rastra Bank and relevant business practices followed by the bank unless as adjusted for compliance with NFRS.

3. Use of Estimates, Assumptions and Judgments

The preparation of Financial Statements in conformity with Nepal Financial Reporting Standards (NFRS) requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

4. Changes in Accounting Policies

There are no changes in accounting policies and methods of computation since the publication of annual accounts for the quarter end Ashoj 2083.

5. Significant Accounting Policies

The accounting policies applied and method of computation followed in the preparation of the interim financial statement is in consistent with the accounting policies applied and method of computation followed in preparation of the annual financial statement.

5.1 Basis of Measurement

The interim financial statements are prepared on a historical cost basis, except for available for sale investments, assets held for sale and discontinued operations, other financial assets and liabilities held for trading and financial assets and liabilities designated at fair value through profit or loss (FVPL), all of which are measured at fair value.

5.2 Basis of Consolidation

The Bank does not have control over any other entity for consolidation of Financial Statements.

5.3 Cash and Cash equivalent

Cash and cash equivalents include cash in hand, balances with B/FIs, money at call and short notice and highly liquid financial assets with original maturities of three months or less from the acquisition dates 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 presented in the carrying value in the statement of financial position.

5.4 Financial Assets and Financial Liabilities

A. Recognition

The bank recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are measured at fair value on initial recognition. Transaction costs in relation to financial assets and financial liabilities, other than those carried at fair value through profit or loss (FVTPL), are added to the fair value on initial recognition. Transaction costs in relation to financial assets and financial liabilities which are carried at fair value through profit or loss (FVTPL), are charged to the statement of profit and loss.

B. Classification

The financial assets and liabilities are subsequently measured at amortized cost or fair value based on business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Financial assets are classified under three categories as required by NFRS 9, namely:

i. **Financial Assets measured at amortized cost:** Financial assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows that are solely payments of principal and interest, are subsequently measured at amortized cost using the effective interest rate ('EIR') method less impairment, if any. The amortization of EIR and loss arising from impairment, if any is recognized in the Statement of Profit and Loss.

ii. **Financial Assets measured at fair value through other comprehensive income:** Financial assets that are held within a business model whose objective is achieved by both, selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, are subsequently measured at fair value through other comprehensive income. Fair value movements are recognized in the other comprehensive income (OCI).

iii. **Financial Assets measured at fair value through profit or loss:** The bank classifies the financials assets as fair value through profit or loss if they are held for trading or designated at fair value through profit or loss.

Any other financial asset not classified as either amortized cost or FVTOCI, is classified as FVTPL.

Financial liabilities are classified under two categories as required by NFRS-9, namely:

i. **Financial liabilities at fair value through profit or loss:**
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Upon initial recognition, transaction cost directly attributable to the acquisition are recognized in Statement of Profit or Loss as incurred. Subsequent changes in fair value are recognized at profit or loss.

ii. **Financial liabilities measured at amortized cost:**
All financial liabilities other than measured at fair value though profit or loss are classified as subsequently measured at amortized cost using effective interest method.

C. Measurement

i. Initial Measurement
A financial asset or financial liability is measured initially at fair value plus transaction costs that are directly attributable to its acquisition or issue except on the case of financial assets and liabilities recorded at fair value through profit or loss. Transaction cost in relation to financial assets and liabilities at fair value through profit or loss are recognized in Statement of Profit or Loss.

ii. 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.
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.

5.4.1 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.

De-recognition of Financial Liabilities
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.

5.4.2 Determination of Fair Value

Assets and liabilities carried at fair value or for which fair values are disclosed have been classified into three levels according to the observability of the significant inputs used to determine the fair values. Changes in the observability of significant valuation inputs during the reporting period may result in a transfer of assets and liabilities within the fair value hierarchy. The Bank recognizes transfers between levels of the fair value hierarchy when there is a significant change in either its principal market or the level of observability of the inputs to the valuation techniques as at the end of the reporting period.

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 investments are recorded at cost, considering the non-trading of promoter shares up to the date of balance sheet, the market price of such shares could not be ascertained with certainty. Hence, these investments are recognized at cost net of impairment, if any.

5.4.3 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 held-to-maturity investment securities at both a specific asset and collective level. All individually significant loans and advances and investment securities measured at amortized cost 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 investment securities measured at amortized cost that are not individually significant are collectively assessed for impairment by grouping together loans and advances and investment securities measured at amortized cost with similar risk characteristics. 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.

a) Impairment losses on assets measured at amortized cost

As per NAS 39
Financial assets carried at amortized cost (such as amounts due from Banks, loans and advances to customers as well as held–to–maturity investments is 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 i.e. (30% of total loan outstanding) individually 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 being based on the past experience. For the purpose of collective assessment of impairment Bank has categorized assets in broad products.
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 other reserves and funds (impairment reserve) in statement of other comprehensive income and statement of changes in equity. If a write–off is later recovered, the recovery is credited to the 'Statement of Profit or Loss.

Loan Loss Provision as per Nepal Rastra Bank Directive
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 Directives. Provision is made for possible losses on loans and advances including bills purchased at 1.20% to 100% on the basis of classification of loans and advances, overdraft and bills purchased in accordance with NRB directives.

5.5 Trading Assets
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.
Trading assets and liabilities 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 and loss account.

5.6 Derivatives Assets and Derivative Liabilities
The Bank does not deal with any derivative financial instruments.

5.7 Property and Equipment
a. Recognition and Measurement
The cost of an item of property and equipment is 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
- the cost of the item can be measured reliably.

Cost includes purchase price including any non-refundable taxes after deducting volume rebates and trade discounts and such other costs that are incurred to bring asset to location and condition to be operating in a manner intended by management.
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 for qualifying assets
- The Bank adopts cost model for entire class of property and equipment. Neither class of the property and equipment are measured at revaluation model nor is their fair value measured at the reporting date. The items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

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.

b. Capital Work in Progress (CWIP)
The Bank does not have any CWIP as on the reporting date.

c. Depreciation
Depreciation is calculated by using the Straight-line method to allocate their cost or valuation of the Property & Equipment over their estimated useful lives, as follows except for land, which is not subject to depreciation:

Asset Category	Estimated Useful Lives (in years)
Building	50
Motor Vehicles	8
Computer and Accessories	5
Furniture and fixtures	10
Machineries	8
Office Equipment	5

Value and estimated useful lives of Property and equipment are reviewed at each year end and adjusted, if appropriate. Assets having acquisition cost less than NPR 5,000 are charged as an expense in the Statement of Profit or Loss.

d. **De-recognition**
The carrying amount of Property and Equipment are 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 are included in profit or loss when the item is derecognized except for sales & lease back transaction. The gain is not be classified as revenue.

5.8 Intangible Assets/ Goodwill
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.
Intangible Assets, except for goodwill, are amortized on a straight–line basis in the Statement of Profit or Loss from the date when the asset is available for use, over the best of its useful economic life based on a pattern in which the asset's economic benefits are consumed by the bank. Amortization methods, useful lives, residual values are reviewed at each financial year end and adjusted if appropriate.

Asset Category	Amortization Period
Computer Software	5 years
Licenses	5 years

5.9 Investment Property

Investment Property

Investment properties include 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 remains unsold at the reporting date.

5.10 Income Tax

Tax expense comprises current and deferred tax expense. 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.

a. 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.

b. 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 account, current, call, 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

The Bank does not have any debt securities issued as on the reporting date.

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 as a result of past event 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 interim financial statements if it is not probable that the amount will be received. If it is probable, then disclosure is given for the contingent asset. 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, etc. and the bases of incomes recognition are as follows:

a. Interest Income
Interest income on available-for-sale assets and financial assets held at amortized cost are 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.

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 realized and unrealized fair value changes, interest, dividends and foreign exchange differences.

e. Net Income from other financial instrument at fair value through Profit or Loss
Gains and losses arising from changes in the fair value of financial instruments designated 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.

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
The Bank has schemes of retirement benefits namely Gratuity, Provident Fund and Medical Allowance.

a. Retirement benefit obligations
The Bank operates a defined contribution plans as provident fund contribution, Gratuity and medical Allowance of its employees and defined benefit plans for the Gratuity payment.
For Provident Fund, the Bank pays contributions to the publicly administered provident fund plans (named Employee Provident Fund) on a mandatory basis, and such amounts are charged to operating expenses. The Bank has no further payment obligations once the contributions have been paid.
The gratuity provision has been provided in line with employee service bylaws of the bank. As these gratuities are defined benefit plans, the liability recognized in the statement of financial position is the present value of the defined benefit obligation less the fair value of plan assets. Such obligations are estimated on the basis of actuarial Valuation. However, the interim actuary valuation has not been conducted.

b. Long Term Benefit Liability (Accumulated Leave) Long Term Benefit Liability
The Bank provides accumulated leave benefit under its staff byelaw. The Home Leave is accumulated up to 90 days and there is no limit for the accumulation of Sick Leave.
Accumulated leave benefits are treated as long term benefit liability. Accumulated leave obligations are estimated on the basis of actuarial valuation. Long term benefit liability are not subject to same degree of uncertainty as defined benefit plan. Therefore, re-measurement gain/ (loss) on accumulated leave is charged to Statement of Profit or Loss. However, the interim actuary valuation has not been conducted.
The Bank has no further payment obligations once the contributions have been paid.

5.16 Leases
As per NFRS 16, Lease expense shall be recognized at the commencement date, a lessee shall recognize a right-to-use asset and a lease liability. The bank has applied retrospective approach and therefore the comparative information has not been restated. Right to Use (ROU) assets has been disclosed under Property, Plant and Equipment (PPE). At the commencement date, a lessee shall measure the lease liability at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate

can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate.

For a lessee, a lease that is accounted for under NFRS 16 results in the recognition of:

- a right-to-use asset and lease liability
- interest expense (on the lease liability)
- depreciation expense (on the right-of-use asset)

After the commencement date, a lessee shall measure the lease liability by:
(a) Increasing the carrying amount to reflect interest on the lease liability;
(b) Reducing the carrying amount to reflect the lease payments made; and
(c) Re-measuring the carrying amount to reflect any reassessment or lease modifications to reflect revised in-substance fixed lease payments

5.17 Foreign Currency Translation

The interim financial statements are presented in Nepalese Rupees (NPR).
Transactions in foreign currencies are initially recorded at the functional currency using 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 recognized 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 other comprehensive income 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 a debt instrument. 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 interim financial statements 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. 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, foreign exchange equalization reserve, regulatory reserve, staff training and development fund, CSR reserve etc.

5.20 Earnings per share

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.

If the number of ordinary or potential ordinary shares outstanding increases as a result of a capitalization due to right share, bonus issue, the calculation of basic and diluted earnings per share for all periods presented are adjusted retrospectively.

6. Segmental Information

The Bank is organized for management and reporting purposes into segments. The segment results that are reported include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segmental Reporting is done on the basis of geographical segment.

7. Concentration of Borrowings, Credits and Deposits

A. Concentration of Borrowings

Particulars	Current Year	Previous Year
Borrowings from 10 largest lenders.	-	-
Percentage of Borrowings from 10 largest lenders.	0%	0%

B. Concentration of Credit exposures

Particulars	Current Year	Previous Year
Total exposures to twenty largest borrowers		
a. As per group (related party)	1,400,849,142.37	1,306,367,043.91
b. As per individual customer	422,396,692.14	399,740,663.73
Percentage of exposures to twenty largest borrowers to Total Loans and Advances		
a. As per group (related party)	9.82%	10.18%
b. As per individual customer	2.96%	3.12%

B. Concentration of Deposits

Particulars	Current Year	Previous Year
Total deposits from twenty largest depositors		
a. Group wise	903,996,381.42	1,082,651,046.94
b. As per individual customer	714,914,543.22	617,573,032.93

Percentage of deposits from twenty largest depositors to Total Deposits		
a. Group	4.95%	6.59%
b. As per individual customer	3.92%	3.76%

8. Related Party Disclosures

a) Transaction with related party

Other than the directors' meeting fees and related meeting expenses, no any other transactions are made with related party

b) Key Managerial Personnel

Key Management Personnel (KMP) of the bank include members of the Board & the Senior Management Team of the bank. Followings are a list of Board of Directors and CEO bearing office at 17th October 2026.

S.N.	Name of the Key Management Personnel	Post
1	Mr. Mahendra Kumar Goyal	Board-Chairman
2	Mr. Parsuram Dahal	Board-Member
3	Mr. Yagya Prasad Sharma	Board-Member
4	Mr. Chirag Goyal	Board-Member
5	Mr. Rupak Prasad Khanal	Board-Member
6	Mrs. Sabitri Lohani Dahal	Board-Member (Independent)
7	Mr. Jagannath Dhungel	Board-Member
8	Mr. Dr. Indra Kumar Kattel	Chief Executive Officer

All members of the Board are non-executive directors and no executive compensation is paid to the directors. Specific non-executive allowances paid to directors are as under:

SN	Particular	Amount
1	Board of Directors_Sitting Fee	277,000.00
2	Board of Directors_Other Benefit	254,299.97
3	BOD Level Committee Sitting fee & other benefit	94,500.00
	Total	**625,799.97**

These allowances and benefits of Board members are approved by the Annual General Meeting of the Bank.

c) Compensation to Management Level Employees

Particular	Total Compensation (Rs.)
Short-term employee benefits	4,931,075.00

Post employee benefits	161,013.60
Other long-term benefits	-
Total	**5,092,088.60**

* Short-term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service.

Post-employment benefits are employee benefits paid after completion of employment. Provident fund is deposited in an independent institution named ***Karmachari Sanchaya Kosh* and gratuity is provided for as per Employee Byelaws of the Bank.

*** Other long-term employment benefit includes home Leave and sick Leave encashment over and above the accumulation limit set as per Employee Byelaws of the Bank.

**** KMP also get accidental and medical insurance, fuel, and mobile facilities as per Employee Byelaws and other policies of the Bank.

***** KMP for reporting purpose refer to the Senior Management Team of bank which include CEO, DCEO & AGM.

9. Dividends paid (aggregate or per share) separately for ordinary shares and other shares
No Dividend has been paid during the reporting Period.

10. Issues, repurchases and repayments of debt and equity Securities
During the reporting period, there were no issuances, repurchases, or repayments of debt or equity securities.

11.Events after interim period
There were no material events subsequent to the date of the condensed statement of financial position that require disclosure or adjustments to the unaudited interim financial statements.

12. Effect of changes in the composition of the entity during the interim period merger including acquisition
There were no changes in the composition of the Bank for the reporting period ended 31st Ashoj 2083.