Agricultural Development Bank Limited

Interim Financial Statements (Quarterly)

As on Poush End 2081

Date: January 2025

Place: Kathmandu

Agricultural Development Bank Limited
Condensed Consolidated Statement of Financial Position
As on Quarter ended 29th Poush, 2081

	Group		Bank	
Assets	This Quarter Ending	Immediate Previous Year Ending	This Quarter Ending	Immediate Previous Year Ending
Cash and cash equivalent	5,822,973,123	5,074,320,773	5,822,700,300	5,074,083,242
Due from Nepal Rastra Bank	10,953,644,717	15,212,779,452	10,953,644,717	15,212,779,452
Placement with Bank and Financial Institutions	9,752,625,000	5,214,300,000	9,752,625,000	5,214,300,000
Derivative financial instruments	-	9,972,912	-	9,972,912
Other trading assets	1,499,319,294	1,274,757,944	1,439,127,517	1,216,149,394
Loan and advances to B/FIs	3,056,962,705	3,202,203,613	3,056,962,705	3,202,203,613
Loans and advances to customers	204,111,191,593	203,612,949,861	204,111,191,593	203,617,049,861
Investment securities	74,205,700,804	68,889,854,651	73,915,597,188	68,611,262,068
Current tax assets	99,883,514	138,800,570	99,414,651	139,134,770
Investment in subsidiaries	-	-	29,013,000	29,013,000
Investment in associates	-	-	-	-
Investment properties	1,015,708,938	943,089,080	1,015,708,938	943,089,080
Property and equipment	2,250,579,620	2,240,840,946	2,248,187,371	2,238,425,747
Goodwill and Intangible assets	53,668,638	61,971,624	53,668,638	61,971,624
Deferred tax assets	-	-	-	-
Other assets	7,652,474,659	5,808,900,352	7,652,281,470	5,805,998,894
Total Assets	**320,474,732,605**	**311,684,741,778**	**320,150,123,086**	**311,375,433,657**
Liabilities				
Due to Bank and Financial Institutions	389,078,087	197,018,769	389,078,087	197,018,769
Due to Nepal Rastra Bank	3,357,331	-	3,357,331	-
Derivative financial instruments	-	-	-	-
Deposits from customers	251,270,042,593	243,613,667,463	251,272,784,132	243,628,658,005
Borrowing	1,982,117,495	2,664,573,352	1,982,117,495	2,664,573,352
Current Tax Liabilities	-	-	-	-
Provisions	-	-	-	-
Deferred tax liabilities	439,474,985	378,097,453	366,770,606	307,423,233
Other liabilities	9,907,808,532	7,969,462,207	9,896,753,782	7,960,792,205
Debt securities issued	20,477,020,373	20,477,020,373	20,477,020,373	20,477,020,373
Subordinated Liabilities	-	-	-	-
Total liabilities	284,468,899,398	275,299,839,617	284,387,881,807	275,235,485,937
Equity				
Share capital	19,287,936,300	18,884,386,078	19,287,936,300	18,884,386,078
Ordinary Share	13,855,224,300	13,451,674,078	13,855,224,300	13,451,674,078
Preference Share(Irredeemable)	5,432,712,000	5,432,712,000	5,432,712,000	5,432,712,000
Share premium	-	-	-	-
Retained earnings	1,291,697,202	2,200,163,643	1,229,875,345	2,136,087,574
Reserves	15,408,332,177	15,283,784,194	15,244,429,634	15,119,474,068
Total equity attributable to equity holders	**35,987,965,679**	**36,368,333,915**	**35,762,241,280**	**36,139,947,720**
Non-controlling interest	17,867,529	16,568,246		
Total equity	**36,005,833,208**	**36,384,902,161**	**35,762,241,280**	**36,139,947,720**
Total liabilities and equity	**320,474,732,605**	**311,684,741,778**	**320,150,123,086**	**311,375,433,657**

Agricultural Development Bank Limited
Condensed Consolidated Statement of Profit or Loss
For the Quarter ended 29th Poush, 2081

Particulars	Group				Bank			
	Current Year		Previous Year Corresponding		Current Year		Previous Year Corresponding	
	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	5,249,537,821	10,529,747,284	6,772,140,826	13,290,897,955	5,249,497,640	10,529,483,505	6,771,565,288	13,289,650,831
Interest expense	3,309,537,048	7,045,610,026	4,348,147,498	8,802,840,778	3,309,662,872	7,045,603,658	4,347,988,683	8,802,270,500
Net interest income	1,940,000,773	3,484,137,258	2,423,993,328	4,488,057,177	1,939,834,767	3,483,879,848	2,423,576,605	4,487,380,331
Fees and commission income	343,828,886	698,966,798	341,268,524	706,985,538	343,828,886	698,966,798	341,268,524	706,985,538
Fees and commission expense	66,936,470	81,476,078	137,870,537	163,272,349	66,936,470	81,476,078	137,870,537	163,272,349
Net fee and commission income	276,892,416	617,490,720	203,397,987	543,713,189	276,892,416	617,490,720	203,397,987	543,713,189
Net interest, fee and commission income	2,216,893,189	4,101,627,978	2,627,391,315	5,031,770,367	2,216,727,183	4,101,370,568	2,626,974,592	5,031,093,520
Net trading income	(113,796,350)	226,482,784	160,319,579	122,718,997	(112,113,131)	218,663,605	157,118,883	126,544,481
Other operating income	284,742,799	548,890,688	172,418,360	305,642,216	284,702,086	548,829,561	172,385,658	305,624,612
Total operating income	2,387,839,638	4,877,001,450	2,960,129,254	5,460,131,579	2,389,316,139	4,868,863,733	2,956,479,133	5,463,262,612
Impairment charge/(reversal) for loan and other losses	(44,757,326)	857,503,305	(1,063,570,774)	1,096,505,129	(44,757,326)	857,503,305	(1,063,570,774)	1,096,505,129
Net operating income	2,432,596,964	4,019,498,145	4,023,700,028	4,363,626,450	2,434,073,465	4,011,360,428	4,020,049,908	4,366,757,483
Operating expense								
Personnel expenses	978,804,738	1,887,513,900	919,138,046	1,792,440,229	978,201,905	1,885,922,012	917,982,406	1,790,506,752
Other operating expenses	289,933,483	544,933,556	273,612,129	578,985,419	289,558,971	544,368,603	273,285,490	578,386,033
Depreciation & Amortisation	116,662,211	233,328,084	70,725,524	148,201,596	116,650,737	233,305,136	70,716,704	148,185,700
Operating Profit	1,047,196,532	1,353,722,604	2,760,224,329	1,843,999,206	1,049,661,852	1,347,764,678	2,758,065,308	1,849,678,999
Non operating income	214,043	348,108	3,267,343	8,470,994	214,043	348,108	3,267,343	8,470,994
Non operating expense	-	-	18,171	18,171	-	-	18,171	18,171
Profit before income tax	1,047,410,575	1,354,070,712	2,763,473,502	1,852,452,029	1,049,875,895	1,348,112,785	2,761,314,481	1,858,131,822
Income tax expense	282,497,664	392,042,647	518,286,221	501,429,446	283,249,253	390,563,108	517,967,835	502,856,641
Current Tax	321,763,581	337,005,278	558,719,992	558,719,992	321,789,259	336,467,120	557,439,547	557,439,547
Deferred Tax	(39,265,917)	55,037,369	(40,433,770)	(57,290,546)	(38,540,006)	54,095,988	(39,471,712)	(54,582,906)
Profit/(loss) for the period	764,912,911	962,028,065	2,245,187,281	1,351,022,584	766,626,641	957,549,677	2,243,346,646	1,355,275,181

Condensed Consolidated Statement of Comprehensive Income

Profit/(loss) for the period	764,912,911	962,028,065	2,245,187,281	1,351,022,584	766,626,641	957,549,677	2,243,346,646	1,355,275,181
Other Comphrensive Income	(175,752,972)	5,668,124	21,869,373	(70,485,921)	(174,845,545)	5,067,306	21,399,069	(70,237,683)
Total Comphrensive Income	589,159,938	967,696,189	2,267,056,654	1,280,536,662	591,781,096	962,616,984	2,264,745,715	1,285,037,499
Basic earnings per share	19.73	11.53	64.34	17.66	19.78	11.47	64.29	17.73
Diluted earnings per share	19.73	11.53	64.34	17.66	19.78	11.47	64.29	17.73
Profit attributable to:								
Equity holders of the Bank	765,065,034	961,734,535	2,245,033,032	1,351,301,659	766,626,641	957,549,677	2,243,346,646	1,355,275,181
Non-controlling interest	(152,123)	293,530	154,249	(279,075)	-	-	-	-
Total	764,912,911	962,028,065	2,245,187,281	1,351,022,584	766,626,641	957,549,677	2,243,346,646	1,355,275,181

Agricultural Development Bank Limited
Consolidated Statement of cash flows
For the Quarter ended 29th Poush, 2081

	Group		Bank	
	Up to This Quarter	**Corresponding Previous Year Up to this Quarter**	**Up to This Quarter**	**Corresponding Previous Year Up to this Quarter**
CASH FLOWS FROM OPERATING ACTIVITIES				
Interest received	11,047,182,951	26,759,085,778	11,046,919,172	26,758,913,723
Fees and other income received	698,966,798	1,672,368,587	698,966,798	1,672,368,587
Dividend received				
Receipts from other operating activities	723,156,656	188,756,161	715,337,476	192,894,663
Interest paid	(7,124,800,058)	(17,116,254,582)	(7,124,793,690)	(17,117,539,099)
Commission and fees paid	(81,476,078)	(229,275,283)	(81,476,078)	(229,275,283)
Cash payment to employees	(2,024,309,469)	(4,355,728,028)	(2,022,717,580)	(4,352,081,926)
Other expense paid	(544,933,556)	(1,042,876,981)	(544,368,603)	(1,041,471,490)
Operating cash flows before changes in operating assets and liabilities	**2,693,787,243**	**5,876,075,652**	**2,687,867,496**	**5,883,809,175**
(Increase)/Decrease in operating assets				
Due from Nepal Rastra Bank	4,259,134,735	(2,313,855,647)	4,259,134,735	(2,313,855,647)
Placement with bank and financial institutions	(4,538,325,000)	(5,214,300,000)	(4,538,325,000)	(5,214,300,000)
Other trading assets	(224,561,350)	(258,982,268)	(222,978,123)	(272,496,594)
Loan and advances to bank and financial institutions	140,457,298	943,663,347	140,457,298	943,663,347
Loans and advances to customers	(1,947,486,049)	(29,654,878,075)	(1,943,245,591.67)	(29,658,978,075)
Other assets	(1,833,601,395)	1,517,966,727	(1,836,309,664)	1,519,459,291
	(4,144,381,762)	**(34,980,385,916)**	**(4,141,266,346)**	**(34,996,507,678)**
Increase/(Decrease) in operating liabilities				
Due to bank and financial institutions	192,059,318	(1,898,901,218)	192,059,318	(1,898,901,218)
Due to Nepal Rastra Bank	3,357,331	-	3,357,331	-
Deposit from customers	7,656,375,130	44,146,527,877	7,644,126,127	44,142,044,438
Borrowings	(682,455,857)	528,009,568	(682,455,857)	528,009,568
Other liabilities	2,092,054,791	871,561,258	2,088,904,462	870,098,671
Net cash flow from operating activities before tax paid	**7,810,796,195**	**14,542,887,221**	**7,792,592,531**	**14,528,552,956**
Income taxes paid	(298,088,221)	(1,010,170,821)	(296,747,001)	(1,009,798,601)
Net cash flow from operating activities	**7,512,707,973**	**13,532,716,400**	**7,495,845,530**	**13,518,754,355**
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investment securities	(5,379,389,774)	(17,634,381,346)	(5,367,403,820)	(17,621,573,816)
Receipts from sale of investment securities	78,219,543	77,780,564	78,219,543	77,780,564
Purchase of property and equipment	(234,763,772)	(345,079,299)	(234,763,774)	(344,967,846)
Receipt from the sale of property and equipment				
Purchase of intangible assets		(2,301,047)		(2,301,047)
Receipt from the sale of intangible assets	-		-	
Purchase of investment properties				
Receipt from the sale of investment properties				
Interest received				
Dividend received	52,564,924	46,460,624	52,503,798	46,343,080
Net cash used in investing activities	(5,483,369,079)	(17,857,520,504)	(5,471,444,252)	(17,844,719,065)
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	(1,280,686,544)	(63,925,539)	(1,275,784,220)	(62,373,140)
Interest paid				
Other receipt/payment				
Net cash from financing activities	**(1,280,686,544)**	**(63,925,539)**	**(1,275,784,220)**	**(62,373,140)**
Net increase (decrease) in cash and cash equivalents	748,652,350	(4,388,729,643)	748,617,058	(4,388,337,850)
Cash and cash equivalents at Sawan 1, 2080	5,074,320,773	9,463,050,416	5,074,083,242	9,462,421,092
Effect of exchange rate fluctuations on cash and cash equivalents held				
Cash and cash equivalents at Poush End 2081	**5,822,973,123**	**5,074,320,773**	**5,822,700,300**	**5,074,083,242**

Agricultural Development Bank Limited
Consolidated Statement of Comprehensive Income
For the Quarter ended 29th Poush, 2081

	Group				Bank			
	Current Year		**Previous Year**		**Current Year**		**Previous Year**	
	This Quarter	**Up to This Quarter**	**This Quarter**	**Up to This Quarter**	**This Quarter**	**Up to This Quarter**	**This Quarter**	**Up to This Quarter**
Profit For the Period	764,912,911	962,028,065	2,245,187,281	1,351,022,584	766,626,641	957,549,677	2,243,346,646	1,355,275,181
Other comprehensive income								
a) Item that will not be reclassified to profit or loss								
Gains/(losses) from investments in equity instruments measured at fair value	(251,130,512)	8,042,483	31,241,962	(100,694,173)	(249,779,350)	7,239,009	30,570,098	(100,339,547)
Gains/(losses) on revaluation								
Actuarial gains/(losses) on defined benefit plans	-	-	-	-	-	-	-	-
Income tax relating to above items	75,377,540	(2,374,358.58)	(9,372,589)	30,208,252	74,933,805	(2,171,703)	(9,171,029)	30,101,864
Net other comprehensive income that will not be reclassified to profit or loss	**(175,752,972)**	**5,668,124**	**21,869,373**	**(70,485,921)**	**(174,845,545)**	**5,067,306**	**21,399,069**	**(70,237,683)**
b) Item that are or may be reclassified to profit or loss								
Gairns/(losses) on cash flow hedge								
Exchange gains/(losses) (arising from translating financial assets of foreign operation)								
Income tax relating to above items								
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	**(175,752,972)**	**5,668,124**	**21,869,373**	**(70,485,921)**	**(174,845,545)**	**5,067,306**	**21,399,069**	**(70,237,683)**
Total comprehensive income for the period	**589,159,938**	**967,696,189**	**2,267,056,654**	**1,280,536,662**	**591,781,096**	**962,616,984**	**2,264,745,715**	**1,285,037,499**
Total comprehensive income attributable to:								
Equity holders of the Bank	589,312,062	967,402,659	2,266,902,405	1,280,815,738	591,781,096	962,616,984	2,264,745,715	1,285,037,499
Non-controlling interest	(152,123)	293,530	154,249	(279,075)	-	-	-	-
Total	**589,159,938**	**967,696,189**	**2,267,056,654**	**1,280,536,662**	**591,781,096**	**962,616,984**	**2,264,745,715**	**1,285,037,499**
Earning Per Share								
Basic Earning Per Share	4.93	5.77	16.08	8.83	4.94	5.73	16.07	8.86
Annualized Basic Earning Per Share	19.73	11.53	64.34	17.66	19.78	11.47	64.29	17.73
Diluted Earning Per Share	19.73	11.53	64.34	17.66	19.78	11.47	64.29	17.73

Agricultural Development Bank Limited
Consolidated Statement of changes in equity
For the Quarter ended 29th Poush, 2081

Group

	Attributable to equity holders of the Bank												
	Share Capital	**Preference Share Capital**	**Share premium**	**General reserve**	**Exchange equalisation reserve**	**Regulatory reserve**	**Fair value reserve**	**Revaluation reserve**	**Retained earning**	**Other reserve**	**Total**	**Non-controlling interest**	**Total equity**
Balance at Ashad End, 2080	**13,451,674,078**	**5,432,712,000**	**-**	**9,411,474,417**	**104,221,006**	**4,540,717,926**	**557,652,878**	**-**	**2,008,916,637**	**(1,158,070,930)**	**34,349,298,013**	**16,932,171**	**34,366,230,184**
Adjustment	-		-	-	-	-	13,065,501.4	-	14,365,004.0	-	-	-	-
Adjusted balance as on Shrawan 1, 2080	**13,451,674,078**	**5,432,712,000**	**-**	**9,411,474,417**	**104,221,006**	**4,540,717,926**	**570,718,380**	**-**	**2,023,281,641**	**(1,158,070,930)**	**34,349,298,013**	**16,932,171**	**34,366,230,184**
Profit for the Period									1,351,301,659	-	1,351,301,659	(279,075)	1,351,022,584
Other comprehensive income	-		-	-	-	-	(92,355,295)	-	-	-	(92,355,295)	-	(92,355,295)
Gain/(Losses) from investment in equity instruments measured at Fair Value							(92,355,295)			-	(92,355,295)	-	(92,355,295)
Gain/(losses) on revaluation										-	-		-
Acturial gain/(losses) on defined benefit plan										-	-		-
Gain/(losses) on cash flow hedge										-	-		-
Exchange gain/(losses) (arising from translating financial assets of foreign operation)										-	-		-
Total comprehensive income	-		-	-	-	-	(92,355,295)	-	1,351,301,659	-	1,258,946,364	(279,075)	1,258,667,289
Transactions with owners, directly recognised in equity								-			-		-
Transfer to reserve during the period				271,055,036	-	1,097,812,404		-	(1,691,086,523)	322,219,083	-		-
Transfer from reserve during the period				-		-	-		8,991,971	(8,991,971)	-		-
Contributions from and distributions to owners											-		
Share issued											-		-
Share based payments											-		-
Dividends to equity holders										-	-		-
Bonus shares issued	-								-	-	-		-
Cash dividend paid									-		-		-
Other										-	-		-
Total contributions by and distributions	-		-	271,055,036	-	1,097,812,404	-	-	(1,682,094,552)	313,227,111	-	-	-
Balance at Poush End, 2080	**13,451,674,078**	**5,432,712,000**	**-**	**9,682,529,453**	**104,221,006**	**5,638,530,331**	**478,363,085**	**-**	**1,692,488,748**	**(844,843,818)**	**35,635,674,882**	**16,653,096**	**35,652,327,978**
Balance at Asar End, 2081	**13,451,674,078**	**5,432,712,000**	**-**	**9,636,880,132**	**108,114,236**	**4,759,556,443**	**1,646,213,052**	**-**	**2,200,163,643**	**(866,979,669)**	**36,368,333,915**	**16,568,246**	**36,384,902,161**
Adjustment	**-**		**-**	**-**	**(0)**	**-**	**(916,056)**	**-**	**(1,536,746)**	**-**	**-**	**1,005,753**	**1,005,753**
Adjusted balance as on Srawan 1, 2081	**13,451,674,078**	**5,432,712,000**	**-**	**9,636,880,132**	**108,114,236**	**4,759,556,443**	**1,645,296,996**	**-**	**2,198,626,897**	**(866,979,669)**	**36,368,333,915**	**17,573,999**	**36,385,907,914**
Profit for the Period									961,734,535		961,734,535	293,530	962,028,065
Other comprehensive income	-		-	-	-	-	5,575,779	-	-	-	5,575,779	-	5,575,779
Gain/(Losses) from investment in equity instruments measured at Fair Value							5,575,779			-	5,575,779		5,575,779
Gain/(losses) on revaluation										-	-		-
Acturial gain/(losses) on defined benefit plan										-	-		-
Gain/(losses) on cash flow hedge										-	-		-
Exchange gain/(losses) (arising from translating financial assets of foreign operation)										-	-		-
Total comprehensive income	-		-	-	-	-	5,575,779	-	961,734,535	-	967,310,314	293,530	967,603,844
Transfer to reserve during the period				190,543,505	-	(372,587,580)	-	-	(137,889,754)	319,933,828	-		-
Transfer from reserve during the period				-		-	3,382,507		16,551,848	(21,384,000)	(1,449,646)		(1,449,646)
Contributions from and distributions to owners											-		-
Share issued											-		-
Share based payments											-		-
Dividends to equity holders											-		-
Bonus shares issued	403,550,222								(403,550,222)	-	-		-
Cash dividend paid									(1,343,776,102)	-	(1,343,776,102)		(1,343,776,102)
Other											-		-
Total contributions by and distributions	**403,550,222**		**-**	**190,543,505**	**-**	**(372,587,580)**	**3,382,507**	**-**	**(1,868,664,230)**	**298,549,828**	**(1,345,225,748)**	**-**	**(1,345,225,748)**
Balance at Poush end, 2081	**13,855,224,300**	**5,432,712,000**	**-**	**9,827,423,637**	**108,114,236**	**4,386,968,863**	**1,654,255,281**	**-**	**1,291,697,202.24**	**(568,429,841)**	**35,987,965,679**	**17,867,529**	**36,005,833,208**

Agricultural Development Bank Limited
Statement of changes in equity
For the Quarter ended 29th Poush, 2081

Bank

	Attributable to equity holders of the Bank										
	Share Capital	**Preference Share Capital**	**Share premium**	**General reserve**	**Exchange equalisation reserve**	**Regulatory reserve**	**Fair value reserve**	**Revaluation reserve**	**Retained earning**	**Other reserve**	**Total**
Balance at Asar End, 2080	**13,451,674,078**	**5,432,712,000**	**-**	**9,310,797,121**	**108,114,236**	**5,060,373,876**	**466,110,812**	**-**	**1,079,013,438**	**(1,167,256,712)**	**33,741,538,849**
Adjustment				-		-	-	-	-	-	-
Adjusted balance as on Srawan 1, 2080	**13,451,674,078**	**5,432,712,000**	**-**	**9,310,797,121**	**108,114,236**	**5,060,373,876**	**466,110,812**	**-**	**1,079,013,438**	**(1,167,256,712)**	**33,741,538,849**
Profit for the period									1,355,275,181	-	**1,355,275,181**
Other comprehensive income	-	-	-	-	-	-	(70,237,683)	-	-	-	**(70,237,683)**
Gain/(Losses) from investment in equity instruments measured at Fair Value							(70,237,683)			-	**(70,237,683)**
Gain/(losses) on revaluation										-	-
Acturial gain/(losses) on defined benefit plan										-	-
Gain/(losses) on cash flow hedge										-	-
Exchange gain/(losses) (arising from translating financial assets of foreign operation)										-	-
Total comprehensive income for the period	-	-	-	-	-	-	**(70,237,683)**	-	**1,355,275,181**	-	**1,285,037,499**
Transfer to reserve during the period				271,055,036	-	1,097,812,404			(1,691,086,523)	322,219,083	-
Transfer from reserve during the period							-		8,991,971	(8,991,971)	-
Contributions from and distributions to owners										-	-
Share issued										-	-
Share based payments										-	-
Dividends to equity holders										-	-
Bonus shares issued	-								-	-	-
Cash dividend paid									-	-	-
Other										-	-
Total contributions by and distributions	-	-	-	271,055,036	-	1,097,812,404	-	-	(1,682,094,552)	313,227,111	-
Balance at Poush End, 2080	**13,451,674,078**	**5,432,712,000**	**-**	**9,581,852,157**	**108,114,236**	**6,158,186,280**	**395,873,130**	**-**	**752,194,067**	**(854,029,600)**	**35,026,576,346**
Balance at Ashad End, 2081	**13,451,674,078**	**5,432,712,000**	**-**	**9,636,880,132**	**108,114,236**	**4,759,556,443**	**1,481,902,926**	**-**	**2,136,087,574**	**(866,979,669)**	**36,139,947,720**
Adjustment	-	-	-		-	-	-	-	-	-	-
Adjusted balance as on Srawan 1, 2081	**13,451,674,078**	**5,432,712,000**	**-**	**9,636,880,132**	**108,114,236**	**4,759,556,443**	**1,481,902,926**	**-**	**2,136,087,574**	**(866,979,669)**	**36,139,947,720**
Profit for the period									957,549,677		**957,549,677**
Other comprehensive income	-	-	-	-	-	-	5,067,306	-	-	-	**5,067,306**
Gain/(Losses) from investment in equity instruments measured at Fair Value							5,067,306		-	-	**5,067,306**
Gain/(losses) on revaluation										-	-
Acturial gain/(losses) on defined benefit plan										-	-
Gain/(losses) on cash flow hedge										-	-
Exchange gain/(losses) (arising from translating financial assets of foreign operation)										-	-
Total comprehensive income for the period	-	-	-	-	-	-	5,067,306	-	957,549,677	-	**962,616,984**
Transfer to reserve during the period				190,543,505	-	(372,587,580)			(137,889,754)	319,933,828	-
Transfer from reserve during the period							3,382,507		16,551,848	(21,384,000)	**(1,449,646)**
Contributions from and distributions to owners											-
Share issued											-
Share based payments											-
Dividends to equity holders											-
Bonus shares issued	403,550,222								(403,550,222)	-	-
Cash dividend paid									(1,338,873,778)	-	**(1,338,873,778)**
Other											-
Total contributions by and distributions	403,550,222	-	-	190,543,505	-	(372,587,580)	3,382,507	-	(1,863,761,906)	298,549,828	**(1,340,323,424)**
Balance at Poush end, 2081	**13,855,224,300**	**5,432,712,000**	**-**	**9,827,423,637**	**108,114,236**	**4,386,968,863**	**1,490,352,739**	**-**	**1,229,875,345**	**(568,429,841)**	**35,762,241,280**

Statement of Distributable Profit or Loss

For the Quarter ended 29th Poush, 2081

(As per NRB Regulation)

	Bank	
	Current Year Upto this Quarter YTD	Previous Year Corresponding Qtr YTD
Net Profit or (loss) as per statement of profit or loss	**957,549,677**	**1,355,275,181**
1. Appropriations		
a. General Reserve	190,543,505	271,055,036
b. Capital Redemption Reserve	250,000,000	250,000,000
c. Exchange Fluctuation Fund	-	
d. Corporate Social Responsibity Fund	9,575,497	13,552,752
e. Employees Training Fund	60,358,332	58,666,331
f. Other	(16,551,848)	(8,991,971)
CSR Expenses transferred to Retain earning from CSR Reserve	(21,384,000)	(8,991,971)
Realised gain upto previous year on equity share investment measured at FVTOCI transferred to Retained Earnings	4,832,152	-
Investment Adjustment Reserve	-	-
Profit or (loss) before regulatory adjustment	463,624,191.79	770,993,033.62
Regulatory Adjustment:		
a. Interest receivable (-)/previous accrued interest received (+)	288,693,386	(1,150,795,020)
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 (+)	93,551,548	(3,763,215)
e. Deferred tax assets recognised (-)/ reversal (+)	-	-
f. Goodwill recognised (-)/ impairment of Goodwill (+)	-	
g. Bargain purchase gain recognised (-)/resersal (+)	-	
h. Acturial loss recognised (-)/reversal (+)	-	-
i.Others(+/-)	(9,657,354)	56,745,830
Net Profit or (loss) for the Qtr ended on 29 Poush 2081 available for distribution	836,211,772	(326,819,370)
Opening Retained Earnings as on Shrawan 1, 2081	2,136,087,574	1,079,013,438
Adjustments(+/-)		
Distribution:		-
Bonus Share Issued	(403,550,222)	-
Cash Dividend Paid	(1,338,873,778)	-
Total Distributable Profit or (Loss) as on Qtr end Poush 2081	**1,229,875,345**	**752,194,067**
Annualised Distributable Profit/(Loss) per Share for the year Only	9.72	(4.86)

Ratios as per NRB Directive

Particulars	Group				Bank			
	Current Year		Corresponing Previous Year		Current Year		Corresponding Previous Year	
	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)
Capital Fund to RWA		13.10%		13.32%		13.10%		13.32%
Tier 1 Capital to RWA		11.47%		11.45%		11.47%		11.45%
CET 1 Capital to RWA		9.45%		9.36%		9.45%		9.36%
Non-Performing loan (NPL) to total Loan		4.90%		3.02%		4.90%		3.02%
Total Loan Loss Provision to Total NPL		99.20%		136.68%		99.20%		136.68%
Cost of Funds		4.38%		7.55%		4.38%		7.55%
Credit to Deposit Ratio		76.13%		76.46%		76.13%		76.46%
Base Rate		6.60%		9.82%		6.60%		9.82%
Interest Rate Spread		3.89%		3.97%		3.89%		3.97%
Return on Equity (Annualized)		5.19%		9.27%		5.21%		9.36%
Return on Assets (Annualized)		0.61%		0.96%		0.61%		0.96%

Notes:

1. The above figures are subject to change as per direction of the Regulators/Statutory Auditors.
2. Figures are regrouped/rearranged/restated whereas necessary for consistent presentation and comparison.
3. Personnel Expenses include provision for employee bonus calculated at 5% of profit before bonus and tax as per the provisions made for government controlled entity in the bonus bylaws 2075.
4. Loan and Advances to Customer is presented net of impairment charges and includes interest accruals and staff loans and advances.
5. Loan administration fees that are integral part of effective interest rate (EIR) is considered immaterial and hence not considered while computing the effective interest rate.
6. Coupon rate of the loan and advances has been considered as effective interest rate (EIR) for the recognition of Interest Income as per NFRS 9.
7. The Group Financial Statements includes two Susidiaries namely Kosh Byabasthapan Company Limited, having 93.45% holding and Gobar Gas Company having 83.96% holding. 100 percent impairment allowance has been provided against the investment in Gobar Gas Company.
8.All Inter-company transactions and outstanding balances among group companies are adjusted in Group Financial Statements.
9.Other Comprehensive Income is not considered while computing Earnings Per Share and calculated after dividend to Preference Shareholders.
10. Debt securities issued represents debenture worth Rs. 2,500 million and Agri bond worth Rs. 18,000 million .
11. Pursuant to adoption of ECL model, recognition of interest income has been based upon 'NRB NFRS 9 Expected Credit Loss (ECL) Related Guidelines, 2024'.
12. The Bank, following regulatory backstop as mentioned Clause 16 of **“NFRS 9- Expected Credit Loss Related Guidelines, 2024”** has recognized on credit exposures as the higher of total ECL calculated as per NFRS 9 and existing regulatory provisions as mentioned in Unified NRB Directives no 02.
13. Detailed interim financial report has been published in the Bank's website www.adbl.gov.np

Notes to the Interim Financial Statements

1. Basis of Preparation

The interim condensed financial statements prepared for the Second Quarter of current FY 2081/82 ending 13 January 2025 (Poush 29, 2081) are presented in accordance with Nepal Accounting Standard -NAS 34 “Interim Financial Reporting" published by the Accounting Standards Board (ASB) Nepal and pronounced by The Institute of Chartered Accountants of Nepal (ICAN). In order to conform to better presentation, prior period figures and phrases have been adjusted where relevant.

1.1. Reporting Period and Approval of Financial Statements

Reporting Period is a period from the first day of Shrawan (mid- July) of any year to the last day of quarter end, i.e; Ashwin (mid-October), Poush (mid- January), Chaitra (mid- April), and Ashad (mid-July) as per Nepali calendar. These quarterly interim financial statements approved by bank’s management are reviewed by its internal audit department.

1.2. Functional and Presentation Currency

These financial statements are presented in Nepalese Rupees (NPR), which is both the bank's functional and presentation currency. All amounts have been rounded to the nearest rupee, except when otherwise indicated.

2. Statement of Compliance with NFRSs

The interim financial Statements of the Bank which comprises Statement of Financial Position, Statement of Profit or Loss, Statement of Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows, and Other Explanatory Notes have been prepared in accordance with Nepal Financial Reporting Standards (hereafter referred as NFRSs), laid down by the Institute of Chartered Accountants of Nepal except NFRS 9 (interest expenses and personnel expenses only).

3. Use of Estimates, Assumptions and Judgments

The preparation of interim financial statements in conformity with NFRSs 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 result may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

4. Changes in Accounting Policies

There are no changes in accounting policies and methods of during the reporting period.

5. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, unless otherwise indicated

5.1 Basis of Measurement

Assets and Liabilities are measured at historic cost and income and expenses are recognized on accrual basis unless otherwise stated. Financial Assets and Liabilities are measured primarily at either amortized cost or Fair value. Basis of measurement further depends on classification of financial assets and liabilities.

5.2 Basis of Consolidation

5.2.1 Business Combination

During the reporting period, no business was acquired.

5.2.2 Non-Controlling Interest

The Bank presents non-controlling interests in its consolidated statement of financial position within equity, separately from the equity of the owners of the Bank. The Bank attributes the profit or loss and each component of other comprehensive income to the owners of the Bank and to the non-controlling interests. The proportion allocated to the Bank and non-controlling interests are determined on the basis of present ownership interests.

5.2.3 Subsidiaries

Subsidiaries are the entities controlled by bank. The bank controls the entity if it has right to variable returns from its involvement with the entity and has ability to affect those returns through its power over the entity.

The financial statements of Subsidiaries are fully consolidated from the date on which control is transferred to the Bank and continue to be consolidated until the date when such control ceases. The financial statements of the Bank's Subsidiaries are prepared for the same reporting period as per the Bank.

5.2.4 Loss of Control

Bank reassess whether it has control if there are changes to one or more elements of control. Changes in bank's interest in subsidiary that do not result in loss of control are accounted as equity transaction.

5.2.5 Special Purpose Entity SPE)

No such entities exist.

5.2.6 Transaction elimination on consolidation

In consolidating a subsidiary, the Bank eliminates full intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between the subsidiary and the bank (profits or losses resulting from intra-group transactions that are recognized in assets, such as inventory and fixed assets, are eliminated in full). Bank's interest on gain/losses from transactions with associates is eliminated.

5.3 Cash and Cash Equivalent

Cash and cash equivalents include bank notes and coins in hand, unrestricted balances held with banks 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 licensed institution in management of its short term commitments.

5.4 Financial assets and Financial Liabilities

5.4.1 Recognition

All financial assets and liabilities are initially recognized on the date on which the Bank becomes a party to the contractual provisions of the instrument.

5.4.2 Classification-Financial Assets

Bank classifies it based on its business model for managing the asset and the asset's contractual cash flow characteristics, as follows:

- **Amortized Cost**—a financial asset is measured at amortized cost if both of the following conditions are met:
    - The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
    - 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.
- **Fair Value through Other Comprehensive Income**—financial assets are classified and measured at fair value through other comprehensive income if they are held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets
- **Fair Value through Profit or Loss**—any financial assets that are not held in one of the two business models mentioned is measured at fair value through profit or loss.

If business model for managing financial assets is changed, all affected financial assets are reclassified.

5.4.2 Classification-Financial liabilities

All financial liabilities are measured at amortized cost, except for financial liabilities at fair value through profit or loss. Such liabilities include derivatives (other than derivatives that are financial guarantee contracts or are designated and effective hedging instruments), other liabilities held for trading, and liabilities that an entity designates to be measured at fair value through profit or loss.

5.4.3 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.

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.

5.4.4 De-recognition- Financial Assets

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

5.4.5 De recognition- Financial Liabilities

A financial liability is derecognized when the obligation under the liability is discharged or canceled or expired.

5.4.6 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.

5.4.7 Impairment

Financial assets

The measurement of impairment losses across the categories of financial assets under Nepal Accounting Standard - NFRS 9 on "Financial Instruments" (NFRS 9) requires judgment, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses.

Accordingly, the Bank reviews its individually significant loans and advances portfolio at each reporting date to assess whether an impairment loss should be recognized in the Income Statement. In particular, the Management's judgment is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. In estimating these cash flows, Management makes judgments about a borrower's financial situation and the net realizable value of any underlying collateral. Each impaired asset is assessed on its merits, and the workout strategy and estimate of cash flows considered recoverable. These estimates are based on assumptions about a number of factors and hence actual results may differ, resulting in future changes to the impairment allowance made.

A collective impairment provision is established for: homogeneous loans and advances that are not considered individually significant, and assets that are individually significant but are not individually impaired.

Following NFRS 9, the bank's Expected Credit Loss (ECL) calculations are outputs of a model having a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the bank's ECL models that are considered accounting judgments and estimates include:

a) Criteria for qualitatively assessing whether there has been a significant increase in credit risk (SICR) and if so allowances for financial assets measured on a Life Time Expected Credit Loss (LT - ECL) basis.
b) Segmentation of financial assets when their ECL is assessed on a collective basis.
c) Various statistical formulas and the choice of inputs used in the development of ECL models.
d) Associations between macroeconomic inputs, such as GDP growth, inflation, interest rates, exchange rates and unemployment and the effect of these inputs on Probability of Default (PDs), Loss Given Default (LGD) and Exposure at Default (EAD).
e) Forward-looking macroeconomic scenarios and their probability weightings.
f) Coupon rate of loan has been considered by the bank as effective interest rate since transaction cost associated with extending credit facility is nominal.
g) Early payment behavior of the exposures for the reporting period has not been assumed.

As such, the accuracy of the impairment provision depends on the model assumptions and parameters used in determining the ECL calculations.

Further, the bank has assigned weights for base case, best case and worst case scenarios when assessing the probability weighted forward looking macro-economic indicators.

5.4.8 Write off

Bank writes off loan or investment either partially or in full and related allowance for impairment losses when it determined that there will be no realistic prospect of recovery.

Non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost and value in use. An impairment loss is recognized in Statement of profit and loss. Provisions against impairment are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Changes in the provisions are recognized as income/expense in the statement of comprehensive income.

No impairment loss is recognized during this period.

5.5 Trading Assets

Trading assets are those assets that the bank acquires principally for the purpose of selling in the near term, or holds as part of a portfolio that is managed together for short-term profit. Trading assets are initially recognized and subsequently measured at fair value in the statement of financial position with transactions cost recognized in income and expenditure. All changes in the fair value are recognized as part of the net trading income in income and expenditure.

5.6 Derivative Assets and Derivative Liabilities

Derivative financial instruments are accounted for as derivative financial asset or derivative financial liability measured at FVTPL and corresponding fair value changes are recognized in profit or loss.

5.7 Property Plant and Equipment

5.7.1 Recognition and measurement

Property, Plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

5.7.2 Depreciation

Land is not depreciated. All other property, plant and equipment are depreciated from the date they are available for use or in respect of self-constructed assets, from the date that the construction is completed and ready for use. Depreciation is charged on straight-line method over the estimated useful life of property, plant and equipment.

5.7.3 Assets Received in Grant

In order to fair present the grant assets' economic benefits over its useful lives, non-current assets acquired under the government grant is recognized as "Grant Assets" and included under respective head of property, plant and equipment with corresponding credit to "Deferred Grant Income" under the head of Other Liabilities.

5.8 Goodwill and Intangible assets

Banking Software

Intangible assets include software purchased by the bank. The intangible assets that are acquired by the bank and have definite useful lives are measured at cost less accumulated amortization and any impairment losses. Costs incurred in the ongoing maintenance of software are expensed immediately as incurred. Subsequent cost on software is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. Bank has a policy to amortize banking software at 20% on straight line basis.

Other Intangibles

Other Intangibles are recognized at cost and subsequently amortized at 20% on straight line basis.

5.9 Investment Property

Investment property is property held either to earn rental income or for capital appreciation or for both but not for sale in the ordinary course of business, used in the supply of services or for administrative purpose. Investment property is measured initially at cost. After initial recognition investment property shall be measured at its cost (NAS16 Property Plant and Equipment) less any accumulated depreciation and any accumulated impairment unless the investment property meets the criteria to be classified as held for sale as per (NFRS 5) Non-current Assets held for sale. Investment property includes land, land and building acquired as non-banking assets by bank but not sold. On reclassification into Property and Equipment, its carrying value or recoverable value whichever is lower is considered as its cost for subsequent accounting.

5.10 Income Tax

Income Tax expense comprises of current and deferred tax. It is recognized in Profit or loss except to the extent that relate to items recognized directly in equity or in other comprehensive income (OCI). The Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to tax authorities.

5.10.1 Current Tax

Current tax comprises of expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the payable or receivable in respect to previous years. Current tax is measured using tax rate enacted or subsequently enacted at the reporting date.

5.10.2 Deferred Tax

Deferred tax is recognized in respect of temporary difference between the carrying amount of assets and liabilities in the financial statements and the tax base of these assets and liabilities as per the legislation. Deferred tax is measured using tax rate enacted or subsequently enacted at the reporting date.

5.11 Deposits, Debt Securities Issued and Subordinated Liabilities

Deposits and borrowings are the source of funds of the bank in addition to its reserves. These are initially measured at fair value minus direct transaction cost and subsequently measured at amortized cost using the effective interest method, except where the bank designates liabilities at fair value through profit or loss.

Subordinated Liabilities

These are the liabilities subordinated, at the event of winding up, to claims of depositors, debt Securities issued and other creditors. It shall include redeemable preference shares, subordinated notes issued, borrowings etc.

5.12 Provisions

A provision is recognized if, as a result of a past event, the bank has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting (in case of non-current) the expected future cash flows at the pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

5.13 Revenue Recognition

5.13.1 Interest income

Pursuant to adoption of ECL model, recognition of interest income has been based upon NRB NFRS 9 ECL Related Guidelines, 2024.

Particulars	Stage-1	Stage -2	Stage -3
Criteria	Where credit has not significantly increased since Initial Recognition	Significant Increase in Credit Risk	Credit Impaired
Credit Risk	Low	Moderate to High	Significant
ECL Model	Twelve-month ECL	Life time ECL	Life time ECL
Interest Income Recognition	Interest on Gross Recognition following Accrual basis	Interest on Gross Recognition following Accrual basis	Interest on actual cash receipts basis

5.13.2 Fees and Commission Income

5.13.3 Dividend Income

Dividend income is recognized when the right to receive is established. A right to receive is considered to have been established when the entity makes a formal announcement for dividend declaration.

5.13.4 Net Trading Income

Net trading income comprises gains less losses relating to trading assets and liabilities and includes all realized and unrealized fair value changes, and net income from financial instruments designated at fair value through profit or Loss. All gains and losses from the changes in the fair value of financial assets and liabilities designated at fair value are recognized through profit and loss. Interest income and expenses and dividend income arising on these financial instruments are also included, except for interest arising from debt securities issued by the bank, and derivatives managed in conjunction with those debt securities which is recognized in Interest expense.

5.13.5 Net income from other financial instrument at fair value through profit or loss

Net income from other financial instrument at fair value through profit and loss related to non-trading derivatives held for risk management purposes that do not form part of the qualifying hedge relationships are recognized through profit or loss. It includes realized and unrealized fair value changes, interest, and dividend income and foreign exchange differences.

5.14 Interest Expenses

Interest expense is recognized in Profit or Loss using the effective interest method. The effective interest rate is the rates that exactly discount estimated future cash payment through expected life of the financial instrument or where appropriate a shorter period, to the net carrying amount of the financial liability. While calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of the financial instrument but excluding future credit gains. The calculation includes all amount paid by the bank that are an integral part of the effective interest rate of the financial instrument, including the transaction costs and other premium or discounts.

5.15 Impairment charges and other losses

Identification and measurement of impairment of financial assets

The Bank records an allowance for ECL for loans and advances to customers, debt and other financial instruments measured at amortized cost, debt instruments measured at FVOCI, any other financial assets measured at amortized cost, loan commitments, financial guarantee contracts etc.

NFRS 9 outlines a “three-stage” model for impairment based on changes in credit quality since initial recognition.

- **Stage 1:** A financial asset that is not originally credit impaired on initial recognition is classified in Stage 1. Financial instruments in Stage 1 have their ECL measured at an amount equal to the proportion of Lifetime Expected credit losses (LTECL) that result from default events possible within next 12 months (12M ECL).

- **Stage 2:** If a significant increase in credit risks (SICR) since origination is identified, the financial asset is moved to Stage 2 and the Bank records an allowance for LTECL. Refer description on how the Bank determines when a SICR has occurred.

- **Stage 3:** If a financial asset is credit- impaired, it is moved to Stage 3 and the Bank recognizes an allowance for LTECL, with probability of default at 100%. Refer description on how the Bank defines default and credit impaired assets.

Purchased or originated credit impaired (POCI) financial assets:

Financial assets which are credit impaired on initial recognition are categorized within Stage 3 with a carrying value already reflecting the LTECL.

Significant Increase in Credit Risk (SICR)

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Bank considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and available qualitative information analysis, based on the Bank's historical experience and credit assessment and including forward looking information.

The Bank considers an exposure to have significantly increased credit risk when contractual payments of a customer are more than 30 days past due in accordance with the rebuttable presumption in NFRS 9.

The Bank individually reviews at each reporting date, loans and advances above a predefined threshold to identify whether the credit risk has increased significantly since origination, before an exposure is in default. Such indicators include inter-alia:

- When the absolute lifetime PD is 5% or more
- When the relative lifetime PD is increased by 100% or more
- When the risk rating (internal or external) downgraded by 2 notches since initial recognition
- When the risk rating downgraded to non-investment grade by external credit rating agency (BB+ or below) or by bank's internal credit rating system
- When there is deterioration of relevant determinants of credit risk (e.g. future cash flows) for an individual obligor (or pool of obligors)
- When there is expectation of forbearance or restructuring due to financial difficulties
- When there is deterioration of prospects for sector or industries within which a borrower operates
- When the borrowers are affected by macroeconomic conditions based on reasonable and supportable forecasts.
- When there are modification of terms resulting in restructuring/rescheduling
- Credit Quality Indicators determined as per internal credit assessment of performing loans which are subject to individual monitoring and review, are weaker than that in the initial recognition

- Management decision to strengthen collateral and/or covenant requirements for credit exposures because of changes in the credit risk of those exposures since initial recognition.

Credit facilities/exposures having one or more of the above indicators are treated as facilities with SICR and assessed accordingly in ECL computations. The Bank also considers the conditions stipulated in the guidelines issued by the NRB on identifying SICR criteria for assessing credit facilities for ECL computations. The Bank regularly monitors the effectiveness of the criteria used to identify SICR to confirm that the criteria is capable of identifying SICR before an exposure is in default.

Definition of default and credit impaired assets

The Bank considers loans and advances to other customers are defaulted when:

- The borrower is unlikely to pay its obligations to the Bank in full, without recourse by the bank to actions such as realizing security (if any is held); or
- The borrower becomes 90 days past due on its contractual payments.

In assessing whether a borrower is in default, the Bank reviews its individually significant loans and advances above a predefined threshold at each reporting date. Further, as per “Unified NRB directive/02”, Non-Performing Loans (NPL) means all the credit facilities where the contractual payments of a customer are past due for more than 90 days or has remained in excess of the sanctioned limit for more than 90 days, and any other credit facilities classified as Stage 3 credit facility under NFRS 9.

Movement between the stages

Financial assets can be transferred between the different categories (other than POCI) depending on their relative change in credit risk since initial recognition. Financial instruments are transferred out of stage 2 if their credit risk is no longer considered to be significantly increased since initial recognition based on the assessments described and also as per the Policy on Upgrading of Credit Facilities. Financial instruments are transferred out of Stage 3 when they no longer exhibit any evidence of credit impairment as described above as per the Policy on Upgrading of Credit Facilities.

The Bank has developed a comprehensive Policy on Upgrading of Credit Facilities in line with the NFRS 9- Expected Credit Loss Related Guidelines, 2024. Accordingly, credit facilities other than restructured and rescheduled facilities are upgraded to a better stage.

Transfer from Stage 2 to Stage 1:

If all due contractual payments associated with such credit facility as at the date of upgrading are fully settled, Lon is transferred from Stage two to one.

Transfer Out of Stage 3:

Though the conditions for an exposure to be classified in Stage 3 no longer exist, the Bank continues to monitor for a minimum probationary period of 180 days to upgrade from Stage 3.

For Restructured/Rescheduled Exposures:

Restructured and rescheduled facilities are gradually upgraded upon satisfactory repayment for a stipulated period according to the policy while exercising prudence principles. The Bank monitors restructured/ rescheduled exposures classified under Stage 3 for a minimum probationary period of 24 months before up-gradation.

Banking financial assets measured on collective basis

The Bank calculates ECL either on a collective or an individual basis. Those financial assets for which, the Bank determines that no provision is required under individual impairment are then collectively assessed for ECL. For the purpose of ECL calculation on collective basis, financial assets are grouped on the basis of similar risk characteristics. Loans and advances to other customers are grouped in to homogeneous portfolios, based on a combination of product and customer characteristics.

Impairment charges as per NFRS 9

The Bank recognizes loss allowances for expected credit loss (ECL) on the following financial instruments that are not measured at FVTPL:

- Cash and cash equivalents;
- Placements with banks;
- Loans and advances to other customers;
- Financial assets at amortized cost-debt and other financial instruments;
- Debt instruments at fair value through other comprehensive income;
- Loan commitments and financial guarantee contracts.

No impairment loss is recognized on equity investments.

The Bank assesses the credit risk and the estimates unbiased and probability- weighted ECL, and incorporates all available information relevant to the assessment, including information about past events, current conditions and reasonable and supportable forecasts of economic conditions at the reporting date. In addition, the estimation of ECL takes into account the time value of money.

Impairment charges on loans and advances to customers

For loans and advances above a predefined threshold, the Bank individually assesses for significant increase in credit risk (SICR). If a particular loan is individually impaired, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. If the Bank determines that no provision is required under individual impairment, such financial assets are then collectively assessed for any impairments along with the remaining portfolio.

The Bank computes ECL using three main components; a probability of default (PD), a loss given default (LGD) and the exposure at default (EAD) under the collective assessment. These parameters are generally derived from developed statistical models and historical data and then adjusted to reflect forward-looking information.

- **PD**–The probability of default represents the likelihood of a borrower defaulting on its financial obligations either over the next 12-months (12m PD) or over the remaining lifetime (Lifetime PD) of the obligation. PD estimates are estimates at a certain date and days past due (DPD) is the primary input into the determination of the term structure of PD for exposures. DPD are determined by counting the number of days since the due date. The Bank employs statistical models to analyze the data collected and generates estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

- **LGD –** The loss given default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. The Bank estimates LGD parameters based on historical recovery rates of claims against defaulted counterparties. They are calculated on a discounted cash flow basis using EIR as the discounting factor. LGD is usually expressed as a percentage of the EAD. The Bank applies standard haircuts and selling costs rates duly prescribed by Nepal Rastra Bank to derive realizable value of the collaterals.

- **EAD –** The exposure at default represents the expected exposure in the event of a default. The Bank estimates EAD, taking into account the repayment of principal and interest from the reporting date to the default event together with any expected draw-downs of committed facilities. To calculate EAD for a Stage 1 loan, the Bank assesses the possible default events within 12 months. To calculate EAD of all other loans, default events over the lifetime of the financial instruments are considered.

Impairment charges on financial investments

Impairment charges on financial investments include ECL on debt instruments at FVOCI and financial assets at amortized cost.
The Bank does not have historical loss experience on debt instruments at amortized cost and debt instruments at FVOCI. EAD of a debt instrument is its gross carrying amount.

Credit cards and revolving facilities

The Bank's product offering includes a variety of corporate and retail overdraft and credit cards facilities. The Bank reviews the sanction limits at least annually and therefore has the right to cancel and/or reduce the limits. Therefore, the Bank calculates only the 12-month ECL (12 month ECL) allowance on these facilities. The EAD is arrived by taking the maximum of either sanction limit adjusted for Credit Conversion Factor (CCF) and the gross carrying amount of the loan (utilized amount). The expected 12-month default probabilities are applied to EAD and multiplied by the expected LGD.

Undrawn loan commitments

When estimating Life Time ECL (LTECL) for undrawn loan commitments, the Bank estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down.

Forward-looking information

The Bank incorporates forward-looking information into both its assessment as to whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL.

The Bank also obtained experienced credit judgment from economic outlook and Risk Management Departments to formulate a base case, a best case and a worst case scenario. The base case represents a most-likely outcome and is aligned with information used by the Bank for strategic planning and budgeting. Quantitative economic factors are based on economic data and forecasts published by the NSO, NRB, and other reliable sources and statistical models.

Drivers of Credit Risk

Parameters	Sources
Real GDP (% change p.a.)	National Statistics Office (NSO)
Inflation rate (% of change p.a.)	NRB
Unemployment (%)	IMF / World Bank
Interest Rate (% of change p.a.)	NRB
NEPSE Index	NEPSE

The calculation of ECL:

The Bank measures loss allowance at an amount equal to LTECL, except for following, which are measured as 12 month ECL.

- Loans and advances on which credit risk has not increased significantly since the initial recognition.
- Debt instruments that are determined to have low credit risk at the reporting date.

The Bank considers a debt instrument to have a low credit risk when they have an “investment grade” credit risk rating.

ECLs are measured as follows:

Financial assets that are not credit- impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Bank expects to receive);

- Financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of expected cash flows;

- Undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Bank if the commitment is drawn down and the cash flows that the Bank expects to receive;

Financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Bank expects to recover.

Financial assets that are not credit-impaired at the reporting date
As described above, the Bank calculates 12 -months ECL allowance based on the expectation of a default occurring in the 12- months following the reporting date. These expected 12-month default probabilities are applied to EAD and multiplied by the economic factor adjustment expected LGD and discounted by an approximation to the original EIR, if necessary. When the financial asset has shown a SICR since origination, the Bank records an allowance for LTECLs based on PDs estimated over the lifetime of the instrument.

Financial assets that are credit-impaired at the reporting date:
Impairment allowance on credit-impaired financial assets assessed on individual basis is computed as the difference between the asset's gross carrying amount and the present value of estimated future cash flows. The expected future cash flows are based on the estimate made by credit risk officers 'as at the reporting date, reflecting reasonable and supportable assumptions and projections of future recoveries and expected future receipts of interest. The Bank regularly reviews the assumptions for projecting future cash flows.

Further, the loans and advances identified as credit impaired will be assessed for impairment with 100% PD.

Collateral valuation
The Bank seeks to use collateral, where possible, to mitigate its risks on financial assets. The collateral comes in various forms such as cash, gold, Government Securities, Letters of Credit/Guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements, etc. While determining loss rate or recovery rate for the purpose of calculation of loss allowance, expected cash flows from collateral realization have been considered based on latest reliable internal/external valuations.

Write-off of financial assets
Loans and debt securities are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Bank determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Bank's procedures for recovery of amounts due.

Scenario probability weighting (Bank)

Scenario	As as Poush end 2081
Best Case	20%
Base (Normal) Case	30%
Worst Case	50%

Impairment Charge as per Expected Credit Loss (ECL) method

Particulars	**As as Poush end 2081**	**As as Ashwin end 2081**
Loans and advances to customers (A)	3,729,565,404	5,096,754,110
Other financial assets (B)		
Off-balance sheet credit exposures (C)	264,648,217	322,455,690
Total impairment charges (D = A+B+C)	**3,994,213,621**	**5,419,209,800**
Investments in subsidiaries (E)		
Direct write-offs (F)		
Total charge to Impairment Charge to Income Statements	**3,994,213,621**	**5,419,209,800**

Detail of Loan & Advances Stage-wise

Particulars	**As as Poush end 2081**			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Loans and advances to customers (A)	148,169,756	3,089,498,903	491,896,745	3,729,565,404
Other Financial Assets (B)				-
Cash and cash equivalents				-
Due from Nepal Rastra Bank				-
Placement with Bank and Financial Institutions				-
Derivative Financial Instruments				-
Other Trading Assets				-

Particulars	As as Poush end 2081			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Other assets				-
Off-balance sheet credit exposures (C)	264,648,217			264,648,217
Total impairment charges (D = A+B+C)	**412,817,973**	**3,089,498,903**	**491,896,745**	**3,994,213,621**

Particulars	As as Ashwin end 2081			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Loans and advances to customers (A)	164,175,268	2,990,873,922	1,941,704,921	**5,096,754,110**
Other Financial Assets (B)				-
Cash and cash equivalents				-
Due from Nepal Rastra Bank				-
Placement with Bank and Financial Institutions				-
Derivative Financial Instruments				-
Other Trading Assets				-
Other assets				-
Off-balance sheet credit exposures (C)	322,455,690			322,455,690
Total impairment charges (D = A+B+C)	**486,630,958**	**2,990,873,922**	**1,941,704,921**	**5,419,209,800**

Impairment Charge recognized in Income Statements

The Bank, following regulatory backstop as mentioned Clause 16 of “NFRS 9- Expected Credit Loss Related Guidelines, 2024” has recognize impairment on credit exposures as the HIGHER of total ECL calculated as per NFRS 9 and existing regulatory provisions as mentioned in Unified NRB Directives no 02. Following is the details of impairment under both methods:

Particulars	As as Poush end 2081	As as Aswin end 2081
Total Impairment on loan and advances as per Unified NRB Directives no 02	10,095,344,516	8,940,504,418
Total Impairment on exposures duly calculated under ECL methods as per NFRS 9	3,994,213,621	5,419,209,800

5.16 Employee Benefits

5.16.1 Defined contribution plan and Defined Benefit Plan

The following are the benefit plans provided by the bank to its employees:

1) Defined Contribution Plan: All permanent employees are entitled for participation in employee Provident Fund (Retirement Fund) wherein the employees contribute at 10 percent of their current basic salaries. The bank contributes 10% of basic salary to this fund, which is separately administered as a defined contribution plan as per Bank Staff By-Law. The bank's obligations for contributions to the above fund are recognized as an expense in Statement of profit or loss as the related services are rendered.

2) 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 current and prior periods.

The following are the defined benefit plans provided by the bank to its employees:
1) Gratuity
2) Staff Security Fund
3) Leave Encashment
4) Medical Facilities

5.16.2 Other long term employee benefits

Other Long term benefit includes long term leave, long term disability facility. These benefits are recognized on actuarial valuation.

5.16.3 Termination Benefits

The termination benefits are expensed at the earlier of which the bank can no longer withdrawn the offer of those benefits and when the bank recognizes costs for restructuring. If benefits are not expected to be wholly settled within 12 months of the reporting date, then they are discounted.

5.16.4 Short term employee benefits

Short term employee benefits are expensed as the related services are provided. A liability is recognized for the amount expected to be paid if the Bank has a present legal or constructive obligation to pay this amount as a result of past service provided by the employees and obligation can be estimated reliably and settled within 12-month period.

5.17 Leases

The bank has a policy to conduct its business operations through having a short-term rental agreement with property-owners in those places where it lacks required infrastructure.

5.18 Foreign currency Transaction

Foreign Currency differences arising on translation are recognized in profit and loss. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the rate of exchange prevailing on that date. The foreign currency gains or loss on monetary items is the difference between the carrying amounts at the beginning of the year/origination date, adjusted for the foreign currency translated at the rate of exchange at the reporting date. Non-monetary assets and liabilities that measured at fair value in a foreign currency are translated into the functional currency at the rate of exchange prevailing at the date on which the fair value is determined. Non-monetary items that are measured based on historical cost in the foreign currency are translated using the rate of exchange on the date of transactions. An amount equivalent to the net exchange gain /loss during the year is transferred to/other operating Income.

5.19 Financial Guarantee and Loan Commitment

Financial Guarantees are contingent liabilities that arise out of the contract that the bank might make specified payments to reimburse the holder for loss that it incurs because a specified debtor fails to make payment when it is due in accordance with terms of debt instrument.

Loan Commitments are firm commitment to provide credit under pre-specified terms and conditions. Liabilities arising from financial guarantee and loan commitments are included with in provisions.

5.20 Share capital and Reserves

Share capital and reserves are different classes of equity claims. Equity claims are claims on the residual interest in the assets of the entity after deducting all its liabilities. Changes in equity during the reporting period comprise income and expenses recognized in the statement of financial performance; plus, contributions from holders of equity claims, minus distributions to holders of equity claims.

Reserve

Reserves are the allocation out of profit or retained earnings. These are created as statutory requirement and bank's own policies.

5.21 Earnings per Share (EPS)

Bank presents basic and diluted EPS for its ordinary shares. Profit after tax (PAT) excludes Other Comprehensive Income (OCI).

Basic Earnings per Share

Bank calculate basic earnings per share amounts for profit or loss attributable to ordinary equity holders of the bank and profit or loss from continuing operation attributable to those equity holders. It is calculated by dividing profit or loss attributable to equity holders of the bank by the weighted average number of ordinary share outstanding.

Diluted Earnings per Share

Bank calculate diluted earnings per share amounts for profit or loss attributable to ordinary equity holders of the bank and profit or loss from continuing operation attributable to those equity holders. It is calculated by dividing profit or loss attributable to ordinary equity holders of the bank and weighted number shares outstanding for the effect of all dilutive potential ordinary shares.

5.22 Segment Reporting

An operating segment is a component of an entity:

•that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity)

•whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and

•for which discrete financial information is available.

Not every part of an entity is necessarily an operating segment or part of an operating segment. For example, a corporate headquarters or some functional departments may not earn revenues or may earn revenues that are only incidental to the activities of the entity and would not be operating segments.

The bank has identified the operating segments on the basis of the Provincial offices that assist the Executive Committee of the bank in decision making process and to allocate the resources.

The bank evaluates the performance of its segments before tax.

6. Segmental Information

A. Information about reportable segments

The bank has identified its operating segments on the basis of provincial offices. The Bank evaluates the performance of its segments before tax.

(Rs. In '000')

Particulars	Provinces							Total
	Koshi	Madhesh	Bagmati	Gandaki	Lumbini	Karnali	Sudur-Paschim	
Revenues from External customer	2,520,839	3,543,034	8,671,301	1,500,577	3,581,125	549,033	1,042,515	21,408,424
Inter Segment revenues	(251,824)	(527,607)	1,634,957	(98,180)	(349,740)	(26,161)	(65,808)	315,638
Net Revenue	2,772,663	4,070,641	7,036,344	1,598,757	3,930,865	575,194	1,108,323	21,092,786
Total interest revenue	1,161,832	1,457,781	3,328,996	708,152	1,641,749	233,239	420,831	8,952,579
Interest expense	427,283	265,952	4,672,064	307,571	511,047	76,052	164,255	6,424,225
Net Interest Revenue	734,549	1,191,828	(1,343,067)	400,580	1,130,702	157,186	256,575	2,528,354
Depreciation and amortization	9,135	10,031	16,080	5,986	11,192	4,373	5,040	61,837
Segment profit/(loss)	272,930	654,583	(55,264)	162,518	696,931	102,904	132,148	1,966,751
Entity's interest in the profit or loss of associates accounted for using equity method	-	-	-	-	-	-	-	-
Impairment of assets	-	-	-	-	-	-	-	-
Segment Assets	19,079,747	11,589,934	185,285,502	12,639,014	24,204,282	4,815,829	8,665,782	266,280,089
Segment liabilities	19,079,747	11,589,934	185,285,502	12,639,014	24,204,282	4,815,829	8,665,782	266,280,089

Note: Segment reporting excludes Head Office.

B. Reconciliation of Reportable Segment Profit or Loss

Particulars	**Current Qtr (Rs in '000')**
Total Profit/(Loss) before tax for reportable segments	1,966,751
Profit before tax for other segments	
Elimination of inter-segment profit	
Elimination of discontinued operation	
Unallocated amounts: – Other corporate Income/expenses	(618,639)
Profit before tax	1,348,113

7. Related Parties

7.1 Parent and Ultimate Controlling Party

Fifty-one percentages of the bank's shares have been held by Government of Nepal. As a result, the ultimate controlling party of the bank is Government of Nepal. In addition to share investment, Government of Nepal has invested in following equity and debt instruments.

Particulars	Amount (Rs.)
6% Non-Cumulative Irredeemable Preference Shares	5,432,712,000

7.2 Transactions with Key Management Personnel

There is no such transaction between company and the key management personnel other than the employee advance as per company's internal policies.

8. Events after interim period

There are no material events after Balance Sheet Date affecting financial status of the Bank as well as Group.

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

There is no merger or acquisition affecting the changes in the composition of the entity during the interim period as of Poush end, 2081