



निरन्तर सहायात्रा



लुम्बिनी विकास बैंक लि.  
Lumbini Bikas Bank Ltd.

निरन्तर सहायात्रा

**Lumbini Bikas Bank Limited**  
**Condensed Statement of Financial Position**  
**As on Quarter Ended 31<sup>st</sup> Ashwin 2082 (17<sup>th</sup> November 2025)**

*Figures in NPR*

	Bank	
	This Quarter Ending	Immediate Previous Year Ending (Unaudited)
<b><u>Assets</u></b>		
Cash and cash equivalent	2,329,076,571	3,381,852,159
Due from Nepal Rastra Bank	2,434,593,103	2,745,537,810
Placement with Bank and Financial Institutions	-	-
Derivative financial instruments	-	-
Other trading assets	-	-
Loan and advances to B/FIs	369,566,305	435,692,104
Loans and advances to customers	46,571,697,269	47,131,413,600
Investment securities	12,225,989,126	12,341,023,150
Current tax assets	308,740,092	131,643,808
Investment in subsidiaries	-	-
Investment in associates	669,000,116	631,964,100
Investment property	264,753,449	222,922,449
Property and equipment	659,153,163	668,133,214
Goodwill and Intangible assets	10,085,619	10,594,061
Deferred tax assets	-	-
Other assets	379,034,269	284,043,765
<b>Total Assets</b>	<b>66,221,689,082</b>	<b>67,984,820,220</b>

	This Quarter Ending	Immediate Previous Year Ending (Audited)
<b><u>Liabilities</u></b>		
Due to Bank and Financial Institutions	505,518,503	424,499,392
Due to Nepal Rastra Bank	789,900,000	789,900,000
Derivative financial instruments	-	-
Deposits from customers	56,143,223,200	57,594,111,700
Borrowing	-	-
Current Tax Liabilities	-	-
Provisions	-	-
Deferred tax liabilities	214,872,476	254,551,971
Other liabilities	792,453,763	885,411,390
Debt securities issued	1,024,890,630	1,052,390,630
Subordinated Liabilities	-	-
<b>Total liabilities</b>	<b>59,470,858,573</b>	<b>61,000,865,083</b>
<b><u>Equity</u></b>		
Share capital	3,623,678,162	3,623,678,162
Share premium	-	-
Retained earnings	(172,288,084)	297,070,852
Reserves	3,299,440,430	3,063,206,124
<b>Total equity attributable to equity holders</b>	<b>6,750,830,508</b>	<b>6,983,955,138</b>
<b>Non-controlling interest</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>	<b>6,750,830,508</b>	<b>6,983,955,138</b>
<b>Total liabilities and equity</b>	<b>66,221,689,081</b>	<b>67,984,820,220</b>

**Lumbini Bikas Bank Limited**  
**Condensed Statement of Profit or Loss**  
**For the Quarter Ended 31<sup>st</sup> Ashwin 2082 (17<sup>th</sup> November 2025)**

*Figures in NPR*

Particulars	Bank			
	Current Year		Previous Year Corresponding	
	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)
Interest income	1,204,733,570	1,204,733,570	1,573,086,915	1,573,086,915
Interest expense	750,902,340	750,902,340	1,113,268,873	1,113,268,873
<b>Net interest income</b>	<b>453,831,230</b>	<b>453,831,230</b>	<b>459,818,042</b>	<b>459,818,042</b>
Fee and commission income	44,270,650	44,270,650	67,596,363	67,596,363
Fee and commission expense	2,153,187	2,153,187	2,085,990	2,085,990
<b>Net fee and commission income</b>	<b>42,117,463</b>	<b>42,117,463</b>	<b>65,510,372</b>	<b>65,510,372</b>
<b>Net interest, fee and commission income</b>	<b>495,948,693</b>	<b>495,948,693</b>	<b>525,328,414</b>	<b>525,328,414</b>
Net trading income	21,734	21,734	11,898	11,898
Other operating income	54,467,145	54,467,145	30,298,667	30,298,667
<b>Total operating income</b>	<b>550,437,572</b>	<b>550,437,572</b>	<b>555,638,979</b>	<b>555,638,979</b>
Impairment charge/(reversal) for loans and other losses	708,916,046	708,916,046	52,461,830	52,461,830
<b>Net operating income</b>	<b>(158,478,473)</b>	<b>(158,478,473)</b>	<b>503,177,150</b>	<b>503,177,150</b>
<b>Operating expense</b>				
Personnel expenses	114,304,120	114,304,120	140,518,302	140,518,302
Other operating expenses	57,030,762	57,030,762	55,632,703	55,632,703
Depreciation & Amortization	13,122,595	13,122,595	13,493,943	13,493,943
<b>Operating Profit</b>	<b>(342,935,950)</b>	<b>(342,935,950)</b>	<b>293,532,202</b>	<b>293,532,202</b>
Non-operating income	501,220	501,220	-	-
Non-operating expense	6,142,979	6,142,979	1,888,408	1,888,408
<b>Profit before income tax</b>	<b>(348,577,708)</b>	<b>(348,577,708)</b>	<b>291,643,793</b>	<b>291,643,793</b>
Income tax expense	-	-	89,657,815	89,657,815
Current Tax	-	-	89,657,815	89,657,815
Deferred Tax	-	-	-	-
<b>Profit for the period</b>	<b>(348,577,708)</b>	<b>(348,577,708)</b>	<b>201,985,979</b>	<b>201,985,979</b>

**Lumbini Bikas Bank Limited**  
**Statement of Other Comprehensive Income**  
**For the Quarter Ended 31<sup>st</sup> Ashwin 2082 (17<sup>th</sup> November 2025)**

*Figures in NPR*

	Bank			
	Current Year		Previous Year Corresponding	
	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)
<b>Profit for the year</b>	<b>(348,577,708)</b>	<b>(348,577,708)</b>	<b>201,985,979</b>	<b>201,985,979</b>
<b>Other comprehensive income, net of income tax</b>				
<b>a) Items that will not be reclassified to Profit or loss</b>				
• Gains/(losses) from Investments in equity instruments measured at fair value	112,024,376	112,024,376	117,193,542	117,193,542
• Gains/(losses) on revaluation				
• Actuarial gains/(losses) on defined benefit plans				
• Income tax relating to above items	(33,607,313)	(33,607,313)	(35,158,062)	(35,158,062)
<b>Net other comprehensive income that will not be reclassified to profit or loss</b>	<b>78,417,063</b>	<b>78,417,063</b>	<b>82,035,479</b>	<b>82,035,479</b>
<b>b) Items that are or may be reclassified to profit or loss</b>				
• Gains/(losses) on cash flow hedge	-	-	-	-
• Exchange gains/(losses) (arising from translating financial assets of foreign operation)	-	-	-	-
• Income tax relating to above items	-	-	-	-
• Reclassify to profit or loss	-	-	-	-
<b>Net other comprehensive income that are or may be reclassified to profit or loss</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>c) Share of other comprehensive income of associate accounted as per equity method</b>	<b>(21,029,771)</b>	<b>(21,029,771)</b>	<b>(15,039,941)</b>	<b>(15,039,941)</b>
<b>Other comprehensive income for the period, net of income tax</b>	<b>57,387,292</b>	<b>57,387,292</b>	<b>66,995,538</b>	<b>66,995,538</b>
<b>Total comprehensive income for the year</b>	<b>(291,190,416)</b>	<b>(291,190,416)</b>	<b>268,981,516</b>	<b>268,981,516</b>
<b>Total comprehensive income attributable to</b>				

Equity holders of the Bank	(291,190,416)	(291,190,416)	268,981,516	268,981,516
Non-controlling interest	-	-	-	-
<b>Total</b>	<b>(291,190,416)</b>	<b>(291,190,416)</b>	<b>268,981,516</b>	<b>268,981,516</b>
<b>Earnings per share</b>				
Basic earnings per share		(9.62)		
Diluted earnings per share		(9.62)		

**Lumbini Bikas Bank Limited**  
**Condensed Statement of cash flows**  
**For the Quarter Ended 31<sup>st</sup> Ashwin 2082 (17<sup>th</sup> November 2025)**

*Figures in NPR*

	<b>Bank</b>	
	<b>Up to this quarter</b>	<b>Corresponding Previous Year Up to This Quarter</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Interest received	1,203,334,149	1,560,134,391
Fees and other income received	44,270,650	67,596,363
Divided received	53,013,524	25,908,175
Receipts from other operating activities	1,475,356	4,402,390
Interest paid	(778,402,340)	(1,140,768,873)
Commission and fees paid	(2,153,187)	(2,085,990)
Cash payment to employees	(114,247,153)	(108,002,837)
Other expense paid	(57,030,762)	(55,632,703)
<b>Operating cash flows before changes in operating assets and liabilities</b>	<b>350,260,236</b>	<b>351,550,916</b>
<b>(Increase)/Decrease in operating assets</b>		
Due from Nepal Rastra Bank	310,944,707	3,007,512,273
Placement with bank and financial institutions	-	-
Other trading assets	-	-
Loan and advances to bank and financial institutions	66,125,799	279,379,466
Loans and advances to customers	(154,841,473)	(513,350,479)
Other assets	(94,990,504)	(127,810,156)
<b>Increase/(Decrease) in operating liabilities</b>		
Due to bank and financial institutions	81,019,111	145,058,509
Due to Nepal Rastra Bank	-	(85,500,000)
Deposit from customers	(1,450,888,500)	(919,917,548)
Borrowings	-	-
Other liabilities	(93,014,593)	104,764,177
<b>Net cash flow from operating activities before tax paid</b>	<b>(985,385,216)</b>	<b>2,241,687,158</b>
Income taxes paid	(250,383,091)	(7,135,398)
<b>Net cash flow from operating activities</b>	<b>(1,235,768,307)</b>	<b>2,234,551,759</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investment securities	168,992,613	(3,760,379,741)
Receipts from sale of investment securities	-	-
Purchase of property and equipment	(5,322,363)	(3,038,120)
Receipt from the sale of property and equipment	3,688,360	3,688,360
Purchase of intangible assets	(2,000,100)	(2,000,100)
Receipt from the sale of intangible assets	-	-
Purchase of investment properties	(41,831,000.00)	15,709,206

Receipt from the sale of investment properties	-	-
Interest received	1,399,421	12,952,524
Dividend received	-	-
<b>Net cash used in investing activities</b>	<b>124,926,931</b>	<b>(3,733,067,872)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
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	-	-
<b>Net cash from financing activities</b>	<b>-</b>	<b>-</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(1,110,841,376)</b>	<b>(1,498,516,112)</b>
Opening Cash and cash equivalents	3,381,852,159	3,481,614,751
De- recognition of Cash and cash equivalent of Subsidiary		
Effect of exchange rate fluctuations on cash and cash equivalents held		
<b>Cash and cash equivalents at the end of the period</b>	<b>2,271,010,784</b>	<b>1,983,098,639</b>



## A. Condensed Consolidated Statement of Changes in Equity (Attributable to equity holders of the Bank)

*For the period Shrawan 1, 2081 to Ashwin 31, 2082*

	<u>Share Capital</u>	<u>Share premium</u>	<u>General reserve</u>	<u>Exchange equalization reserve</u>	<u>Regulatory reserve</u>	<u>Fair value reserve</u>	<u>Revaluation on Reserve</u>	<u>Retained earning</u>	<u>Other reserves</u>	<u>Total</u>
Balance at Shrawan 1, 2081	3,518,134,138	-	1,142,791,858	1,229,664	425,770,788	602,251,045	-	311,636,886	685,593,974	6,687,408,352
Comprehensive income for the year										
Profit for the year	-	-	-	-	-	-	-	379,884,859	-	379,884,859
Other comprehensive income, net of tax										
Gains/(losses) from investments in equity instruments measured at fair value	-	-	-	-	-	78,417,063	-	-	-	78,417,063
Gains/(losses) on revaluation	-	-	-	-	-	-	-	-	-	-
Share of Associates accounted as per Equity Method	-	-	-	-	-	-	-	-	(21,029,771)	(21,029,771)
Actuarial gains/(losses) on defined benefit plans	-	-	-	-	-	-	-	-	-	-
Gains/(losses) on cash flow hedge	-	-	-	-	-	-	-	-	-	-
Exchange gains/(losses) (arising from translating financial assets of foreign operation)	-	-	-	-	-	-	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	-	-	-	<b>78,417,063</b>	-	<b>379,884,859</b>	<b>(21,029,771)</b>	<b>437,272,151</b>
Transfer to reserve during the year	-	-	75,976,972	82,260	-	-	-	(214,833,511)	138,774,280	-
Transfer from reserve during the year	-	-	-	-	(56,199,029)	-	-	66,652,008	(10,452,979)	-
Transactions with owners, directly recognised in equity										
Share issued	-	-	-	-	-	-	-	-	-	-
Premium received on issuance of unsubscribed number of right shares	-	-	-	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-	-	-	-	-
Dividends to equity holders	-	-	-	-	-	-	-	-	-	-
Bonus shares issued	105,544,024	-	-	-	-	-	-	(105,544,024)	-	-

Cash dividend paid	-	-	-	-	-	-	-	(140,725,366)	-	(140,725,366)
<b>Total contributions by and distributions</b>	<b>105,544,024</b>	<b>-</b>	<b>75,976,972</b>	<b>82,260</b>	<b>(56,199,029)</b>	<b>78,417,063</b>	<b>-</b>	<b>(14,566,034)</b>	<b>107,291,529</b>	<b>296,546,785</b>
<b>Balance at Ashadh end 2082</b>	<b>3,623,678,162</b>	<b>-</b>	<b>1,218,768,830</b>	<b>1,311,923</b>	<b>369,571,759</b>	<b>680,668,108</b>	<b>-</b>	<b>297,070,852</b>	<b>792,885,503</b>	<b>6,983,955,138</b>
<b>Balance at Shrawan 1, 2082</b>	<b>3,623,678,162</b>	<b>-</b>	<b>1,218,768,830</b>	<b>1,311,923</b>	<b>369,571,759</b>	<b>680,668,108</b>	<b>-</b>	<b>297,070,852</b>	<b>792,885,503</b>	<b>6,983,955,138</b>
Comprehensive income for the year										
Profit for the year	-	-	-	-	-	-	-	(348,577,708)	-	(348,577,708)
Other comprehensive income, net of tax										-
Gains/(losses) from investments in equity instruments measured at fair value	-	-	-	-	-	78,417,063	-	-	-	78,417,063
Gains/(losses) on revaluation	-	-	-	-	-	-	-	-	-	-
Share of Associates accounted as per Equity Method									37,036,016	37,036,016
Actuarial gains/(losses) on defined benefit plans	-	-	-	-	-	-	-	-	-	-
Gains/(losses) on cash flow hedge	-	-	-	-	-	-	-	-	-	-
Exchange gains/(losses) (arising from translating financial assets of foreign operation)	-	-	-	-	-	-	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>78,417,063</b>	<b>-</b>	<b>(348,577,708)</b>	<b>37,036,016</b>	<b>(233,124,629)</b>
Transfer to reserve during the year	-	-	-	55,693	-	-	-	(55,693)	-	-
Transfer from reserve during the year	-	-	-	-	121,899,864	-	-	(120,725,534)	(1,174,330)	0.00
Transactions with owners, directly recognised in equity										-
Share issued	-	-	-	-	-	-	-	-	-	-
Premium received on issuance of unsubscribed number of right shares	-	-	-	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-	-	-	-	-
Dividends to equity holders	-	-	-	-	-	-	-	-	-	-
Bonus shares issued	-	-	-	-	-	-	-	-	-	-
Cash dividend paid	-	-	-	-	-	-	-	-	-	-
<b>Total contributions by and distributions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>55,693</b>	<b>121,899,864</b>	<b>78,417,063</b>	<b>-</b>	<b>(469,358,936)</b>	<b>35,861,686</b>	<b>(233,124,629)</b>

Balance at Ashwin end 2082	3,623,678,162	-	1,218,768,830	1,367,616	491,471,623	759,085,172	-	(172,288,084)	828,747,189	6,750,830,508
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**\*\*Other reserves as at 32nd Ashwin 2082 includes Corporate Social Responsibility Reserve, Staff Training Fund, Investment Adjustment Reserve, Actuarial Gain on Gratuity & Reserve in Investment in Associates using equity Method.**

**Statement of Distributable Profit Loss**  
**For the Quarter Ended 31<sup>st</sup> Ashwin 2082 (17<sup>th</sup> November 2025)**  
**(As per NRB Regulation)**

Figures in NPR

Particulars	Current Year Up to This Quarter YTD	Previous Year Corresponding Quarter YTD
<b>Net profit or (loss) as per statement of profit or loss</b>	<b>(348,577,708)</b>	<b>201,985,979</b>
<b><u>1.1 Profit required to be appropriated to:</u></b>		
<i>a. General reserve</i>	-	40,397,196
<i>b. Foreign exchange fluctuation fund</i>	55,693	16,014
<i>c. Capital redemption reserve</i>	-	-
<i>d. Corporate social responsibility fund</i>	-	1,833,910
<i>e. Employees' training fund</i>	-	-
<i>f. Other</i>	-	-
<i>g. Investment Adjustment Reserve</i>	-	-
<b>Profit or (loss) before regulatory adjustment</b>	<b>(348,633,401)</b>	<b>159,738,859</b>
<b><u>Regulatory adjustment :</u></b>		
<i>a. Interest receivable (-)/previous accrued interest received (+)</i>	(101,080,576)	(145,703,350)
<i>b. Short loan loss provision in accounts (-)/reversal (+)</i>	-	-
<i>c. Short provision for possible losses on investment (-)/reversal (+)</i>	-	-
<i>d. Short loan loss provision on Non-Banking Assets (-)/reversal (+)</i>	(20,819,289)	34,802,965
<i>e. Deferred tax assets recognized (-)/ reversal (+)</i>	-	-
<i>f. Goodwill recognized (-)/ impairment of Goodwill (+)</i>	-	-
<i>g. Bargain purchase gain recognized (-)/reversal (+)</i>	-	-
<i>h. Actuarial loss recognized (-)/reversal (+)</i>	-	-
<i>i. Other (+/-)</i>	-	-
<b>Net Profit for the Qtr end Asadh 2082 available for distribution</b>	<b>(470,533,266)</b>	<b>48,838,473</b>
Opening Retained Earning as on Shrawan 1, 2082	297,070,852	260,796,909
<b>Adjustment (+/-)</b>		-
<b>Distribution:</b>		
<i>Bonus shares issued</i>	-	-
<i>Cash Dividend Paid</i>	-	-
<b>Total Distributable profit or (loss) as on Qtr end date</b>	<b>(173,462,414)</b>	<b>309,635,383</b>
<b>Annualized Distributable Profit/Loss per share</b>	<b>(4.79)</b>	<b>8.80</b>

## Ratios as per NRB Directive:

Particulars	Current Year		Previous year corresponding	
	This Quarter Ending	Up to this quarter (YTD)	This Quarter Ending	Up to this quarter (YTD)
Capital Fund to RWA		12.74%		13.97%
Tier 1 Capital to RWA		9.18%		10.14%
CET 1 Capital to RWA		9.18%		10.14%
Non Performing Loan (NPL) to total Loan		7.78%		3.69%
Total Loan Loss Provision to Total NPL		84.52%		101.55%
Cost of Fund		4.91%		7.11%
Credit to Deposit Ratio		86.23%		83.46%
Base Rate (Average for the Quarter)		6.75%		9.00%
Interest rate Spread		4.18%		4.59%
Return in Equity		-20.65%		11.71%
Return on Assets		-2.08%		2.38%

## Notes to the Interim Financial Statements

### 1. Reporting Entity

Lumbini Bikas Bank is a Public company incorporated and operating in Nepal. The address of its registered office is Dillibazar, Kathmandu Nepal. The bank carries out banking business in Nepal as national level development bank under Bank and Financial Institution Act 2073.

### 2. Basis of preparation

The Interim financial statements of the bank have been prepared as per Nepal Financial Reporting Standards (NFRS): NAS 34 Interim Financial Reporting and Carve-outs as issued by Institute of Chartered Accountant of Nepal (ICAN).

The consolidated financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the consolidated financial statements.

The consolidated financial statements are presented in functional and presentation currency of the Bank i.e. Nepalese Rupee (“NPR”) which is the currency of the primary economic environment in which the Group operates.

### 3. Statement of Compliance with NFRS

The consolidated financial statements have been prepared in accordance with applicable Nepal Financial Reporting Standards (NFRS) as published by Nepal Accounting Standard Board and as pronounced by the Institute of Chartered Accountants of Nepal (ICAN) and in compliance with applicable laws and regulation.

### 4. Use of estimates, assumptions and judgments

The preparation of the consolidated financial statements in conformity with Nepal Financial Reporting Standards requires the use of certain critical accounting estimates and judgments. It also requires management to exercise judgment in the process of applying the Bank’s accounting policies. The Bank makes certain estimates and assumptions regarding the future events. Estimates and judgments are continuously evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management believes that the estimates used in the preparation of the consolidated financial statements are prudent and reasonable. Future results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

### 5. Changes in accounting policies

The Bank applies its accounting policies consistently for all periods presented.

## **6. Significant accounting policies**

### **i. Basis of measurement**

These consolidated financial statements are prepared under historical cost convention except for certain material items that have been measured at fair value as required by the relevant NFRS as mentioned below:

- Liabilities for defined employee benefit under NAS 19 'Employee Benefit'
- Investment Property under NAS 40 'Investment Property'
- Investment Securities under NFRS 9 'Financial Instruments'

### **ii. Cash and cash equivalents**

Cash and cash equivalent comprises cash in hand, balances with bank and financial institutions, money at call and short notice, and highly liquid financial assets with original maturities of three months or less from the acquisition date with insignificant risk of changes in their value which are held by the bank to meet short term cash commitments.

### **iii. Financial Assets and Financial Liabilities**

Financial assets and financial liabilities are recognized when the Bank becomes a party to the contract embodying the related financial instruments. All financial assets, financial liabilities and financial guarantee contracts are initially measured at transaction cost and where such values are different from the fair value, at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability. Transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit and loss are immediately recognized in the statement of profit and loss.

### **iv. Trading Assets**

Trading Assets are those which the bank principally acquires for selling or on initial recognition is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These assets are designated as Fair Value through Profit or Loss.

### **v. Property, Plant and Equipment**

Freehold land is carried at historical cost and is not depreciated. All other items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly

attributable to the acquisition of the items. The assets are depreciated over their useful life using Straight line method. The estimated useful lives are;

Item	Useful Life
Office Equipment	5 years
Furniture Fixture and Fitting	5 years
Vehicle	5 years
Computer, Printer and Accessories	5 years
ATM Machine	7 Years
Freehold Premises	50 Years
Leasehold Assets	Earlier of 10 years or Lease Tenure

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

#### **vi. Goodwill and Other Intangibles**

Goodwill is the residual of the cost of acquisition over the fair value of the identifiable net assets acquired. It is assessed for impairment at the end of each reporting period

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Intangible assets with indefinite useful lives are carried at cost less accumulated impairment losses.

Computer software costs are capitalized and recognized as intangible assets based on materiality, accounting prudence and significant benefits expected to flow there from for a period longer than one year.

#### **vii. Investment Property**

An investment property is property held by the bank to earn rentals or for capital appreciation or both, rather than own-occupied. The investment property of the bank solely consists of land or building acquired under the Non-Banking Assets. Subsequently all investment properties are reported at cost less accumulated depreciation.

#### **viii. Income Tax**

Income tax on the profit or loss for the year comprises current taxes and deferred taxes. Income tax is recognized in the profit or loss statement except to the extent that it relates to items recognized directly to equity.

##### **Current tax**



Current tax is the expected tax payable on the taxable income for the year using tax rates at the balance sheet date and any adjustment to tax payable in respect of previous years.

Income tax rates applicable to Bank: 30%

### **Deferred tax**

- The amount of deferred tax provided is based on the expected realization or settlement of the carrying amount of assets and liabilities using tax rates at the balance sheet date.
- A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.
- Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

### **ix. Deposits, debt securities issued and subordinated liabilities**

The Bank presents the deposits held from customers and bank and financial institutions at amortized cost.

### **x. Provisions**

Provisions are recognized when the Bank has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

### **xi. Revenue Recognition**

Revenue is the gross inflow of economic benefits during the period arising in 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. It is measured at the fair value of the consideration received or receivable. Revenue is recognized to the extent that it is probable that economic benefit will flow to the Bank and that the revenue can be reliably measured.

### **Interest Income**

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Bank and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future

cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

***In compliance with NRB's ECL Guidelines, the Bank has de-recognized interest income on loans and advances classified as Lifetime ECL under Stage-3.***

#### **Fee and commission income**

Fee and commission earned for the provision of services over a period of time are accrued over that period.

#### **Dividend Income**

Dividend income (net of withholding taxes) from investments is recognized when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Bank and the amount of income can be measured reliably). In case of stock dividend only the number of shares is increased.

#### **Net trading income**

It comprises gain or loss on trading assets, interest or dividend income on trading assets and gains or losses arising under settlement of foreign currency transactions.

### **xii. Interest Expenses**

Interest expense is recognized in the profit or loss using effective interest rate for all the financial liabilities measured at amortized cost

### **xiii. Employee Benefits**

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees or for the termination of employment. Such benefits include short term, long term, termination and other long term benefits.

The Bank provides for defined benefits in the form of gratuity. The liability or asset recognized in the balance sheet in respect of defined benefit gratuity plan is the present value of defined benefit obligations at the end of the reporting period less fair value of plan assets. The defined benefit obligation is calculated annually by actuaries through actuarial valuation using the projected unit credit method.

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as a liability at the present value of the obligation as at the reporting date determined based on an actuarial valuation.

For the Interim financial statement provision for leave and gratuity has been provided on estimated actuarial valuation and hence actuarial gain loss has not been separately disclosed and it will change as per Actuarial Valuation Report.

### **xiv. Leases**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement. A lease is classified at the inception date as a finance lease or an operating lease.

A lease that transfers substantially all the risks and rewards incidental to ownership to the Bank is classified as a finance lease. A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Bank will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Finance leases are capitalized at the commencement of the lease at the inception date fair value of the leased asset or, at the present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Bank's general policy on the borrowing costs.

Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

#### **xv. Share Capital and Reserves**

Equity is the residual interest in the total assets of an entity after deducting all the liabilities. The share capital of the Bank includes the equity share capital with promoter and public shareholding. The Bank has also maintained several statutory reserves and free reserves which are presented in the statement of changes in equity.

#### **xvi. Earnings Per Share**

Basic earnings per share is computed by dividing the profit/ (loss) for the year by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for treasury shares, bonus issue, bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares).

Diluted earnings per share is computed by dividing the profit/ (loss) for the year as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity

shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date.

## 7. Segment Reporting

Operating segment are those components of an entity that engages in business activities which earns revenue and incurs expenses and whose results are regularly reviewed by the entity's chief operating decision maker for those segment having discrete financial information.

The senior management of the Bank is the Chief Operating Decision Maker.

Particulars	Banking		Treasury and Remittance		Other (not separately reportable)		Total	
	Current Quarter	Corresponding Previous Year Quarter	Current Quarter	Corresponding Previous Year Quarter	Current Quarter	Corresponding Previous Year Quarter	Current Quarter	Corresponding Previous Year Quarter
Revenue From External Customer	1,064,721,830	6,095,799,150	133,242,535	580,695,590	54,708,951	90,186,931	1,252,673,315	6,766,681,670
Intersegment Revenue	-	-	-	-	-	-	-	-
Segment Profit (Loss) before Tax	(478,854,281)	545,758,069	112,959,703	483,527,943	44,816,869	32,231,554	(321,077,708)	1,061,517,566
Segment Assets	51,179,178,965	52,786,851,842	14,326,657,910	14,132,700,902	715,852,207	355,728,535	66,221,689,081	67,275,281,279
Segment Liability	58,678,404,810	60,115,453,693	-	-	792,453,763	885,411,390	59,470,858,573	61,000,865,083

### Reconciliation of reportable segment (profit loss)

Particulars	Current Quarter	Corresponding Previous Year Quarter
Total Profit before tax for reportable segment	(365,894,577)	1,029,286,013
Profit before tax for other segment	44,816,869	32,231,554
Elimination of intersegment profit	-	-
Unallocated amount	-	-
<b>Profit before tax</b>	<b>(321,077,708)</b>	<b>1,061,517,566</b>

## 8. Concentration of Borrowings, Credits and Deposits

### A. Concentration of Borrowers

Particulars	Current Year	Previous Year
Borrowings from 10 largest lenders	2,803,732,332	687,546,000
Total Deposit	57,438,641,703	60,233,791,020
% of borrowings from ten largest lenders to total deposits	4.88%	1.14%

### B. Concentration of Credit exposures

Particulars	Current Year	Previous Year
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Total exposures to twenty largest borrowers	5,492,540,446	9,148,849,580
Total Loans & Advances	49,530,543,194	48,497,442,675
<b>Percentage of deposits from twenty largest borrowers to Total Loans and Advances</b>	<b>11.09%</b>	<b>18.20%</b>

### C. Concentration of Deposits

Particulars	Current Year	Previous Year
<b>Total Deposits from twenty largest depositors</b>		
a. Group wise	8,101,287,756	7,093,698,891
b. As per individual customer	1,708,971,519	1,366,403,879
<b>Percentage of deposits from twenty largest depositors to Total Deposits</b>		
a. Group wise	14.10%	14.02%
b. As per individual customer	2.98%	2.70%

#### 9. Dividends paid (aggregate or per share) separately for ordinary shares and other shares:

Bank has not declared and distributed any dividends during the period 01.04.2082 to 31.06.2082

#### 10. Issues, repurchases and repayments of debt and equity securities

No issues, repurchases and repayments of debt and equity securities have taken place during the period.

#### 11. Events after interim period

There have been no material events after the reporting period affecting the financial status of the Bank as on Ashwin End, 2082.

#### 12. Effect of changes in the composition of the entity during the interim period including merger and acquisition:

No such changes have taken place during the interim period.

#### 13. Related Party Disclosure

The key management personnel of the bank including member of the Board of Directors, Chief Executive Officer and other executive level staff of the Bank are as follow.

Mr. Chinta Mani Bhattarai	- Chairman (Promoter Group)
Mr. Prajan Pradhan	- Director (Promoter Group)
Mr. Ram Chandra Sigdel	-Director (Promoter Group)
Mr. Ganesh Raj Regmi	-Director (Public Group)

Mr. Arjun Thapa	-Director (Public Group)
Mr. Keshav Khatiwada	-Director (Public Group)
Mr. Jaya Dev Shrestha	- Independent Director
Mr. Naresh Singh Bohra	-Chief Executive Officer
Mr. Umesh Regmi	-Deputy Chief Executive Officer
Mr. Suman Acharya	-Deputy Chief Executive Officer

The Development Bank has the following associates:

- i.** Muktinath Capital Limited (Former: Vibor Capital Limited)
- ii.** Deprosc Laghubitta Bittiya Sanstha Limited
- iii.** NADEP Laghubitta Bittiya Sanstha Limited