



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 31st Chaitra 2081 (13th April, 2025)

Figures in NPR

	Bank	
	This Quarter Ending	Immediate Previous Year Ending (Audited)
Assets		
Cash and cash equivalent	2,988,434,537	3,681,441,274
Due from Nepal Rastra Bank	2,160,638,461	3,379,607,499
Placement with Bank and Financial Institutions	-	-
Derivative financial instruments	-	-
Other trading assets	-	-
Loan and advances to B/FIs	655,080,630	2,169,643,707
Loans and advances to customers	47,222,799,886	46,247,417,167
Investment securities	11,433,174,532	11,699,956,371
Current tax assets	211,716,686	63,171,646
Investment in subsidiaries	-	-
Investment in associates	580,512,112	652,993,871
Investment property	187,979,718	203,964,421
Property and equipment	672,717,232	697,305,325
Goodwill and Intangible assets	6,575,032	6,067,004
Deferred tax assets	-	-
Other assets	386,932,023	286,029,167
Total Assets	66,506,560,847	69,087,597,452

	This Quarter Ending	Immediate Previous Year Ending (Audited)
<u>Liabilities</u>		
Due to Bank and Financial Institutions	228,336,169	638,377,542
Due to Nepal Rastra Bank	717,300,000	1,042,300,000
Derivative financial instruments	-	-
Deposits from customers	56,925,249,140	58,553,113,478
Borrowing	-	-
Current Tax Liabilities	-	-
Provisions	-	-
Deferred tax liabilities	224,035,637	220,944,658
Other liabilities	855,552,189	893,062,791
Debt securities issued	1,024,890,630	1,052,390,630
Subordinated Liabilities	-	-
Total liabilities	59,975,363,765	62,400,189,100
<u>Equity</u>		
Share capital	3,623,678,162	3,518,134,138
Share premium	-	-
Retained earnings	94,723,943	311,636,886
Reserves	2,812,794,978	2,857,637,329
Total equity attributable to equity holders	6,531,197,082	6,687,408,352
Non-controlling interest	-	-
Total equity	6,531,197,082	6,687,408,352
Total liabilities and equity	66,506,560,847	69,087,597,452

Lumbini Bikas Bank Limited
Condensed Statement of Profit or Loss
As on Quarter Ended 31st Chaitra 2081 (13th April, 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	1,271,539,068	4,250,334,498	1,699,065,122	5,155,252,992
Interest expense	845,987,635	2,893,656,616	1,276,505,966	3,873,260,946
Net interest income	425,551,433	1,356,677,882	422,559,156	1,281,992,045
Fee and commission income	52,250,904	173,459,546	55,063,045	155,103,428
Fee and commission expense	2,758,659	7,657,396	2,589,702	7,266,690
Net fee and commission income	49,492,246	165,802,150	52,473,343	147,836,738
Net interest, fee and commission income	475,043,678	1,522,480,032	475,032,498	1,429,828,783
Net trading income	27,123	72,236	3,942	25,653
Other operating income	6,297,967	47,274,020	4,783,150	18,659,329
Total operating income	481,368,769	1,569,826,288	479,819,591	1,448,513,766
Impairment charge/(reversal) for loans and other losses	455,923,454	948,894,333	97,348,441	196,750,668
Net operating income	25,445,315	620,931,955	382,471,150	1,251,763,098
Operating expense				
Personnel expenses	72,033,375	289,197,142	110,210,507	360,117,066
Other operating expenses	71,261,535	192,093,083	71,412,748	199,143,371
Depreciation & Amortization	12,703,334	38,841,370	12,718,198	38,227,630
Operating Profit	(130,552,929)	100,800,360	188,129,697	654,275,031
Non-operating income	462,300	496,015	360,000	1,510,000
Non-operating expense	9,797,721	12,191,130	1,033,967	7,187,772
Profit before income tax	(139,888,350)	89,105,245	187,455,730	648,597,259
Income tax expense	(42,052,923)	39,321,676	57,557,430	306,429,161
Current Tax	(42,052,923)	39,321,676	57,557,430	306,429,161
Deferred Tax	-	-	-	-
Profit for the period	(97,835,427)	49,783,569	129,898,300	342,168,097

Lumbini Bikas Bank Limited
Statement of Other Comprehensive Income
As on Quarter Ended 31st Chaitra 2081 (13th April, 2025)

Figures in NPR

	Bank			
	Current Year		Previous Year Corresponding	
	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)
Profit for the year	(97,835,427)	49,783,569	129,898,300	342,168,097
Other comprehensive income, net of income tax				
a) Items that will not be reclassified to Profit or loss				
• Gains/(losses) from Investments in equity instruments measured at fair value	79,862,327	10,303,265	(116,577,847)	(175,833,849)
• Gains/(losses) on revaluation	-	-	-	-
• Actuarial gains/(losses) on defined benefit plans				
• Income tax relating to above items	(23,958,698)	(3,090,979)	34,973,354	52,750,155
Net other comprehensive income that will not be reclassified to profit or loss	55,903,629	7,212,285	(81,604,493)	(123,083,694)
b) Items that are or may be reclassified to profit or loss				
• Gains/(losses) on cash flow hedge	-	-	-	-
• Exchange gains/(losses) (arising from translating financial assets of foreign operation)	-	-	-	-
• Income tax relating to above items	-	-	-	-
• Reclassify to profit or loss	-	-	-	-
Net other comprehensive income that are or may be reclassified to profit or loss				
c) Share of other comprehensive income of associate accounted as per equity method	-	(72,481,759)	(21,029,609)	(115,288)
Other comprehensive income for the period, net of income tax	55,903,629	(65,269,474)	(102,634,102)	(123,198,982)
Total comprehensive income for the year	(41,931,798)	(15,485,905)	27,264,198	218,969,116
Total comprehensive income attributable to				

Equity holders of the Bank	(41,931,798)	(15,485,905)	27,264,198	218,969,116
Non-controlling interest	-	-	-	-
Total	(41,931,798)	(15,485,905)	27,264,198	218,969,116
Earnings per share				
Basic earnings per share		1.83		12.97
Diluted earnings per share		1.83		12.59

Lumbini Bikas Bank Limited
Condensed Statement of cash flows
For the Quarter Ended 31st Chaitra 2081 (13th April, 2025)

Figures in NPR

	Bank	
	Up to this quarter	Corresponding Previous Year Up to This Quarter
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	4,219,379,360	5,126,413,795
Fees and other income received	173,459,546	155,103,428
Divided received	34,140,222	11,111,378
Receipts from other operating activities	13,206,034	7,573,605
Interest paid	(2,921,156,616)	(3,856,495,843)
Commission and fees paid	(7,657,396)	(7,266,690)
Cash payment to employees	(384,849,357)	(365,906,139)
Other expense paid	(192,093,083)	(199,143,371)
Operating cash flows before changes in operating assets and liabilities	934,428,709	871,390,162
(Increase)/Decrease in operating assets		
Due from Nepal Rastra Bank	1,218,969,038	(3,947,537,755)
Placement with bank and financial institutions	-	-
Other trading assets	-	-
Loan and advances to bank and financial institutions	1,514,563,078	88,488,075
Loans and advances to customers	(1,935,972,168)	(3,161,698,409)
Other assets	(100,902,856)	(147,513,205)
Increase/(Decrease) in operating liabilities		
Due to bank and financial institutions	(410,041,373)	
Due to Nepal Rastra Bank	(325,000,000)	(424,943,928)
Deposit from customers	(1,627,864,338)	769,825,000
Borrowings	-	8,632,846,630
Other liabilities	58,141,613	-
Net cash flow from operating activities before tax paid	(673,678,297)	177,713,680
Income taxes paid	(187,866,715)	2,858,570,250
Net cash flow from operating activities	(861,545,012)	(258,527,347)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investment securities	277,085,104	(2,732,890,528)
Receipts from sale of investment securities	-	-
Purchase of property and equipment	(12,774,396)	(22,649,661)
Receipt from the sale of property and equipment	18,842	3,688,360
Purchase of intangible assets	(2,005,750)	(2,000,100)
Receipt from the sale of intangible assets	-	
Purchase of investment properties	(20,460,238.46)	(83,530,597.58)

Receipt from the sale of investment properties	36,444,942.00	-
Interest received	30,955,138	28,839,197
Dividend received	-	-
Net cash used in investing activities	309,263,641	(2,808,543,330)
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	(140,725,366)	(152,226,958)
Interest paid	-	-
Other receipt/payment	-	-
Net cash from financing activities	(140,725,366)	(152,226,958)
	(693,006,736)	(360,727,384)
Net increase (decrease) in cash and cash equivalents		
Opening Cash and cash equivalents	3,681,441,274	3,666,749,402
De- recognition of Cash and cash equivalent of Subsidiary	-	-
Effect of exchange rate fluctuations on cash and cash equivalents held	-	-
Cash and cash equivalents at the end of the period	2,988,434,538	3,306,022,018

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

For the period Magh 1, 2081 to Chaitra 31, 2081

	<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 Reserve</u>	<u>Retained earning</u>	<u>Other reserves</u>	<u>Total</u>
Balance at Shrawan 1, 2080	3,382,821,286	-	1,034,058,334	1,191,977	418,533,420	579,880,364	-	300,860,866	499,719,514	6,217,065,762
Profit for the Period	-	-	-	-	-	-	-	543,667,622	-	543,667,622
Other comprehensive income, net of tax	-	-	-	-	-	22,370,681	-	-	56,531,245	78,901,926
Total Comprehensive income	-	-	-	-	-	22,370,681	-	543,667,622	56,531,245	622,569,548
Transfer to reserve during the year	-	-	108,733,524	37,687	7,237,367	-	-	(255,937,530)	139,928,951	-
Transfer from reserve during the year	-	-	-	-	-	-	-	10,585,736	(10,585,736)	-
Contributions from and distributions to owners										
Share issued	-	-	-	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-	-	-	-	-
Dividends to equity holders										
Bonus shares issued	135,312,851	-	-	-	-	-	-	(135,312,851)	-	0
Cash dividend paid	-	-	-	-	-	-	-	(152,226,958)	-	-152,226,958
Total contributions by and distributions	135,312,851	-	108,733,524	37,687	7,237,367	22,370,681	-	10,776,020	185,874,459	470,342,591
Balance at Ashad end 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
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
Profit for the Period	-	-	-	-	-	-	-	49,783,569	-	49,783,569
Other comprehensive income	-	-	-	-	-	7,212,285	-	-	(72,481,759)	7,212,285

Total Comprehensive income	-	-	-	-	-	7,212,285	-	49,783,569	(72,481,759)	-15,485,905
Transfer to reserve during the year	-	-	9,956,714	84,043	-	-	-	(18,020,824)	7,980,068	-
Transfer from reserve during the year	-	-	-	-	9,537,754	-	-	(2,406,298)	(7,131,456)	-
Contributions from and distributions to owners										
Share issued	-	-	-	-	-	-	-	-	-	-
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)
Total contributions by and distributions	105,544,024	-	9,956,714	84,043	9,537,754	7,212,285	-	(216,912,943)	(71,633,147)	(156,211,270)
Balance at Ashwin End 2081	3,623,678,162	-	1,152,748,572	1,313,706	435,308,542	609,463,331	-	94,723,943	613,960,827	6,531,197,082

****Other reserves as at 31st Chaitra 2081 includes Corporate Social Responsibility Reserve, Staff Training Fund, Investment Adjustment Reserve, and Actuarial Gain on Gratuity & Reserve in Investment in Associates using equity Method.**

Statement of Distributable Profit Loss
For the Quarter Ended 31st Chaitra 2081
(As per NRB Regulation)

Figures in NPR

Particulars	Current Year Up to This Quarter YTD	Previous Year Corresponding Quarter YTD
Net profit or (loss) as per statement of profit or loss	49,783,569	342,168,097
<u>1.1 Profit required to be appropriated to:</u>		
<i>a. General reserve</i>	9,956,714	68,433,619
<i>b. Foreign exchange fluctuation fund</i>	84,043	27,442
<i>c. Capital redemption reserve</i>	93,750,000	-
<i>d. Corporate social responsibility fund</i>	-	368,917
<i>e. Employees' training fund</i>	1,341,616	1,480,982
<i>f. Other</i>	-	-
<i>g. Investment Adjustment Reserve</i>	-	-
Profit or (loss) before regulatory adjustment	(55,348,804)	271,857,136
<u>Regulatory adjustment :</u>		
<i>a. Interest receivable (-)/previous accrued interest received (+)</i>	(17,493,341)	(140,891,305)
<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>	7,955,587	(52,624,276)
<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>	-	-
Net Profit for the Qtr end Chaitra 2081 available for distribution	(64,886,558)	78,341,554
Opening Retained Earnings	311,636,886	300,860,866
Adjustment (+/-)	-	-
Distribution:		
<i>Bonus shares issued</i>	(105,544,024)	(135,312,851)
<i>Cash Dividend Paid</i>	(140,725,366)	(152,226,958)
Total Distributable profit or (loss) as on Qtr end date	480,939	91,662,611
Annualized Distributable Profit/Loss per share	0.02	3.47

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		12.94%		12.95%
Non-Performing Loan (NPL) to total Loan		7.18%		3.69%
Total Loan Loss Provision to Total NPL		78.46%		104.17%
Cost of Fund		5.83%		8.53%
Credit to Deposit Ratio		87.14%		80.63%
Base Rate (Average of this Quarter)		7.36%		10.38%
Interest rate Spread		4.34%		4.59%
Return on Equity		1.00%		7.26%

Lumbini Bikas Bank Limited

For the period ended 31st Chaitra 2081

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 regulations except for the NRB guidelines on Excepted Credit Loss (ECL) 2024. The Bank is actively working to ensure compliance with NFRS 9 and NRB guidelines and shall submit the revised financial statements to the regulator upon completion of the necessary procedures.

The interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Bank’s annual financial statements.

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

Lumbini Bikas Bank Limited

For the period ended 31st Chaitra 2081

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.

Lumbini Bikas Bank Limited

For the period ended 31st Chaitra 2081

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.

Lumbini Bikas Bank Limited

For the period ended 31st Chaitra 2081

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.

The Bank does not have any debt or subordinated liabilities at the reporting date.

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.

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For the period ended 31st Chaitra 2081

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.

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

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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.

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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	3,784,073,989	4,571,743,300	404,021,060	410,711,522	48,765,552	21,680,928	4,236,860,602	5,004,135,750
Intersegment Revenue	-	-	-	-	-	-	-	-
Segment Profit (Loss) before Tax	(217,799,950)	378,544,254	271,469,348	258,068,927	35,435,847	11,984,077	89,105,244	648,597,259
Segment Assets	52,326,452,869	54,234,505,836	13,574,051,229	14,501,029,980	606,056,749	352,061,636	66,506,560,847	69,087,597,452
Segment Liability	59,119,811,576	61,507,126,308	-	545,561	855,552,189	892,517,230	59,975,363,765	62,400,189,100

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Reconciliation of reportable segment (profit loss)

Particulars	Current Quarter	Corresponding Previous Year Quarter
Total Profit before tax for reportable segment	53,669,398	636,613,181
Profit before tax for other segment	35,435,847	11,984,077
Elimination of intersegment profit	-	-
Unallocated amount	-	-
Profit before tax	89,105,244	648,597,259

8. Concentration of Borrowings, Credits and Deposits Concentration of Borrowers

Particulars	Current Year	Previous Year
Borrowings from 10 largest lenders	678,568,000	687,546,000.00
Total Deposit	57,870,885,309	60,233,791,020
% of borrowings from ten largest lenders to total deposits	1.17%	1.14%

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B. Concentration of Credit exposures

Particulars	Current Year	Previous Year
Total exposures to twenty largest borrowers		
a. As per group (Related party)	7,271,488,755.34	8,109,345,332.32
b. As per individual customer	963,587,987.74	1,039,504,247.76
Total Loans & Advances	50,015,182,505.78	49,608,648,300.00
Percentage of exposures to twenty largest borrowers to Total Loans and Advances		
a. As per group (Related party)	14.54%	16.35%
b. As per individual customer	1.93%	2.10%

C. Concentration of Deposits

Particulars	Current Year	Previous Year
Total Deposits from twenty largest depositors		
a. Group wise	7,243,296,107.30	8,654,117,243
b. As per individual customer	909,802,475.79	1,750,400,156
Percentage of deposits from twenty largest depositors to Total Deposits		
a. Group wise	13.74%	14.37%
b. As per individual customer	1.57%	2.91%

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

Bank has not declared and distributed any dividend during the period 2081/10/01 to 2081/12/31.

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 Chaitra End, 2081.

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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
Mr. Prabin Krishna Shrestha	Director
Mr. Ram Chandra Sigdel	Director
Mr. Ganesh Raj Regmi	Director
Mr. Arjun Thapa	Director
Mr. Keshav Khatiwada	Director
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

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Additional disclosure as per Securities Registration and Issuance Regulation -2073 (Sub-Rule 1 of Rule 26) for Third Quarter of FY 2081/82

A. Financial Statement Highlights

1. Related Party Transactions:

- a. The bank has investment of NPR 80 Million in its associate company Muktinath Capital Limited (Former: Vibor Capital Ltd.). The bank holds 19.75% of shares of Muktinath Capital Ltd.
- b. The bank pays Muktinath Capital Ltd. NPR 275,000.00 per annum for the services rendered as its Registrar to Shares and NPR 40,000 per annum for the services rendered as Registrar to Debenture.
- c. Muktinath Capital Ltd. maintains call /current deposit accounts with the bank.

2. Ratios as on Third Quarter End 2081/82.

Particulars	This Quarter Ending
Liquidity	25.66%
Return on total Assets (Annualized)	0.10%
Number of Equity Shares	36,236,782
Earnings per Share (Annualized)	1.83
Net worth per Share	180.24
Price earnings ratio	230.05

B. Management Analysis

1. Quarterly changes in Capital, Reserve, Income and the reason thereof if any:

- a. The bank has registered NPR 49.78 Million net profit during the period ending Third quarter of Fiscal Year 2081/82. The development bank is in a comfortable liquidity position.
- b. While comparing with past performance, bank has at stable position in its credit and deposit portfolio in this quarter. However due to impact of economic downturn of financial market, the recovery of loan and advances has been severally impacted. Resulting of this scenario, NPA and their impairment charges on loan has been increased significantly in this period.

2. Management overview on the business for next period:

The bank is focusing on strengthening the customer service and minimizing the operation cost through introduction of modern technology. The bank focuses on maximizing the return not only through interest income but through wider range of income generating services such as fee based income and cross selling of bank's products, investment and remittance.

C. Details Pertaining to Legal Proceedings

1. There are some legal cases filed at the courts by our credit customers and in relation to few operational matters and all cases are continued from previous quarter.
2. No such information has been received of law suit filed by or against the promoters or directors of the bank involving violation of statutory regulation or criminal offences.

D. Analysis of Bank's Share Transactions

Maximum, minimum and last share price of the development bank including total transaction and transacted days during the Third Quarter. (Source: www.nepalstock.com)

Highest Price	488
Lowest Price	407
Total transacted no. of days	56
Closing Price	421
Total traded no. of shares	23,95,669
No. of transactions	9,399

E. Problems and Challenges

1. Internal:

- a. Recovery of chronic Non-Performing Loan and Overdue Interest.
- b. Retention of High value clients.
- c. Recruiting and retention of quality human resource.

2. External:

- a. Competitive business environment.
- b. Cost of deposit and yield on Loans due to volatile liquidity situations.
- c. Limited credit opportunity in productive sectors.
- d. Increased level of Operational risk in the industry.

3. Strategy:

- a. Strategy on volatile market and economy:
 - Focus on productive and subsidized sector loan
 - Digitalization of Banking Transaction
 - Implementation of effective cost management practices
 - Proper Management of Assets and liabilities of the Bank
- b. Aggressive Recovery of NPL.
- c. Diversify credit portfolio through quality and small sized lending, e.g. on small, micro, deprived sector and agriculture instead of big loans.
- d. Identify new avenue of Investment.
- e. Disposal of Non-Banking Assets.

F. Corporate Governance

The Board of Directors, Risk Management Committee, Audit Committee, and Management Team are committed for strengthening good corporate governance within the bank. The development bank has written policies, rules and guidelines to perform the banking operation to ensure good corporate governance.

G. Disclosure of the Chief Executive Officer

To the best of my knowledge and belief, I, the Chief Executive Officer, declare that the information on the development bank's position and performance disclosed in this report are true and fair. I have not intentionally concealed any relevant data or information that in my assessment would adversely affect the investment decision of any depositor or investor.