

१६^{औं} वार्षिक प्रतिवेदन

आ. व. २०७९/०८०
16th Annual Report
FY 2022/2023



लुम्बिनी विकास बैंक लि.
Lumbini Bikas Bank Ltd.

निरन्तर सहायात्रा



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Find us in social media



लुम्बिनीको निरन्तर सहयात्रा

सगरमाथा सठम



Kami Rita Sherpa, a legendary Everest Summiteer (28 times) a supporter & well wisher of Lumbini Bikas Bank hosted a flag of LBBL on the top of Everest. It's our pleasure to present him the Certificate of Appreciation in Kathmandu.

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01

About this report

This report is a concise communication about how our organization's strategy, governance, performance, and prospects, in the context of its external environment, lead to the creation of value over the short, medium, and long term.

We are pleased to present our annual report which is guided by international reporting framework issued by international integrated reporting council, for the period 1st Sharwan 2079 to 31 Ashad 2080 in which we aim to provide a balanced, accurate and concise overview of the main activities and performance of the Bank. The scope of this report covers our financial and nonfinancial performance, including our outlook and objectives for the short term as well as the medium to long term.

Targeted readers

This report contains information relevant to all our current and potential stakeholders including shareholders, regulators, investors, customers, employees, government, and society.

Reporting guidelines

This report is guided by the Integrated Reporting <IR> Framework issued by International integrated reporting council and prepared as per management discretion. Further, the financial information herein was prepared in accordance with the Nepal Financial Reporting Standards (NFRS) and our reporting aligned with the Companies Act 2063, Bank and financial institution act 2073, Nepal Rastra bank act 2058 and other relevant regulation and standard as applicable. Since, integrated report is not compulsory for Nepalese organization so this report is not prepared completely as required in IIRF issued by IIRC.

Materiality

We define material matters as issues, opportunities and challenges which have the potential to affect our ability to create and sustain value for our stakeholders. The material

matters are identified through a combination of Board, management and stakeholder inputs and influence our strategy and the content of this report.

Forward-looking statements

Certain statements in this report on our financial performance, operations and strategy may be considered as forward-looking statements or forecasts. These statements entail risk and uncertainty as they depend on events and circumstances that might occur in the future, and which may cause the actual results to differ substantially from those implied or expressed by the forward-looking statements. Our auditors have not reviewed these statements.

Combined assurance and independent assessment

We used a coordinated combined assurance process to assess and assure various aspects of the business operations, including elements of external reporting. Internal assurances were obtained from management and the Board. Our annual financial statements were externally assured by K.A.S.& Associates, our statutory auditors.

LETTER OF TRANSMITTAL

To All shareholders
Lumbini Bikas Bank Limited
Nepal Rastra Bank
Office of Company Registrar
Securities Exchange Board of Nepal
All Stakeholders

Dear Stakeholder,

Subject: Transmittal of Annual Financial Report 2079-80

I am pleased to submit Lumbini Bikas Bank Limited's Annual Financial Report for the fiscal year 2079-80. The report provides a concise overview of the bank's strategic initiatives, responses to the external environment, product portfolio, value-added activities, and stakeholder engagements. It also includes a detailed analysis of financial highlights and key performance indicators, demonstrating LBBL's resilience and adaptability in the ever-evolving financial landscape.

The enclosed financial statements present a transparent view of LBBL's financial health, in accordance with relevant accounting standards. Additionally, the report highlights non-financial aspects, emphasizing the bank's commitment to corporate social responsibility and sustainable business practices. The Board of Director's report and other disclosures offer a comprehensive understanding of governance practices and risk management strategies. We believe this report will serve as a valuable resource for shareholders, regulators, and other stakeholders. We welcome any inquiries or requests for further clarification. Thank you for your continued collaboration and trust in Lumbini Bikas Bank Limited.

Yours sincerely,

Naresh Singh Bohra
Chief Executive Officer/Company Secretary



लुम्बिनी विकास बैंक लिमिटेडको

सोह्रौं वार्षिक साधारण सभा सठबन्धी सूचना

तथा संक्षिप्त वार्षिक आर्थिक विवरण

(प्रथम पटक प्रकाशित मिति: २०८०/०९/०५ गते बिहीवार, आर्थिक अभियान राष्ट्रिय दैनिक)

सोह्रौं वार्षिक साधारण सभा बस्ने सठबन्धी सूचना

आदरणीय शेयरधनी महानुभावहरू,

यस लुम्बिनी विकास बैंक लि.को मिति २०८० साल पौष ४ गते बसेको सञ्चालक समितिको ४६३औं बैठकको निर्णय बमोजिम विकास बैंकको सोह्रौं वार्षिक साधारण सभा निम्न लिखित मिति, समय र स्थानमा देहायका बिषयहरू उपर छलफल गरी निर्णय गर्न बस्ने भएकोले कम्पनी ऐन २०६३ को दफा ६७ को व्यवस्था अनुसार सम्पूर्ण शेयरधनी महानुभावहरूको जानकारी तथा उपस्थितिको लागि यो सूचना प्रकाशित गरिएको छ।

सभा हुने मिति, समय र स्थान :

मिति : वि.सं. २०८० साल पौष २६ गते, बिहीवार (सन् ११ जनवरी २०२४)

समय : बिहान ११ : ०० बजे देखि

स्थान : अमृतभोग, कालिकास्थान, काठमाडौं।

छलफलका बिषयहरू :

क) सामान्य प्रस्तावहरू :

- १) आर्थिक वर्ष २०७९/८० को सञ्चालक समितिको वार्षिक प्रतिवेदन उपर छलफल गरि पारित गर्ने।
- २) लेखापरीक्षकको प्रतिवेदन सहित २०८० आषाढ मसान्तको वासलात, नाफा नोक्सान हिसाब तथा सोही अवधिको नगद प्रवाह विवरण तथा तत् सम्बन्धी अनुसूचीहरू छलफल गरी पारित गर्ने।
- ३) कम्पनी ऐन, २०६३ को दफा १११ तथा बैंक तथा वित्तीय संस्था सम्बन्धी ऐन, २०७३ को दफा ६३ मा भएको व्यवस्था अनुसार बैंकको लेखापरीक्षण समितिको सिफारिस बमोजिम आर्थिक वर्ष २०८०/८१ को लागि बाह्य लेखापरिक्षक नियुक्त गर्ने र निजको पारिश्रमिक तोक्ने। (कम्पनी ऐन २०६३ को दफा १११ (३) बमोजिम बहालवाला लेखापरिक्षक श्री के.ए.एस. एसोसिएट्स, चार्टर्ड एकाउन्टेण्ट्स पुनः नियुक्त हुन योग्य हुनुहुन्छ।)
- ४) सञ्चालक समितिले प्रस्ताव गरे बमोजिम आर्थिक वर्ष २०७९/८० को मुनाफा तथा सञ्चित मुनाफा रकम समेतबाट यस विकास बैंकको हाल कायम चुक्ता पूँजीको ४.५०% ले हुन आउने रकम रु १५,२२,२६,९५७.८८ (अक्षरेपी पन्ध्र करोड बाईस लाख छब्बीस हजार नौ सय सन्तावन्न रुपैया र पैसा अठासी मात्र) बोनस शेयर र नगद लाभांशमा लामे कर प्रयोजनार्थ समेत गरी नगद लाभांश वितरण गर्न स्वीकृति प्रदान गर्ने।

ख) विशेष प्रस्तावहरू :

- १) सञ्चालक समितिले प्रस्ताव गरे बमोजिम आर्थिक वर्ष २०७९/८० को मुनाफा तथा सञ्चित मुनाफा रकम समेतबाट यस विकास बैंकको हाल कायम चुक्ता पूँजीको ४.००% ले हुन आउने रकम रु १३,५३,१२,८५१.४५ (अक्षरेपी तेह्र करोड त्रिपन्न लाख बाह्र हजार आठ सय एकावन्न रुपैया र पैसा पैतालीस मात्र) बराबरको वोनस शेयर वितरण गर्न स्वीकृति प्रदान गर्ने।
- २) विकास बैंकको जारी तथा चुक्ता पूँजी रु. ३,३८,२८,२१,२८६.३२ (अक्षरेपी तीन अर्ब अद्तीस करोड अठ्ठाइस लाख एकाईस हजार दुई सय छयासी रुपैया र पैसा वत्तीस मात्र) रहेकोमा वोनस शेयर वितरण पश्चात जारी तथा चुक्ता पूँजी रु. ३,५१,८१,३४,१३७.७७ (अक्षरेपी तीन अर्ब एकावन्न करोड एकासी लाख चौतिस हजार एक सय सैतिस रुपैया र पैसा सतहत्तर मात्र) पुऱ्याउने विशेष प्रस्ताव पारित गर्ने।
- ३) वोनस शेयर जारी पछि कायम हुने जारी तथा चुक्ता पूँजी बमोजिम यस विकास बैंकको प्रबन्धपत्रको दफा ५ को (ख) र (ग) मा आवश्यक संशोधन गर्ने। यस सम्बन्धमा नियमनकारी निकायहरूबाट फेरबदल गर्न निर्देशन भएमा आवश्यकता अनुसार थपघट, परिमार्जन, संशोधन, भाषागत लगायत अन्य सुधार समेतका लागि सञ्चालक समितिलाई अख्तियारी दिने।

वार्षिक साधारण सभा सम्बन्धी जानकारी

- वार्षिक साधारण सभा प्रयोजनको लागि मिति २०८०/०९/१७ गते (१) एक दिन बैंकको शेयरधनी दर्ता किताब बन्द गर्ने निर्णय गरिएको छ। शेयरधनी दर्ता किताब बन्द भएको मिति २०८०/०९/१७ गते भन्दा अगाडि अर्थात मिति २०८०/०९/१६ गते सम्ममा नेपाल स्टक एक्सचेन्ज लिमिटेडमा नियमानुसार कारोवार भई सि.डि.एस. एण्ड क्लियरिङ लिमिटेडबाट राफसाफ समेत भई प्रचलित नियमानुसार यस विकास बैंकको शेयर रजिष्ट्रार श्री मुक्तिनाथ क्यापिटल लिमिटेड, का.म.न.पा. वडा नं. १, नारायण चौर, नक्सालमा रहेको शेयरधनी दर्ता किताबमा अद्यावधिक भई कायम हुन आएका शेयरधनीहरु मात्र साधारण सभामा भाग लिन, मतदान गर्न र लाभांश प्राप्त गर्न योग्य हुनुहुन्छ।
- साधारण सभामा भाग लिन इच्छुक शेयरधनी महानुभावहरुले सभा हुने दिन सककल शेयरधनी प्रमाणपत्र वा प्रवेशपत्र वा हितग्राहीखाता (DEMAT A/C) को विवरण सहित आफ्नो परिचय खुल्ने प्रमाण (जस्तै: नागरिकता प्रमाणपत्र वा अन्य कुनै परिचयपत्र) साथमा लिई आउनु हुन अनुरोध छ।
- शेयरधनी महानुभावहरुले उपस्थिति पुस्तिकामा दस्तखत गर्न शेयरधनी उपस्थिति पुस्तिका बिहान १०:०० बजे देखि नै खुल्ला गरिने छ।
- शेयरधनीले प्रतिनिधि (प्रोक्सी) नियुक्त गर्दा आफ्नो नाममा रहेको सम्पूर्ण शेयरको प्रतिनिधि (प्रोक्सी) एकजना व्यक्तिलाई मात्र मुर्कर गर्नु पर्नेछ। एकभन्दा बढी व्यक्तिलाई अखितयारनामा दिएमा पहिलो पटक दर्ता हुन आएको अखितयारनामालाई मान्यता दिइनेछ र पछिल्लो पटक दर्ता हुन आएको अखितयारनामा स्वतः बदर हुनेछ। संगठित संस्थाका शेयरधनीको हकमा संस्थाले तोकिएको वा मनोनित गरेको प्रतिनिधिले साधारण सभामा भाग लिन पाउनु हुनेछ।
- साधारण सभामा भाग लिन तथा मतदान गर्नका लागि प्रतिनिधि (प्रोक्सी) नियुक्त गर्न चाहने शेयरधनीहरुले तोकिएको ढाँचामा यस विकास बैंकको शेयरधनीलाई मात्र प्रतिनिधि (प्रोक्सी) नियुक्त गर्न सक्नुहुनेछ। विकास बैंकको website वा कार्यालयमा उपलब्ध प्रोक्सी फारम मार्फत मात्र प्रतिनिधि (प्रोक्सी) नियुक्त गरिएको निवेदन सभा शुरु हुनु भन्दा कमिमा ४८ घण्टा अगावै विकास बैंकको केन्द्रीय कार्यालय, डिल्लीबजार, काठमाडौंमा दर्ता गराइ सक्नु पर्नेछ। तोकिएको भन्दा फरक ढाँचाको प्रोक्सी फारम मान्य हुने छैन।
- प्रतिनिधि नियुक्त गरिसक्नु भएको शेयरधनी आफै सभामा उपस्थित भई उपस्थिति पुस्तिकामा दस्तखत गर्न चाहेमा सो को लिखित सूचना दिई प्रतिनिधि (प्रोक्सी) बदर गर्न सक्नु हुनेछ।
- नाबालक वा विक्षिप्त व्यक्ति शेयरधनीको तर्फबाट यस विकास बैंकको शेयर लगत किताबमा संरक्षकको रुपमा नाम दर्ता भएको व्यक्तिले सभामा भाग लिन, मतदान गर्न र प्रतिनिधि तोकन पाउनु हुनेछ तर संरक्षक आफै शेयरधनी नभएमा संरक्षकले अरु शेयरधनीको प्रतिनिधि (प्रोक्सी) भई सभामा भाग लिन सक्नुहुने छैन। संयुक्त रुपमा शेयर लिने शेयरधनीहरुको हकमा त्यस्तो शेयरधनीहरु मध्येबाट सर्वसम्मत रुपमा मनोनित प्रतिनिधिले वा सो बमोजिम कुनै प्रतिनिधि नियुक्त नभएमा शेयरधनीहरुको दर्ता किताबमा पहिलो नाम उल्लेख भएको शेयरधनीले मात्र साधारण सभामा भाग लिन तथा मतदान गर्न पाउनु हुनेछ।
- शेयरधनीहरुबाट उठेका प्रश्न, जिज्ञासा वा मन्तव्यहरुको सम्बन्धमा सञ्चालक समितिको तर्फबाट सभाका अध्यक्ष वा अध्यक्षबाट तोकिएको व्यक्तिले जवाफ दिनुहुनेछ।
- साधारण सभा सम्बन्धी अन्य जानकारीका लागि लुम्बिनी विकास बैंक लि.को केन्द्रीय कार्यालय, डिल्लीबजार, काठमाडौंमा कार्यालय समय भित्र सम्पर्क गर्नुहुन वा हाम्रो वेवसाईट www.lumbinibikasbank.com मा हेर्नुहुन अनुरोध छ।
- सुरक्षाको दृष्टिकोणले शेयरधनी महानुभावहरु सभा स्थलमा आउँदा भोला वा अन्य शंकास्पद कुनै बस्तु नलिई आउनु हुन अनुरोध गरिन्छ। सुरक्षाकर्मीले आवश्यक देखेमा सुरक्षा जाँच समेत गर्न सक्ने भएकोले आवश्यक सहयोग गरिदिनु हुन अनुरोध गरिन्छ।

सञ्चालक समितिको निर्णयानुसार
प्रमुख कार्यकारी अधिकृत/कम्पनी सचिव



A series of horizontal blue dashed lines for writing.



लुम्बिनी विकास बैंक लि.
Lumbini Bikas Bank Ltd.

बिस्मिलय बाक्वसा

लुम्बिनी विकास बैंक लिमिटेड

प्रोक्सी फारम

(कम्पनी ऐन २०६३ को दफा ७१ को उपदफा(३) संग सम्बन्धित)

श्री सञ्चालक समिति
लुम्बिनी विकास बैंक लिमिटेड
डिल्लीबजार, काठमाडौं ।

विषय: प्रतिनिधि नियुक्त गरेको बारे ।

महाशय,

..... जिल्ला..... गा.पा./न.पा./म.न.पा. वडा नं. बस्ने म

..... ले त्यस विकास बैंकको शेयरधनीको हैसियतले मितिका दिन हुनेऔं वार्षिक साधारण सभामा स्वयं उपस्थित भई छलफल तथा मतदानमा सहभागी हुन नसक्ने भएकाले उक्त सभामा मेरो/हाम्रो तर्फबाट भाग लिन तथा मतदान गर्नका लागि

..... जिल्ला गा.पा./न.पा./म.न.पा., वडा नं..... बस्ने त्यस विकास बैंकका शेयरधनी श्री लाई मेरो/हाम्रो प्रतिनिधि नियुक्त गरी पठाएको छु ।

प्रतिनिधि नियुक्त भएको व्यक्तिको :

हस्ताक्षरको नमूना :
नाम :
शेयरधनी परिचयपत्र नं. :
डिम्याट खाता नं. :

निवेदकको

दस्ताखत :
नाम :
ठेगाना :
शेयरधनी परिचय नं. :
शेयर डिम्याट नं. :
शेयर संख्या :
मिति :

नोट : यो निवेदन साधारण सभा हुनुभन्दा कम्तीमा ४८ घण्टा अगावै विकास बैंकको डिल्लीबजार स्थित रजिष्टर्ड कार्यालयमा पेश गरी सक्नुपर्नेछ ।
आज्ञाले,

.....
कम्पनी सचिव

लुम्बिनी विकास बैंक लिमिटेड

डिल्लीबजार, काठमाण्डौ

लुम्बिनी विकास बैंक लिमिटेडको मितिका दिन हुने
.....औं वार्षिक साधारण सभामा उपस्थित हुन जारी गरिएको

प्रवेश-पत्र

शेयरधनीको नाम : श्री

प्रमाणपत्र नं. शेयरधनी परिचय नं./डिम्याट नं.

शेयर संख्या :

.....
शेयरधनीको हस्ताक्षर

.....
कम्पनी सचिव

दृष्टव्य: १) शेयरधनीहरूले माथि उल्लेखित सम्पूर्ण विवरणहरू अनिवार्य रूपमा भर्नु हुन अनुरोध छ ।
२) सभाकक्षमा प्रवेश गर्न यो प्रवेशपत्र अनिवार्य रूपमा प्रस्तुत गर्नु पर्नेछ ।

Organizational overview and external environment

Introduction:

Founded with a visionary commitment to being client-centric, operationally-integrated, and delivering exceptional services, Lumbini Bikas Bank Limited (LBBL) has emerged as a cornerstone and trustworthy development bank in the vibrant landscape of Nepal. Established on the principles of unwavering customer service, LBBL has set itself apart through continuous innovation, adaptability to technological advancements, and an unyielding dedication to enriching the lives of its stakeholders.

Infrastructure and Reach:

Lumbini Bikas Bank operates with a robust network comprising 89 branches and 1 extension counter, strategically positioned to cater to the diverse financial needs of its clientele. Supported by 20 ATMs and a workforce of 634 skilled professionals, the bank has successfully extended its services to 17,584 loan customers and 3,94,804 deposit customers. This extensive reach underscores LBBL's commitment to providing accessible and inclusive financial solutions to individuals and businesses across Nepal.

Foundational Pillars of Success:

The bank's success story is anchored in its foundational pillars, namely, customer support, plausible strategies, and prudent management practices. LBBL operates under the license granted by the Nepal Rastra Bank as a 'B' Class financial institution under the Bank and Financial Institutions Act, 2073. The relentless pursuit of excellence has been a driving force behind the unprecedented success enjoyed by the bank over the past 16 years.

Merger and Strategic Growth:

Six years after the merger of Vibor Society Development Bank and Lumbini Finance & Leasing Co. Ltd. in 2074, LBBL has successfully completed its 16th Fiscal Year. This strategic amalgamation has played a pivotal role in enhancing the bank's capabilities and offerings, allowing it to better serve its growing customer base. The bank's commitment to being unsurpassed in delivering a comprehensive catalog of banking services remains unwavering as it continues to evolve and exceed the expectations of its valued stakeholders.

Lumbini Bikas Bank Limited stands at the forefront of the financial sector in Nepal, blending a rich history of success with a forward-looking approach to innovation. As it navigates the dynamic landscape of the banking industry, LBBL remains steadfast in its commitment to delivering excellence in financial services and contributing to the economic development and well-being of the communities it serves.





ISSUER RATING

ICRA Nepal has recently assigned an issuer rating of [ICRANP-IR] BB+ (pronounced ICRA NP issuer rating double B plus) to Lumbini Bikas Bank Limited (LBBL). This rating falls within the speculative grade category, indicating a moderate risk of default regarding the timely servicing of financial obligations by LBBL. The BB+ rating reflects the general creditworthiness of Lumbini, signifying that while the bank exhibits certain credit strengths, there are also notable credit risks associated with its financial profile. This assigned rating takes into consideration LBBL's strategic initiatives, specifically its organic and inorganic growth strategies, including the successful merger and acquisition of five development banks/finance companies between 2012 and 2017. These endeavors have not only contributed to an improvement in LBBL's scale but have also positively impacted its market share and competitive standing within the dynamic development banking industry.

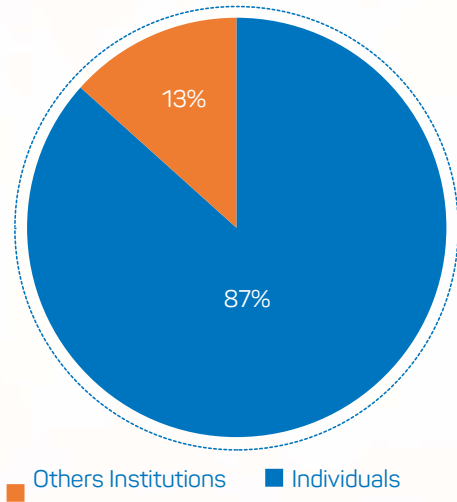
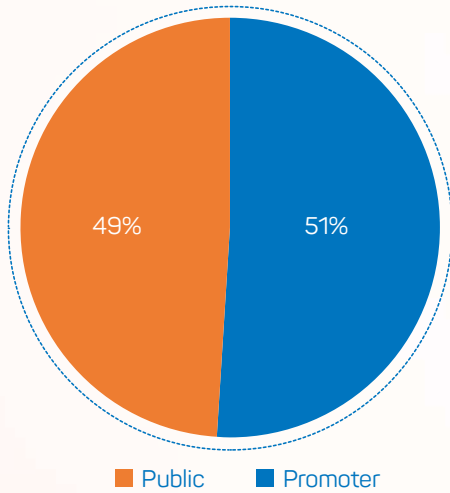
OUR HISTORY & TIMELINE

Lumbini Bikas Bank stands out as a single entity after successful merger from five institutions viz Bhajuratna Finance, Birgunj Finance, Himchuli Bikas Bank, Lumbini Finance and Vibor Bikas Bank Limited.



Shareholding Structure

The shareholding structure of current paid up capital of the development bank consists of 51.01% of promoters and 48.99% of public shareholders.

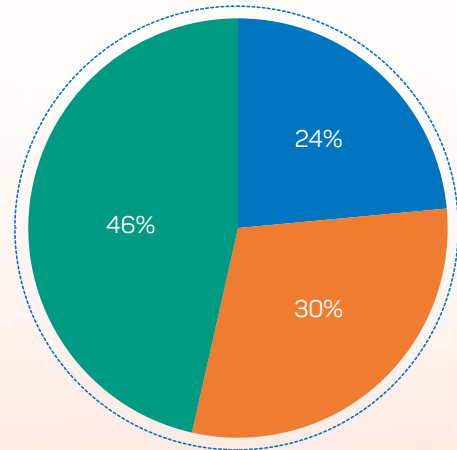


Our Associates

Lumbini Bikas Bank has Board level representation on three Financial Institutions namely

- ❖ Deprocs Laghubitta Bittiya Sanstha Limited
- ❖ NADEP Laghubitta Bittiya Sanstha Limited
- ❖ Muktinath Capital Limited

In all these organization, Lumbini Bikas Bank has ensured good and effective corporate governance which has resulted sustenance and growth of all these organizations.



*Composition of Investment in Associates

■ Nadep Laghubitta Bittiya Sanstha Ltd. ■ Deprosc Laghu Bitta Bittiya Sanstha Ltd. ■ Muktinath Capital Limited



BOARD OF DIRECTORS

Mr. Chintamani Bhattra has involved in leadership and management position in Financial Institution. He has been with Lumbini Bikas Bank Limited for more than 21 years in various capacity. Mr. Bhattarai's extensive involvement with Rotary International is highly noticeable as District Governor of Rotary District 3292 Nepal & Bhutan in year 2017/18.

Mr. Ram Chadra Sigdel has experience in leadership and management as Board of Director of Banking and Financial Institution, in academic sector as well as in business sector. He has been associated with Lumbini Bikas Bank Limited since 31st Bhadra, 2075.

Mr. Prabin Krishna Shrestha has 19 years of banking experience with more than 12 years in Managerial Position in commercial Bank. He has been associated with Lumbini Bikas Bank Limited since 31st Bhadra, 2075 as a director.

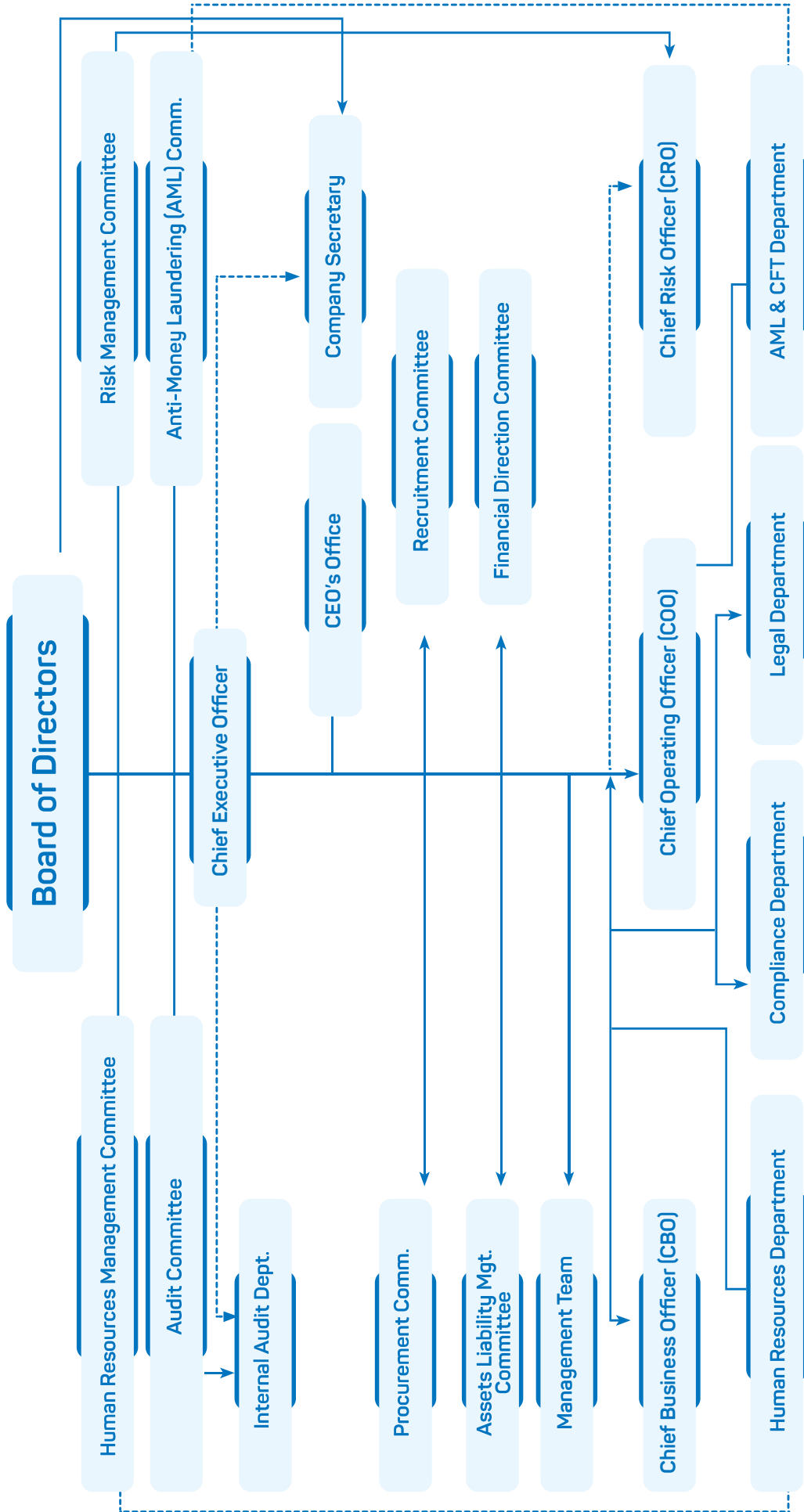
Mr. Ganesh Raj Regmi An experience professional with more than 25 years of exposure in Auditing and finance field. He has been associated with Lumbini Bikas Bank Limited since Poush 2079 as a director.

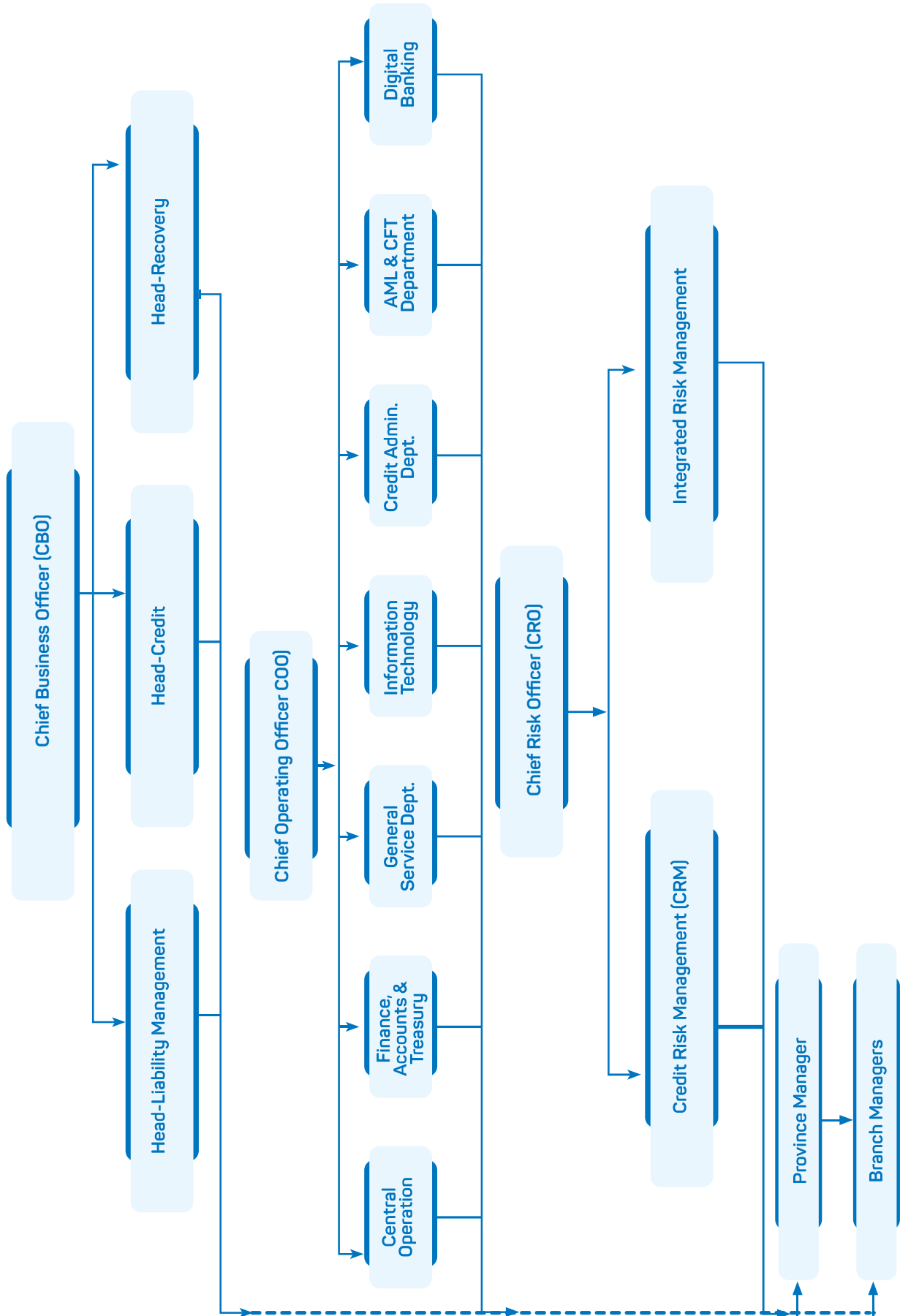
Mr. Arjun Thapa An MBA from Tribhuwan University with more than 26 years of experience in different commercial banks with wide range of banking exposures. He has been associated with Lumbini Bikas Bank Limited since Poush 2079 as a director.

Mr. Keshav Khatiwada, an MBS, MA as well as BL Degree holder from Tribhuwan University has been in Board of Directors of Lumbini Bikas Bank Limited since 29th Falgun, 2076. He has Strong knowledge of governing bylaws and to implement company procedures.



Our Organizational Structure







सञ्चालक समिति BOARD OF DIRECTORS

► बायाँ तर्फबाट क्रमशः...

चिन्तामणी भट्टराई
अध्यक्ष

प्रविण कृष्ण श्रेष्ठ
सञ्चालक

राम चन्द्र सिग्देल
सञ्चालक



गणेश राज रेग्मी
सञ्चालक

अर्जुन थापा
सञ्चालक

केशव खतिवडा
सञ्चालक



व्यवस्थापन समूह MANAGEMENT TEAM

► बायाँ तर्फबाट क्रमशः...

सुमन आचार्य
नायब प्रमुख
कार्यकारी अधिकृत

नरेश सिंह बोहरा
प्रमुख कार्यकारी अधिकृत

उमेश रेग्मी
नायब प्रमुख
कार्यकारी अधिकृत



दिपेन्द्र मान चुईचुई
वरिष्ठ प्रबन्धक

दिपक खनाल
मूर्य प्रबन्धक

हरि कृष्ण सुवेदी
मूर्य प्रबन्धक

भेषराज गौतम
वरिष्ठ प्रबन्धक



विभागीय प्रमुखहरू DEPARTMENT HEADS

► बायाँ तर्फबाट क्रमशः...

सुकदेव पहारी
प्रमुख-सञ्चालन

दिप बहादुर रावल
प्रमुख-सामान्य प्रशासन

विशाल जोशी
प्रमुख-सूचना प्रविधि

नवराज भण्डारी
प्रमुख-वित्त
लेखा तथा कोष

दिपेश जोशी
प्रमुख-KYC अनुपालन र
AML CFT OsfO



लक्ष्मण फुयाल
प्रमुख कानून

जगदिश बस्ताकोटी
प्रमुख-कर्जा प्रशासन

सुजन भट्टराई
प्रमुख-एकीकृत जोखिम

कविराज खत्री
प्रमुख-कर्जा जोखिम

साजन श्रेष्ठ
प्रमुख-ऋण असुली

प्रेम लाल बस्न्याल
प्रमुख मावन संसाधन



OUR EXECUTIVE MANAGEMENT

MR. NARESH SINGH BOHRA CEO

An MBA Degree holder from MONIRBA, University of Allahabad, India, Mr. Bohra has been in the field of Banking for more than two decades. He had started his banking career with Nepal Bangladesh Bank Limited and joined Lumbini Bikas Bank Limited on 2nd Shrawan 2075, as Chief Executive Officer. He was reappointed as CEO for his second tenure on 2079.04.02

MR. UMESH REGMI DCEO

Executive MBA Degree holder from Purbanchal University and CA Intermediate from The Institute of Chartered Accountants of Nepal, Mr. Regmi has 16 years of experience in Banking / Financial sector. He worked in executive levels including CEO in various BFIs, is currently working as Deputy Chief Executive Officer with Lumbini Bikas Bank Limited.

MR. SUMAN ACHARYA DCEO

MBA Degree holder from Tribhuvan University in 1999 and a topper of Central Department and University Board Second, Mr. Acharya has more than 22 years of extensive banking experience in various BFIs. He was also rewarded with the Krishna Chandra Regmi Award for Best Thesis in MBA at TU. He has served in different commercial banks in various leadership roles and has headed the merchant bank as Board of Directors, Chief Executive Officer, and Chairman. He joined Lumbini Bikas Bank Limited on the 3rd of Baishak 2080 as Deputy Chief Executive Officer.



OUR NETWORK & BRANCHES

We believe in ever growing process so that we can serve to the clients widely. Lumbini Bikas Bank is always concerned with the quality and timely services.

Province	Districts	No. of Branches
Koshi	Okhaldhunga, Sunsari, Morang, Jhapa	11
Madhesh	Parsa, Rautahat, Mahottari, Dhanusha, Siraha, Saptari, Sarlahi	11
Bagmati	Chitwan, Rasuwa, Nuwakot, Kathmandu, Bhaktapur, Lalitpur, Kavrepalanchowk	36
Gandaki	Kaski, Tanahu, Parbat, Syangja, Nawalparasi East	13
Lumbini	Kapilbastu, Rupandehi, Banke, Nawalparasi West, Dang, Bardiya	12
Karnali	Surkhet	1
Sudurpashchim	Kailali, Kanchanpur	5

ATM Network

Head Office: Dillibazar

Gaur	Bhakundebsi	Mahendrapool
Tripureshwor	Thamel	Chhorepatan
Newroad, Pokhara	Biratnagar	Narayangarh
Tokha	Bode	Okhaldhunga
Basundhara	Nepalgunj	Birgunj
Kantipath	Bani	Rambazar
Lele (extension counter)		





EXTERNAL ENVIRONMENT ANALYSIS

Environment and sustainability:

Lumbini has demonstrated a comprehensive commitment to sustainability through a multifaceted approach. The bank strategically manages social and environmental risks in decision-making processes, while also pioneering innovative products and services that align with sustainability goals. Lumbini's impeccable execution of environmental activities, such as tree plantation, reflects its dedication to conservation without compromising natural resources. Actively engaged in reducing environmental pollution, the bank is not only contributing to a healthier environment but also fostering a positive impact on the broader ecosystem. Overall, Lumbini's sustainable initiatives encompass responsible business practices, innovative solutions, and hands-on environmental efforts, showcasing a holistic commitment to a greener and more sustainable future.

PESTEL-G analysis:

A PESTLE-G analysis is a strategic framework used by businesses, including banks, to assess and understand the external factors that can impact their operations and decision-making. The acronym PESTLE-G stands for Political, Economic, Sociocultural, Technological, Legal, Environmental, and Geopolitical factors.

Political Factors:

The influence of government policies, regulations, and stability significantly impacts a bank's operations. Political factors encompass changes in taxation policies, the stability of the government, trade regulations, and monetary policies set by central banks. In the current scenario in Nepal, no single political party has been able to secure a majority in parliament, which creates a constant risk of government changes. Historically, whenever there have been shifts in government leadership, it has also led to fluctuations in the business environment. Therefore, the political environment presents a notable threat to the stability and operations of the bank.

Economic Factors:

Economic factors encompass the broader state of the economy, including elements such as inflation rates, exchange rates, economic growth, and the unemployment rate. Banks, as service-oriented institutions, exhibit a heightened sensitivity to economic conditions due to their direct influence on various facets of their operations. These economic conditions significantly affect the overall demand for loans, the creditworthiness of borrowers, the availability of investable funds, and the overall financial well-being of their clientele.

In the current (Reporting period) economic scenario of Nepal, a notable economic factor is the increasing interest rates. This trend has multifaceted repercussions, including the escalation of the cost of funds for banks, a concomitant decrease in customer demand for loans, heightened production costs that, in turn, diminish the savings capacity of the populace, and the management of liquidity within the banking system. These economic conditions necessitate prudent financial strategies and risk management practices within the banking sector to navigate and adapt to the evolving economic environment effectively.

Sociocultural Factors:

Sociocultural factors encompass societal and cultural influences that can affect a bank's customer base and operations. These factors may include demographic trends, consumer preferences, social values, and lifestyle changes. For instance, shifts in consumer behavior towards digital banking can impact a bank's technology investments and service offerings. LBBL operates in various urban as well as rural areas of Nepal. In the case of rural-based banking, where literacy rates are lower, this poses a small threat to the bank.

Technological Factors:

The rapid advancement of technology can have a profound impact on the banking industry, encompassing shifts in IT infrastructure, innovations in digital banking, the emergence of cybersecurity threats, and the adoption of new technologies such as blockchain and artificial intelligence. In order to maintain a competitive edge, banks

must stay abreast of the latest technological developments, even though doing so can be expensive. However, these technological changes also elevate security risks, posing a significant challenge to banks.

Legal Factors:

Legal factors encompass laws, regulations, and compliance requirements that banks must adhere to, including banking regulations, data privacy regulations, anti-money laundering laws and other various law which a bank must follow. Non-compliance with these regulations can result in legal and financial consequences.

Environmental Factors:

Increasingly, environmental considerations are becoming important for businesses, including banks. Environmental factors include the impact of climate change, sustainability practices, and environmental regulations green financing, green thinking etc. Banks may need to assess their environmental footprint, invest in sustainable practices, and evaluate the environmental risks associated with their lending portfolios.

Geopolitical Factors:

Geopolitical factors pertain to global events and international relations that can affect the business environment. This includes factors such as trade disputes, international conflicts, and political instability in regions where the bank operates or has interests. Geopolitical risks can impact investment decisions and market conditions. Geopolitical factor also impact on distribution of money and interest rate. Interest rate of a bank may be impacted by the change in global politics and various other global factor.

By conducting a PESTLE-G analysis, a bank can gain valuable insights into the external factors that may influence its operations, risks, and opportunities. This analysis can inform strategic planning, risk management, and decision-making processes, helping the bank adapt and thrive in a constantly changing business environment. It also enables the bank to proactively address challenges and capitalize on emerging trends.

Information Technology and Digital Banking

In the dynamic landscape of modern banking, a robust and resilient technology infrastructure is paramount, serving as the backbone of financial institutions. We recognizes the pivotal role of technology in meeting the evolving needs of its customers and navigating the challenges posed by a rapidly changing financial landscape. The bank has embarked on a journey of rapid technological advancement since its inception, with a steadfast commitment to digitalizing every facet of its operations, from the front-end to the back-end. The need for innovative financial solutions has never been greater, driven by shifting customer behaviors, the emergence of agile and competitive fintech players, and the continuous evolution of regulatory frameworks. In response to these dynamics, LBBL has strategically invested in world-class technology solutions, positioning itself to seamlessly process a substantial volume of transactions daily. This commitment to technological excellence not only enhances operational efficiency but also plays a pivotal role in winning the confidence and trust of LBBL's valued customers.

Our approach to technology is not merely transactional; it reflects a holistic digitalization strategy that permeates every level of its banking operations. By embracing cutting-edge technology, We aims not only to meet the current demands of its customers but also to future-proof its operations, ensuring a sustained ability to deliver innovative and efficient financial services in an ever-evolving digital landscape. This emphasis on technology underscores LBBL's commitment to staying at the forefront of the banking industry, offering a seamless and secure digital experience to its customers.



GREEN BANKING AND GREEN FINANCING POLICY

We stand as a pioneer in the domain of green banking, surpassing the conventional focus on reducing carbon-emitting equipment. Our commitment extends to the forefront of environmental responsibility, particularly showcased in the integration of green principles into our mortgage and loan offerings. LBBL, aligning with international best practices, not only prioritizes minimizing our own environmental footprint but actively champions the financing of sustainable development projects.

Operating on a strategic and globally aligned financial approach, LBBL places a premium on investments in environmentally friendly products and activities. Our embrace of a green financing policy signifies our dedication to fostering a circular, green, and sustainable economy. This commitment goes beyond meeting regulatory requirements, as LBBL proactively seeks opportunities to support initiatives in line with the principles of environmental sustainability.

Recognizing that green banking signifies a transformative shift towards responsible and sustainable practices, LBBL goes the extra mile by integrating green banking concepts into our core operations. This includes the promotion of green loans and mortgages, encouraging environmentally conscious choices among our valued customers and establishing a symbiotic relationship between financial profitability and ecological responsibility.

Adopting an international perspective on green banking and financing, LBBL aspires to play a transformative role in shaping a sustainable future. Our initiatives transcend conventional banking practices, reflecting a profound commitment to environmental stewardship and the proactive promotion of a green economy through well-thought-out financial strategies and policies. LBBL's holistic approach underscores our dedication to making a positive impact not only in the financial industry but also in contributing to a more sustainable and environmentally conscious future.





Performance and outlook

6 year at a glance

Financial Performance

Particulars	For the year 2079-80	For the year 2078-79	For the year 2077- 78	For the year 2076- 77	For the year 2075-76	For the year 2074-75
Net Interest Income	1,843,792,228	1,532,363,163	1,211,004,646	1,149,753,774	1,164,654,334	797,057,556
Net interest, fee and commission income	1,998,157,824	1,686,320,389	1,383,364,564	1,266,178,095	1,301,633,057	904,936,299
Total operating income	2,047,343,581	1,737,385,478	1,522,920,024	1,294,344,881	1,341,206,654	1,025,468,359
Operating Profit	724,791,786	941,905,671	606,382,360	526,050,737	847,813,665	505,901,574
Profit before income tax	707,913,314	937,852,412	625,312,215	538,453,280	855,146,212	506,791,029
Profit for the period	497,672,518	637,193,265	433,967,179	378,560,824	620,681,564	317,471,749
Earnings per share	14.71	19.4	14.93	13.94	28.38	15.19

Financial Position

Particulars	For the year 2079-80	For the year 2078-79	For the year 2077- 78	For the year 2076- 77	For the year 2075-76	For the year 2074-75
Investment	8,365,830,573	9,089,543,843	5,561,157,310	2,459,769,743	2,170,149,271	1,964,160,185
Loans and advances	44,570,337,605	41,133,473,123	33,000,440,587	24,747,091,835	21,611,717,369	17,616,747,032
Other Asset	220,558,284	206,234,756	160,589,428	115,382,380	117,010,979	76,521,536
Total Assets	58,891,462,645	56,688,511,309	44,125,173,171	34,496,583,890	30,027,318,517	25,956,928,119
Share capital	3,382,821,286	3,284,292,511	2,906,453,550	2,716,311,729	2,209,766,313	2,173,282,669
Reserve and Surplus	2,834,244,475	2,445,733,229	2,388,118,245	1,727,663,863	1,998,253,752	1,331,307,994
Deposits	50,584,304,533	45,144,838,832	37,162,811,079	29,705,261,143	24,806,232,738	22,182,552,526
Total Liabilities	58,891,462,645	56,688,511,309	44,125,173,171	34,496,583,890	30,027,318,517	25,956,928,119



लुम्बिनी विकास बैंक लिमिटेडको सोह्रौं वार्षिक साधारण सभामा

अध्यक्ष श्री चिन्तामणी भट्टराईज्यूको मन्तव्य

आदरणीय शेयरधनीज्यूहरू तथा उपस्थित महानुभावहरू,
लुम्बिनी विकास बैंक लिमिटेडको सोह्रौं वार्षिक साधारण सभामा उपस्थित भई सभाको गरिमा बढाई दिनु भएकोमा समस्त शेयरधनीज्यूहरू, आमन्त्रित अतिथि महानुभावहरू, नियामक निकायबाट पाल्नुभएका प्रतिनिधिज्यूहरू, बैंकका वाह्य लेखापरीक्षकज्यू, कानूनी सल्लाहकारज्यूहरू, पत्रकार मित्रहरू तथा बैंकका प्रमुख कार्यकारी अधिकृत लगायत सम्पूर्ण कर्मचारीहरूमा यस विकास बैंकको सञ्चालक समिति तथा मेरो व्यक्तिगत तर्फबाट समेत हार्दिक स्वागत तथा अभिवादन व्यक्त गर्दछु।

आदरणीय शेयरधनी महानुभावहरू, लुम्बिनी विकास बैंकले 'निरन्तर सहायता' को नारा सहित आफूना समस्त ग्राहकहरू तथा सरोकारवालाहरू सबैको समुन्नतिको लागि आफ्नो सेवालाई समय सापेक्ष परिष्कृत गरी नविनतम सेवा प्रदान गर्दै अगाडि बढ्ने क्रममा हामी सफलतापूर्वक आजको यो गरिमामय सोह्रौं वार्षिक सभा सम्पन्न गर्न गईरहेका छौं। बैंकको सञ्चालक समिति समस्त शेयरधनीहरूको प्रतिनिधित्व गर्दै लुम्बिनी विकास बैंकको बहुआयामिक समुन्नतिको लागि दत्तचित्त भई संस्थागत सुशासनको सुनिश्चिततालाई आत्मसात गर्दै सफलतापूर्वक अगाडि बढिरहेको व्यहोरा स्मरण गराउँदै बैंकको गत वर्षको समग्र उपलब्धीहरूको समीक्षा यहाँहरू समक्ष प्रस्तुत गर्न पाउँदा आफूलाई निकै गौरवान्वित महशुस गरेको छु।

आर्थिक वर्ष २०७९/८० मा रुस र युक्रेनको युद्ध एवं तत् पश्चात विश्व अर्थतन्त्रमा आएको परिवर्तनको प्रत्यक्ष एवं अप्रत्यक्ष प्रभाव देशको अर्थतन्त्रमा पनि परेको व्यहोरा हामी विच सर्वविदितै छ। युद्धका कारण पेट्रोलियम पदार्थको आपूर्तिमा परेको प्रभाव, उच्च मूल्य वृद्धि, कच्चा पदार्थ तथा विभिन्न सामानहरूको आयात/निर्यातमा परेको कठिनाई, खाद्यान्न संकट, मुद्रास्फीति, जस्ता समस्याहरूको सामना अन्य राष्ट्रहरूले भै हामीले पनि गर्नुपर्थो। अन्तर्राष्ट्रिय मुद्रा कोष (IMF) ले सन् २०२३ अप्रिलमा प्रकाशन गरेको प्रतिवेदन अनुसार सन् २०२२ मा ३.४% ले वृद्धि भएको विश्व अर्थतन्त्र सन् २०२३ मा २.८% ले मात्र वृद्धि हुने अनुमान गरिएको छ। त्यसैगरी, सन् २०२२ मा विश्व मुद्रास्फीति ८.७ प्रतिशतले वृद्धि भएकोमा सन् २०२३ मा ७ प्रतिशतमा सीमित रहने, विकसित राष्ट्रहरूको आर्थिक वृद्धिमा केही लामो अवधिको लागि संकुचन आउने र सन् २०२४ मा केही सुधार आउने प्रक्षेपण गरिएको छ। समीक्षा अवधिमा आर्थिक क्रियाकलापहरू पूर्ण रूपमा सञ्चालनमा आउन नसकी अपेक्षित रूपमा व्यवसाय हुन नसक्दा बैंकको गैरब्याज आमदानी घटेको छ भने ब्याज रकम अपेक्षित रूपमा असुली हुन नसकेको कारण बैंकको मुनाफामा केही संकुचन आएता पनि बैंकको व्यवसायमा वृद्धि गर्न गुणस्तरीय कर्जा लगानीमा वृद्धि तथा खराब कर्जा असुली कार्यलाई सशक्त बनाईएकोले बैंकले सन्तोषजनक मुनाफा आर्जन गर्न सफल भएको छ। विश्व अर्थतन्त्रमा आएको परिवर्तनको प्रत्यक्ष र अप्रत्यक्ष प्रभावको असरबाट समग्र मुलुकको आर्थिक गतिविधि, विकास निर्माण, उद्योग व्यवसाय, लगायतका क्षेत्रमा प्रतिकूलता सिर्जना भएको हालको अवस्थामा सो को प्रभाव विस्तारै घट्दै गए पश्चात् उद्योग, व्यापार, व्यवसाय, पर्यटन, कृषि एवं समग्र अर्थतन्त्र चलायमान भई आर्थिक क्रियाकलापले गति लिने तथा आर्थिक सम्बृद्धिका सूचकाङ्कहरू सकारात्मक रूपमा सुधार हुँदै जाने कुरामा हामी आशावादी छौं।

कोभिड-१९ र त्यसका प्रभावबाट उत्पन्न परिस्थिती, व्यवसायिक कारोवारमा सिथिलता, कारोवार खर्च बृद्धि, लघु व्यवसायहरू संकटबाट गुज्रनु जस्ता नकारात्मक प्रभाव र "Online" कारोवार "Work From Home", "Online Meet"/"Digital Economy" तर्फ भएका व्यापक परिवर्तनहरूको कारण उत्पन्न चुनौती र अवसरहरू, व्यवस्थापकीय क्षमता अभिवृद्धि तर्फ देखिएका थप र परिवर्तनकारी आवश्यकता हुन।

रूस- युक्रेन युद्ध, दूला शक्ती राष्ट्रहरूमा देखिएका 'Trade War Sanction' मध्य पूर्वमा देखिएको विषम परिस्थिती र त्यसबाट उत्पन्न मानविय संकट, समग्रमा कच्चा तेलको मुल्य बृद्धि, supply chain मा असहजता जस्ता प्रभावको कारण वित्तीय क्षेत्रमा 'cost of doing business' मा बृद्धि हुन गई थप चुनौती थपिएका छन् ।

यी तथ्यका बावजुद व्यवसायिक निरन्तरता कायम राख्न नयाँ चुनौती र परिवर्तित नयाँ अवसरहरूको सकारात्मक उपयोगबाट नयाँ अवसरहरूको श्रृजना गर्न सक्ने व्यवस्थापकिय क्षमता अभिवृद्धि गर्नु हाम्रो अनिवार्य आवश्यकताहो र यस प्रति संचालक समिति र व्यवस्थापन सजग रहेको छ ।

हाम्रा आदरणीय शेयरधनी महानुभावहरूबाट समय समयमा प्राप्त हुने अमुल्य सल्लाह सुझाव तथा मार्गनिर्देशनहरूलाई आत्मसाथ गर्दै लुम्बिनी विकास बैंक लिमिटेड प्रगतिको मार्गमा उल्लेख्य सुधार सहित अगाडि बढ्दै गरेको व्यहोरा सभा समक्ष जानकारी गराउन पाउँदा गौरवको महशुस गरिरहेको छु । यस विकास बैंकलाई थप सवल र मजबुत बनाई शेयरधनीहरूको अधिकतम हित अभिवृद्धिको लागि हरदम प्रयासरत रहँदै आगामी दिनमा पनि हामी उत्कृष्ट सेवाका साथमा सवल विकास बैंकको रूपमा पहिचान वनाउने गरी अगाडि बढ्दै जाने प्रण गर्दछौं । आफ्नो उद्देश्यमा सफलता हासिल गर्न नीति नियमको पालना, उच्च संस्कारको विकास तथा स्पष्ट कार्ययोजना अंगिकार गरेका छौं । सर्वसाधारण जनताबाट संकलित निक्षेपको सहि ढंगले परिचालन एवं सुरक्षा गर्न तथा राष्ट्रिय अर्थतन्त्रमा योगदान पुऱ्याउन संयमित हुँदै व्यवसाय सञ्चालन गरी शेयरधनीहरूलाई उच्चतम प्रतिफल प्रदान गर्न हामी प्रतिबद्ध छौं ।

आदरणीय शेयरधनी महानुभावहरू यस लुम्बिनी विकास बैंकले देशका ७ वटै प्रदेशमा रहेका कुल ८९ वटा शाखा कार्यालयहरू र एक विस्तारित शाखा मार्फत सेवा उपलब्ध गराउँदै आएको व्यहोरा यहाँहरू समक्ष जानकारी गराउँदछु । गत आ.व. २०७८/७९ को तुलनामा समीक्षा अर्वाधमा बैंकको कुल कर्जा सापटी ८.३६ प्रतिशतले वृद्धि भई रु ४४.५७ अर्ब पुगेको छ भने निक्षेप १२.०५ प्रतिशतले वृद्धि भई रु. ५० अर्ब ५८ करोड पुगेको छ । यस अर्वाधमा विकास बैंकको खुद मुनाफामा रु. ४९ करोड ७६ लाख भएको छ भने विकास बैंकको वासलात आकारमा ३.८९ प्रतिशतले वृद्धि भई रु. ५८ अर्ब ८९ करोड पुगेको व्यहोरा आदरणीय शेयरधनीहरू समक्ष जानकारी गराउन चाहन्छु । बैंकको निष्कृय कर्जाको असुलीमा तिव्रता दिई गुणस्तरीय कर्जा प्रवाहलाई जोड दिई आएको भए पनि विश्व र राष्ट्रिय अर्थतन्त्रमा आएको संकुचनका कारणले कर्जा असुलीमा परेको प्रतिकुल प्रभावका कारण निष्क्रिय कर्जाको मात्रा केही बृद्धि भएको छ । यस वर्ष बैंकले पुजी कोषलाई थप मजबुत बनाउन रु १ अर्ब बराबरको '11% LBBL DEBENTURE 2089' जारी गरेको छ ।

आदरणीय शेयरधनी महानुभावहरू, विकास बैंकको आर्थिक वर्ष २०७९/८० को मुनाफा तथा सञ्चित मुनाफाबाट बैंकका शेयरधनीहरूलाई आजको सोह्रौं वार्षिक साधारण सभाबाट पारित भएपश्चात लागू हुने गरी विकास बैंकको हाल कायम चुक्ता पूँजीमा देहाय बमोजिमको बोनस शेयर तथा नगदको रूपमा लाभांश वितरण गर्ने सिफारिस गरिएको छ ।

विवरण	प्रतिशत	रकम (रु) अंकमा	रकम (रु) अक्षरमा
नगद लाभांश*	४.५०% (चार दशमलव पाँच प्रतिशत)	१५,२२,२६,९५७.८८	अक्षरेपी पन्ध्र करोड बाईस लाख छब्बीस हजार नौ सय सन्तान्न र पैसा अठासी मात्र ।
बोनस शेयर	४.००% (चार प्रतिशत)	१३,५३,१२,८५१.४५	अक्षरेपी तेह्र करोड त्रिपन्न लाख बाह्र हजार आठ सय एकावन्न र पैसा पैतालीस मात्र ।
कुल	८.५०% (आठ दशमलव पाँच प्रतिशत)	२८,७५,३९,८०९.३३	अक्षरेपी अठ्ठाईस करोड पचहत्तर लाख उनान्चालीस हजार आठ सय नौ र पैसा तेत्तीस मात्र ।

(* नोट : नगद लाभांशमा, नगद लाभांश र बोनस शेयरमा लाग्ने कर समेत संलग्न रहेको)

आजको यस सोह्रौं वार्षिक साधारण सभामा पेश गरिएको सामान्य तथा विशेष प्रस्तावहरू एवं सञ्चालक समितिको तर्फबाट साधारण सभामा प्रस्तुत वार्षिक प्रतिवेदन समेत छलफल गरी पारित गरिदिनुहुन आदरणीय शेयरधनी महानुभावहरू समक्ष हार्दिक अनुरोध गर्दछु ।

यस गरिमामय सभामा भाग लिनुहुने सम्पूर्ण शेयरधनी महानुभावहरू प्रति हार्दिक आभार व्यक्त गर्दै तपाईंहरूको अमुल्य सुझाव, सल्लाह एवं सहयोग यस विकास बैंकको प्रगतिको मार्गदर्शनको रूपमा प्राप्त हुने विश्वास लिएको छु । यसै गरि हामीलाई निरन्तर रूपमा अमुल्य मार्गदर्शन, परामर्श तथा समयमै कार्य सम्पादन गरिदिई सहयोग पुऱ्याउँदै आउनु भएका नेपाल सरकार, नेपाल राष्ट्र बैंक, कम्पनी रजिष्ट्रारको कार्यालय, नेपाल धितोपत्र बोर्ड, नेपाल स्टक एक्सचेन्ज लि., तथा अन्य सरोकारवाला नियामक निकायहरू, हाम्रा समस्त ग्राहक महानुभावहरू, बैंकमा कार्यरत सम्पूर्ण कर्मठ कर्मचारीहरू लगायत प्रत्यक्ष वा परोक्ष रूपमा सहयोग पुऱ्याउँदै आउनु भएका सम्पूर्ण शुभेच्छुकहरूलाई विशेष धन्यवाद ज्ञापन गर्दछु ।

अन्त्यमा, यस विकास बैंकप्रति आफ्नो अटल विश्वास तथा सद्भाव सहित आफ्नो अमूल्य समय दिई यस गरिमामय सोह्रौं वार्षिक साधारण सभालाई सफल बनाउन स्वयं एवं प्रतिनिधि मार्फत उपास्थित सम्पूर्ण शेयरधनी महानुभावहरूको आत्मियता, न्यानो माया, धैर्यता र विश्वास प्रति पुनः हार्दिक आभार प्रकट गर्न चाहन्छु ।

धन्यवाद ।

चिन्तामणी भट्टराई
अध्यक्ष
सञ्चालक समिति
मिति २०८० पौष २६ गते



प्रमुख कार्यकारी अधिकृतको प्रतिबद्धता

लुम्बिनी विकास बैंक लिमिटेडको यस गरिमामय १६ औं वार्षिक साधारणसभको अध्यक्षता गर्नु भएका बैंकका अध्यक्षज्यू, सञ्चालकज्यूहरू, संस्थापक लगायत सम्पूर्ण शेरधनी महानुभावहरू, आमन्त्रित अतिथिज्यूहरू, पत्रकार मित्रहरू तथा मेरा सहकर्मी कर्मचारी साथीहरूमा म बैंकको प्रमुख कार्यकारी अधिकृत एवं समस्त बैंक परिवारको तर्फबाट यस गरिमामय सभामा न्यानो अभिवादन तथा हार्दिक स्वागत व्यक्त गर्दछु।

कोभिड-१९ को कारण सन् २०२० को सुरुवातबाट नै विश्व अर्थतन्त्रमा आएको संकुचन कायमै रहेको अवस्थामा रुस युद्ध युद्धका कारण आ.व. २०७९/८० मा समेत विश्व अर्थतन्त्र प्रभावित भई उच्च मूल्य वृद्धि, बेरोजगारी, खाद्यान्न संकट, औद्योगिक संकट लगायतका समस्याहरूले आर्थिक मन्दी, आयात निर्यातमा संकुचन, विश्व स्तरमा नै ब्याजदर वृद्धि जस्ता कारणहरूले गर्दा देशको अर्थतन्त्रमा गम्भिर प्रभाव परेको छ। नेपालको अर्थतन्त्र आयातमुखी भएकोले उक्त प्रभाव राष्ट्रिय अर्थतन्त्रमा पनि पर्न गई आर्थिक वर्ष २०७९/८० मा आधारभूत मूल्यमा २.१६ प्रतिशतले मात्र आर्थिक वृद्धि हुने अनुमान गरिएको छ भने औसत मुद्रास्फीति ७.७४ प्रतिशत रहेको छ। लगानीकर्ताहरूमा आत्मविश्वासको कमी भई समग्र बैंकहरूको कर्जा प्रवाह प्रभावित रहेको यस्तो चुनौतिपूर्ण अवस्थामा पनि बैंकले आर्थिक वर्ष २०७९/८० मा सन्तोष जनक व्यवसाय गर्न सफल भएको छ। बैंकले आफ्नो व्यवसायमा गुणात्मक वृद्धि हासिल गरी मुनाफा आर्जन गर्नको लागि तय गरेको रणनीति बमोजिम सही दिशानिर्देशमा उत्कृष्ट कार्यसम्पादन गरी अगाडी बाँढेको हुँदा अधिकांश वित्तीय सूचकहरूमा सकारात्मक नतिजा ल्याउन सफल भई आफूलाई एउटा सफल एवं विश्वसनीय बैंकको रूपमा स्थापित गराउन सफल भएको छ। गत वर्षको तुलनामा आ.व. २०७९/८० मा बैंकको कुल कर्जा सापटी ८.३६ प्रतिशतले वृद्धि भई रु ४४.५७ अर्ब पुगेको छ भने निक्षेप १२.०५ प्रतिशतले वृद्धि भई रु. ५० अर्ब ५८ करोड पुगेको छ। यस अवधिमा विकास बैंकको खुद मुनाफा रु. ४९ करोड ७६ लाख भएको छ भने विकास बैंकको वासलात आकारमा ३.८९ प्रतिशतले वृद्धि भई रु. ५८ अर्ब ८९ करोड पुगेको व्यहोरा आदरणीय शेरधनीहरू समक्ष जानकारी गराउन चाहन्छु।

बैंकले वित्तीय सेवामा विविधकरण गर्दै थप सेवालार्ई आम उपभोक्ता समक्ष पुऱ्याउने उद्देश्यका साथ हाल मुलुकभर रहेका आफ्ना कुल ८९ शाखा कार्यालयहरू, २० ए.टि.एम., १ एक्सटरेन्सन काउन्टर मार्फत प्रभावकारी बैंकिङ्ग सेवा प्रवाह गरिरहेको छ। बैंकका सबै शाखाहरू आधुनिक विविधको माध्यमबाट केन्द्रीकृत तथ्याक प्रणालीमा जोडिई सञ्चालन भइरहेका छन्। साथै आगामी दिनहरूमा यस बैंकले प्रदान गर्ने सेवालार्ई व्यावसायिक विविधता र जोखिम दुवै दृष्टिले सम्भाव्य क्षेत्रमा विस्तार गर्दै लैजान बैंक प्रतिबद्ध रहेको यहाँहरू सबैलार्ई विश्वास दिलाउन चाहन्छु। ग्राहकहरूलार्ई बैंकिङ्ग सेवा प्रदान गर्ने तथा शाखा संजाल विस्तार गर्ने क्रममा बैंकले देशका सबै प्रदेशमा शाखाहरू संचालनमा ल्याइसकेको जानकारी गराउन चाहन्छु।

आ.व. २०७९/८० मा समेत व्यावसायिक परिवेश र तरलतामा देखिएको प्रतिकूल अवस्थाको कारणले गर्दा यस बैंकका सूचकाङ्कहरूमा समेत केही उतारचढावको अनुभूति गर्न सकिन्छ। तथापि सञ्चालक समितिले तय गरेको रणनीति/मार्गदर्शनहरूलार्ई अवलम्बन गरी कार्यान्वयन गर्ने प्रतिबद्धता बमोजिम सम्पूर्ण सरोकारवालालाहसंग बैंकको मुल नारा "निरन्तर सहायता" मार्फत जोडिएर वित्तीय बजारमा गुणस्तरीय बैंकिङ्ग सेवा प्रदान गर्दै आएको यस लुम्बिनी विकास बैंक लिमिटेड, विकास बैंकहरूको क्षेत्रमा एक सबल विकास बैंकको रूपमा स्थापित भएको छ। यस बैंकको प्रमुख वित्तीय सूचकाङ्कहरू र समग्र बैंकिङ्ग कारोबारमा भएको वृद्धिले पनि यसलार्ई प्रमाणित गर्दछ। यस विकास बैंकको सफलताको श्रेय हाम्रा सम्पूर्ण आदरणीय ग्राहकवर्ग, शेरधनी, सञ्चालक समिति, नियमनकारी निकाय, कर्मचारी तथा आबद्ध सम्पूर्ण सरोकारवाला पक्षलार्ई जान्छ।



सेवाको गुणस्तरमा वृद्धि, बजार विस्तार, सम्पति तथा दायित्वको उचित व्यवस्थापन, आन्तरिक नीति नियमहरूको समयानुकूल निर्माण तथा पुनरावलोकन, बैंकमा निहित विभिन्न जोखिमहरूको व्यवस्थापन लगायत कार्यहरूलार्ई चालू वर्षमा पनि विगतका वर्ष भन्ने प्राथमिकता दिनेछौं। ग्राहकहरूको माग अनुसार लकर सुविधा, सुन कर्जा, मोबाइलको माध्यमबाट रकम भुक्तानी, बिल भुक्तानी, मोबाइल रिचार्ज, ATM, mobile banking, Internet Banking, ASBA, C-ASBA, ECC, IPS, Connect IPS जस्ता सुविधा मार्फत ग्राहकहरूलार्ई सेवा प्रदान गरिरहेका छौं। उच्च मनोवल भएका कर्मचारीहरू बैंकका सम्पति हुन भन्ने कुरा आत्मसात गर्दै दक्ष कर्मचारीहरू मार्फत उत्कृष्ट विकास बैंक बनाउने उद्देश्यका साथ कर्मचारीहरूको व्यावसायिक विकास, सिप विकास, नेतृत्व तथा क्षमता विकासमा ध्यान दिँदै बदलिँदो वातावरणमा कर्मचारीलार्ई दक्ष बनाउनका निमित्त आवश्यक आन्तरिक तथा बाह्य तालिमहरूको व्यवस्था गर्दै आएका छौं। कर्मचारीहरूको दक्षता अभिवृद्धि तथा बृत्ति विकासका कार्यक्रमहरूलार्ई भविष्यमा समेत निरन्तरता दिँदै जानेछौं।

अन्त्यमा, अभूत प्रभावकारी रूपमा कार्य सम्पादन गरी निक्षेपकर्ता, शेरधनी तथा सम्पूर्ण सरोकारवालाहरूको सेवा र प्रतिफल प्रदान गर्दै अभूत दत्तचित भई मेहनत गर्ने प्रण गर्दछौं। साथै विगतका दिनहरूमा जस्तै आगामी दिनहरूमा समेत यहाँहरूको मार्गदर्शन तथा सल्लाह सुझाव प्राप्त भइरहनेछ भन्ने विश्वास व्यक्त गर्दछौं।

धन्यवाद।

नरेश सिंह बोहरा
प्रमुख कार्यकारी अधिकृत

MAJOR FINANCIAL HIGHLIGHTS

A) Financial performance

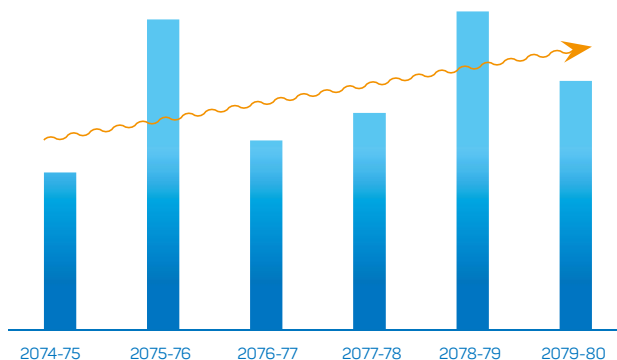
i) Net Profit

Amount in million

Year	Amount
2079-80	497.67
2078-79	637.19
2077-78	433.97
2076-77	378.56
2075-76	620.68
2074-75	314.47

The net profit has experienced significant growth over the period from 2074-75 to 2079-80. Starting at 314.47 million in 2074-75, the net profit has consistently increased, reaching 497.67 million in 2079-80. The growth rates during this period have been substantial, with particularly notable jumps of 197.37% in 2075-76, 146.83% in 2078-79, and

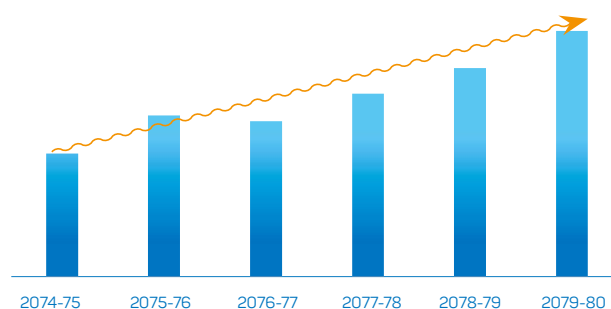
78.1% in 2079-80. This robust growth suggests effective financial management and operational efficiency, leading to increased profitability. The institution's ability to achieve such substantial growth, especially in the face of economic and market dynamics, reflects positively on its strategic decisions and risk management practices.



ii) Total operating income

Amount in million

Year	Amount
2079-80	2,047
2078-79	1,737
2077-78	1,523
2076-77	1,294
2075-76	1,341
2074-75	1,025

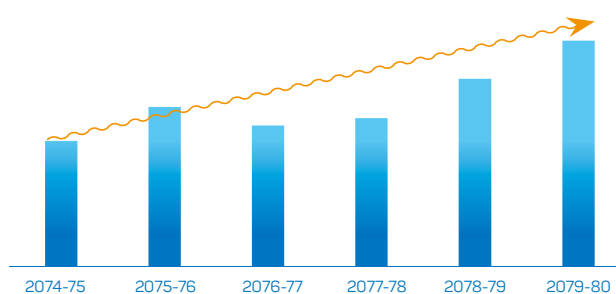


The total operating income reflects a consistent upward trend, reaching Rs 2,047 million in 2079-80 from Rs 1,025 million in 2074-75. The growth rates, ranging from 96.5% to 130.83% highlight the bank's capacity to generate increased income over the years, indicative of effective financial management and strategic business operations. Factors contributing to this growth may include expanded banking services, successful investment strategies, and potentially a larger customer base.

iii) Net interest margin

Amount in million

Year	Amount
2079-80	1,843.79
2078-79	1,532.36
2077-78	1,211.00
2076-77	1,149.75
2075-76	1,301.63
2074-75	1,025.47

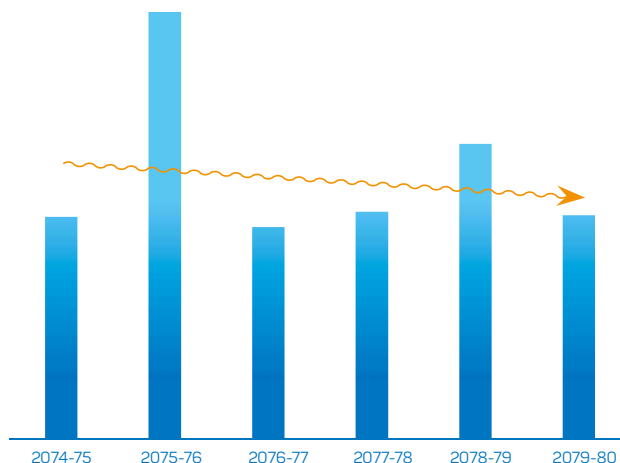


The Net Interest Margin over the years 2074-75 to 2079-80 has exhibited a generally positive trend. Starting at 1,025 million in 2074-75, the NIM has shown consistent growth, reaching 1843.79 million in 2079-80. This upward trend suggests effective management of interest-earning assets and liabilities, contributing to improved profitability from core lending and investment activities.

Earning per share

Year	Amount
2079-80	14.71
2078-79	19.40
2077-78	14.93
2076-77	13.94
2075-76	28.09
2074-75	14.61

The earnings per share (EPS) has a fluctuating pattern over the past six years, ranging from a peak of 28.09 in 2075-76 to a low of 13.94 in 2076-77.

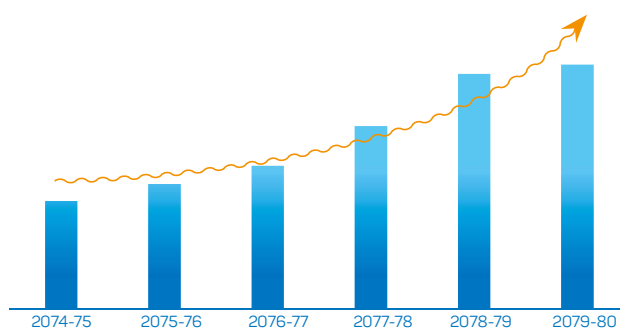


B) Financial position

i) Total Assets

Amount in million

Year	Total Assets
2079-80	58,891.46
2078-79	56,688.51
2077-78	44,125.17
2076-77	34,496.58
2075-76	30,027.32
2074-75	25,956.93

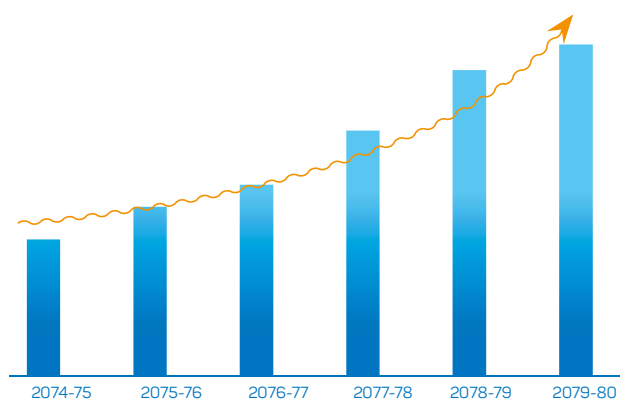


We have demonstrated a consistent and noteworthy growth in recent years, with total assets increasing from Rs 25,956.93 million in 2074-75 to Rs 58,891.46 million in 2079-80. The bank's performance is the result of effective management strategies, possibly driven by robust investment and loan portfolios. The total increment in the assets measures as 103.89% as compare to that of the fiscal year 2074-75

ii) Total loan and advance

Amount in million

Year	Total loan & Advance
2079-80	44,570.34
2078-79	41,133.47
2077-78	33,000.44
2076-77	25,766.60
2075-76	22,769.86
2074-75	18,386.13



The total loans and advances reveals a consistent upward trend over the years, from Rs 18,386.13 million in 2074-75 to Rs 44,570.34 million in 2079-80. The remarkable increases, by 108.36% underscore the bank's proactive lending strategies and sustained efforts to expand its loan portfolio. This growth could be attributed to factors such as increased demand for credit, effective risk management, and potentially successful customer acquisition initiatives.

Sector wise loan and advance

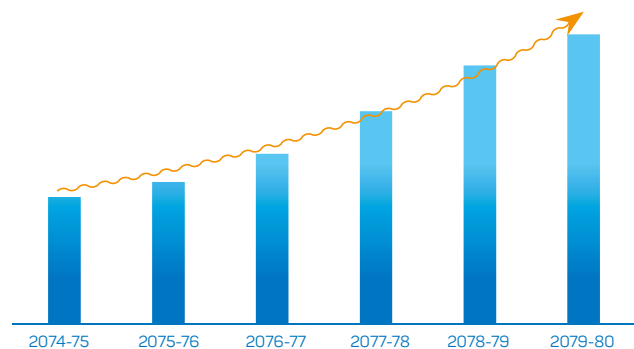
S.N.	Sector	No.	Principal	No.	Principal	% increase/ Decrease
1	Agricultural and Forest Related	6473	5,716.05	4339	3,600.45	58.76%
2	Fishery Related	48	146.96	47	148.69	-1.16%
3	Mining Related	8	9.97	1	0.60	1560.90%
4	"Agriculture, Forestry & Beverage Production Related"	139	904.66	140	835.33	8.30%
5	Non-food Production Related	243	912.59	231	795.48	14.72%
6	Construction	247	1,576.52	239	1,327.63	18.75%
7	Power, Gas and Water	45	3,530.55	47	3,498.80	0.91%
8	Metal Products, Machinery & Electronic Equipment & Assemblage	28	69.09	24	68.57	0.76%
9	Transport, Communication and Public Utilities	515	651.72	738	840.48	-22.46%
10	Wholesaler & Retailer	1389	4,443.05	1280	4,068.84	9.20%
11	Finance, Insurance and Real Estate	269	6,261.95	314	7,055.88	-11.25%
12	Tourism Service	233	1,613.88	221	1,413.09	14.21%
13	Other Services	229	2,086.37	244	2,019.34	3.32%
14	Consumption Loans	7394	16,622.09	7925	15,443.32	7.63%
15	Local Government	-	-	0	-	
16	Others	324	24.88	190	16.99	46.45%
	TOTAL	17584	44,570.34	15980	41,133.47	

In the fiscal year 2079-80, the lending sector experienced overall growth in both the number of loans and total principal amount. Noteworthy increases were observed in sectors such as Construction, and Agricultural and Forest Related loans, signifying a positive trend in supporting various industries. However, the decline in loans for Transport, Communication, and Public Utilities, along with Finance, Insurance, and Real Estate. Additionally, the robust growth in Wholesaler & Retailer loans indicates continued support for commercial activities.

Total Deposit

Amount in million

Year	Amount
2079-80	50,584.30
2078-79	45,144.84
2077-78	37,162.81
2076-77	29,705.26
2075-76	24,806.24
2074-75	22,182.78



Total deposit indicates a consistent growth pattern, rising from Rs 22,182.78 million in 2074-75 to Rs 50,584.3 million in 2079-80. The growth rates, ranging from 111.83% to 125.11% reflect the bank's success in attracting and retaining deposits over the years. This positive trend in deposits indicative of the bank's strong customer relationships, effective marketing strategies, and a favorable economic environment fostering increased savings.

Deposit category

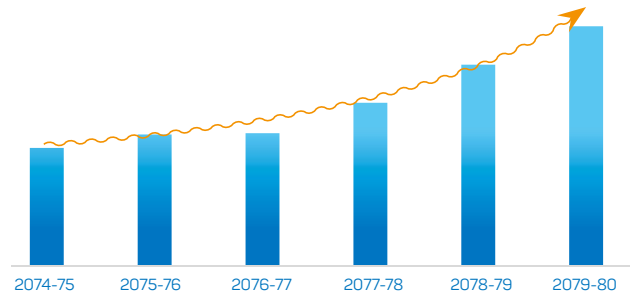
Amount in million

Deposit category	FY 2079-80		FY 2078-79	
	Amount	%	Amount	%
Current	1,017.07	2.01%	804.43	1.78%
Saving	9,061.30	17.91%	8,083.16	17.90%
Fixed	36,338.01	71.84%	32,188.75	71.30%
Call Deposit	4,148.00	8.20%	4,052.28	8.98%
Margin Accounts	19.92	0.04%	16.22	0.04%
Total Deposit	50,584.30		45,144.84	

The deposit composition for the fiscal year 2079-80 reveals notable trends in various categories. The Current deposit category experienced a modest increase, rising to 2.01% of the total deposits compared to 1.78% in the previous fiscal year, indicating a potential shift towards more liquid assets. Saving deposits showed a nominal growth and composition reached to 17.91% of total deposit. Fixed deposits, constituting a significant portion at 71.84%, also saw a notable increase, reflecting a continued trust in long-term investment options. Call deposits remained relatively stable, with a slight increase and reached to 8.20% of total deposit, suggesting a consistent use of these short-term instruments. Margin accounts, although a minimal percentage, showed a marginal increase, indicating a minor uptick in the utilization of margin facilities. In summary, the overall deposit growth of 12.05% from the previous fiscal year indicates a healthy financial environment, with a balanced mix of liquidity and long-term investments in the deposit portfolio.

Number of Deposit Account

Year	No of account
2079-80	394,804
2078-79	331,447
2077-78	268,867
2076-77	218,840
2075-76	216,621
2074-75	194,420

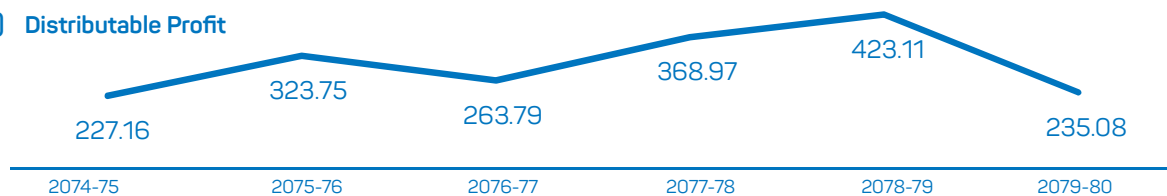


The data on the number of deposit accounts reveals a steady increase in customer participation over the years, reflecting the bank's ability to attract and retain a growing customer base. From 194,420 accounts in 2074-75, the number has risen to 394,804 accounts in 2079-80, indicating a significant expansion. This growth in the customer base could be attributed to the bank's effective marketing strategies, enhanced customer services, and potentially competitive interest rates. Overall, the increasing number of deposit accounts signifies a positive trend in customer trust and engagement.

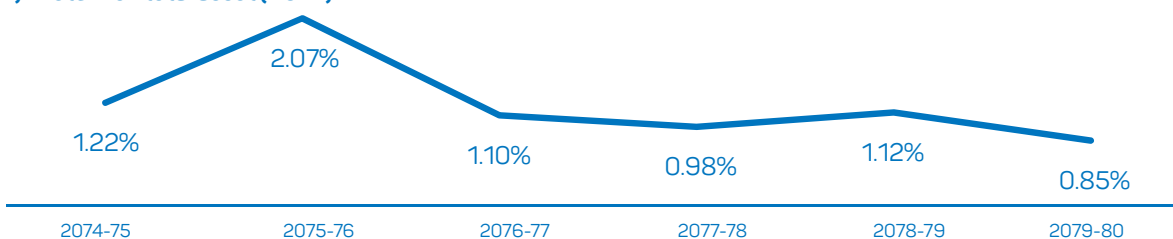
OTHER FINANCIAL INDICATOR

a) Financial performance (in million)

i) Distributable Profit

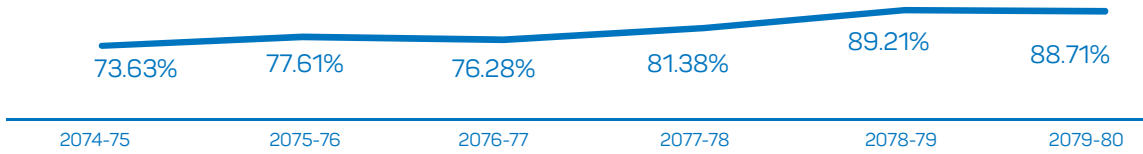


ii) Return on total asset (ROTA)

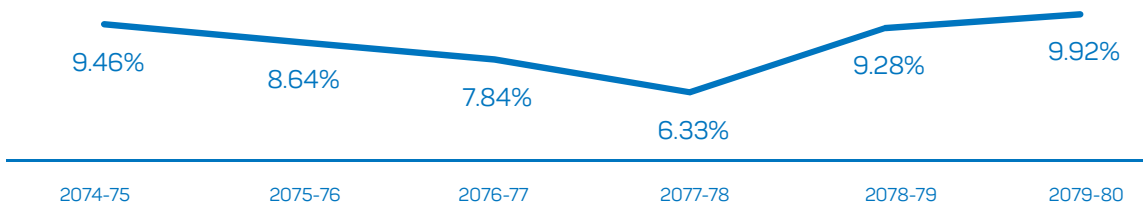


b) Productivity and efficiency

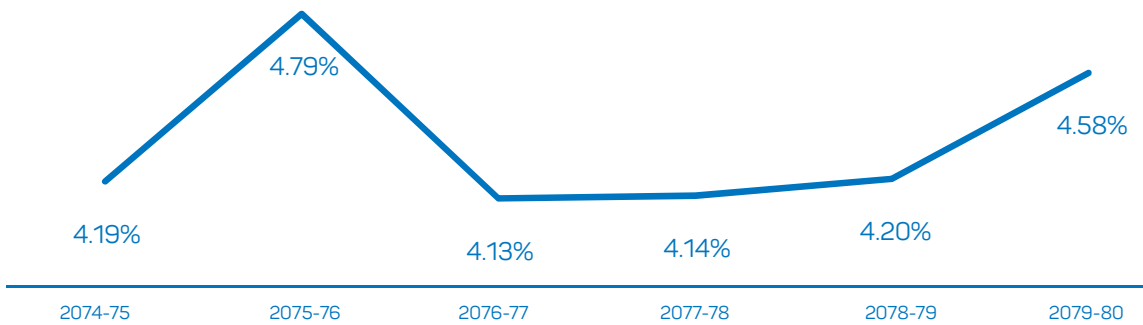
i) CD Ratio



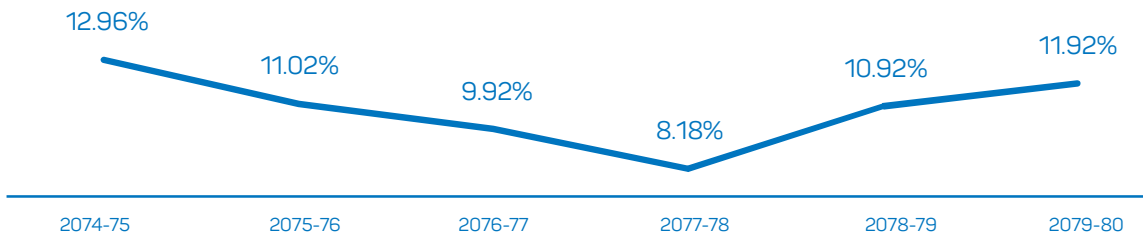
ii) Cost of Fund (%)



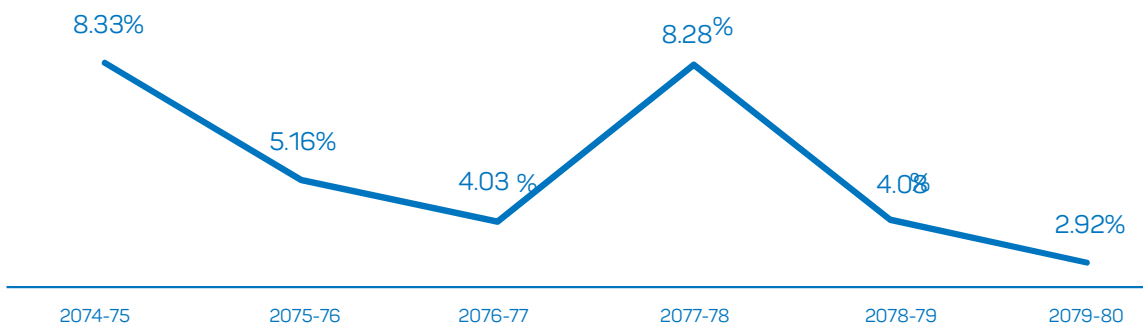
iii) Interest Spread (%)



iv) Base Rate (%)

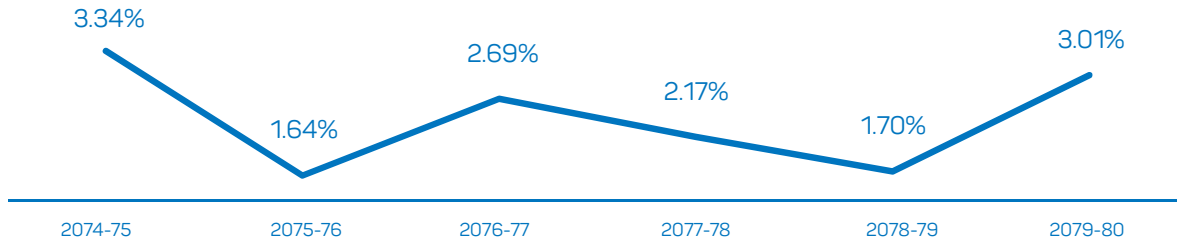


v) Other Income Ratio (Non-Interest Income)

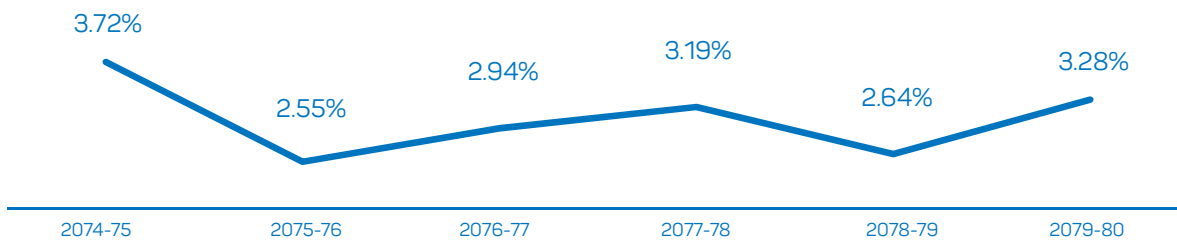


c) Risk management

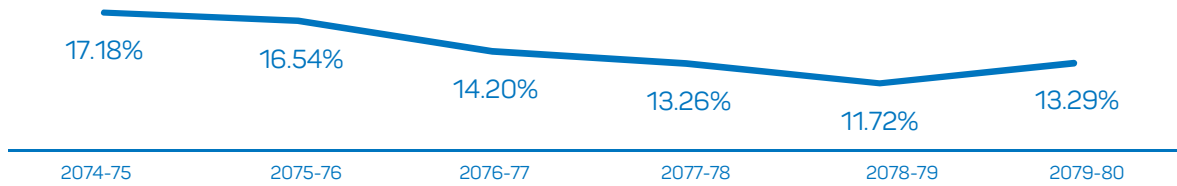
i) NPA



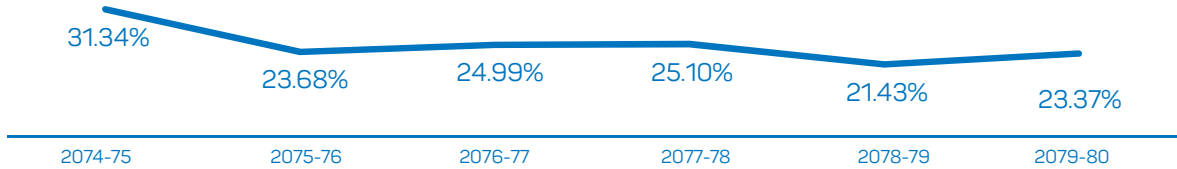
ii) LLP/Loan



iii) Capital adequacy ratio

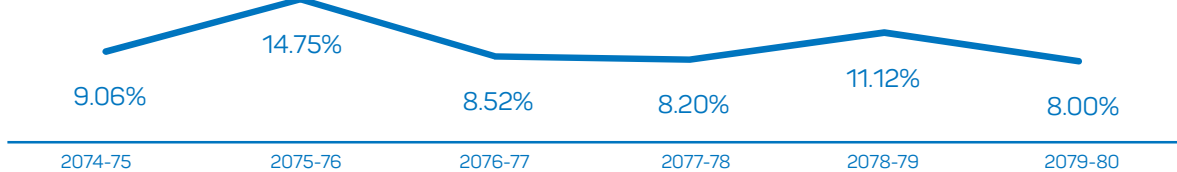


iv) Liquidity ratio

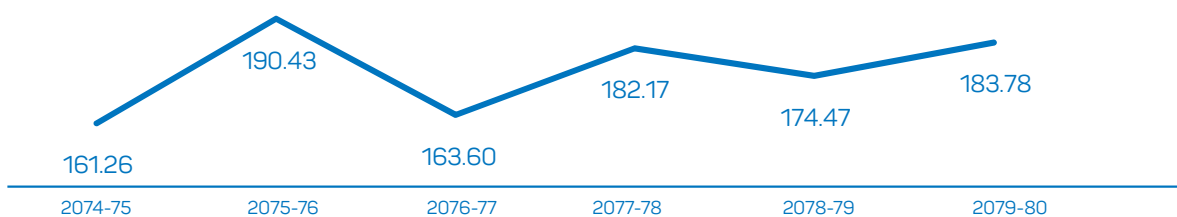


d) Shareholder value

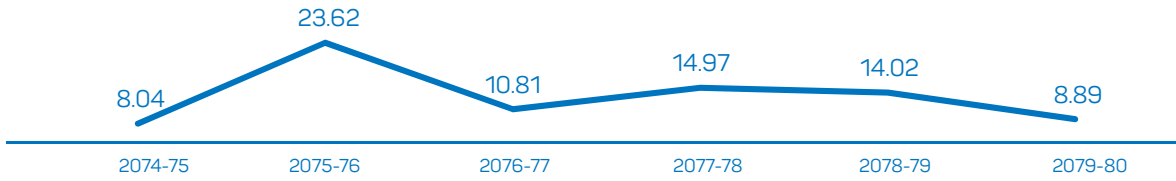
i) Return on equity



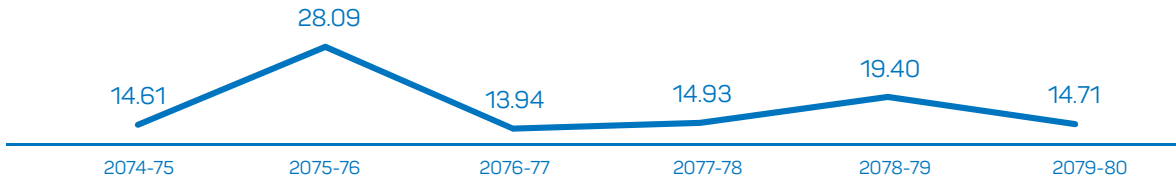
ii) Book value per share



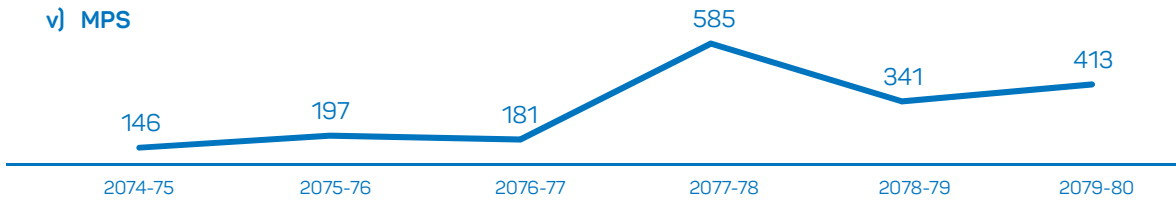
iii) Distributable profit per share



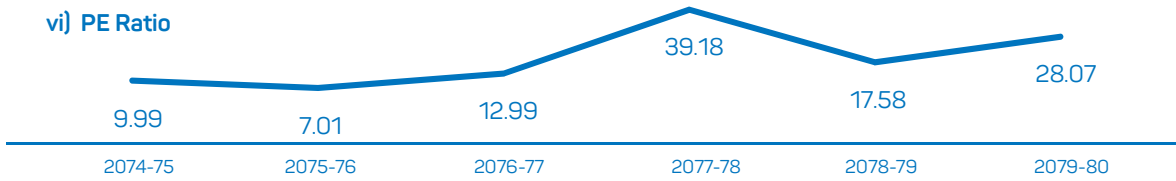
iv) Earning per share



v) MPS

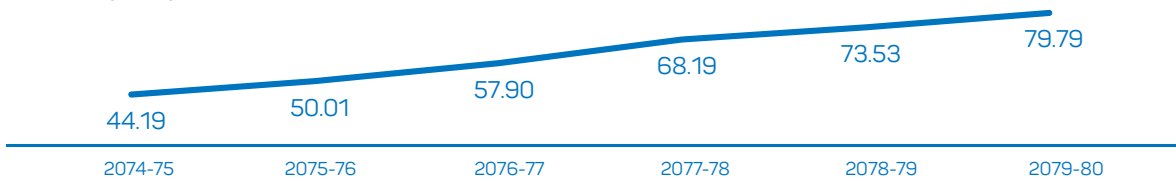


vi) PE Ratio

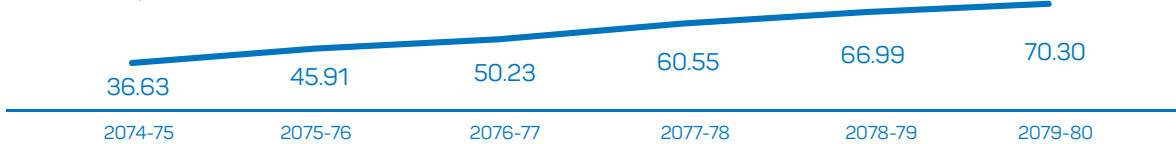


e) Staff productivity (in million)

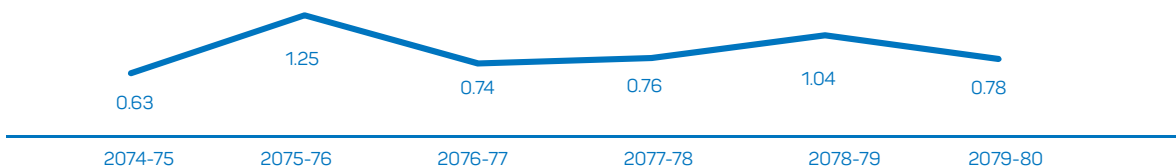
i) Deposit per staff



ii) Loan per staff



iii) Profit per staff

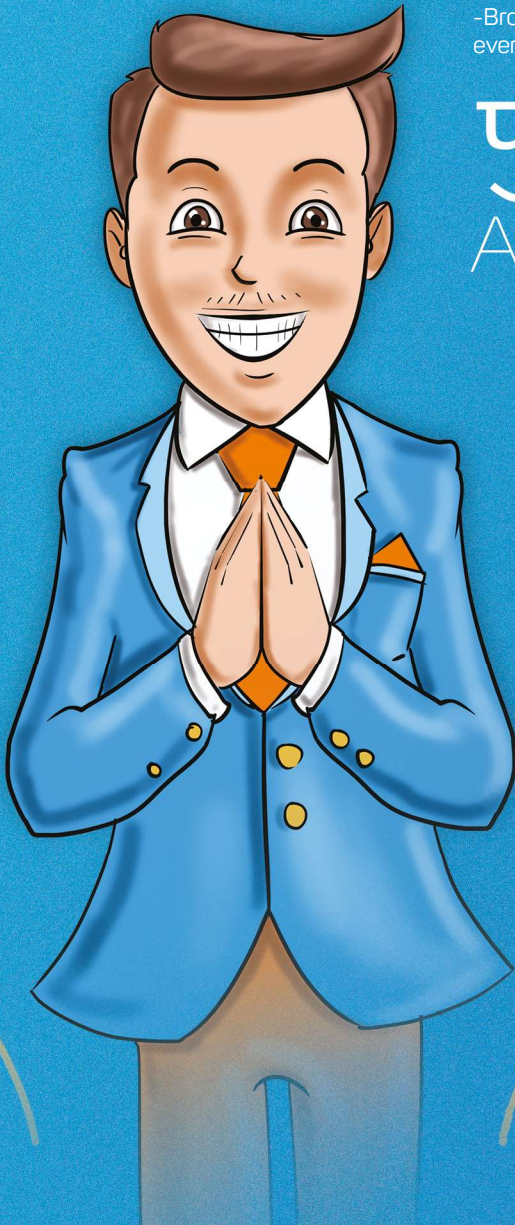






Awarded with National Best Presented Annual Report (BPA) Award 2022 -Bronze Award. With this award bank has been passionate and eager more than ever enhancing its transparency and accountability in financial reporting.

पुरस्कार तथा सम्मान AWARD & RECOGNITION



04

How we create value



OUR PRODUCT

CREDIT

Clients have the option to select personalized credit solutions tailored to their specific requirements, whether they are in immediate need of a loan, seeking revolving credit for future use, or considering options such as a home loan, Hire purchase loan, comfort loan, or professional loan. Some loan category offered by LBBL for its valued customer is as follows.

- ❖ Loan against Share/ Fixed deposit/ Gold
- ❖ Business loan
- ❖ Personal loan
- ❖ Professional loan
- ❖ Home loan
- ❖ Education loan
- ❖ Hire purchase loan
- ❖ Comfort loan
- ❖ Working capital loan
- ❖ Real estate loan

DEPOSIT

Clients have the flexibility to initiate the opening of diverse accounts with our bank either through a physical visit to our branches or via our online portal. Furthermore, they have the autonomy to designate specific plans aligned with their financial objectives and align them to accrue enhanced interest in accordance with the bank's prevailing interest rates

Call account: The Call account functions as the primary account for clients, earning interest on a positive balance. **Saving account:** clients can choose the category of account based on their need.

Fixed-term savings: clients can choose single or multiple deposits based on their investment preference

Current account: serves as the client's main account for transaction purpose.

Various deposit product offered by bank for the year include:

- | | |
|------------------------------------|-------------------------|
| ❖ Akshaya Kosh Bachat | ❖ Premium Saving |
| ❖ Bal Surakshya Bachat | ❖ Recurring Deposit |
| ❖ Check In Saving Account | ❖ Sadharan Bachat |
| ❖ Lumbini Talab Khata | ❖ Senior Citizen Saving |
| ❖ Lumbini Sahayatra Muddhati Khata | ❖ Shareholders Saving |
| ❖ Nari Bachat | ❖ Sahaytra Bachat |
| ❖ Normal Saving | ❖ Welcome Saving |

DIGITAL TRANSACTION

Through our digital banking platform, clients can conveniently conduct transactions at any time and from any location. Clients have the seamless option to bank through our dedicated app, make payments using their card, or effortlessly tap their phone for swift and efficient transactions.

Payments (real time clearing or normal transfers)

- | | |
|-------------------------|----------------------|
| ❖ Scan to pay | ❖ Internet banking |
| ❖ Virtual card payments | ❖ Mobile banking app |
| ❖ Pay me | ❖ Cradles withdrawal |
| ❖ Online shopping | |

As an authorized foreign exchange dealer, we offer a range of services for our clients. We facilitate the following transactions:

- ❖ Receiving foreign currency
- ❖ Spot market transactions
- ❖ Purchasing of foreign cash.

Our business model

To create Wealth, Sustaining Nations: Elevating Stakeholder Prosperity, we conduct the following activities by optimally utilizing our available resources.

Available Resources	Value added activity		Outcome	How we share the value
	Primary activity	Secondary activity		
Financial capital				Financial capital
It arises from shareholder investment, retained earnings, other reserve and deposit and borrowings			ROE 9% BVPS 183	"Total profit earned during the year 49767 Million proposed dividend to shareholder for the fiscal year 79-80 is 8.50% so total amount distributed to shareholder as dividend is Rs 28,75,39,809.34"
Human capital				Human capital
Comes from people's competencies, capabilities and experience and their ability to motivate and innovate. Our recruitment process is centered on identifying and harnessing the potential of individuals who align with our organizational culture and values. These individuals contribute not only their skills but also the attitude necessary to propel us toward the realization of our strategic objectives.			634 employee	"Total no of staff 634, total training conducted during the yeay 111, Total training participants 2480 Total amount spend for training of the employee is Rs 28,15,237.94 Total employee benefit expenses for the fiscal year 2079-80 is Rs 46,28,57,057.72"
Manufactured capital				Manufactured capital
It includes banking infrastructure, our Branches network, ATM network and other facility use to operate our banking activity	Accepting Deposits, Providing loan, Facilitating payments, Currency exchange , Safe deposit locker	Financial advisory, Financial literacy training, Environmental protection , Human resource development, Training and facilitation, Research and development	Total branches 89 Total ATM 20	The bank has operated its services through 90 branch office and 20 number of ATM to its 397000 deposit and 18000 loan customer and other various stakeholders
Intellectual capital				Intellectual capital
Our intellectual capital includes our organizational structure, our information technology network, and technology we use to offer our product and services			More than 40 thousand mobile banking user and internet banking user	Total interest paid to customer during the year is Rs. 4,723,662,614
Social and relationship capital				Social and relationship capital
It includes our relationship among our clients, shareholder, employee and other stakeholders.			More than 4.10 Lakh customer	"Bank has conducted various training and development programme to financial literacy, environmental protection and other activity related to sustainable development. Total expenses expended on CSR activity for the financial year 2079-80 is 21,21,675.25"
Natural capital				
It includes our renewable resources such as our thinking towards green accounting. Our approach towards environmental protection and environmental reform.				

"OUR STAKEHOLDERS ARE ESSENTIAL, AND WE FULFILL THEIR BASIC NEEDS TO ENSURE PROPER SATISFACTION."

"Stakeholders are individuals and entities affected by our business activities, whether directly or indirectly. Our overarching goal is to empower financial well-being for all, enhancing the lives of each stakeholder. Through our commitment to 'Creating Wealth, Sustaining Nations, and Elevating Stakeholder Prosperity,' we ensure that our responses to their needs are both timely and suitable."

"The responsibility for managing our relationships with stakeholders lies within the bank's management. The management actively identifies and comprehends stakeholder requirements, giving due consideration to their legitimate needs and interests when fulfilling their duties."

Clients

Requirement	Process to fulfill requirement
<ul style="list-style-type: none"> Financial services Financial consultation Transparent pricing Financial literacy 	<ul style="list-style-type: none"> We offer various financial product to fulfill the need of our customer We also offer limited need base financial consultation to our client to improve their financial well being We offer our product with affordable price subject to regulation Training program to improve financial literacy of public

Employees

Requirement/Offering	Process to fulfill requirement
<ul style="list-style-type: none"> Healthy work environment Work security Effective performance management, recognition and training Opportunity to improvement 	<ul style="list-style-type: none"> Internal communication, Roles and responsibility distribution Continuous improvement, Training and development Employee wellness environment Provide opportunity to participate in training and development, promotion and other motivation.

Government

Requirement/Offering	Process to fulfill requirement
<ul style="list-style-type: none"> Economic development Regulatory compliance Taxpayer Data provider 	<ul style="list-style-type: none"> Operate business within the boundary of government regulation. Payment of regular income taxes Make investment according to sector determined by government Training program to improve financial literacy of public

Investor

Requirement/Offering	Process to fulfill requirement
<ul style="list-style-type: none"> Strong management Transparent reporting and disclosure Clear and concise strategic objective 	<ul style="list-style-type: none"> Management team with strong banking knowledge and experience Conduct regular knowledge sharing program. Management commitment towards law and regulation Recognition of ethical work environment by management

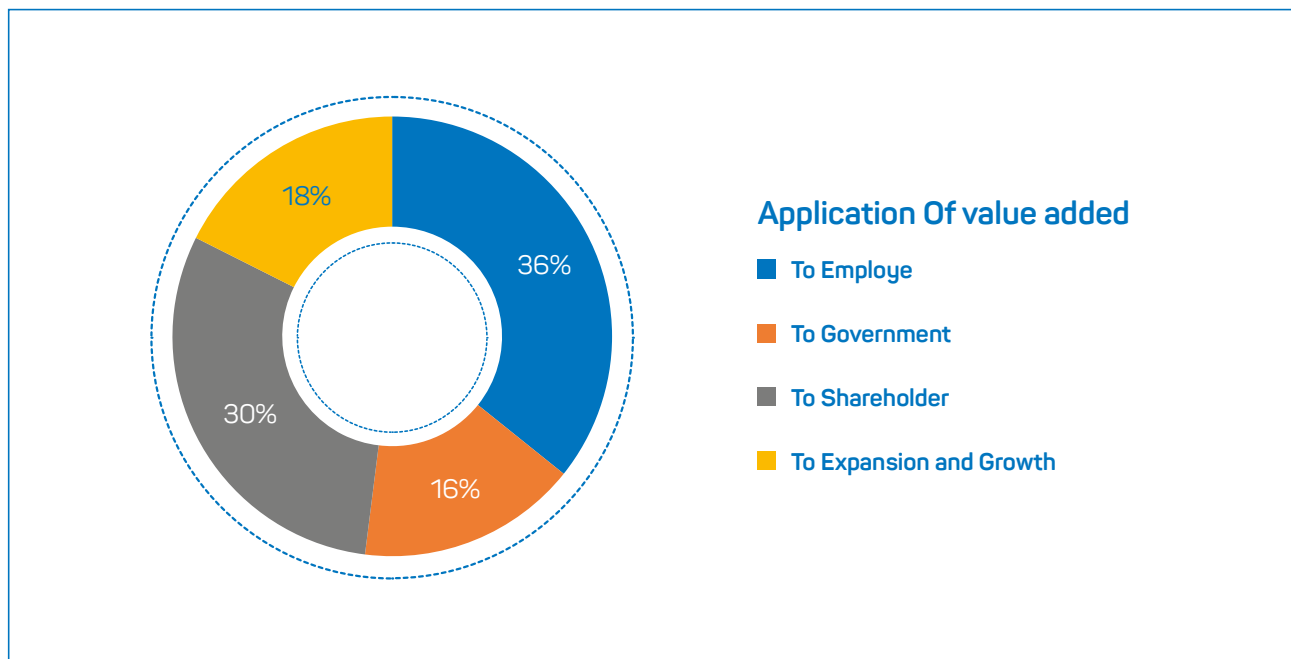
Society

Requirement/Offering	Process to fulfill requirement
<ul style="list-style-type: none"> Access to financial services Job creation Financial literacy Education and skill development Corporate social responsibility 	<ul style="list-style-type: none"> Various financial services offer to the society to fulfill the need Provide job opportunity to knowledgeable person Conduct various financial literacy program to increase banking awareness

In conclusion, our stakeholders are at the heart of Lumbini. The purpose of Lumbini is to fulfill the financial needs of our stakeholders and contribute to their overall financial growth. We are dedicated to assisting people with their financial requirements and helping them achieve their financial goals."

Value added statement

Particulars	2079-80	2078-79
Interest Earned	6,772.45	4,821.05
Other income	216.32	214.00
Interest Expenses	4,928.66	3,288.68
Other Operating expenses	219.42	202.53
Value added by Banking services	1,840.69	1,543.84
Impairment charge for loans and other losses	545.73	34.06
Gross Value added	1,294.96	1,509.77
Application Statement		
To Employee	462.86	458.22
Salary and other benefit	462.86	458.22
To Government	210.24	300.66
Income Taxes	210.24	300.66
To Shareholder	394.12	397.72
Dividend & Bonus Share	394.12	397.72
To Expansion and Growth	227.74	353.17
Reserves and accumulated Profits	121.77	252.90
Depreciation and amortization	105.86	109.15
Deferred Taxation	0.11	(8.88)
Total of Value added allocation	1,294.96	1,509.77



To Employee: This component represents the portion of value added that is allocated to employees, reflecting their contribution to the organization. It encompasses wages, salaries, and other employee benefits.

To Government: This category signifies the value added that is directed towards government-related entities, likely in the form of taxes, duties, and other contributions. It represents the organization's fiscal responsibility and compliance with regulatory requirements.

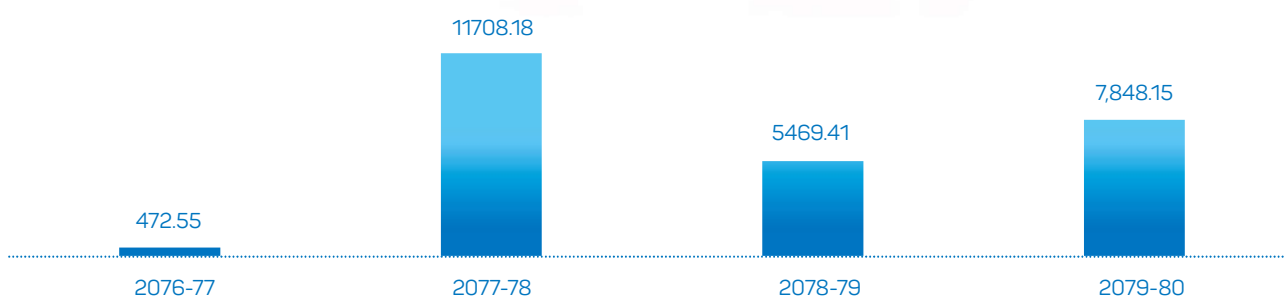
To Shareholder: The allocation to shareholders reflects the return on their investment in the organization. This can include dividends, which are distributions of profits to shareholders.

To Expansion and Growth: This component indicates the portion of value added that is reinvested in the organization for expansion, growth, or strategic initiatives. It represents the commitment to future development and sustainability.

Market value added

Particulars	2079-80	2078-79	Change(%)
Market price per share	413	341	21%
Number of Share	33,828,212.86	32,842,925.11	3%
Total Market Value (In Millions)	13,971.05	11,199.44	25%
Book Value per share	181	174.47	4%
Number of Share	33,828,212.86	32,842,925.11	3%
Total Book Value (In Millions)	6,122.91	5,730.11	7%
Market Value added (In Millions)	7,848.15	5,469.33	43%

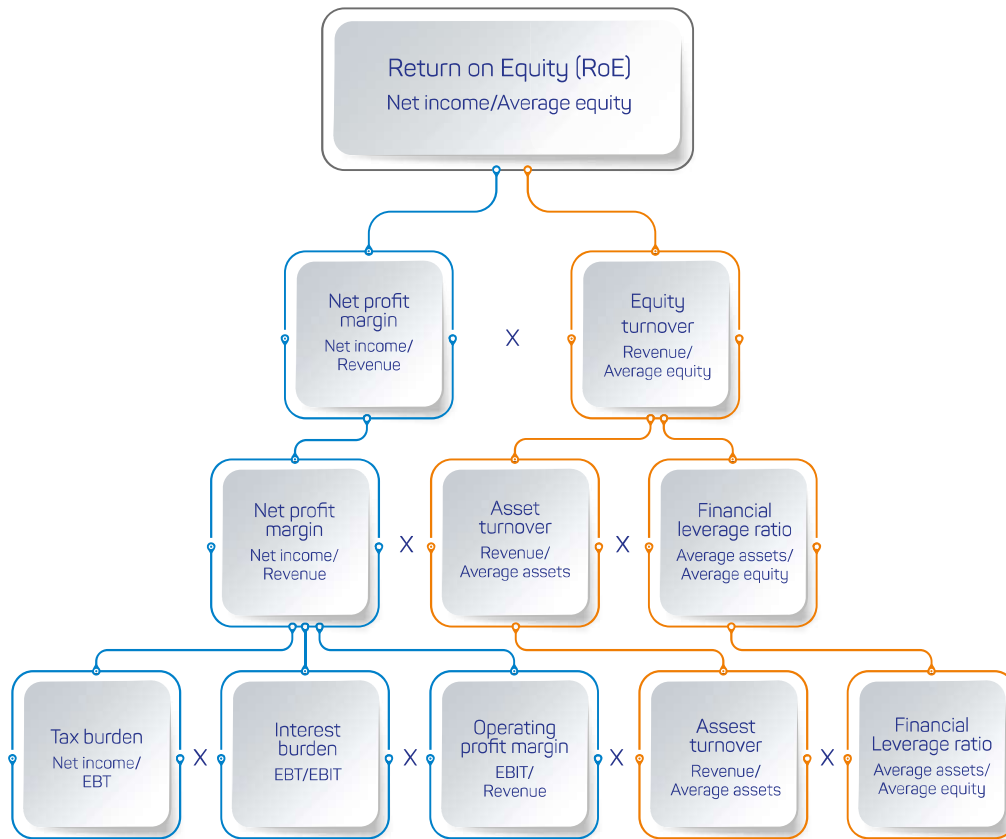
Fiscal Year	Amount
2079-80	7,848.15
2078-79	5469.41
2077-78	11708.18
2076-77	472.55



Market Value Added (MVA) figures show a positive trend over the past years, reflecting the consistent creation of value for shareholders. In the fiscal year 2079-80, the MVA reached 7848.15 indicating that the market valued the bank's outstanding shares significantly higher than the total capital invested by shareholders. This positive trend continued from the previous years, with MVA figures of 5,469.41 in 2078-79 and 11,708.18 in 2077-78, suggesting sustained and substantial wealth generation. Even in the fiscal year 2076-77, with a comparatively smaller MVA of 472.55, the positive value indicates that the market continued to place a higher value on the bank than the initial capital invested. This consistent pattern suggests that we have effectively created and maintained shareholder value in the stock market, reflecting positively on its financial performance and market perception.

Du Pont Analysis:

DuPont analysis is systematic approach to decomposing return on equity for better understanding about which factor contributed to the ROE most and which factor caused the ROE to move. It is a framework used to break apart the underlying components of the return on equity (ROE) metric to determine the strengths and weaknesses of the bank. For broader analysis, we used 5 factors model that covers net profit margin, total asset turnover and financial leverage. Net profit margin is further broken down to operating profit margin, effect of non-operating items and tax effects.



Dissecting Lumbini's ROE

Particulars	2079/2080	2078/2079	2077/2078
ROE	8.33%	11.56%	8.91%
Net Profit Margin	9.12%	12.66%	11.44%
Total Assets Turnover (Times)	0.121	0.100	0.097
Financial Leverage (Times)	9.67	9.14	8.07
Operating Profit Margin	80.65%	83.94%	75.61%
Interest Burden (Times)	0.126	0.222	0.218
Tax Burden (Times)	0.90	0.68	0.69

The higher the value of all components of DuPont analysis, the higher the positive impact on Return on Equity. Net profit margin consists of three important components namely operating profit margin, effects of interest burden and tax burden defined as second level break down. Operating profit margin of 2079/80 decreased to 80.65% compared to that of 83.94% in 2078/79.

Interest Burden includes the impact of interest expense on Profit before Tax which decreased to 0.126 from 0.222 times for the year 2079/80. Tax burden increased to 0.90 from 0.68. The combined effects of these three components (decrease of operating profit margin, decrease of interest burden and increase of tax effect) resulted in decrease of net profit margin to 9.12% in 2079/80 from 12.66% of last year.



NON FINANCIAL INDICATOR

Branches



2079-80	89
2078-79	86
2077-78	77
2076-77	68
2075-76	65
2074-75	65

ATMs



2079-80	20
2078-79	17
2077-78	17
2076-77	17
2075-76	17
2074-75	17

Employee



2079-80	634
2078-79	614
2077-78	585
2076-77	513
2075-76	490
2074-75	496

Training Conducted

2079-80	111
2078-79	44
2077-78	46
2076-77	60
2075-76	35
2074-75	32



Training Participants

2079-80	2486
2078-79	1303
2077-78	1260
2076-77	1587
2075-76	750
2074-75	630

Governance and social responsibility



ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

Lumbini Bikas Bank Ltd has set up an effective mechanisms and processes of governance to adhere to ethical, legal and regulatory standard. This mechanism helps identify and distribute the rights and responsibilities among stakeholders including the board of Directors, managers and shareholders. A concern is established to ensure regular monitoring of actions, policies, practices and decisions of this development so that there is no conflict of interest among stakeholders.

Each action and decision of the development bank is guided by its objective. Its vision and mission can be depicted in the activities carried out by the development bank. The integrity is intact and there is effective encapsulation of legal and regulatory framework in operating module. Board of Directors are entrusted with the major direction, supervision and control of the entity.

ETHICAL WORK ENVIRONMENT

Requirement

An ethical work environment is a workplace that promotes and upholds a strong set of ethical principles and values. It is characterized by an organizational culture that prioritizes moral and ethical behavior in all aspects of its operations and interactions.

Integrity: Integrity is the backbone of an ethical work environment. Employees, from top management to entry-level staff, are expected to act honestly, fairly, and consistently in their work and interactions.

Objectivity: In an ethical work environment, individuals are expected to work without bias, conflict of interest, or undue influence, while conducting themselves with a free and honest mindset.

Professional competence and due care: Every person with specific responsibilities is required to attain and maintain the necessary knowledge and skills to fulfill their duties without compromising work quality. Regular training and individual study are essential for this purpose.

Confidentiality: Every person with access to banking insider information is obligated to maintain the confidentiality of the information as required and must refrain from using it for personal gain.

Professional behavior: The bank ensures strict adherence to all applicable laws, regulations, and industry standards. This includes compliance with labor laws, environmental regulations, and ethical codes of conduct.

Transparency: Information and decision-making processes are transparent, reducing the likelihood of hidden agendas or unethical practices. Open communication is encouraged, and employees have access to relevant information.

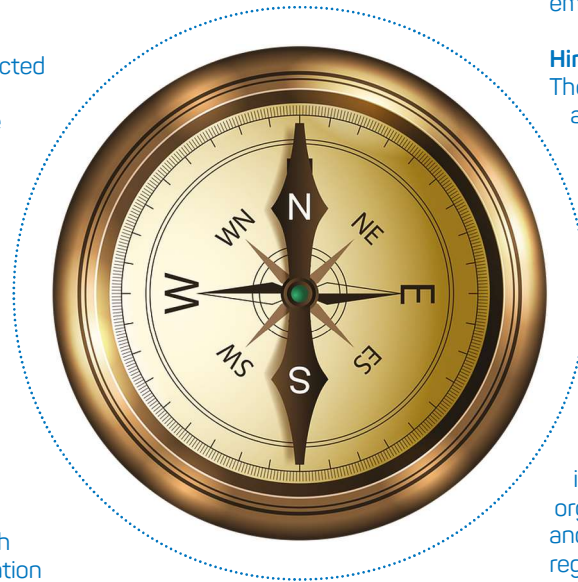
Whistleblower Protection: There are mechanisms in place to protect employees who report unethical behavior or misconduct. Whistleblowers are encouraged to come forward without fear of retaliation.

Ethical Training and Education:

Organizations may provide ethics training and educational programs to help employees understand ethical standards, recognize ethical dilemmas, and make ethical decisions.

Ethical Decision-Making Processes:

Employees are encouraged to engage in ethical decision-making processes when faced with moral dilemmas. This often involves considering the consequences of actions on stakeholders and the broader community.



Social

Responsibility: Ethical organizations often engage in corporate social responsibility (CSR) initiatives that benefit society and the environment. They contribute positively to the communities in which they operate.

Continuous Improvement: An ethical work environment is not static; it strives for continuous improvement in ethical practices and behaviors. Feedback mechanisms are in place to identify areas for improvement. An ethical work environment is not only morally sound but also often associated with benefits such as enhanced employee morale, loyalty, and trust, which can contribute to organizational success and sustainability. It helps create a positive corporate culture where employees feel empowered to do the right thing, even when faced with difficult ethical choices.

The Board of Directors (BOD) of Lumbini is committed to recognizing and fostering an ethical work environment. The board acknowledges its responsibility for maintaining such an environment and is committed to taking the following actions to ensure its integrity.

Setting Ethical Expectations:

The BOD clearly define the organization's ethical expectations and values. This includes drafting a code of ethics or code of conduct that serves as a guide for all employees and stakeholders.

Hiring Ethical Leadership:

The BOD plays a critical role in appointing the CEO and other top executives. They should prioritize hiring leaders who have a demonstrated commitment to ethics and integrity.

Oversight and Governance:

The BOD established oversight mechanisms to ensure that ethical practices are followed throughout the organization. This includes regular reviews of the organization's ethical performance and compliance with laws and regulations.

Whistleblower Protection:

Implement and oversee whistleblower protection programs to ensure that employees can report unethical behavior without fear of retaliation. The BOD should actively support and monitor the effectiveness of these programs. Transparent Reporting: Ensure transparent reporting of financial and non-financial information. Accurate and ethical reporting practices should be encouraged, and any irregularities should be addressed promptly.

Ethical Risk Assessment:

Regularly assess and address ethical risks within the organization. Identify areas where ethical lapses may occur and take proactive measures to mitigate these risks.

MANAGEMENT COMMITMENT TOWARDS ETHICAL WORK ENVIRONMENT

Management commitment to fostering an ethical work environment is essential for establishing a culture of integrity, trust, and responsibility within an organization.

Importance of Management Commitment:

Setting the Tone: Managers and leaders are role models for employees. Their commitment to ethical behavior sets the tone for the entire organization. When leaders prioritize ethics, employees are more likely to follow suit.

Building Trust: An ethical work environment fosters trust between management and employees. Trust is crucial for a positive workplace culture and effective collaboration.

Legal and Reputational Protection: Ethical behavior by management helps protect the organization from legal and reputational risks. Unethical conduct by leaders can lead to scandals, legal problems, and damage to the organization's reputation.

Employee Morale: Employees are more likely to be motivated, engaged, and satisfied in an ethical work environment. They feel valued and respected when management demonstrates commitment to ethical principles.

Elements of Management Commitment to an Ethical Work Environment:

Ethical Leadership: Managers should lead by example, consistently demonstrating honesty, integrity, and ethical decision-making. Their actions should align with the organization's ethical values.

Communication: Management should communicate the importance of ethics and integrity regularly. This includes discussing the organization's code of conduct, ethical guidelines, and expectations.

Training and Education: Managers should provide ethics training and

education to employees, ensuring they understand the organization's ethical standards and have the knowledge to make ethical decisions.

Accountability: Ethical management holds employees and themselves accountable for ethical conduct. This includes addressing ethical violations promptly and fairly, regardless of an individual's position within the organization.

Transparency: Transparent communication is vital. Managers should communicate openly about the organization's ethical performance, initiatives, and goals, fostering trust among employees.

Whistleblower Protection: Management should ensure that employees have access to reporting mechanisms for ethical concerns or violations. Whistleblowers should be protected from retaliation.

Ethical Decision-Making Framework: Managers should promote the use of an ethical decision-making framework that employees can apply when faced with ethical dilemmas. Encourage employees to seek guidance when needed.

Reward Ethical Behavior: Recognize and reward ethical behavior among employees to reinforce the organization's commitment to ethics. Policies and Procedures: Establish clear ethical policies and procedures within the organization. Managers should ensure these policies are followed consistently.

Stakeholder Engagement: Engage with stakeholders, including employees, customers, suppliers, and investors, to ensure that ethical considerations are integrated into business practices.

Sustainability Initiatives: If applicable, support and drive sustainability initiatives that consider the ethical impact of the organization's operations on the environment and society.

Continuous Improvement: Foster a culture of continuous improvement regarding ethical behavior. Regularly assess and update ethical policies and procedures based on changing circumstances and feedback.

Response of Bank management towards ethical work environment Bank management has taken several initiatives to enhance its ethical work environment, including measures to strengthen trust, uphold its reputation, and ensure compliance with regulatory standards within the banking industry.

Lead by Example: Senior management, including the CEO, lead by example and demonstrate a strong commitment to ethical behavior. Their actions and decisions reflect the organization's values.

Communication: Management consistently communicate the importance of ethics and integrity to all employees. This includes conducting regular meetings, training sessions.

Training and Education: Provide ongoing training and education to employees at all levels of the organization. Ensure that employees understand the standards expected of them and have the knowledge and tools to make decisions.

Accountability: Hold managers and employees accountable for their conduct. This includes addressing any ethical violations promptly and fairly, regardless of an individual's position within the organization.

Reporting Mechanisms: Ensure that employees have easy access to reporting mechanisms for ethical concerns or violations. Management should act on reports promptly and transparently.

Continuous Improvement: Encourage a culture of continuous improvement regarding ethical behavior. Regularly assess and update ethical policies and procedures based on changing circumstances and feedback from employees and stakeholders.

CODE OF ETHICS

Our Code of ethics

We at Lumbini Bikas Bank, to the best of our knowledge and belief, have a mutual understanding for our ethical acts which are properly guided by the policies, controls and processes that we believe have a positive impact in what we do. Since our inception, we have invested relentlessly in directing our efforts in building an ethical institution by creating an environment through embracing our values. Our main goal being the role model through setting standards for ethical behavior, we have been jointly serving the bank with honesty, integrity, sincerity, diligence and dedication.

While entering into a contract agreement with bank, our staff shall agree with the code prepared by bank. Major objective outlines LBBL's expectations for employee behavior, emphasizing honesty, integrity, sincerity, diligence, and dedication. Major topic cover:

Stakeholder Value: Prioritize building and maintaining positive relationships with stakeholders, including customers, shareholders, corporate partners, and society.

Customer-Centric Approach: Emphasize customer satisfaction by providing accurate information, avoiding misinformation, and ensuring fair treatment.

Shareholder Value Enhancement:

Disclose comprehensive information to the board of directors, conduct timely AGMs, and utilize shareholders' finances efficiently for sustainable returns.

Corporate Partnership: Foster harmonious relationships with corporate partners, demonstrating patience, understanding, and collaboration.

Societal Harmony: Maintain peace and harmony with society, adhering to societal norms, values, and fulfilling corporate social responsibility.

Media Interaction: Deal with media patiently, providing accurate information, and verifying details with authorities before disclosure.

Legal Compliance: Adhere to prevailing laws, regulations, directives from Nepal Rastra Bank, and internal policies to ensure lawful operations.

Professionalism and Proactiveness: Encourage proactiveness, adaptability to change, continuous learning, and creative problem-solving among employees.

Team Development: Promote teamwork to leverage diverse perspectives, identify strengths and weaknesses, and foster a collaborative work environment.

Discrimination Prevention: Prohibit discrimination based on gender, ethnicity, financial status, and ensure fair treatment of all employees.

Integrity and Honesty: Uphold principles of honesty, transparency, and loyalty, discouraging the abuse of authority and conflicts of interest.

Gifts and Commission Prohibition: Strictly forbid the giving or receiving of gifts or commissions that may compromise ethical standards.

Prevention of Unethical Activities: Prohibit involvement in unethical or criminal activities and encourage reporting of such activities to the authorities.

Confidentiality of Information: Safeguard confidential information related to the bank, trade secrets, and customer/employee data, seeking approval before sharing with third parties.

Work Discipline: Maintain a disciplined work environment, avoiding conflicts, inappropriate language, abuse, and ensuring adherence to workplace protocols.

Harassment and Intimidation Prevention: Strictly prohibit harassment and intimidation, fostering a positive and supportive workplace culture.



CODE OF



ETHICS



HOW THE BOARD FUNCTIONS

Responsibility and accountability of board

According to Section 22 of the Bank and Financial Institution Act 2073, the Board of a bank possesses the authority to carry out all the functions of the bank, except those specifically designated for the annual general meeting, in accordance with the relevant acts, rules, directives, Memorandum of Association (MOA), and Articles of Association (AOA). The board's responsibilities and accountability are defined by applicable acts, regulations, and directives such as the Company Act, Bank and Financial Institution

Act, Nepal Rastra Bank Act, and Nepal Rastra Bank Directive, which includes ensuring compliance with relevant laws and regulations.

The board of directors is responsible for endorsing the company's strategic path and ensuring that the approved strategy is put into action to achieve the organization's goals. We are committed to maintaining elevated levels of governance, ethical conduct, and integrity in both our business operations and interactions with stakeholders.

BOARD LEVEL COMMITTEE

AUDIT COMMITTEE

As per Section 60 of the Bank and Financial Institution Act 2073, a bank or financial institution (BFI) is required to establish an audit committee comprised of non-executive directors. Detailed provisions regarding the composition and responsibilities of the audit committee are outlined in the relevant directive. The board of directors is responsible for constituting this committee, with the head of the internal

audit department serving as the committee's member secretary. The audit committee's functions include the review of the organization's financial status, internal controls, audit-related programs, and in-depth discussions on audit findings, along with the issuance of necessary directives to the management. Both internal and external auditors of the licensed organization have the privilege of direct access to this committee.

Composition

Name	Position in Committee
Mr. Ganesh Raj Regmi	Co-ordinator
Mr. Arjun Thapa	Director-Member
Mr. Hari Krishna Subedi	Member- Secretary Head Internal Audit Department

Purpose

The audit committee, as stipulated in the NRB directive and LBBL internal policy, serves several crucial functions within a licensed financial institution. Firstly, the committee regularly assesses the institution's financial health, internal controls, and audit plans, offering essential guidance to the management and conveying pertinent information to the board of directors. Additionally, they meticulously scrutinize the qualifications outlined in the external auditor's reports, directing corrective actions as necessary.

The audit committee also assumes responsibility for overseeing Nepal Rastra Bank's inspections and supervisions, monitoring the implementation of recommended actions and apprising the board of directors about these matters. They actively assist the management in guaranteeing the accuracy and correctness of the institution's annual financial statements and ensure the precision of all business accounts. Compliance with Nepal Rastra Bank's laws and regulations is another key focus area, with the committee evaluating adherence and reporting any relevant conduct.

Moreover, the committee is tasked with developing a comprehensive work system for internal audits and subsequently conducting these audits, all while appraising the organization's commitment to principles like regularity, frugality, propriety, and effectiveness in its operations and delivering pertinent recommendations to the board. The audit committee doesn't stop there; they also review quarterly financial statements and relay their findings to the board of directors. In conclusion, the audit committee plays a multifaceted role in safeguarding financial integrity, regulatory compliance, and effective management within the licensed institution.

RISK MANAGEMENT COMMITTEE

The board of directors should establish a Risk Management Committee chaired by a non-executive director, with members including the head of the operations department and the Chief Risk Officer, who will serve as the member secretary. Additionally, the coordinator of the audit committee should have an ex-officio role in the Risk Management Committee.

Composition

Name	Position in Committee
Mr. Keshav Khatiwada	Director
Mr. Ganesh Raj Regmi	Director- Coordinator Audit Committee
Mr. Umesh Regmi	Member-Chief Operation Officer
Mr. Dipendra Man Chui Chui	Member Secretary-Chief Risk Officer

Purpose

The Risk Management Committee, chaired by a non-executive director at LBBL, is entrusted with a multifaceted role. It is responsible for continuously evaluating and improving the current risk identification and management system, conducting periodic reviews of the risk levels inherent in the organization's business activities, ensuring the adequacy of capital in line with risk-adjusted assets, aligning policies with regulatory guidelines, conducting stress tests, assessing delegation of authority, and monitoring the asset structure, including the quality of income assets. Moreover, the committee stays vigilant in studying the potential impacts of economic sector developments on the organization's financial health and offers recommendations to the board of directors on necessary policy adjustments.

ANTI-MONEY LAUNDERING AND COUNTER FINANCING OF TERRORISM COMMITTEE

In accordance with the directive from the NRB, banks and financial institutions should establish a committee led by a non-executive director, with members including the head of the compliance department and the head of the risk management department. The compliance officer will serve as the member secretary, and when necessary, one relevant expert may be invited to join the committee.

Composition

Name	Position in Committee
Mr. Keshav Khatiwada	Co-ordinator
Mr. Hari Krishna Subedi	Member-Head Compliance
Mr. Dipendra Man Chui Chui	Member-Chief Risk Officer
Mr. Dipesh Joshi	Member Secretary-Implementation Officer

Purpose

The committee is mandated to review and report on tasks performed in accordance with the Money Laundering Prevention Act 2064, Regulation 2073, and related directives, submitting reports to the board of directors. It engages in comprehensive discussions regarding internal policies, procedural aspects, and customer identification policies, ensuring adherence to risk classifications. The committee also actively participates in the development and implementation of policies based on recommendations from the Financial Action Task Force and NRB directives. It submits quarterly reports on compliance with laws and internal policies related to money laundering and terrorist activities, and further assesses new services, technology purchases, and various channels for potential risks, offering suggestions for necessary improvements. Additionally, the committee addresses financial investments in money laundering and terrorist activities at both national and international levels, thus playing a pivotal role in safeguarding the institution against illicit financial activities.

EMPLOYEE SERVICE BENEFIT COMMITTEE

The Board of Directors may establish an Employee Service Benefit Committee, chaired by a non-executive director, with members including the Chief Executive officer, Head of the Finance Department, and the Head of the Human Resource Department who shall serve as the member secretary.

Name	Position in Committee
Mr. Prabin Krishna Shrestha	Co-ordinator
Mr. Ram Chandra Sigdel	Director-Member
Mr. Naresh Singh Bohra	Member-CEO
Mr. Prem Lal Bashyal	Member Secretary-Head Human Resource Department
Mr. Nawaraj Bhandari	Member-Head Finance Accounts and Treasury

Purpose

The Committee's primary responsibilities involve supporting the Board of Directors in formulating the organization's "Remuneration Determination Policy." This includes regular analysis of the remuneration structure and submitting reports on market impact. Additionally, the Committee recommends salary adjustments in line with policy directives, oversees performance evaluation systems, and manages various aspects of manpower, including recruitment, promotion, and labor relations policies. They also review staff policies, work structures, and develop Succession Planning.

CONTRIBUTING TO OUR SOCIETY AND COMMUNITIES

Our primary objective remains the pursuit of profitability and the growth of shareholder value; however, we are equally dedicated to addressing societal needs related to the financial well-being and literacy of the general public. Additionally, we acknowledge our responsibility for environmental preservation and the amelioration of any environmental degradation caused by our operations. In fulfillment of our corporate social responsibility and commitment to societal contribution, we undertook various activities throughout the fiscal year 2079-80.

Community investment

In our commitment to empower financial well-being for all and enhance overall quality of life, we concentrate on enhancing numeracy skills, providing community support, making charitable donations to various organizations, and participating in disaster relief efforts. Furthermore, we conducted diverse activities in accordance with directives from the Nepal Rastra Bank, aimed at fostering financial knowledge and awareness within the community.



Consumer financial education

Our steadfast commitment to fostering a culture of financial well-being extends to our employees, clients, and communities, achieved through comprehensive financial education initiatives. This commitment has led to the establishment of a sustainable source of continuous learning and inspiration. Throughout the financial year, we have successfully implemented integrated financial literacy training and development programs, reinforcing our dedication to promoting a holistic understanding of financial principles.

Charitable donations

In complement to our ongoing social support initiatives, LBBL remains steadfast in its commitment to actively support non-profit organizations throughout Nepal. As exemplified by our contributions to various NGOs operating in Nepal, we are dedicated to facilitating improved quality of life for individuals. Additionally, we pledge to make further donations to diverse social-support initiatives within our communities, reinforcing our commitment to the betterment of society.



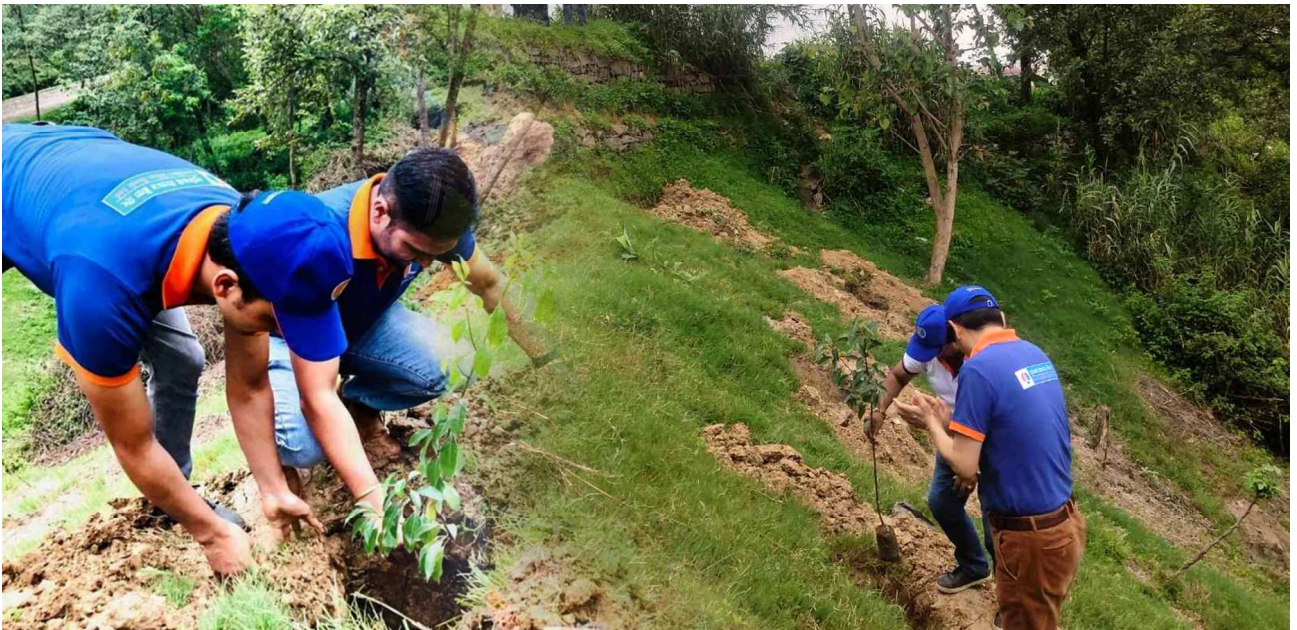


GREEN IS THE NEW MOTTO.

Air pollution, deforestation, eco system and food sufficiency has continuously been degrading in Nepal. Even after many attempts, the ill effects due to deforestation is not being minimized. Nevertheless, many profit oriented and non-profit oriented organization has continuously been contributing attempts to bring about green revolution in the country.

Tewa initiated in 1995 with its philanthropic motive initiated Tree Plantation fundraising program from 2008. With the objective of establishing sustainable eco-system, helping women organization via raised funds and promoting community philanthropy, it has aimed to plant 700 saplings a year; it has been achieving its aim till this year. For the year 2022/23 Tewa approached Lumbini Bikas Bank Limited, extending its hand for support in this philanthropic cause.

The tree plantation program was successfully concluded in 26th August, 2023 by plantation of 700 saplings in Manjushree Park and Ilam. Employees from Kantipath Branch of Lumbini Bikas Bank Limited actively participated in the program.



RISK MANAGEMENT REPORT

Our risk management philosophy centers on a well-defined comprehension of first-line risk ownership, a developed risk culture, and efficient risk oversight, aiming to establish a lucid and comprehensive perspective of the risk landscape within the business. This approach enables proactive assessment of risks and opportunities, facilitating effective responses, influencing stakeholders, initiating risk management and strategic interventions, and fostering the continued maturation of the organizational risk culture. Additionally, we emphasize enhancing operational resilience through a series of proactive initiatives to address a higher frequency of unforeseen risk events.

In the fiscal year 2080-81, our organizational structure underwent significant changes with the incorporation of a Chief Risk Officer (CRO) who assumes the overall leadership role for our risk management team. The primary mandate of the CRO encompasses the identification and management of major risk criteria, the discernment of risk situations, determination of tolerable levels of risk, establishment of risk criteria and appetite, and provision of recommendations for the minimization of risks. This strategic addition aims to enhance the effectiveness and efficiency of our risk management practices under the centralized leadership of the Chief Risk Officer.

The bank operates under clearly defined Investment and Credit Policies that serve as guiding frameworks for business generation. A distinct demarcation between business generation and risk management is established, with a dedicated Risk Department headed by the Chief Risk Officer. This division operates independently from business functions, devoid of specific targets or incentives for business generation.

In the fiscal year 2080-81, an internal assurance procedure, embodied in the Internal Audit function, was initiated, marked by the establishment of an internal audit team. Our highly skilled employees conduct regular assessment activities of our risks, offering insightful suggestions for improvement. Furthermore, the Internal Audit function operates as an independent entity, with a responsibility to the board for ensuring thorough and unbiased evaluations. This proactive step underscores our commitment to maintaining a robust internal control framework, fostering continuous improvement, and upholding transparency and accountability within the organization.

There is separate Credit Administration Division (CAD Division), which check security documents for execution, for exposure accounting, disbursement and settlement. CAD is also independent to business. Periodic Audit Review of credit exposure and other by the Internal Audit and / or Statutory Audit also assists in identifying the status of exposure/relationship in line with policies of the Bank, NRB Directives and prevailing Acts. Any weaknesses on the part of the borrower's business and the relationship strength are independently assessed through audit review and the outcome is taken positively for necessary changes. Work Procedures are well defined where checking, control and independence of the credit extension, risk assessment, review, monitoring and exposure accounting is fully complied with. All such actions and processes are properly recorded, reported and discussed. These reports, on need basis and on a defined frequency, are submitted for oversight of Senior Management, Risk Management Committee and the Board. Internal Audit Department of the bank also takes up the matter of all audit observations for discussion at Audit Committee.

a. Operational Risk Management

Operations Risk is that risk arises from inadequate internal process, people and system or from external events. Core Banking System (CBS) is an area to be put under highest level of safety for security of customer information and information of the bank too. Information and Technology Division in the bank reviews and checks the security aspects in line with ITIS Policy of the Bank. Bank has conducted an IS Audit of the bank's system and suggestions given by the audit with respect to safety and security standards are being implemented.

The Bank has an on-line real time replication Disaster Recovery Site (DRS) which captures the record of each transaction that takes place at the Production Server. Both the sites (Production Server and Disaster Recovery – Back up site) are housed in well- conditioned and high shock resistant buildings and are at different seismic zone.

Bank has put in place a maker and checker concept in which a transaction has to compulsorily go through two individuals from a control standpoint with proper transaction right to capture deviations, if any.

b. Market Risk Management

Market Risks are discussed at Asset Liability Management Committee (ALCO) of the bank and even discussed at respective division level.

ALCO ensures functioning of the jobs in line with the policies and procedures and suggests/recommends for necessary steps collectively to address the risk on interest rate movement.

c. Liquidity Risk Management

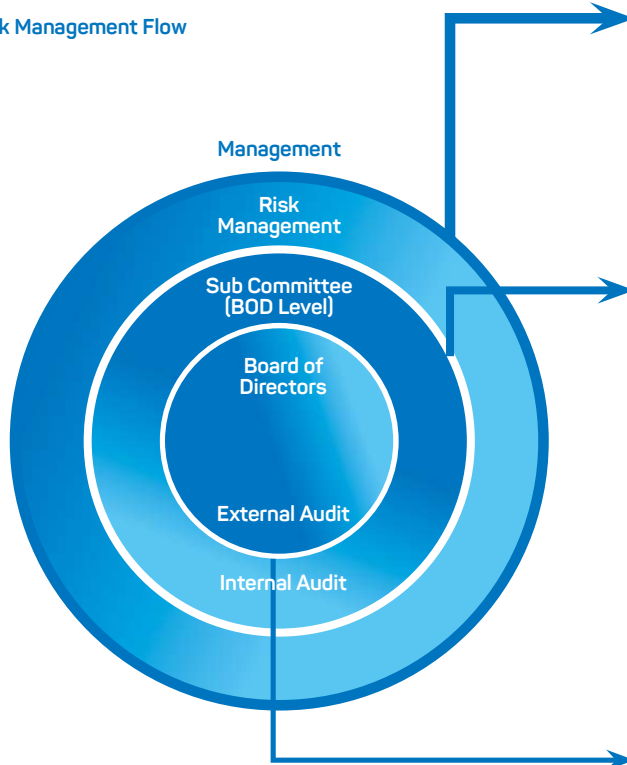
Liquidity ratios are accessed and communicated to ALCO members on daily basis. As such, actions with regards to asset liability management, if any warranted from liquidity perspective, is promptly initiated. Compliance to mandatory liquidity ratios is maintained at all times. Liquidity is a regular agenda of the quarterly ALCO meetings.

Towards liquidity risk management, if additional liquidity may be required, the bank has access to different sources of funding such as existing institutional deposit relationships, inter-bank lending, and central bank funding mechanisms.

d. Legal and Compliance Risk Management

The Bank has a separate Legal division. All legal agreements, deeds and documents including claims and charges are thoroughly studied prior to making any decision involving such documents. In case where the Bank needs expert's opinion on particular issue, experts are consulted.

Risk Management Flow



First line of defense for risk-Risk ownership-All employees, team leaders, and department heads are designated as risk managers, necessitating their continual engagement in risk management activities. Each sector bears the responsibility and is mandated to proactively address and mitigate risks within its operational environment to safeguard the achievement of LBBL's objectives.

Risk control-The Risk Department assumes the responsibility of furnishing a comprehensive and continuous assessment of risks across all levels of the business. The Chief Risk Officer has been appointed to discern and propose risk criteria, along with strategies for risk mitigation. Additionally, the Risk Department delineates potential risks, establishes risk criteria, determines tolerable levels, defines risk appetite, and recommends ideas for risk minimization. These functions serve to equip employees and business functions with structures, frameworks, processes, and procedures, ensuring the standardized identification and management of risks within predetermined risk appetite and tolerance levels for LBBL.

The internal audit function, established in-house by LBBL, conducts independent validation and continuous reviews of risk management and compliance processes at all organizational levels. Implemented with highly skilled personnel, this internal audit ensures a thorough and comprehensive evaluation of risks, offering suggestions for improvement. The function further delivers an assurance opinion on the adequacy and effectiveness of controls, encompassing risk management practices.

External auditors, regulators, advisory services and other outside the organization provide additional assurance to the board.

Bank has separate division to oversee Compliance of KYC and AML. The division is headed by senior level official with adequate access to the daily report, operational processes and right to recommend the changes in the system and procedure.

Risk management process

Risk identification	Risk evaluation	Risk treatment	Risk monitoring	Risk reporting
Risks are identified by the first line of defense. They carry the primary responsibility for identifying and managing risk appropriately as primary risk owners. Identified risks are formally documented and communicated owners.	The individual entrusted with the oversight of the Risk Department holds the responsibility for evaluating the probable outcomes of identified risks. This entails determining whether the identified risk falls within the tolerable level and conducting subsequent evaluations and analyses based on the identified risk. The assessment of risk is carried out in accordance with internal criteria and policies established by the Department.	Risks are accepted, transferred, mitigated or avoided based on the outcome of risk evaluation. If mitigated, then mitigation plans are tracked and monitored accordingly.	Risks are managed as part of our daily operations according to key risk indicators. These assess risk against predetermined tolerance levels. Risk monitoring also includes scheduled mitigation reviews with the risk owners and the identification of emerging risks.	Risk reporting is clear and concise and puts management and the board in a position to make informed risk decisions. To ensure we report the right risks to the right people at the right time, we adopted the Basel principles for effective practices under Basel Committee on Banking Supervision (BCBS and NRB guideline).

Statutory disclosure and Annual Financial Statements



सोहो वार्षिक साधारण सभामा अध्यक्षज्यूद्वारा प्रस्तुत सञ्चालक समितिको आ.व. २०७९/८० को वार्षिक प्रतिवेदन

आदरणीय शेयरधनी महानुभावहरू,

लुम्बिनी विकास बैंक लिमिटेडको सोहो वार्षिक साधारण सभामा पाल्नु भएका संस्थापकहरू एवं सम्पूर्ण शेयरधनीहरू, अतिथिहरू तथा आमन्त्रित महानुभावहरूमा यस विकास बैंकको सञ्चालक समिति तथा मेरो व्यक्तिगत तर्फबाट समेत हार्दिक स्वागत तथा अभिवादन व्यक्त गर्दछु। बैंक तथा वित्तीय संस्था सम्बन्धी ऐन, २०७३, कम्पनी ऐन, २०६३, प्रचलित अन्य कानून तथा नेपाल राष्ट्र बैंकबाट जारी निर्देशन बमोजिम यो प्रतिवेदन यस वार्षिक साधारण सभामा प्रस्तुत गरेका छौं।

विगतका आर्थिक वर्षहरूमा महामारीको रूपमा फैलिएको कोभिड-१९ को प्रभाव न्यूनीकरण हुँदैजादा लगतै रुस र युक्रेनको युद्धको कारण पेट्रोलियम पदार्थको आपूर्तिमा परेको प्रभाव, उच्च मूल्य वृद्धि, कच्चा पदार्थ तथा विभिन्न सामानहरूको आयात/निर्यातमा परेको कठिनाई, खाद्यान्न संकट, मुद्रास्फीति, जस्ता समस्याहरूले आर्थिक कृषाकलापहरूमा स्थिरता सृजना भई समीक्षा अवधिमा आर्थिक क्रियाकलापहरू पूर्ण रूपमा सञ्चालनमा आउन नसकी बैंकिङ क्षेत्रमा देखिएको तरलताको समस्या एवं अन्य वैकल्पिक वित्तीय स्रोतको अभावले अपेक्षित रूपमा व्यवसाय बृद्धि हुन नसक्दा बैंकको गैरब्याज आम्दानी घटेको छ भने ब्याज रकम अपेक्षित रूपमा असुली हुन नसकेको कारण बैंकको मुनाफामा केही संकुचन आएका पनि बैंकको व्यवसायमा बृद्धि गर्न गुणस्तरीय कर्जा लगानीमा बृद्धि तथा खराब कर्जा असुली कार्यलाई सशक्त बनाईएकोले बैंकले सन्तोषजनक मुनाफा आर्जन गर्न सफल भएको छ। विश्व अर्थतन्त्रमा आएको परिवर्तनको प्रत्यक्ष र अप्रत्यक्ष प्रभावको असरबाट समग्र मुलुकको आर्थिक गतिविधि, विकास निर्माण, उद्योग व्यवसाय, लगायतका क्षेत्रमा प्रतिकूलता सिर्जना भएको हालको अवस्थामा सो को प्रभाव विस्तारै घट्दै गए पश्चात् उद्योग, व्यापार, व्यवसाय, पर्यटन, कृषि एवं समग्र अर्थतन्त्र चलायमान भई आर्थिक क्रियाकलापले गति लिने तथा आर्थिक सम्बृद्धिका सूचकाङ्कहरू सकारात्मक रूपमा सुधार हुँदै जाने कुरामा हामी आशावादी छौं। यस्तो चुनौतीपूर्ण अवस्थामा पनि आ.व. २०७९/८० मा यस विकास बैंकले आफ्नो व्यवसाय विस्तारमा अपेक्षित प्रगति गरी सम्पूर्ण व्यवस्था पछिको खुद मुनाफा रु ४९ करोड ७६लाख आर्जन गर्न सफल भएको व्यहोरा यस गरिमामय साधारण सभामा सहर्ष जानकारी गराउन चाहन्छु।

बैंकले आफ्नो व्यवसाय विस्तारसँगै ग्राहकहरूको सुविधा तथा सुरक्षित कारोवारलाई ध्यानमा राखि अनलाईन मार्फत खाता खोल्ने सुविधा, ई-बैंकिङ, मोवाईल बैंकिङ "Chip Based" भिषा डेबिट कार्ड, C-ASBA, कनेक्ट आईपिएस लगाएतका विद्युतीय बैंकिङ सेवाहरू परिमार्जन गर्दै कर्मचारीको कार्यक्षमता अभिवृद्धि तथा नियामक निकायहरूबाट जारी सुशासन सम्बन्धी निर्देशनहरूको पालना गर्ने जस्ता कार्यलाई कटिबद्धताका साथ लागु गरेको छ। बैंकको निष्कृत कर्जाको असुलीमा केन्द्रीकृत भई गुणस्तरीय कर्जा प्रवाहलाई जोड दिँदै आएको छ। विगतमा जस्तै आजको यस साधारण सभामा पनि आदरणीय शेयरधनीहरूबाट यस विकास बैंकको उन्नति प्रगतिको लागि आवश्यक सल्लाह सुझाव तथा सद्भाव प्राप्त हुनेमा आशावादी हुँदै प्राप्त सल्लाह सुझावहरू बैंकको कार्य योजना तथा लक्ष्य प्राप्तिमा निकै उपलब्धि मुलक हुने मा हामीले विश्वास लिएका छौं।

(क) विगत आ.व. २०७९/८० को कारोबारको सिंहावलोकन

समिक्षा आर्थिक वर्ष २०७९/८० सम्मको विकास बैंकको प्रमुख वित्तीय सुचकाङ्कहरू निम्नानुसार रहेका छन्।

शीर्षक	आ.व. २०७९/८०	आ.व. २०७८/७९	वृद्धि (हास) %
चुक्ता पूँजी	३,३८,२८,२९,२८६	३,२८,४२,९२,५११	३.००%
सञ्चित मुनाफा, जगेडा तथा कोषहरू	२,८३,४२,४४,४७५	२,४४,५७,३३,२२९	१५.८९%
पूँजी कोषको पर्याप्तता	१२.८५%	११.७२%	१.१३%
कुल सम्पत्ति	५८,८९,१४,६२,६४५	५६,६८,८५,११,३०९	३.८९%
कुल निक्षेप	५०,५८,४३,०४,५३३	४५,१४,४८,३८,८३२	१२.०५%
कुल कर्जा सापटीहरू	४४,५७,०३,३७,६०५	४१,१३,३४,७३,१२३	८.३६%
लगानीहरू धितोपत्र तथा शेयर (बजार मुल्य)	८,३६,५८,३०,५७३	९,०८,९९,९४,८४१	-७.९७%
खुद व्याज आम्दानी	१,८४,३७,९२,२२८	१,५३,२३,६३,१६३	२०.३२%
सञ्चालन खर्च	७७,६८,१७,२६७	७६,१४,१६,५८३	२.०२%
खुद मुनाफा	४९,७६,७२,५१८	६३,७९,९३,२६५	-२१.९०%
निष्कृत कर्जा अनुपात	३.३६%	१.७०%	१.६६%

(ख) राष्ट्रिय तथा अन्तर्राष्ट्रिय परिस्थितिबाट बैंकको कारोबारमा समिक्षा अवधिमा परेको प्रभाव :

अन्तर्राष्ट्रिय प्रभाव :

विश्वभर महामारीको रूपमा फैलिएको कोभिड-१९ एवं रुस-युक्रेन युद्धका कारण विश्व अर्थतन्त्रमा आएको परिवर्तनको प्रत्यक्ष र अप्रत्यक्ष प्रभाव नेपाली अर्थतन्त्रमा पनि परेको छ। जसको कारण पेट्रोलियम पदार्थको आपूर्तिमा परेको प्रभाव, उच्च मूल्य वृद्धि, कच्चा पदार्थ तथा विभिन्न सामानहरूको आयात/निर्यातमा परेको कठिनाई, खाद्यान्न संकट, मुद्रास्फीति, जस्ता समस्याहरूको सामना अन्य राष्ट्रहरूले भै हामीले पनि गर्नुपरेको। अन्तर्राष्ट्रिय मुद्रा कोष (IMF) ले सन् २०२३ अप्रिलमा प्रकाशन गरेको प्रतिवेदन अनुसार सन् २०२२ मा ३.४% ले वृद्धि भएको विश्व अर्थतन्त्र सन् २०२३ मा २.८% ले मात्र वृद्धि हुने अनुमान गरिएको छ। त्यसैगरी, सन् २०२२ मा विश्व मुद्रास्फीति ८.७ प्रतिशतले वृद्धि भएकोमा सन् २०२३ मा ७ प्रतिशतमा सीमित रहने, विकसित राष्ट्रहरूको आर्थिक वृद्धिमा केही लामो अवधिको लागि संकुचन आउने र सन् २०२४ मा केही सुधार आउने प्रक्षेपण गरिएको छ।

विश्व आपूर्ति प्रणालीमा देखिएको अवरोधबाट सिर्जित विश्वव्यापी उच्च मुद्रास्फीति तथा निरन्तर अधिमूल्यन हुँदै गएको अमेरिकी डलरको कारण विश्व व्यापारको आयतनको वृद्धिदर सन् २०२१ को तुलनामा सन् २०२२ र सन् २०२३ मा न्यून रहने प्रक्षेपण छ। सन् २०२१ मा विश्व व्यापारको आयतन १०.१ प्रतिशतले विस्तार भएको मा सन् २०२२ र सन् २०२३ मा यस्तो विस्तार क्रमशः ४.१ प्रतिशत र ३.२ प्रतिशत रहने प्रक्षेपण अन्तर्राष्ट्रिय मुद्रा कोषले गरेको छ।

अन्तर्राष्ट्रिय बजारमा वित्तीय सम्पत्तिको मूल्यमा उच्च उतार चढाव, विकसित मुलुकहरूमा किसिलो मौद्रिक नीतिको अभ्यास तथा विश्वभर महामारीको रूपमा फैलिएको कोभिड-१९ एवं रुस-युक्रेन युद्धका कारण विश्व अर्थतन्त्रमा देखिएको संकुचन लगायत अन्तर्राष्ट्रिय आर्थिक घटनाक्रमले नेपाली अर्थतन्त्रमा परेको प्रभावको कारण आर्थिक सन्तुलन कायम गर्ने दिशामा थप चुनौतीको सामना गर्नुपर्ने अवस्था सिर्जना भएको छ।

राष्ट्रिय प्रभाव :

विगतका आर्थिक वर्षहरूमा महामारीको रूपमा फैलिएको कोभिड-१९ एवं तत् पश्चात विश्व अर्थतन्त्रमा आएको परिवर्तनको प्रत्यक्ष र अप्रत्यक्ष प्रभाव देशको अर्थतन्त्रमा पनि परेको छ। बैंकिङ क्षेत्रमा देखिएको तरलताको समस्या एवं अन्य वैकल्पिक वित्तीय स्रोतको अभावले समीक्षा आ.व.२०७९/८० कोभिड-१९ को संक्रमणमा क्रमिक सुधार आई आर्थिक क्रियाकलापले गति लिन सुरु गरेतापनि त्यस लगत्तै पूर्वी युरोपमा जारी युद्धले तेल, खाद्यान्न तथा अन्य औद्योगिक कच्चा पदार्थमा अत्याधिक मुल्यवृद्धि भएकोले अर्थतन्त्रलाई सन्तुलनमा राख्न सरकारी एवं नेपाल राष्ट्र बैंकले केही किसिलो नीति अवलम्बन गर्दा उपभोग्य बस्तुको मागमा कमी आई औद्योगिक क्षेत्रले उत्पादनमा गरेको कटौती, आयातमा आएको कमीले राजस्वमा परेको दबावका कारण वित्तीय क्षेत्रमा देखिएको तरलता अभावले गर्दा आर्थिक क्रियाकलापहरू पूर्ण रूपमा सञ्चालनमा आउन नसकी यस विकास बैंकको कारोवारमा समेत असर पर्न गएको छ। देशको अर्थतन्त्रमा सेवा क्षेत्रको योगदान क्रमशः बढ्दै गएको छ भने कृषि क्षेत्रको योगदान क्रमशः घट्दै गएको छ। उद्योग क्षेत्रको योगदान भने करिब स्थिर रहेको देखिन्छ। आर्थिक वर्ष २०७९/८० मा आर्थिक वृद्धि उत्पादकको मूल्यमा १.८६ प्रतिशत रहने अनुमान छ। कृषि क्षेत्रको वृद्धि २.७३ प्रतिशत, उद्योग क्षेत्रको ०.५९ प्रतिशत र सेवा क्षेत्रको वृद्धि २.३३ प्रतिशत रहने अनुमान छ। आर्थिक वर्ष २०७९/८० मा कुल गार्हस्थ्य उत्पादनमा कृषि, उद्योग र सेवा क्षेत्रको अंश क्रमशः २४.१२ प्रतिशत, १३.४५ प्रतिशत र ६२.४३ प्रतिशत रहेको छ। आर्थिक वर्ष २०७९/८० मा कुल गार्हस्थ्य बचतको कुल गार्हस्थ्य उत्पादनसँगको अनुपात ६.४१ प्रतिशत रहेको छ। कुल स्थिर पूँजी निर्माण र कुल राष्ट्रिय बचतको कुल गार्हस्थ्य उत्पादनसँगको अनुपात क्रमशः २५.२१ प्रतिशत र ३१.६६ प्रतिशत रहेको छ। आर्थिक वर्ष २०७९/८० मा वार्षिक औसत उपभोक्ता मुद्रास्फीति ७.७४ प्रतिशत रहेको छ। बैंकिङ क्षेत्रमा देखिएको तरलताको समस्या एवं अन्य वैकल्पिक वित्तीय स्रोतको अभावले समीक्षा आ.व.२०७९/८० मा आर्थिक क्रियाकलाप स्थिर करिब रहेतापनि विश्व अर्थतन्त्रको क्रमिक सुधार सँगै देशको अर्थतन्त्र पनि चलायमान भई आर्थिक क्रियाकलापले गति लिनै तथा मुलुकको आर्थिक सूचकांकहरू सकारात्मक रूपमा सुधार हुने कुरामा हामी आशावादी छौं।

(ग) समीक्षा आ.व. २०७९/८० को उपलब्धी तथा बैंकको आगामी आर्थिक वर्षको योजना :

समीक्षा अर्वाधि आ.व.२०७९/८० वर्ष इमाडोल शाखा - ललितपुर, कमलाविनायक शाखा - भक्तपुर, र नेपालटार शाखा - काठमाडौं गरी थप ३ नयाँ शाखाहरू साथै लेले विस्तारित शाखा-ललितपुर समेत सञ्चालनमा ल्याएपश्चात ७ वटै प्रदेशमा गरी कुल ८९ वटा शाखाहरू र १ वटा विस्तारित शाखा मार्फत हाम्रो उपस्थिति रहने छ। बैंकको कुल कर्जा सापटी ८.३६ प्रतिशतले वृद्धि भई रु ४४.५७ अर्ब पुगेको छ भने निक्षेप १२.८५ प्रतिशतले वृद्धि भई रु. ५० अर्ब ५८ करोड पुगेको छ। यस अर्वाधमा विकास बैंकको खुद मुनाफामा रु. ४९ करोड ७६ लाख भएको छ भने विकास बैंकको वासलात आकारमा ३.८९ प्रतिशतले वृद्धि भई रु. ५८ अर्ब ८९ करोड पुगेको व्यहोरा आदरणीय शेयरधनीहरू समक्ष जानकारी गराउन चाहन्छु। बैंकको निष्कृत्य कर्जाको असुलीमा तिव्रता दिई गुणस्तरीय कर्जा प्रवाहलाई जोड दिई आएको भएपनि कोभिड-१९ महामारीको कारणले व्याज असुलीमा प्रतिकूल प्रभावका वावजुद निष्कृत्य कर्जाको मात्रा घटाउन सफल भएको व्यहोरा आदरणीय शेयरधनीहरू समक्ष जानकारी गराउन चाहन्छु।

आगामी आर्थिक वर्षको योजना :

- ❖ कर्जा तथा लगानीलाई अझ विविधिकरण गरी सुदृढ बनाउँदै लगिनेछ।
- ❖ असुलीलाई थप प्रभावकारी बनाउने, निष्कृत्य कर्जाको मात्रा घटाउने, र गुणस्तरीय कर्जा बृद्धि गर्ने।
- ❖ ग्राहक संख्यामा वृद्धि गर्दै लक्ष्य अनुरूप प्रविधिमा आधारित नयाँ तथा समयानुकूल सेवाहरूको विस्तार गर्दै जाने।
- ❖ नविनतम एवं मौलिक किसिमका बचत योजनाहरू तर्जुमा गरि परिचालन गर्ने।
- ❖ सबै शाखा कार्यालयहरूको व्यवसाय विस्तार गरी मुनाफामा वृद्धि हुने गरी सञ्चालन गरिनेछ।
- ❖ आमदानीका स्रोतहरूको विविधिकरण गर्ने, र सञ्चालन खर्चमा मितव्ययितालाई निरन्तरता दिने।
- ❖ ग्राहकहरूको माग तथा बजार विस्तारको सम्भाव्यता अध्ययन गरी थप शाखा कार्यालयहरू विस्तार गरिनेछ।
- ❖ ग्रामिण शाखाहरूलाई क्रियाशिल गराई विभिन्न कार्यक्रमहरूको माध्यमबाट व्यवसाय विस्तार गरिनेछ।
- ❖ विभिन्न बैंकिङ सफ्टवेयरहरूको प्रयोग गरि बैंकिङ सेवा तथा कार्य पढ्दिलाई थप चुस्त बनाईनेछ।

(घ) औद्योगिक तथा व्यवसायिक सम्बन्ध :

यस विकास बैंकले आफुसँग सम्बद्ध विभिन्न सरकारी, गैर सरकारी संघसंस्था एवं व्यवसायिक औद्योगिक प्रतिष्ठानहरू, सामाजिक संस्थाहरू, नियामक निकायहरू नेपाल राष्ट्र बैंक, कम्पनी रजिष्ट्रारको कार्यालय, धितोपत्र बोर्ड, नेपाल स्टक एक्सचेन्ज लगायतका सम्पूर्ण निकायहरूसँग सौहाद्रपूर्ण व्यवसायिक सम्बन्ध कायम गर्दै आएको छ। उपत्यका बाहिर आफ्नो शाखा सञ्चालन रहेका जिल्लाका सम्बन्धित उद्योग वाणिज्य संघ, व्यापारिक एवं अन्य संघ संस्थाहरू, व्यवसायिक प्रतिष्ठानहरू लगाएत सक्रिय सामाजिक संस्थाहरूसँग समेत सौहाद्र सम्बन्ध विकास गर्दै आएको छ। भविष्यमा आवश्यकता अनुसार अन्य औद्योगिक तथा व्यवसायिक प्रतिष्ठानहरूसँग थप सम्बन्ध कायम राख्दै आफ्नो व्यवसायलाई थप विस्तार गरिनेछ।

(ड) सञ्चालक समितिमा हेरफेर :

मिति २०७५ फागुन २० गते स्वतन्त्र सञ्चालकमा नियुक्त हुनुभएको सञ्चालक श्री अंजु कुमारी गुप्ताको कार्यकाल मिति २०७९ फागुन १९ मा समाप्त भएको र बैंकमा हाल तपशिल बमोजिमको सञ्चालक समिति कार्यरत रहेको व्यहोरा जानकारी गराउन चाहन्छु ।

क्र.सं.	सञ्चालकहरूको नाम	पद	ठेगाना	नियुक्ती मिति
१	श्री चिन्तामणी भट्टराई (संस्थापक शेयरधनीको तर्फबाट)	अध्यक्ष	वडा नं. १, बानेश्वर, काठमाडौं ।	२०७९/०९/२६
२	श्री प्रविण कृष्ण श्रेष्ठ (संस्थापक शेयरधनीको तर्फबाट - प्रतिनिधि स्याकार कम्पनी प्रा.लि.)	सञ्चालक	ईखालुखु, वडा नं. १६, पाटन, ललितपुर ।	२०७९/०९/२६
३	श्री रामचन्द्र सिग्देल (संस्थापक शेयरधनीको तर्फबाट - प्रतिनिधि गौमाता इन्भेष्टमेन्ट प्रा.लि.)	सञ्चालक	पोखरा बडा नं.१२, भद्रकाली, कास्की	२०७९/०९/२६
४	अर्जुन थापा (सर्वसाधारण शेयरधनीको तर्फबाट - प्रतिनिधि उपग्रान एण्ड कम्पनी प्रा.लि.)	सञ्चालक	पोखरा म.न.पा. बडा नं.१४, कास्की	२०७९/०९/२६
५	गणेश राज रेग्मी (सर्वसाधारण शेयरधनीको तर्फबाट)	सञ्चालक	खिलुङ्ग देउराली ७, स्याङ्जा	२०७९/०९/२६
६	श्री केशव खतिवडा (सर्वसाधारण शेयरधनीको तर्फबाट - प्रतिनिधि काविशा इन्भेष्टमेन्ट प्रा.लि.)	सञ्चालक	कमल गा.पा. वडा नं. १, भ्र्पा	२०७९/०९/२६

(च) कारोबारलाई असर पार्ने मुख्य कुराहरू :

मुलुकको राजनीतिक, आर्थिक गतिविधि, नियामक निकायहरूको नीति, नियम तथा निर्देशनहरू, वित्तीय बजारमा रहेको प्रतिस्पर्धा, समग्र अर्थतन्त्रका परिसूचकहरू जस्ता कुराले विकास बैंकको व्यवसायमा प्रत्यक्ष वा परोक्ष रूपमा प्रभाव पर्दछ । विकास बैंकको कारोवारमा असर पार्ने प्रमुख कुराहरू निम्नानुसार रहेका छन् ।

- (क) समय समयमा देखिने तरलताको अभाव वा अधिक तरलताको प्रभाव ।
- (ख) देशको समग्र आर्थिक तथा वित्तीय नीतिमा आउने परिवर्तन, विदेशी विनिमय दरहरूमा हुने परिवर्तन ।
- (ग) उत्पादनशिल क्षेत्रमा अपेक्षित रूपमा कर्जा बृद्धि नहुनु ।
- (घ) वित्तीय संस्थाहरू बीच एक आपसमा बढ्दो तिव्र र अस्वस्थ प्रतिस्पर्धा ।
- (ङ) नियमनकारी निकायहरूबाट समय समयमा परिवर्तन हुने नीतिका कारणबाट सिर्जित हुन सक्ने जोखिमहरू ।
- (च) ब्याजदरमा देखिएको तीव्र उतार चढाव ।
- (छ) विप्रेषण आप्रवाहमा कमी आई मुलुकको अर्थतन्त्रमा उत्पन्न हुन सक्ने प्रभाव ।

उपरोक्त बमोजिमका चुनौती तथा जोखिम व्यवस्थापनको लागि जोखिमको पहिचान, मापन, अनुगमन, नियन्त्रण र रिपोर्टिङका लागि सुदृढ जोखिम संरचना तयार गरी कार्यान्वयनमा ल्याइएको छ । बैंकको कर्जा तथा सापटी र लगानी खराब भई तथा विनिमय दर परिवर्तनबाट हुन सक्ने जोखिमहरूको लागि नेपाल राष्ट्र बैंकको निर्देशन तथा आफ्नै विश्लेषणबाट बैंकले कर्जा नोक्सानी व्यवस्था लगानीमा सम्भावित नोक्सानी व्यवस्था, सटही घटबढ कोष जस्ता कोषहरूको व्यवस्था गर्ने गरेको छ । बैंकले प्रतिस्पर्धात्मक बजारको सामना गर्नको लागि जनशक्तिको ज्ञान तथा दक्षता अभिवृद्धिमा आवश्यक ध्यान पुऱ्याएको छ ।

(छ) लेखापरीक्षण प्रतिवेदनमा कुनै कैफियत उल्लेख भएको भए सो उपर सञ्चालक समितिको प्रतिक्रिया :

बैंकको नियमित कारोबारमा भएका/देखिएका सामान्य कैफियत बाहेक अन्य कुनै नकारात्मक कुराहरू लेखापरीक्षण प्रतिवेदनमा देखिएको छैन । प्राप्त प्रतिक्रिया तथा सुझावहरू प्रति सञ्चालक समितिको ध्यानाकर्षण भई आवश्यक सुधारको लागि समय समयमा व्यवस्थापनलाई निर्देशन दिने गरिएको तथा उक्त कैफियतहरूमा क्रमिक रूपमा सुधार हुँदै गईरहेको छ ।

(ज) लाभांश बाँडफाँड गर्न सिफारिस गरिएको रकम :

यस विकास बैंकको आर्थिक वर्ष २०७९/८० को मुनाफा, सञ्चित मुनाफा समेतको रकमबाट बैंकका शेयरधनीहरूलाई बैंकको हाल कायम चुक्ता पूँजीमा सोह्रौं वार्षिक साधारण सभाबाट पारित भएपश्चात लागु हुने गरी देहाय बमोजिमको वोनस शेयर तथा नगदको रूपमा लाभांश वितरण गर्ने सिफारिस गरिएको छ ।

विवरण	प्रतिशत	रकम (₹) अंकमा	रकम (₹) अक्षरमा
नगद लाभांश*	४.५०% (चार दशमलव पाँच प्रतिशत)	१५,२२,२६,९५७.८८	अक्षरेपी पन्ध्र करोड बाईस लाख छब्बीस हजार नौ सय सन्तावन्न र पैसा अठ्ठासी मात्र ।
बोनस शेयर	४.००% (चार प्रतिशत)	१३,५३,१२,८५९.४५	अक्षरेपी तेह करोड त्रिपन्न लाख बाह्र हजार आठ सय एकावन्न र पैसा पैतालीस मात्र ।
कुल	८.५०% (आठ दशमलव पाँच प्रतिशत)	२८,७५,३९,८०९.३३	अक्षरेपी अठ्ठाईस करोड पचहत्तर लाख उनान्चालीस हजार आठ सय नौ र पैसा तेत्तीस मात्र ।

(*नोट : नगद लाभांशमा, नगद लाभांश र बोनस शेयरमा लाग्ने कर समेत संलग्न रहेको)

- (भ) जफत गरिएको शेयर संख्या : समिक्षा आर्थिक वर्षमा कुनै शेयर जफत गरिएको छैन ।
 (ज) बैंक र यसका सहायक कम्पनीहरूले गरेको कारोबारको प्रगति : हाल बैंकको सहायक कम्पनी नरहेको ।
 (ट) बैंक र यसका सहायक कम्पनीहरूले आर्थिक वर्ष २०७९/८० मा सम्पन्न गरेको प्रमुख कारोबारहरू र सो अवधिमा कम्पनीको कारोबारमा आएको कुनै महत्वपूर्ण परिवर्तन : नभएको ।
 (ठ) विगत आर्थिक वर्ष बैंकका आधारभूत शेयरधनीहरूले बैंकलाई उपलब्ध गराएको जानकारी : नभएको ।
 (ड) विगत आर्थिक वर्षमा बैंकका सञ्चालक तथा पदाधिकारीहरूले लिएको शेयरको स्वामित्वको विवरण : नभएको ।
 (ढ) विगत आर्थिक वर्ष बैंकसँग सम्बन्धित सम्झौताहरूमा कुनै सञ्चालक तथा निजका आफन्तको व्यक्तिगत स्वार्थ सम्बन्धी जानकारी : नभएको ।
 (ण) बैंकले आफ्नो शेयर आफैँ खरिद गरेको विवरण : बैंकले आफ्नो शेयर आफैँ खरिद गरेको छैन ।

(त) आन्तरिक नियन्त्रण प्रणाली :

बैंकको सम्पूर्ण हर हिसाब लगायत दैनिक कार्य सम्पादन कम्प्युटर प्रविधि मार्फत गर्ने गरिएको छ । बैंकमा आन्तरिक नियन्त्रण तथा संस्थागत सुशासन कायम गर्न बैंकको सञ्चालक समितिले ठूलो भूमिका खेलेको छ । समिक्षा अवधिमा विकास बैंकको सञ्चालक समितिको २५ वटा बैठक बसी विभिन्न महत्वपूर्ण विषयहरूमा निर्णय लिइएको छ । नियमनकारी निकाय नेपाल राष्ट्र बैंकको निर्देशन अनुसार बैंकमा संस्थागत सुशासन कायम गर्न गैह्र कार्यकारी सञ्चालक श्री गणेश राज रेग्मीको संयोजकत्वमा लेखापरीक्षण समिति, सञ्चालक श्री केशव खतिवडाको सदस्य रहेको जोखिम ब्यवस्थापन समिति, सञ्चालक श्री प्रविण कृष्ण श्रेष्ठ संयोजकत्वमा कर्मचारी ब्यवस्थापन तथा सेवा सुविधा समिति तथा सञ्चालक श्री केशव खतिवडाको संयोजकत्वमा सम्पत्ति शुद्धिकरण निवारण समिति गठन गरिएको छ ।

उपरोक्त समितिहरूले विकास बैंकको कारोवारमा आन्तरिक नियन्त्रणका लागि विभिन्न प्रकारको निर्देशन गर्नुका साथै सन्तुलन तथा नियन्त्रणको भूमिका निर्वाह गर्दछन् । यसका अतिरिक्त आन्तरिक लेखापरीक्षक नियुक्त गरी नियमित रूपमा आन्तरिक लेखापरीक्षण गर्ने र त्यसको प्रतिवेदन लेखापरीक्षण समितिमा पेश गरी छलफल गर्ने गरिएको छ । उपरोक्त समितिहरूमा विस्तृत रूपमा छलफल पछि कौफियत र नियन्त्रणको लागि व्यवस्थापनलाई सञ्चालक समिति मार्फत निर्देशन दिइने गरेको छ । साथै आगामी दिनमा सम्पूर्ण समितिहरूलाई थप कृयाशिल बनाई अभि प्रभावकारी बनाइनेछ ।

यस विकास बैंकको आन्तरिक नियन्त्रण प्रणालीलाई सुदृढ बनाउन व्यवस्थापन स्तरमा निम्न वमोजिमका समितिहरू क्रियाशिल रहेको व्यहोरा समेत सभा समक्ष जानकारी गराउन चाहन्छु ।

- ❖ आर्थिक निर्देशन समिति
- ❖ पदपूर्ति समिति
- ❖ सम्पत्ति दायित्व व्यवस्थापन समिति
- ❖ खरिद समिति
- ❖ कर्जा असुली समिति
- ❖ लिलाम समिति
- ❖ सूचना प्रविधि अनुगमन समिति
- ❖ निःसर्ग समिति
- ❖ संस्थागत सामाजिक उत्तरदायित्व सम्बन्धी समिति
- ❖ व्यवस्थापन समिति

(थ) विगत आर्थिक वर्ष २०७९/८० को कुल व्यवस्थापन खर्चको विवरण :

क्र.सं.	विवरण	रकम रु.
१	कर्मचारी खर्च (वोनस व्यवस्था सहित)	रु. ४६,२८,५७,०५८-
२	सञ्चालन खर्च	रु. ३२,५२,७६,५५७-
कुल व्यवस्थापन खर्च		रु. ७८,८१,३३,६१५-

(द) लेखापरीक्षण समितिको काम कारवाहीको विवरण, सदस्यहरूको नाम, तथा निजहरूले प्राप्त गरेको पारिश्रमिक, भत्ता तथा सुविधा :

बैंकले आ.व. २०७९/८० मा आन्तरिक लेखा परीक्षण कार्यलाई चुस्त दुरुस्त राख्न स्वतन्त्र लेखापरीक्षक श्री पि. एल. श्रेष्ठ एण्ड कम्पनी चार्टर्ड एकाउण्टेन्ट्स लाई नियुक्त गरेको थियो । आन्तरिक लेखापरीक्षण प्रतिवेदन लेखापरीक्षण समितिलाई सोभै पेश गर्ने व्यवस्था मिलाइएको छ । लेखापरीक्षण समितिले आन्तरिक लेखापरीक्षकले तयार गरेको उक्त प्रतिवेदनलाई पुनरावलोकन गर्नुका साथै सञ्चालक समिति मार्फत व्यवस्थापनलाई आवश्यक निर्देशन दिने कार्य गर्दछ । यसका अतिरिक्त लेखापरीक्षण समितिले बैंकको वित्तीय स्थिति, आन्तरिक नियन्त्रण र जोखिम ब्यवस्थापन, कानून तथा नियमको परिपालना, लेखापरीक्षण कार्यबारे नियमित रूपमा समिक्षा गर्ने गरिएको छ र आवश्यकता अनुसार सञ्चालक समिति समक्ष विभिन्न प्रकारको सल्लाह सुझाव प्रदान गर्ने कार्य गर्दै आईरहेको छ । आ.व. २०७९/८० मा बैंकमा गैर कार्यकारी सञ्चालक श्री गणेश राज रेग्मीको संयोजकत्वमा गठित लेखापरीक्षण समितिमा सञ्चालक श्री अर्जुन थापा सदस्य तथा बैंकका आन्तरिक लेखापरीक्षण विभाग प्रमुख सदस्य सचिव रहनु भएको थियो । लेखापरीक्षण समितिका संयोजक तथा सदस्यलाई (कर्मचारी बाहेक) समिक्षा आ.व. मा सञ्चालक समितिको बैठक भत्ता सरह नै प्रति बैठक रु. ९,०००/- (कर सहित) भत्ता प्रदान गर्ने गरेको छ, सो बाहेक अतिरिक्त पारिश्रमिक प्रदान गरिएको छैन ।

(ध) सञ्चालक, प्रबन्ध सञ्चालक, कार्यकारी प्रमुख, बैंकका आधारभूत शेयरधनी वा निजका आफन्तले बैंकलाई बुझाउन बाँकी रकम : नभएको

(न) सञ्चालक, प्रबन्ध सञ्चालक, कार्यकारी प्रमुख तथा पदाधिकारीहरूलाई भुक्तानी गरिएको पारिश्रमिक, भत्ता तथा सुविधाको विवरण :

आ.व. २०७८/७९ मा बैठक भत्ता बापत अध्यक्षलाई प्रति बैठक रु. ११,०००/- र सञ्चालकहरूलाई प्रति बैठक रु. ९,०००/- कर सहित प्रदान गर्ने गरिएको छ । विकास

बैंकको कामको सिलसिलामा सञ्चालकहरूलाई भ्रमण भत्ता बिल बमोजिम तथा दैनिक भत्ता स्वदेशमा रु. ६,०००/- प्रति दिनका दरले प्रदान गर्ने गरिएको छ । अध्यक्ष तथा सञ्चालकलाई टेलिफोन सुविधा वापत मासिक रु.२,०००/- साथै पत्रपत्रिका सुविधा वापत मासिक रु. १,५००/- प्रदान गर्ने गरिएको छ ।

आ.व. २०७९/८० मा प्रमुख कार्यकारी अधिकृत तथा उच्च पदाधिकारीहरूलाई भुक्तानी गरिएको तलब भत्ताको विवरण :

अ) प्रमुख कार्यकारी अधिकृतलाई भुक्तानी गरिएको तलब भत्ता तथा अन्य सुविधाहरू :

विवरण	रकम
पारिश्रमिक	८०,००,०००.००
बोनस	२५,०९,७०४.५८
संचयकोष	५,८०,०००.००
दर्शै भत्ता	५,००,०००.००
अन्य भत्ता	५,००,०००.००
जम्मा	९,२०,८९,७०४.५८

आ) उच्च व्यवस्थापकीय श्रेणीमा कार्यरत कर्मचारीहरूलाई भुक्तान गरिएको विवरण :

पद	संख्या	तलब	वोनस	संचयकोष	दर्शै	अन्य	जम्मा रु
बरिष्ठ नायव प्रमुख कार्यकारी अधिकृत	१	२८,४०,०००	१९,७४,००९	१,७८,९२०	४,००,०००	३,९९,८००	५७,९२,७२९
नायव प्रमुख कार्यकारी अधिकृत	२	५९,३४,८७९	१६,९९,५९६	३,३६,९४५	३,४४,०००	४,८९,५८६	८०,०४,९९७
जम्मा	३	७९,७४,८७९	३६,७३,५९७	५,१५,८६५	७,४४,०००	८,८९,३८६	९,३७,९७,७९८

यस बाहेक कर्मचारी सेवा विनियमावली अनुसारको अन्य सुविधाहरू समेत उपलब्ध गराइएको छ ।

(प) शेयरधनीले बुझिलिन बाँकी रहेको लाभांशको रकम : बुझिलिन बाँकी रहेको लाभांशको रकम जम्मा रु. ८,६६,६८,६२९/- रहेको छ ।

(फ) दफा १४९ बमोजिम सम्पत्ति खरिद वा बिक्री गरेको विवरण : नभएको ।

(ब) दफा १७५ बमोजिम सम्बद्ध कम्पनी बीच भएको कारोबार :

विकास बैंकको शेयर सम्बन्धी सम्पूर्ण कारोबार (Registrar to Share) मुक्तिनाथ क्यापिटल लि. मार्फत गर्दै आएकोमा उक्त कार्य गरे बापत उक्त कम्पनीलाई यस आ.व. २०७९/८० मा रु. २,७५,०००.००/- (अक्षरेपी दुई लाख पचहत्तर मात्र) सेवा शुल्क भुक्तानी गरिएको छ ।

(भ) कम्पनी ऐन २०६३ तथा प्रचलित कानून बमोजिम यस प्रतिवेदनमा खुलाउन पर्ने अन्य कुराहरू : नभएको ।

(म) अन्य आवश्यक कुराहरू: नभएको ।

मानव संसाधन :

विकास बैंकमा २०८० आषाढ मसान्त सम्म जम्मा ६३४ जना कर्मचारीहरू कार्यरत रहेका थिए । बैंकको उन्नति तथा प्रगतिको लागि मानव संसाधन एक अत्यावश्यक तथा महत्वपूर्ण सम्पत्ति रहेको कारणले कर्मचारीहरूको बृत्ति विकास तथा कार्यक्षमता अभिवृद्धिका लागि समय समयमा तालिम, सेमिनारमा भाग लिन पठाउने तथा आवश्यकता अनुसार आन्तरिक तालिम दिने व्यवस्था गर्दै आएका छौं । बैंकको सफलता बैंकमा कार्यरत कर्मचारीको लगन, निष्ठा, ज्ञान, सिप, कार्यकुशलता, नैतिकता तथा परिश्रममा निर्भर रहने भएको कारणले हरेक कर्मचारीलाई बैंकको सम्पत्तिको रूपमा व्यवहार गर्ने गरिएको छ । संस्थामा कार्यरत कर्मचारीहरूको सन्तुष्टि र व्यक्तिगत विकासबाट नै बैंकको समग्र विकास हुने कुरालाई ध्यानमा राखी बैंकले विभिन्न प्रकारका मानव संसाधन नीतिहरू कार्यान्वयन गर्दै आईरहेको छ ।

संस्थागत सुशासन :

लुम्बिनी विकास बैंकले संस्थागत सुशासनलाई उच्च प्राथमिकतामा राख्दै नियमनकारी निकायहरू नेपाल राष्ट्र बैंक, कम्पनी रजिष्ट्रारको कार्यालय, धितोपत्र बोर्ड, नेपाल स्टक एक्सचेन्ज लगायतबाट जारी गरिएका निर्देशन तथा परिपत्रहरूको कटिबद्ध रूपमा पालना गर्दै आएको छ । संस्थागत सुशासनलाई प्रभावकारी बनाउन विकास बैंकमा सञ्चालक स्तरीय तथा व्यवस्थापन स्तरीय विभिन्न समिति र उप-समितिहरूलाई सक्रिय बनाईएको छ । नेपाल राष्ट्र बैंकबाट जारी एकीकृत निर्देशन तथा अन्य प्रचलित ऐन नियम बमोजिम यस विकास बैंकका सञ्चालकहरू तथा कर्मचारीहरूबाट पालना गर्नुपर्ने आचरणहरू पालना भएको र यस सम्बन्धमा विकास बैंकको सञ्चालक समिति पूर्ण प्रतिवद्ध रहेको छ ।

आन्तरिक समिति/उपसमिति:

(१) लेखापरीक्षण समिति :

नेपाल राष्ट्र बैंकबाट जारी एकीकृत निर्देशन बमोजिम बैंकमा गैर कार्यकारी सञ्चालकको संयोजकत्वमा गठित तपशिल बमोजिमको लेखापरीक्षण समिति क्रियाशिल रहेको छ ।

क) श्री गणेश राज रेग्मी, संचालक	: संयोजक
ख) श्री अर्जुन थापा, संचालक	: सदस्य
ग) प्रमुख-आन्तरिक लेखापरीक्षण विभाग	: सदस्य सचिव
आ.व. २०७९/८० मा वसेको बैठक संख्या	: १०

समितिको कार्य सम्बन्धी संक्षिप्त विवरण:

समिक्षा आ.व. आ.ब. २०७९/८० मा उक्त समितिले ऐन, नियम, नेपाल राष्ट्र बैंकबाट जारी एकीकृत निर्देशन र समय समयमा जारी परिपत्र अन्तर्गत दिईएका जिम्मेवारी बमोजिम कार्य गर्दै लेखापरीक्षकहरूले जारी गरेको प्रतिवेदन उपर छलफल गर्ने, उठाईएका कैफियतहरू पुनरावलोकन गर्ने, कैफियतहरू सुधारका लागि सिफारिस गर्ने, आवश्यक निर्देशन दिने, लेखापरीक्षक नियुक्तिको लागि सिफारिस गर्ने, वार्षिक लेखापरीक्षण सम्बन्धी कार्ययोजना तयार गरी उक्त कार्ययोजनाको समय समयमा समिक्षा गर्ने लगायतका कार्यहरू गर्दै आईरहेको छ।

(२) जोखिम व्यवस्थापन समिति :

नेपाल राष्ट्र बैंकबाट जारी एकीकृत निर्देशन बमोजिम बैंकमा गैर कार्यकारी सञ्चालकको संयोजकत्वमा गठित तपशिल बमोजिमको जोखिम व्यवस्थापन समिति क्रियाशिल रहेको छ।

क) श्री गणेश राज रेग्मी, संयोजक, लेखापरीक्षण विभाग	: सदस्य
ख) श्री केशव खतिवडा, संचालक	: सदस्य
ग) प्रमुख-संचालन विभाग	: सदस्य
३) प्रमुख-कर्जा विभाग/जोखिम व्यवस्थापन विभाग	: सदस्य सचिव
आ.ब. २०७९/८० मा बसेको बैठक संख्या	: ५

समितिको कार्य सम्बन्धी संक्षिप्त विवरण:

आ.व. आ.ब. २०७९/८० मा उक्त समितिले बैंकको कारोबारमा निहित बिभिन्न प्रकारका जोखिमहरू सम्बन्धमा बिभिन्न कोण तथा औजारहरूको माध्यमबाट विश्लेषण गरी के कसरी बैंकको समग्र कारोबारमा निहित जोखिमहरू न्यूनीकरण गर्ने विषयका साथै बैंकको पूँजी पर्याप्तता सम्बन्धी आन्तरिक विश्लेषण, क्षेत्रगत सीमा निर्धारण तथा अनुपालना, दवाव परीक्षण आदिको अनुगमन गर्ने गरेका, विकास बैंकको जोखिम सम्बन्धमा अन्य जानकारी लिने तथा त्यस सम्बन्धमा सञ्चालक समितिमा राय सुझाव तथा सिफारिस पेश गर्ने गरेको छ।

(३) कर्मचारी व्यवस्थापन तथा सेवा सुबिधा समिति :

नेपाल राष्ट्र बैंकबाट जारी एकीकृत निर्देशन बमोजिम बैंकमा गैर कार्यकारी सञ्चालकको संयोजकत्वमा गठित तपशिल बमोजिमको कर्मचारी व्यवस्थापन तथा सेवा सुबिधा समिति क्रियाशिल रहेको छ।

क) श्री प्रविण कृष्ण श्रेष्ठ, संचालक	: संयोजक
ख) श्री रामचन्द्र सिग्देल, संचालक	: सदस्य
ग) प्रमुख कार्यकारी अधिकृत	: सदस्य
घ) प्रमुख-लेखा विभाग	: सदस्य
ङ) प्रमुख-जनशक्ति व्यवस्थापन विभाग	: सदस्य सचिव
आ.ब. २०७९/८० मा बसेको बैठक संख्या	: ५

समितिको कार्य सम्बन्धी संक्षिप्त विवरण:

समिक्षा अर्वाधि आ.ब. २०७९/८० मा उक्त समितिले बैंकमा आवश्यक मानव संसाधनको दरबन्दी तय गर्ने, कार्यक्षमता विकास गर्न तालिम कार्यक्रम तथा नीति तयार गर्ने, कर्मचारीको सेवाको शर्त, तलव भत्ता लगायतका अन्य सुबिधाहरू पुनरावलोकन गर्ने, शाखा वर्गिकरण नीति, पुरस्कार तथा पहिचान नीति पारित गर्ने लगायतका कार्यहरू गरी सञ्चालक समितिको बैठकमा सुझाव पेश गर्ने गरेको छ।

(४) सम्पत्ति शुद्धीकरण निवारण समिति:

नेपाल राष्ट्र बैंकबाट जारी एकीकृत निर्देशन बमोजिम बैंकमा गैर कार्यकारी सञ्चालकको संयोजकत्वमा गठित तपशिल बमोजिमको सम्पत्ति शुद्धीकरण निवारण समिति क्रियाशिल रहेको छ।

क) श्री केशव खतिवडा, संचालक	: संयोजक
ख) प्रमुख-अनुपालन विभाग	: सदस्य
ग) प्रमुख जोखिम व्यवस्थापन विभाग	: सदस्य
घ) कार्यान्वयन अधिकारी	: सदस्य सचिव
आ.ब. २०७९/८० मा बसेको बैठक संख्या	: ५

समितिको कार्य सम्बन्धी संक्षिप्त विवरण:

समिक्षा अर्वाधि आ.व. २०७९/८० मा यस समितिले विकास बैंकमा ग्राहक पहिचान सम्बन्धी विद्यमान व्यवस्थाको अध्ययन, निरीक्षण तथा अनुगमन गर्ने, ग्राहक पहिचान पद्धति तथा सम्पत्ति शुद्धीकरण सम्बन्धमा हुन सक्ने सम्भावित आर्थिक गतिविधि र सोको नियन्त्रणको लागि नीति निर्माण गर्ने सम्बन्धमा सञ्चालक समिति समक्ष सुझाव पेश गर्ने कार्य गरेको छ। समितिले AML/CFT & KYC सम्बन्धी नीति तथा कार्यविधि तयार गरी सञ्चालक समितिबाट पारित गराई उक्त AML/CFT & KYC सम्बन्धी नीति तथा कार्यविधि कार्यान्वयनमा समेत ल्याई सकेको छ। नेपाल राष्ट्र बैंकको निर्देशन बमोजिम TTR तथा STR रिपोर्ट वित्तीय जानकारी ईकाइमा अनलाईन प्रविधि मार्फत सफलतापूर्वक पठाउन शुरु गरि सकिएको छ।

सम्पत्ति शुद्धिकरण निवारण सम्बन्धमा :

विकास बैंकले सम्पत्ति शुद्धिकरण तथा आतंकवादी क्रियाकलापमा वित्तीय लगानी निवारण सम्बन्धमा प्रचलित ऐन, नियम तथा नेपाल राष्ट्र बैंकबाट जारी एकीकृत निर्देशन र अन्य परिपत्रहरूको कार्यान्वयन तथा पालना गरि आएको छ । साथै बैंकमा गैर कार्यकारी सञ्चालकको संयोजकत्वमा क्रियाशिल सम्पत्ति शुद्धिकरण निवारण समितिले प्रचलित ऐन नियम तथा निर्देशन अन्तर्गत रही आफ्नै छुट्टै सम्पत्ति शुद्धिकरण नीति र ग्राहक पहिचान सम्बन्धमा AML/CFT & KYC सम्बन्धी नीति तथा कार्यविधि समेत तयार गरी सञ्चालक समितिबाट पारित गराई लागु गरेको छ । सम्पत्ति शुद्धिकरण तथा आतंकवादी क्रियाकलापमा वित्तीय लगानी निवारण विषय एक संवेदनशिल विषय रहेकोले बैंकका कर्मचारीहरूलाई यस विषयमा समयानुकूल तालिम दिईने गरिएको छ र ग्राहक पहिचान कार्यलाई निरन्तर चल्ने प्रक्रियाको रूपमा लिई आवश्यकता अनुसार ग्राहकहरूको विवरणहरू अद्यावधिक गर्दै गईरहेको छ ।

संस्थागत सामाजिक उत्तरदायित्व :

बैंकले संस्थागत सामाजिक उत्तरदायित्व अन्तर्गत विभिन्न सामाजिक संघ संस्थाहरू, विद्यालयहरू तथा लक्षित समुहलाई नगद तथा जिन्सी शैक्षिक सामग्रीहरू, कोभिड १९ वाट सुरक्षा प्रदान गर्न विभिन्न ठाउँमा मास्क, स्यानिटाइजर, पञ्जा लगायतका स्वास्थ्य सामग्रीहरू, विपन्न वर्गहरूलाई खाद्यान्न सहयोग प्रदान गर्दै आईरहेको छ । विभिन्न संघ संस्थाहरूबाट आयोजना हुने जनचेतना सम्बन्धी कार्यक्रममा खानेपानी वितरण, सार्वजनिक स्थलहरू, नदिनाला सफाई आदि कार्यक्रमहरूमा विभिन्न सामग्रीहरूका साथमा प्रत्यक्ष सहभागि भै योगदान गर्ने गरिएको छ । आगामी दिनमा पनि यस किसिमका संस्थागत सामाजिक उत्तरदायित्वका कार्यक्रमहरूलाई सक्रिय एवं प्रभावकारी रूपमा सञ्चालनमा ल्याईने व्यहोरा उल्लेख गर्न चाहन्छौं ।

प्रविधि :

यस विकास बैंकले आफ्नो दैनिक बैंकिङ्ग कार्यप्रणाली एफयचषेख नामको बैंकिङ्ग सफ्टवेयरबाट सञ्चालन गर्दै आईरहेको छ । पुमोरी सफ्टवेयरमा समय सापेक्ष सुधार गरी नयाँ संस्करणको रूपमा तयार गरिएको Pumori IV सफ्टवेयर बैंकिङ्ग क्षेत्रमा बिश्वास प्राप्त नै रहेको छ । यसका साथै उक्त सफ्टवेयरमा आवश्यकता अनुसार समय समयमा सुधार तथा थप परिमार्जन समेत भईरहेको छ भने सफ्टवेयर प्रदायक कम्पनीबाट समेत समय समयमा आवश्यक सहयोग तथा सुझाव प्राप्त भैरहेको छ । विकास बैंकले कर्मचारी व्यवस्थापनको लागि NIMBLE नामक सफ्टवेयर र सम्पत्ति शुद्धिकरण निवारण तथा go-AML रिपोर्टिङ प्रयोजनको लागि INFICARE नामक सफ्टवेयर तथा NCHL Connect IPS मा आबद्ध भई ePayment सेवा कर्जा लगानीसंग सम्बन्धित लगायत सञ्चालनमा ल्याएको व्यहोरा जानकारी गराउन चाहन्छु ।

शेयरधनीसँगको सम्बन्ध तथा शेयरधनीहरूलाई सूचना व्यवस्था:

समिक्षा अर्वाधि २०८० असार मसान्त सम्ममा यस विकास बैंकका जम्मा संस्थापक शेयरधनीको संख्या ३७९ तथा सर्वसाधारण शेयरधनीको संख्या ४०,६९५ रहेको जानकारी गराउँदछु । बैंकले शेयरधनीहरूसँग सूचना आदान प्रदान गर्ने कार्यलाई उच्च प्राथमिकता दिईएको छ । वार्षिक साधारणसभामा शेयरधनी महानुभावहरूसँगको प्रत्यक्ष संवादको माध्यमबाट बैंकले मार्ग निर्देशन प्राप्त गर्ने गरेको छ । बैंकको वार्षिक प्रतिवेदन, त्रैमासिक प्रतिवेदन, प्रेस विज्ञप्ती लगायत अन्य जानकारीहरू विभिन्न सञ्चार माध्यम एवं बैंकको वेबसाइट www.lumbinibikasbank.com द्वारा उपलब्ध गराउने गरिएको छ । यसै गरी शेयरधनीहरूको हकहितलाई मध्यनजर गरी संस्थागत सुशासन तथा अनुपालनको स्तरलाई उच्चतम राख्ने कार्यमा बैंकले सदैव महत्व दिदै आएको छ । बैंकले नेपाल राष्ट्र बैंक तथा अन्य नियामक निकायहरूबाट समय समयमा जारी भएका निर्देशनको अधीनमा रही विभिन्न नीति नियम सञ्चालक समितिबाट स्वीकृत गराई पूर्ण रूपमा लागू गर्दै आएको छ ।

धन्यवाद ज्ञापन

यस विकास बैंकले तय गरेका उद्देश्य प्राप्तिका लागि विभिन्न समयमा प्रत्यक्ष अप्रत्यक्ष रूपमा महत्वपूर्ण सहयोग पुऱ्याउनु हुने तथा बैंकप्रति बिश्वास कायम राखी धैर्यतापूर्वक बैंकको भविष्य सुनिश्चित तुल्याई बैंकको अवस्था मजबुत बनाउन देखाउनु भएको सद्भाव तथा हौसला प्रति समस्त आदरणीय शेयरधनी महानुभावहरूमा हार्दिक कृतज्ञता व्यक्त गर्दछौं ।

यस लुम्बिनी विकास बैंकलाई अझ बलियो र सुदृढ विकास बैंकको रूपमा वित्तीय बजारमा पहिचान बनाउन विभिन्न किसिमले सक्रिय सहयोग पुऱ्याउनु हुने तथा अभिभावकको रूपमा निरन्तर मार्गदर्शन तथा सदा साथ दिनुहुने आदरणीय शेयरधनी महानुभावहरू तथा नियमनकारी निकायहरू नेपाल सरकार, नेपाल राष्ट्र बैंक, नेपाल धितोपत्र बोर्ड, कम्पनी रजिष्ट्रारको कार्यालयका साथै नेपाल स्टक एक्सचेन्ज लि. तथा अन्य प्रत्यक्ष परोक्ष रूपमा सहयोग पुऱ्याउँदै आउनु भएका सम्पूर्ण निकायहरू तथा शुभचिन्तक महानुभावहरू प्रति हार्दिक कृतज्ञता ज्ञापन गर्दै भविष्यमा पनि यसै गरी यहाँहरूको साथ र सहयोग पाईरहने बिश्वास लिएका छौं । अन्त्यमा, यस विकास बैंकको सम्बृद्धिको लागि निरन्तर क्रियाशील भई आफ्नो मेहनत र लगनका साथ बैंकलाई दिनुभएको योगदानको लागि म सञ्चालक समितिको तर्फबाट विकास बैंकको ब्यवस्थापन समुह लगायत सम्पूर्ण कर्मठ कर्मचारीहरूलाई धन्यवाद दिन चाहन्छु ।

धन्यवाद ।

सञ्चालक समितिको तर्फबाट
चिन्तामणी भट्टराई
अध्यक्ष
मिति : २०८०/०९/२६

**धितोपत्र दर्ता तथा निष्काशन नियमावली २०७३ को
अनुसूची-१५ (नियम २६ को उपनियम (२) सँग सम्बन्धित) अन्य विवरणहरू :**

१. सञ्चालक समितिको प्रतिवेदन:

वार्षिक प्रतिवेदनमा संलग्न गरिएको ।

२. लेखापरीक्षकको प्रतिवेदन:

वार्षिक प्रतिवेदनमा संलग्न गरिएको ।

३. लेखापरीक्षण भएको वित्तीय विवरण:

वार्षिक प्रतिवेदनमा संलग्न गरिएको ।

४. कानूनी कारवाही सम्बन्धी विवरण:

- (क) यस आ.व. २०७९/८० मा बैंकको विरुद्ध कर्जा तथा दैनिक कार्य सम्बन्धमा ग्राहक तथा बैंक बीच हुने सामान्य मुद्दा बाहेक तात्विक असर हुने अन्य कुनै पनि मुद्दा दायर गरेको छैन ।
- (ख) यस आ.व. २०७९/८० मा बैंकका संस्थापक वा संचालकले वा संस्थापक वा संचालकको विरुद्धमा प्रचलित नियमको अवज्ञा वा फौजदारी अपराध सम्बन्धमा कुनै मुद्दा दायर भएको जानकारी प्राप्त भएको छैन ।
- (ग) यस आ.व. २०७९/८० मा संस्थाको कुनै पनि संस्थापक वा सञ्चालक विरुद्ध आर्थिक अपराध सम्बन्धी कुनै मुद्दा दायर भएको जानकारी प्राप्त भएको छैन ।

५. संगठित संस्थाको शेयर कारोबार सम्बन्धी विवरण :

- (क) यस संस्थाका शेयरहरू नेपाल स्टक एक्सचेन्जमा सुचिकृत भै कारोबार भैरहेको छ। शेयरको मूल्य तथा कारोवार बजारले निर्धारण गर्ने हुँदा यस संस्थाको व्यवस्थापन शेयरको मूल्य तथा कारोवार प्रति तटस्थ छ ।
- (ख) आ.व. २०७९/८०मा विकास बैंकको शेयर कारोबारको विवरण (नेपाल स्टक एक्सचेन्ज लि.को वेवसाईट अनुसार): निम्न बमोजिम रहेको छ ।

अधिकतम मूल्य (रु.)	न्युनतम मूल्य (रु.)	अन्तिम मूल्य	कुल कारोबार भएको दिन	कारोबार संख्या
४५०	३०५	४१३	२३०	४६,८९७

६. समस्या तथा चुनौतीहरू :

आन्तरिक तथा बाह्य समस्याहरू:

- (क) ब्याजदरमा हुने परिवर्तन ।
- (ख) कर्जा असुलीमा जटिलता ।
- (ग) लगानीको क्षेत्र संकुचित हुँदै जानु ।
- (घ) दक्ष जनशक्तिको अभाव ।
- (ङ) घट्टो स्प्रेड दर ।

आन्तरिक तथा बाह्य चुनौतीहरू :

- (क) देशमा भित्रिने विप्रेषणमा पर्ने प्रभाव ।
- (ख) बैकिङ क्षेत्रमा बढ्दो प्रतिस्पर्धा ।
- (ग) अन्तर्राष्ट्रिय स्तरमा देखिएको मन्दी ।
- (घ) नीति नियमहरू परिवर्तनबाट हुन सक्ने जोखिम ।

७. विवरणपत्रमा प्रक्षेपण गरिएका र लेखापरीक्षण भएको विवरणहरूमा वीस प्रतिशत वा सो भन्दा बढी फरक सम्बन्धी विवरण :

छैन ।

८. नियम २२ को उपनियम (५) सँग सम्बन्धित विशेष घटना वा परिस्थिति सम्बन्धी विवरण :

नरहेको

आजका मितिसम्म यस प्रतिवेदनमा उल्लेखित जानकारी तथा विवरणहरूको शुद्धता सम्बन्धमा म व्यक्तिगत रूपमा उत्तरदायित्व लिन्छु । साथै म यो उद्घोष गर्दछु की मैले जाने बुझेसम्म यस प्रतिवेदनमा उल्लेखित विवरणहरू सत्य, तथ्य तथा पूर्ण छन् र लगानीकर्ताहरूलाई सुसूचित हुन, निर्णय लिन आवश्यक कुनै विवरण, सूचना तथा जानकारीहरू लुकाईएको छैन ।

नरेश सिंह बोहरा

प्रमुख कार्यकारी अधिकृत

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF LUMBINI BIKAS BANK LIMITED**

Opinion

We have audited the accompanying financial statements of Lumbini Bikas Bank Ltd (Bank), which comprise statement of financial position as at Ashad 31, 2080 (July 16, 2023) and statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and notes to the financial statements.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank as at Ashad 31, 2080, its financial performance and its cash flows for the year then ended in accordance with Nepal Financial Reporting Standards (NFRSs).

Basis for Opinion

We conducted our audit in accordance with Nepal Standards on Auditing (NSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the Financial Statements section of our report. We are independent of the Bank and we have fulfilled our other ethical responsibilities in accordance with the ICAN's Handbook of the Code of Ethics for Professional Accountants. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are matters based on our judgment, are of most significance in the audit of the financial statements of the current period, which were addressed in the context of the audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide separate opinion on these matters.

The results of our audit procedures, including the procedures performed to address the matters below, provides the basis for our audit opinion on the accompanying financial statements.

Following are the Key Audit Matters:

S.No.	Key Audit Matters	How the matters were addressed in our audit
1.	Investment Securities Valuation Ref. Note no. 4.8 and accounting policies to the financial statements.	
	<p>The Bank has total investment securities of Rs. 7,770,323,132 as at 31st Ashadh 2080 classified into different categories as Investment securities measured at amortized cost and Investment in equity measured at fair value through other comprehensive income, which in aggregate represent 13.19 % of the total assets of the Bank.</p> <p>Classification of investment into different categories as Investment securities measured at amortized cost and Investment in equity measured at</p>	<p>We applied following procedures in respect of Investment verification:</p> <ul style="list-style-type: none"> ➤ Review of accounting policies adopted by the Bank based on Nepal Financial Reporting Standards and the Directives issued by NRB and compliance of the same. ➤ Evaluation of management's assessment to categorize investments into different categories as Investment securities measured at amortized cost and Investment in equity measured at fair value through other comprehensive income



	<p>fair value through other comprehensive income warrant management judgement and it impacts on valuation of investment securities and impairment allowance.</p> <p>Due to the percentage of volume over total assets and the requirement of management judgment for measurement of impairment allowance, considered this as key audit matter.</p>	<ul style="list-style-type: none"> ➤ Verification of valuation of investment on sampling basis in reference to its cost and quoted market price as the case may be. ➤ Verification of impairment allowance provided for different investments in commensurate with NFRSs and NRB Directives. <p>Accounting policies, classification, valuation and impairment allowances for the investments are considered acceptable.</p>
2.	Loan Loss Provision Ref. Note no. 4.7 and accounting policies to the financial statements.	
	<p>The Bank's advances to the customers represent 70.34 % of its total assets at the end of the period under review and are stated at Rs. 41.43 billion which is net of provision of Rs. 1.6 billion. The provision against advances was identified as a key audit matter as it involves a considerable degree of management judgment and compliance with Directives and Circulars issued by Nepal Rastra Bank.</p>	<p>We applied following procedures in respect of verification of loan loss provision:</p> <ul style="list-style-type: none"> ➤ Review of borrower's files, which includes evaluation of borrowers' repayment behavior, assessment of financial strength based on the available financial statements, adequacy of security/collateral, obtainment of required legal documents, CIC reports, and compliance with prudential regulations. ➤ Business sites visit of the borrowers on sampling basis. ➤ Review of IT system to provide loan loss provision based on overdue payments. ➤ On sampling basis, verification of accuracy of provision against non-performing loan calculated by the IT system and manual calculation sampling basis. ➤ Evaluation of appropriateness of subjective judgement made by the management for performing loans' borrowers. ➤ Review of Board's evaluation and decisions on loans. <p>Loan loss provision made by the Bank is considered acceptable.</p>

Other Matters

We did not audit the financial statements and other financial information of the associate companies. Disclosures included in respect of associate companies are based solely on the management certification.

Other Information

Management is responsible for other information. Other information comprises the information included in Annual Report and Report of Board of Directors but does not include the financial statements and our reports thereon.



Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appear to be materially misstated. When we read the annual report, if we conclude that there is material misstatement, therein, we are required to request management and those charged with governance to correct the material misstatement.

Responsibilities of the Management and Those charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Nepal Financial Reporting standards (NFRSs) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations or has no realistic alternative but to do so, those charged with governance are responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with NSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with NSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.



We communicate with those charged with governance regarding among other matters, the planned scope and timing of the audit and significant audit findings including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

On the basis of our examination, we would like to further report that:

- I. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of audit.
- II. The accounts and records of the Bank have been maintained as required by law.
- III. Financial statements are in agreement with the books of account maintained by the Bank.
- IV. The capital fund, risk bearing fund and the provision for possible impairment of assets of the Bank are adequate as per the Directives issued by Nepal Rastra Bank.
- V. In our opinion and to the best of our information and according to the explanations given to us, the Board of Directors, the representative or any employee of the Bank has not acted contrary to the provision of law relating to accounts nor caused direct loss or damage to the Bank deliberately or acted in a manner that would jeopardize the interest and security of the Bank.
- VI. The operations of the Bank are within its jurisdiction.
- VII. The Bank has not acted in a manner to jeopardize the interest and security of the depositors and investors.
- VIII. The Bank has a centralized core accounting system and details received from branches of the Bank though the statements are independently not audited, were adequate for our audit, and
- IX. We have not come across any fraudulence in the accounts, so far as it appeared from our examination of the books of account.


CA. Binay Prakash Shrestha

Proprietor

K.A.S. Associates

Chartered Accountants

UDIN No. : 231212CA00116mOcqn



Date : 2080.08.26

Place: Kathmandu

Statement of Financial Position

As at 31st Ashad 2080 (16 July 2023)

Figures in NPR

Particulars	Note	Bank	
		As at 31st Ashad 2080	As at 32nd Ashad 2079
Assets			
Cash and cash equivalent	4.1	3,666,749,402	4,871,373,392
Due from Nepal Rastra Bank	4.2	1,959,607,644	1,111,432,968
Placement with Bank and Financial Institutions	4.3	-	-
Derivative financial instruments	4.4	-	-
Other trading assets	4.5	-	-
Loan and advances to B/FIs	4.6	2,176,735,849	2,340,844,498
Loans and advances to customers	4.7	41,426,071,891	38,068,026,472
Investment securities	4.8	7,770,323,132	8,419,718,253
Current tax assets	4.9	134,903,804	172,361,879
Investment in subsidiaries	4.10	-	-
Investment in associates	4.11	595,507,441	670,276,588
Investment property	4.12	169,415,553	71,277,297
Property and equipment	4.13	767,414,893	753,365,190
Goodwill and Intangible assets	4.14	4,174,752	3,600,017
Deferred tax assets	4.15	-	-
Other assets	4.16	220,558,285	206,234,756
Total Assets		58,891,462,645	56,688,511,309
Liabilities			
Due to Bank and Financial Institutions	4.17	963,569,866	1,498,221,240
Due to Nepal Rastra Bank	4.18	488,675,000	5,607,560,325
Derivative financial instruments	4.19	-	-
Deposits from customers	4.20	49,132,059,667	42,873,977,592
Borrowing	4.21	-	-
Current Tax Liabilities	4.9	-	-
Provisions	4.22	-	-
Deferred tax liabilities	4.15	208,786,769	70,557,769
Other liabilities	4.23	872,769,038	908,168,643
Debt securities issued	4.24	1,008,536,543	-
Subordinated Liabilities	4.25	-	-
Total liabilities		52,674,396,883	50,958,485,569
Equity			
Share capital	4.26	3,382,821,286	3,284,292,511
Share premium		-	-
Retained earnings		300,860,866	460,394,814
Reserves	4.27	2,533,383,609	1,985,338,415
Total equity attributable to equity holders		6,217,065,762	5,730,025,740
Non-controlling interest		-	-
Total equity		6,217,065,762	5,730,025,740
Total liabilities and equity		58,891,462,645	56,688,511,309
Contingent liabilities and commitment	4.28	2,090,535,480	3,229,227,611
Net assets value per share		183.78	174.47

As per our report of even date

Nawaraj Bhandari
Head- Finance Account and Treasury

Naresh Singh Bohra
Chief Executive Officer

Chintamani Bhattarai
Chairman

CA Binay Prakash Shrestha
K.A.S. Associates
Chartered Accountants

Keshav Khatiwada
Director

Arjun Thapa
Director

Ganesh Raj Regmi
Director

Ram Chandra Sigdel
Director

Prabin Krishna Shrestha
Director

Date: 2080.08.26

Statement of Profit or Loss

For the Year Ended 31st Ashad 2080 (16 July 2023)

Figures in NPR

Particulars	Note	Bank	
		Year ended 31st Ashad 2080	Year ended 32nd Ashad 2079
Interest income	4.29	6,772,451,797	4,821,045,608
Interest expense	4.30	4,928,659,569	3,288,682,446
Net interest income		1,843,792,228	1,532,363,163
Fee and commission income	4.31	165,681,944	162,435,450
Fee and commission expense	4.32	11,316,347	8,478,224
Net fee and commission income		154,365,596	153,957,227
Net interest, fee and commission income		1,998,157,824	1,686,320,389
Net trading income	4.33	21,151	(52,231)
Other operating income	4.34	49,164,606	51,117,319
Total operating income		2,047,343,581	1,737,385,478
Impairment charge/(reversal) for loans and other losses	4.35	545,734,527	34,063,225
Net operating income		1,501,609,054	1,703,322,253
Operating expense			
Personnel expenses	4.36	462,857,058	458,217,992
Other operating expenses	4.37	208,101,828	194,047,790
Depreciation & Amortization	4.38	105,858,382	109,150,800
Operating Profit		724,791,786	941,905,671
Non operating income	4.39	1,450,000	500,000
Non operating expense	4.40	18,328,473	4,553,259
Profit before income tax		707,913,314	937,852,412
Income tax expense	4.41	210,240,796	300,659,147
Current Tax		210,125,978	309,535,983
Deferred Tax		114,818	(8,876,836)
Profit for the period		497,672,518	637,193,265
Profit attributable to:			
Equity holders of the Bank		497,672,518	637,193,265
Non-controlling interest		-	-
Profit for the period		497,672,518	637,193,265
Earnings per share			
Basic earnings per share		14.71	19.40
Basic earnings per share (Restated)		14.71	18.84
Diluted earnings per share (Restated)		14.71	18.84

As per our report of even date

Nawaraj Bhandari
Head- Finance Account and Treasury

Naresh Singh Bohra
Chief Executive Officer

Chintamani Bhattarai
Chairman

CA Binay Prakash Shrestha
K.A.S. Associates
Chartered Accountants

Keshav Khatiwada
Director

Arjun Thapa
Director

Ganesh Raj Regmi
Director

Ram Chandra Sigdel
Director

Prabin Krishna Shrestha
Director

Date: 2080.08.26

Statement of Comprehensive Income

For the Year Ended 31st Ashad 2080 (16 July 2023)

Figures in NPR

Particulars	Note	Bank	
		Year ended 31st Ashad 2080	Year ended 32nd Ashad 2079
Profit for the year		497,672,518	637,193,265
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		456,292,836	(365,885,150)
• Gains/(losses) on revaluation			
• Actuarial gains/(losses) on defined benefit plans		4,087,768	(17,536,567)
• Income tax relating to above items		(138,114,181)	115,026,515
Net other comprehensive income that will not be reclassified to profit or loss		322,266,423	(268,395,202)
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		(37,312,593)	86,541,837
Other comprehensive income for the period, net of income tax		284,953,830	(181,853,365)
Total comprehensive income for the year		782,626,348	455,339,900
Total comprehensive income attributable to:			
Equity holders of the Bank		782,626,348	455,339,900
Non-controlling interest		-	-
Total comprehensive income for the period		782,626,348	455,339,900

.....
Nawaraj Bhandari
Head- Finance Account and Treasury

.....
Naresh Singh Bohra
Chief Executive Officer

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Chintamani Bhattarai
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Ganesh Raj Regmi
Director

.....
Ram Chandra Sigdel
Director

.....
Prabin Krishna Shrestha
Director

Date: 2080.08.26

Statement of Changes in Equity
For the Year Ended 31st Ashad 2080 (16 July 2023)

Particulars	Bank										Total
	Share Capital	Share premium	General reserve	Exchange equalization reserve	Regulatory reserve	Fair value reserve	Revaluation Reserve	Retained earning	Other reserves		
Balance at Shrawan 1, 2078	2,906,453,550	-	807,085,177	848,105	178,242,218	516,594,984	-	435,012,253	450,335,508	5,294,571,795	
Comprehensive income for the year											
Profit for the year	-	-	-	-	-	-	-	637,193,265	-	637,193,265	
Other comprehensive income, net of tax											
Gains/(losses) from investments in equity instruments measured at fair value	-	-	-	-	-	(256,119,605)	-	-	-	(256,119,605)	
Gains/(losses) on revaluation	-	-	-	-	-	-	-	-	-	-	
Share of Associates accounted as per Equity Method									86,541,837	86,541,837	
Actuarial gains/(losses) on defined benefit plans	-	-	-	-	-	-	-	-	(12,275,597)	(12,275,597)	
Gains/(losses) on cash flow hedge	-	-	-	-	-	-	-	-	-	-	
Exchange gains/(losses) (arising from translating financial assets of foreign operation)	-	-	-	-	-	-	-	-	-	-	
Total comprehensive income for the year	-	-	127,438,653	189,745	83,318,256	(256,119,605)	-	637,193,265	74,266,240	455,339,900	
Transfer to reserve during the year	-	-	-	-	-	-	-	(134,000,331)	6,371,933	-	
Transfer from reserve during the year	-	-	-	-	83,318,256	-	-	(80,085,456)	(3,232,799)	-	
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	377,838,961	-	-	-	-	-	-	(377,838,961)	-	-	
Cash dividend paid	-	-	-	-	-	-	-	(19,885,955)	-	(19,885,955)	
Total contributions by and distributions	377,838,961	-	127,438,653	189,745	83,318,256	(256,119,605)	-	25,382,561	77,405,374	435,453,945	
Balance at Ashad end 2079	3,284,292,511	-	934,523,830	1,037,851	261,560,473	260,475,379	-	460,394,814	527,740,881	5,730,025,740	

Other reserves as at 32nd Ashad 2079 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 Changes in Equity
For the Year Ended 31st Ashad 2080 (16 July 2023)

Particulars	Bank									
	Share Capital	Share premium	General reserve	Exchange equalization reserve	Regulatory reserve	Fair value reserve	Revaluation Reserve	Retained earning	Other reserves	Total
Balance at Shrawan 1, 2079	3,284,292,511	-	934,523,830	1,037,851	261,560,473	260,475,379	-	460,394,814	527,740,881	5,730,025,740
Comprehensive income for the year	-	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	-	497,672,518	-	497,672,518
Other comprehensive income, net of tax	-	-	-	-	-	-	-	-	-	-
Gains/(losses) from investments in equity instruments measured at fair value	-	-	-	-	-	319,404,985	-	-	-	319,404,985
Gains/(losses) on revaluation	-	-	-	-	-	-	-	-	-	-
Share of Associates accounted as per Equity Method	-	-	-	-	-	-	-	-	(37,312,593)	(37,312,593)
Actuarial gains/(losses) on defined benefit plans	-	-	-	-	-	-	-	-	2,861,438	2,861,438
Gains/(losses) on cash flow hedge	-	-	-	-	-	-	-	-	-	-
Exchange gains/(losses) (arising from translating financial assets of foreign operation)	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	319,404,985	-	497,672,518	(34,451,155)	782,626,348
Transfer to reserve during the year	-	-	99,534,504	154,126	-	-	-	(113,386,861)	13,698,231	-
Transfer from reserve during the year	-	-	-	-	156,972,947	-	-	(149,704,503)	(7,268,443)	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	98,528,775	-	-	-	-	-	-	(98,528,775)	-	-
Cash dividend paid	-	-	-	-	-	-	-	(295,586,326)	-	(295,586,326)
Total contributions by and distributions	98,528,775	-	99,534,504	154,126	156,972,947	319,404,985	-	(159,533,948)	(28,021,367)	487,040,022
Balance at Ashad end 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

Other reserves as at 31st Ashad 2080 includes Corporate Social Responsibility Reserve, Staff Training Fund, Investment Adjustment Reserve, Actuarial Gain on Gratuity & Reserve in Investment in Associates using equity Method.

Changes in Other Reserve of the Bank Other Reserves

Particulars	Staff training fund	Corporate social responsibility reserve	Investment Adjustment Reserve	Capital Reserve	Deferred tax reserve	Other Reserve	Actuarial gain/(loss)	Reserve through Associate-Equity	Total
Opening balance of Other reserve as at 1 Sharwan 2076	5,551,197	7,028,036	40,000,000	363,000,867	-	5,475,000	424,264	216,996,130	638,475,494
Transfer to various reserves from retained earning	-	3,785,608	-	-	-	-	-	-	3,785,608
Transfer to retained earning during the year	(5,551,197)	(7,028,036)	-	(863,000,867)	-	-	-	-	(12,579,233)
Issue of Bonus Share	-	-	-	-	-	-	-	-	363,000,867
OCI Movement-Reserve in Associates using equity	-	-	-	-	-	-	-	70,358,054	70,358,054
OCI Movement on Actuarial Gain/loss	-	-	-	-	-	-	3,652,060	-	3,652,060
DTA/DTL on OCI-(Addition)/Reversal	-	-	-	-	-	-	(1,095,618)	-	(1,095,618)
Closing balance of Other reserve as at 31 Ashad 2077	-	3,785,608	40,000,000	-	-	5,475,000	2,980,706	287,354,183	339,595,497
Transfer to various reserves from retained earning	-	4,339,672	-	-	-	-	-	-	4,339,672
Transfer to retained earning during the year	-	(3,219,736)	-	-	-	-	-	-	(3,219,736)
Issue of Bonus Share	-	-	-	-	-	-	-	-	-
OCI Movement-Reserve in Associates using equity	-	-	-	-	-	-	-	100,438,844	100,438,844
OCI Movement on Actuarial Gain/loss	-	-	-	-	-	-	13,116,043	-	13,116,043
DTA/DTL on OCI-(Addition)/Reversal	-	-	-	-	-	-	(3,934,813)	-	(3,934,813)
Closing balance of Other reserve as at Ashad end 2078	-	4,905,544	40,000,000	-	-	5,475,000	2,161,936	387,793,028	450,335,508
Transfer to various reserves from retained earning	-	6,371,933	-	-	-	-	-	-	6,371,933
Transfer to retained earning during the year	-	(3,232,799)	-	-	-	-	-	-	(3,232,799)
Issue of Bonus Share	-	-	-	-	-	-	-	-	-
OCI Movement-Reserve in Associates using equity	-	-	-	-	-	-	-	86,541,837	86,541,837
OCI Movement on Actuarial Gain/loss	-	-	-	-	-	-	(17,536,567)	-	(17,536,567)
DTA/DTL on OCI-(Addition)/Reversal	-	-	-	-	-	-	5,260,370	-	5,260,370
Closing balance of Other reserve as at Ashad end 2079	-	8,044,677	40,000,000	-	-	5,475,000	(113,661)	474,334,865	527,740,881
Transfer to various reserves from retained earning	8,721,506	4,976,725	-	-	-	-	-	-	13,698,231
Transfer to retained earning during the year	(5,146,768)	(2,121,675)	-	-	-	-	-	-	(7,268,443)
Issue of Bonus Share	-	-	-	-	-	-	-	-	-
OCI Movement-Reserve in Associates using equity	-	-	-	-	-	-	-	(37,312,593)	(37,312,593)
OCI Movement on Actuarial Gain/loss	-	-	-	-	-	-	4,087,768	-	4,087,768
DTA/DTL on OCI-(Addition)/Reversal	-	-	-	-	-	-	(1,226,330)	-	(1,226,330)
Closing balance of Other reserve as at Ashad End 2080	3,574,738	10,899,727	40,000,000	-	-	5,475,000	2,747,777	437,022,272	499,719,514

Changes in Regulatory Reserve For the Year Ended 31st Ashad 2080 (16 July 2023)

Particulars	Interest Receivable	Short Loan Loss Provision	Short provision for possible losses on investment	Short Provision on NBA	Deferred Tax Assets	Goodwill	Gain on Bargain Purchase	Actuarial loss Recognized	Other	Total
Transfer from/(to) Retained Earnings: For FY 2075-76										
Interest Income recognized on Accrual Basis: From FY 2073-74	37,216,309	-	-	-	-	-	-	-	-	37,216,309
Interest Income recognized on Accrual Basis: From FY 2074-75	7,186,354	-	-	-	-	-	-	-	-	7,186,354
Interest Income recognized on Accrual Basis: From FY 2075-76	21,304,124	-	-	-	-	-	-	-	-	21,304,124
Fair Value Losses on Equity Investment: Addition/(Reversal)	-	-	28,868,726	-	-	-	-	-	-	28,868,726
Short Provision on NBA (net of Accumulated Depreciation)	-	-	-	54,292,581	-	-	-	-	-	54,292,581
Deferred Tax Assets (Recognized/(Reversal) through P/L)	-	-	-	-	39,828,761	-	-	-	-	39,828,761
Actuarial Gain on Leave (through P/L account): Addition/(Reversal)	-	-	-	-	-	-	-	-	953,043	953,043
Less: Adjustment of Staff Bonus & Tax	(21,203,324)	-	-	(2,221,989)	-	-	-	-	-	(23,425,313)
Closing as on Ashad End 2076	44,503,462	-	28,868,726	52,070,591	39,828,761	-	-	-	953,043	166,224,583
Transfer from/(to) Retained Earnings: For FY 2076-77										
Accrued Interest Income recognized on FY 2076-77	65,362,160	-	-	-	-	-	-	-	-	65,362,160
Fair Value Losses on Equity Investment: Addition/(reversal)	-	-	(19,662,464)	-	-	-	-	-	-	(19,662,464)
Short Provision on NBA (net of Accumulated Depreciation)	-	-	-	-	-	-	-	-	-	-
Actuarial Gain on Leave (through P/L account): Addition/(Reversal)	-	-	-	-	-	-	-	-	7,780,428	7,780,428
Interest Capitalization of Loan (not allowed for distribution)	-	-	-	-	-	-	-	-	14,104,319	14,104,319
Deferred Tax Assets (Recognized/(Reversal) through P/L)	-	-	-	-	(5,363,185)	-	-	-	-	(5,363,185)
Less: Adjustment of Staff Bonus & Tax	(27,292,186)	-	-	-	-	-	-	-	-	(27,292,186)
Closing as on Ashad End 2077	82,573,436	-	9,206,262	52,070,591	34,465,576	-	-	-	22,837,790	201,153,656

Continued...



Particulars	Interest Receivable	Short Loan Loss Provision	Short provision for possible losses on investment	Short Provision on NBA	Deferred Tax Assets	Goodwill	Gain on Bargain Purchase	Actuarial loss Recognized	Other	Total
Transfer from/(to) Retained Earnings: For FY 2077-78										
Accrued Interest Income recognized on FY 2077-78	4,255,428	-	-	-	-	-	-	-	-	4,255,428
Fair Value Losses on Equity Investment: Addition/(reversal)	-	-	(9,206,262)	-	-	-	-	-	-	(9,206,262)
Short Provision on NBA (net of Accumulated Depreciation)	-	-	-	11,438,019	-	-	-	-	-	11,438,019
Actuarial Gain on Leave (through P/L account): Addition/(Reversal)	-	-	-	-	-	-	-	-	(8,733,471)	(8,733,471)
Interest Capitalization of Loan (not allowed for distribution)	-	-	-	-	-	-	-	-	5,324,278	5,324,278
Deferred Tax Assets (Recognized)/(Reversal) through P/L	-	-	-	-	(2,316,588)	-	-	-	-	(2,316,588)
Less: Adjustment of Staff Bonus & Tax	(1,574,508)	-	-	(22,098,332)	-	-	-	-	-	(23,672,841)
Closing as on Ashad End 2078	85,254,356	-	-	41,410,278	32,148,988	-	-	-	19,428,596	178,242,218
Transfer from/(to) Retained Earnings: For FY 2078-79										
Accrued Interest Income recognized on FY 2078-79	112,356,552	-	-	-	-	-	-	-	-	112,356,552
Fair Value Losses on Equity Investment: Addition/(reversal)	-	-	-	-	-	-	-	-	-	-
Short Provision on NBA (net of Accumulated Depreciation)	-	-	-	5,546,697	-	-	-	-	-	5,546,697
Actuarial (Gain)/Loss on Gratuity: Addition/(Reversal)	-	-	-	-	-	-	-	162,373	-	162,373
Interest Capitalization of Loan (not allowed for distribution)/(reversal)	-	-	-	-	-	-	-	-	-	-
Deferred Tax Assets (Recognized)/(Reversal) through P/L	-	-	-	-	8,876,836	-	-	-	-	8,876,836
Less: Adjustment of Staff Bonus & Tax	(41,571,924)	-	-	(2,052,278)	-	-	-	-	-	(43,624,203)
Closing as on Ashad End 2079	156,038,984	-	-	44,904,697	41,025,823	-	-	162,373	19,428,596	261,560,473
Transfer from/(to) Retained Earnings: For FY 2079-80										
Accrued Interest Income recognized on FY 2079-80	151,465,137	-	-	-	-	-	-	-	-	151,465,137
Fair Value Losses on Equity Investment: Addition/(reversal)	-	-	-	-	-	-	-	-	-	-
Short Provision on NBA (net of Accumulated Depreciation)	-	-	-	61,827,101	-	-	-	-	-	61,827,101
Actuarial (Gain)/Loss on Gratuity: Addition/(Reversal)	-	-	-	-	(114,817,891)	-	-	(162,373)	-	(162,373)
Interest Capitalization of Loan (not allowed for distribution)/(reversal)	-	-	-	-	-	-	-	-	-	-
Deferred Tax Assets (Recognized)/(Reversal) through P/L	-	-	-	-	-	-	-	-	-	-
Less: Adjustment of Staff Bonus & Tax	(56,042,101)	-	-	-	-	-	-	-	-	(56,042,101)
Closing as on Ashad End 2080	251,462,020	-	-	106,731,798	40,911,006	-	-	-	19,428,596	418,533,420

Consolidated Statement of Cash Flows

For the year ended Sharwan 1st 2079 to 31st Ashad 2080

Figures in NPR

Particulars	Bank	
	"Year ended 31st Ashad 2080"	"Year ended 32nd Ashad 2079"
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	6,680,345,519	4,610,492,709
Fees and other income received	165,681,944	162,935,450
Dividend received	33,705,896	36,062,387
Receipts from other operating activities	15,479,861	9,578,382
Interest paid	(4,928,659,569)	(3,254,427,557)
Commission and fees paid	(11,316,347)	(8,478,224)
Cash payment to employees	(458,514,217)	(399,302,934)
Other expense paid	(208,101,828)	(250,554,397)
Operating cash flows before changes in operating assets and liabilities	1,288,621,258	906,305,816
(Increase)/Decrease in operating assets		
Due from Nepal Rastra Bank	(848,174,676)	206,574,241
Placement with bank and financial institutions	-	-
Other trading assets	-	-
Loan and advances to bank and financial institutions	164,314,675	177,656,329
Loans and advances to customers	(3,920,864,445)	(8,277,961,872)
Other assets	(14,323,529)	(45,645,328)
Increase/(Decrease) in operating liabilities		
Due to bank and financial institutions	(534,651,374)	1,089,876,960
Due to Nepal Rastra Bank	(5,118,885,325)	4,180,632,820
Deposit from customers	6,258,082,075	6,502,510,793
Borrowings	-	-
Other liabilities	(24,919,780)	(49,280,575)
Net cash flow from operating activities before tax paid	(2,750,801,121)	4,690,669,184
Income taxes paid	(172,667,902)	(224,865,561)
Net cash flow from operating activities	(2,923,469,023)	4,465,803,623
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investment securities	1,143,144,511	(3,921,650,901)
Receipts from sale of investment securities	-	110,688,131
Purchase of property and equipment	(116,742,203)	(85,309,700)
Receipt from the sale of property and equipment	(1,518,517)	3,760,360
Purchase of intangible assets	(2,222,100)	(2,000,100)
Receipt from the sale of intangible assets	-	-
Purchase of investment properties	(102,713,256)	-
Receipt from the sale of investment properties	4,575,000	4,500,000
Interest received	92,106,278	51,076,890
Dividend received	-	-
Net cash used in investing activities	1,016,629,713	(3,838,935,320)

Continued...

Consolidated Statement of Cash Flows

For the year ended Sharwan 1st 2079 to 31st Ashad 2080

Figures in NPR

Particulars	Bank	
	"Year ended 31st Ashad 2080"	"Year ended 32nd Ashad 2079"
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipt from issue of debt securities	997,801,646	-
Repayment of debt securities	-	-
Receipt from issue of subordinated liabilities	-	-
Repayment of subordinated liabilities	-	-
Receipt from issue of shares	-	-
Dividends paid	(295,586,326)	(19,885,955)
Interest paid	-	-
Other receipt/payment	-	-
Net cash from financing activities	702,215,320	(19,885,955)
Net increase (decrease) in cash and cash equivalents	(1,204,623,990)	606,982,347
Opening Cash and cash equivalents	4,871,373,392	4,264,391,045
Derecognition 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	3,666,749,402	4,871,373,392

As per our report of even date

..... Nawaraj Bhandari Head- Finance Account and Treasury Naresh Singh Bohra Chief Executive Officer Chintamani Bhattarai Chairman CA Binay Prakash Shrestha K.A.S. Associates Chartered Accountants
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..... Keshav Khatiwada Director Arjun Thapa Director Ganesh Raj Regmi Director Ram Chandra Sigdel Director Prabin Krishna Shrestha Director
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Date: 2080.08.26

1. GENERAL INFORMATION

1.1. Reporting Entity

Lumbini Bikas Bank Limited, ('LBBL' or 'the development bank') incorporated as a limited liability company, is a publicly held banking company engaged in providing a range of banking and financial services including retail banking, wholesale banking and treasury operations. The development bank is intrinsically governed by the bank and Financial Institutions Act, 2073 and Companies Act 2063.

The registered office of the development bank is situated at Dillibazar, Kathmandu. The development bank carries out banking and other financial activities under the license to commence banking operations as a 'B' Class financial institution from the Nepal Rastra Bank under the Bank and Financial Institutions Act, 2073. The development bank's shares are listed on Nepal Stock Exchange Limited.

1.2. Associates

The Development Bank holds investment enough in the three companies to turn them out as its associates. Muktinath Capital Limited, Nadep Laghubitta Bittiya Sanstha Limited and Deprosc Laghubitta Bittiya Sanstha Limited are its associate companies.

A. Muktinath Capital Limited (Former: Vibor Capital Limited)

Muktinath Capital Limited is a public limited company incorporated in Nepal with the office of company registrar as on 2nd February 2010 and received license from the Securities Board of Nepal on 27th July 2010. The registered office of the company is at Hattisar Marga, Kathmandu. The main objectives of the company as licensed by the Securities Board of Nepal are issue manager, underwriter, share registrar, portfolio manager and depository participant etc.

The Development Bank has share ownership of 19.75% in Muktinath Capital Limited along with representation of one Board of Director from the Bank. Being representation of board of directors with power to participate in policy making processes, including participation in decision about dividends or other distributions, the Muktinath capital became associate of the development bank.

B. Nadep Laghubitta Bittiya Sanstha Limited

Nadep Laghubitta Bittiya Sanstha Limited is a public limited company licensed as a "D" Class Financial Institution by Nepal Rastra Bank. Its registered office is located at Dhading. It has been providing micro loans targeted to members with low income or deprived sector.

The Development Bank has share ownership of 10% in Nadep Laghubitta Bittiya Sanstha Limited along with representation of one Board of Director from the Bank. Being representation of board of directors with power to participate in policy making processes, including participation in decision about dividends or other distributions, the Nadep Laghubitta became associate of the development bank.

C. Deprosc Laghubitta Bittiya Sanstha Limited

Deprosc Laghubitta Bittiya Sanstha Limited is a public limited company licensed as a "D" Class Financial Institution by Nepal Rastra Bank. Its registered office is located at Narayangadh, Chitwan. It has been providing micro loans targeted to members with low income or deprived sector.

The Development Bank has share ownership of 12.76% (After Acquisition of Aadarsha Laghubitta Bittiya Sanstha Limited) in Deprosc Laghubitta Bittiya Sanstha Limited along with representation of one Board of Director from the Bank. Being representation of board of directors with power to participate in policy making processes, including participation in decision about dividends or other distributions, the Deprosc Laghubitta became associate of the development bank.

1.3. Deemed Disposal of Associates

Sagarmatha Lumbini Insurance Company Limited

Sagarmatha Insurance Company Ltd and Lumbini General Insurance Company Ltd has merged and operated as Sagarmatha Lumbini Insurance Company Ltd after its joint operation from 13th March 2023.

The Development Bank had share ownership of 9.84% in former Lumbini General Insurance Company Limited along with representation of one Board of Director from the Bank. After, merger with the Sagarmath Insurance Company limited, the holding of our bank has diluted to 4.22%. After being dilution of capital and representation as advisor to the BOD has significantly reduced the power to participate in policy making processes, including participation in decision about dividends or other distributions, hence the **Sagarmatha Lumbini Insurance Company Limited** became no more associates company of the development bank.

1.4. Principal Activities

The main activities of the Development bank include providing core banking facilities, agency services, investment and treasury operations, card services and ecommerce services and facilities through various branches, strategic business units, extension counters, ATMs and network of agencies.

2. BASIS OF PREPARATION

The financial statements of the Development Bank have been prepared and presented on accrual basis of accounting in accordance with Nepal Financial Reporting Standards (NFRS) as published by the Accounting Standards Board (ASB) Nepal and pronounced by The Institute of Chartered Accountants of Nepal (ICAN).

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

2.1. Statement of Compliance

The financial statements have been prepared in accordance with Nepal Financial Reporting Standards (NFRS) and as published by the Accounting Standards Board (ASB) Nepal and pronounced by The Institute of Chartered Accountants of Nepal (ICAN) and in the format issued by Nepal Rastra Bank in Directive No. 4, 2079. The Financial Statements have also been prepared in accordance with the relevant presentational requirements of the Company (First Amendment) Act, 2063 of Nepal.

These policies have been consistently applied to all the years presented except otherwise stated.

2.2. Reporting Period and Approval of Financial Statements

The Development Bank follows the Nepalese financial year based on the Nepalese calendar. The reporting period of financial statement is as:

Relevant Financial Statement	English Calendar Date/ Period	Nepali Calendar Date/ Period
Statement of Financial Position (SOFPI)	16.07.2023	31.03.2080
Comparative SOFPI	16.07.2022	32.03.2079
Reporting Period	17.07.2022-16.07.2023	01.04.2079-31.03.2080
Comparative SOFPI	16.07.2021-16.07.2022	01.04.2078-32.03.2079

The financial statements for the year ended on 16 July 2023 (Ashadh 31, 2080) are approved by 461th meeting of the Board of Directors held on 2080.08.26. The Board of Directors acknowledges the responsibility of preparation of financial statements of the development bank. The approved financial statements have been recommended for approval by the shareholders in the 16th Annual General Meeting of the Development bank.

2.3. Functional and Presentation Currency

The financial statements are presented in Nepalese Rupee ("NPR") which is also the functional currency as this is the currency of the primary economic environment in which the Development Bank operates and it is the currency in which the bank records and measures its transactions. All financial information presented in NPR has been rounded to the nearest rupee except where indicated otherwise.

2.4. Use of Estimates, Assumptions and Judgments

The preparation of financial statements will on occasion requires the use of accounting estimates, which, by definition, may not be accurate to the actual results. Such accounting estimates and underlying assumptions are evaluated on an ongoing basis. They are based on experience and other factors, including expectations of the future events that may have a financial impact and that are believed to be reasonable under the circumstances. Revision to those are dealt prospectively.

Disclosures of the accounting estimates have been included in the relevant sections of the notes wherever the estimates have been applied along with the nature and effect of changes of accounting estimates, if any.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within this financial year primarily includes: -

a) Going Concern Basis

The Board of Directors is not aware of any material uncertainties that may cast significant doubt upon Development Bank's ability to continue as a going concern and they do not intend to liquidate nor to cease operations of it. Since, the Development Bank has resources and ability to continue business for the foreseeable future, the Financial Statements are continued to be prepared on the going concern basis.

Hence it is assumed that the bank has neither the intention, nor the need, to liquidate or curtail materially the scale of its operations.

b) Useful life and residual value of property, plant and equipment

Management reviews the useful life and residual values of property, plant and equipment at least once at each financial year end, and if expectations differs from the previous estimates, the change(s) will be accounted for as a change in an accounting estimate.

Such lives are dependent upon an assessment of both the technical life of the assets and also their likely economic life, based on various internal and external factors including relative efficiency and operating costs. Accordingly, depreciable lives are reviewed annually using the best information available to the Management.

c) Impairment of property plant and equipment

At the end of each reporting period, the Development bank reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the higher of fair value less costs to sell and value in use.

Value in use is usually determined on the basis of discounted estimated future cash flows. This involves management estimates on anticipated commodity prices, market demand and supply, economic and regulatory environment, discount rates and other factors. Any subsequent changes to cash flow due to changes in the above mentioned factors could impact the carrying value of assets.

Basically, the bank while estimating the value in use of a property, plant and equipment involves the following steps:

- a) Estimating the future cash inflows and outflows to be derived from the continuing use of the assets and from its ultimate disposal; and
 - b) Applying the appropriate discount rate to those future cash flows.
- Fair value less costs to sell is the arm's length sale price of the property plant and equipment between knowledgeable willing parties less costs of disposal.

The bank doesn't necessarily always determine both the asset's fair value less costs to sell and its value in use. If either of these amount exceeds the assets carrying amount, the property, plant and equipment is not impaired and it is not necessary to estimate the other amount.

d) Contingencies

In the normal course of business, bank's contingencies include contingent liabilities that may arise from litigation and other claims against the Development Bank. Potential liabilities that are possible but not probable of crystallizing or are very difficult to quantify reliably are treated as contingent liabilities.

These are possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the development bank. Such liabilities are not recognized but disclosed in the notes, unless the possibility of an outflow of resources embodying economic benefits is remote.

e) Fair value measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. It also uses the assumptions that market participants would use when pricing the asset or liability, assuming that the market participants act in their economic best interest. In determining fair value, the development bank maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs.

While determining the fair value of an asset or liability (as the case maybe), the bank has assumed that the transaction to sell the asset or transfer the liability will take place in either:

- a) The principal market for the asset or liability; or
- b) In the absence of principal market, in the most advantageous market for the asset or liability.

Where the market for a financial instrument is not active, fair value is established using a valuation technique. These valuation techniques involve a degree of estimation, the extent of which depends on the instrument's complexity and the availability of market-based data.

f) Defined benefit plans

The cost of defined benefit plan and other post-employment benefits and the present value of such obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual development in the future. These include the determination of the discount rate, future salary escalations and mortality rates etc. Due to the complexities involved in the valuation and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The Development Bank provides for defined benefits in the form of gratuity and leave encashment. The liability or asset recognized in the balance sheet in respect of defined benefit 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.

g) Recognition of deferred tax assets

Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. The Development Bank based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Development Bank.

Thus, the bank has recognized deferred tax asset only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. The bank has also been reviewing carrying amount of deferred tax assets at the end of each reporting period and such amount is 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.

2.5. Changes in Accounting Policies

The accounting policies are applied consistently by the Development Bank in all the periods presented in the financial statements.

Accounting policies are the specific principles, bases, conventions, rules and practices applied by the Development Bank in preparing and presenting financial statements. The Development Bank is permitted to change an accounting policy only if the change is required by a standard or interpretation or if it results in providing reliable and more relevant information about the effects of transactions, other events or conditions on the entity's financial performance, or cash flows. There are no changes in the accounting policies in the current fiscal year.

The accounting policies are applied consistently to all the periods presented in the standalone and consolidated financial statements.

2.6. Reporting Pronouncements

The Development Bank has, for the preparation of financial statements, adopted the NFRS pronounced by ASB (Accounting Standard Board). The NFRS confirm, in all material respect, to International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

However, the Institute of Chartered Accountants of Nepal (ICAN) vide its notice dated 02.04.2079 has resolved that Carve-outs in NFRS with Alternative Treatment and effective period shall be provided to the Banks and Financial Institutions regulated by NRB on the specific recommendation of Accounting Standard Board (ASB). Details of carve out provided are as follows.

a. Para 5.4 (Effective Interest Rate: EIR) of NFRS 9: Financial Instrument:

Effective Interest Rate (EIR) is the rate that exactly discounts estimated future cash payments or receipts through the expected life of financial asset or financial liability to the gross carrying amount of the financial asset or to the amortized cost of financial liability.

When calculating EIR, an entity shall estimate the expected cash flows by considering all the contractual terms of the financial instruments. The calculation includes all the fees and points paid or received unless it is immaterial or impracticable to determine reliably between the parties to the contract that are an integral part of the EIR transaction costs, and all the other premium or discounts.

This carve out is optional and has been provided for the FY 2078-79 to 2080-81. Accordingly, the bank has opted this carve out.

b. Para 5.5 (Recognition of expected credit losses) of NFRS 9: Financial Instrument:

An entity shall assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets measured at amortized cost is impaired. If any such evidence exists, the entity shall apply para. 5 of NFRS 9 to determine the amount of any impairment loss unless the entity is bank or financial institution registered as per Bank and Financial Institutions Act 2073.

Such Entities shall measure impairment loss on loan and advances as the higher of amount derived as per the norms prescribed by Nepal Rastra Bank for the loan loss provision and amount determined as per Para.5 of NFRS 9.

This carve out is mandatory and has been provided for the FY 2078-79 to 2080-81. Accordingly, the bank has opted this carve out.

2.7. New Standards in issue but not yet effective

A number of new standards and amendments to the existing standards and interpretations have been issued by IASB after the pronouncements of NFRS with varying effective dates. Those become applicable when ASB Nepal incorporates them within NFRS.

2.8. New Standards and interpretation not adopted

The development bank has adopted applicable Nepal Financial Reporting Standards which are effective as on the date of preparation of this financial statement.

2.9. Discounting

Discounting has been applied where assets and liabilities are non-current and the impact of the discounting is material. For this purpose the bank has discounted to present value of all the future cash flow or a series of cash flows that are to be received/paid in the future.

2.10. Comparative Figures

The Bank has regrouped/ rearranged the previous figures wherever necessary.

2.11. Limitation of NFRS Implementation

Wherever the information is not adequately available, and/or it is impracticable to develop the information, such exceptions have been noted and disclosed in the respective sections.

3. Significant Accounting Policies

The accounting policies set out below have been applied consistently unless otherwise stated:

1.1. Basis of Measurement

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

Particulars	Basis of Measurement
Investment Securities held at Fair Value through OCI	Fair Value
Employee Defined Benefit Obligation	Present value of defined benefit obligation (as calculated by actuary) less the fair value of the plan asset
Debt securities issued (Debenture)	Amortized cost

3.2. Basis of Consolidation

a) Business Combination

Business combinations are accounted for using the acquisition method as at the acquisition date i.e. when control is transferred to the Development Bank. Control is power to govern the financial and operating policies of an entity to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable. The consideration transferred in a business combination is measured at fair value, which is calculated as sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in the profit or loss as incurred.

Development Bank doesn't possess any control to govern the financial and operating policies of any entities in the reporting period.

There is no business combination during the fiscal year 2079.80.

b) Non-Controlling Interest

Non-controlling interest represent the equity in a subsidiary not attributable directly or indirectly to a parent. Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Development Bank.

For each business combination, the Development Bank elects to measure any non-controlling interests in the acquiree either:

- at fair value; or
- at their proportionate share of the acquire identifiable net assets, which are generally at fair value.

c) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity if it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether it still has control, if there are changes to one or more of the elements of control. An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases.

The Development Bank does not have any subsidiaries in the reporting date.

d) Loss of Control

When the Development Bank loses control of a subsidiary, it derecognizes the assets and liabilities of the former subsidiary from the consolidated statement of financial position. The Development Bank recognizes any investment retained in the former subsidiary at its fair value when control is lost and subsequently accounts for it and for any amounts owed by or to the former subsidiary in accordance with relevant NFRSs. It is accounted for as an equity-accounted investee or in accordance with the Group's accounting policy for financial instruments depending on the level of influence retained. That fair value shall be regarded as the fair value on initial recognition of a financial asset in accordance with NFRS 9 or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture. Any gain or loss associated with the loss of control attributable to the former controlling interest is also recognized.

e) Special Purpose Entity (SPE)

Special purpose entities (SPEs) are entities that are created to accomplish a narrow and well-defined objectives. An SPE is consolidated if, based on an evaluation of the substance of its relationship with the Development Bank and the SPE's risks and rewards, the Development Bank concludes that it controls the SPE.

The Development Bank does not have any Special Purpose Entity.

f) Transaction elimination on consolidation

Intra-group balances, transactions and any unrealized profit or loss arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements.

g) Investment in Associates – Equity Accounting

An associate is an entity over which the Development Bank has significant influences but not control or joint control. This is generally the case where the Development Bank holds between 20% to 50% of the voting rights or the Development Bank has power to participate in the financial and operating policy decision of the investee.

The existence of significant influence by an entity is usually evidences in one or more of the following ways:

- a. Representation of board of directors or equivalent governing body of investee.
- b. Participation in Policy making processes, including participation in decision about dividends or other distributions.
- c. Material transaction between the entity and investee etc.

An investment in an associate or joint venture is accounted for using the equity method from the date on which the investee becomes an associate or joint venture. Under the equity method, an investment in an associate is initially recognized in the consolidated statement of Financial Position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associates or joint ventures. When the Group's share of losses of an associates or joint ventures exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associates or joint ventures.

Explanatory Notes

Development Bank has measured the investment in associates using equity method of accounting in consolidated statement of financial statements.

Along with the share ownership, Development Bank has representation in Board of Directors with power to participate in the financial and operating policy decision of the following entities.

Name of Associates	Holding by Bank (a)	Share Capital (b)	Reserve & Surplus (c)	Total Net Assets (d=b+c)	Associate Value-Using Equity Method (e=d*a)
Deprosc Laghubitta Bittiya Sanstha Limited.	12.76%	1,551,088,166	1,828,327,950	3,379,416,116	431,302,280
NADEP Laghubitta Bittiya Sanstha Ltd	10.00%	485,760,000	381,081,852	866,841,852	86,684,185
Muktinath Capital Limited (former Vibor Capital Ltd)	19.75%	405,000,000	(12,550,061)	392,449,939	77,520,976
Total Value of Associates					595,507,441

For the calculation of equity value of Associates, the value of share capital and reserve & surplus has taken on the basis of latest audited or certified interim financial statements (quarterly financial of Ashad end 2080) since audited financial statements are not available till the date of approval of this financial statements.

Sagarmatha Insurance Company Ltd and Lumbini General Insurance Company Ltd has merged and operated as Sagarmatha Lumbini Insurance Company Ltd after its joint operation from 13th March 2023, our bank has lost its significant influence in the insurance company and remain no more associates of the Bank. The reserve created using equity method of Accounting upto previous FY Rs 144,198,819 has been adjusted and the investment has been measured at fair value through OCI as on Ashad 2080.

3.3. Cash & Cash Equivalent

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 Development Bank to meet short term cash commitments. Cash and cash equivalents are measured at amortized cost in the Statement of Financial Position.

Details of the Cash and Cash Equivalents are given in Note 4.1 to the Financial Statements.

3.4. Financial Assets and Financial Liabilities

3.4.1 Recognition

Financial assets and financial liabilities are recognized when the Development 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 measured at fair value through profit and loss are immediately recognized in the statement of profit and loss.

The Development Bank initially recognizes loans and advances, deposits and debt securities issued on the date that they are originated which is the date that the Development Bank becomes party to the contractual provisions of the instruments. Investments in equity instruments, bonds, debenture, Government securities, NRB bond or deposit auction, and reverse repos are recognized on date at which the Development Bank commits to purchase/ acquire the financial assets.

3.4.2 Classification

A. Financial Assets

i. Financial assets at amortized cost

The development bank measures financial assets at amortized cost only if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial asset in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPi) on the principal amount outstanding

Business model assessment

The development bank determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective:

- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Development Bank's original expectations, the Bank does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

The SPPI test

As a second step of its classification process, the Development Bank assesses the contractual terms of the financial asset to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset. The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and associate risk. To make the SPPI assessment, the Bank applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

ii. Financial assets at fair value through other comprehensive income

The development bank classifies debt instruments at FVOCI when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets
- The contractual terms of the financial asset meet the SPPI test

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognized in OCI. Interest income and foreign exchange gains and losses are recognized in profit or loss in the same manner as for financial assets measured at amortized cost.

iii. Financial assets at fair value through profit or loss

Financial assets in this category have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under NFRS 9. Management only designates an instrument at FVPL upon initial recognition when one of the following criteria are met. Such designation is determined on an instrument-by-instrument basis:

The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains or losses on them on a different basis; or

- The liabilities are part of a group of financial liabilities, which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- The liabilities contain one or more embedded derivatives, unless they do not significantly modify the cash flows that would otherwise be required by the contract, or it is clear with little or no analysis when a similar instrument is first considered that separation of the embedded derivative(s) is prohibited.

Financial assets and financial liabilities at FVPL are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit and loss. Interest earned or incurred on instruments designated at FVPL is accrued in interest income or interest expense, respectively, using the EIR, taking into account any discount/ premium and qualifying transaction costs being an integral part of instrument. Interest earned on assets mandatorily required to be measured at FVPL is recorded using the contractual interest rate. Dividend income from equity instruments measured at FVPL is recorded in profit or loss as other operating income when the right to the payment has been established.

B. Financial Liabilities

i. Financial liabilities at fair value through profit or loss

Financial liabilities are classified as fair value through profit or loss if they are held for trading or are designated at fair value through profit or loss. Upon initial recognition, transaction costs, directly attributable to the acquisition, are recognized in Statement of Profit or Loss as incurred. Subsequent changes in fair value is recognized at the statement of profit or loss.

ii. Financial liabilities measured at amortized cost

Financial liabilities other than those measured at fair value through profit or loss are classified and measured at amortized cost using effective interest rate method.

Amortized cost of financial liability is the amount at which the liability was measured upon initial recognition, minus principal repayments, plus or minus the cumulative amortization of any premium or discount, and minus any write-down.

Explanatory Notes

The bank has issued debenture namely 'LBBL DEBNTURE 2089' with 10-Years maturity of NPR One Billion (1,000,000 units of Rs 1,000 each) at the coupon rate of Interest Rate on 11% P.a (with half yearly interest payment) as an element of Tier II Supplementary Capital fund after approval from Nepal Rastra Bank and other regulatory bodies during the year.

The debenture is a financial liability for the bank and is measured at amortized cost as the intention of bank during issuance of Debenture is to hold the instrument till its maturity and is thus measured at issuance amount and interest payable less issuance costs as of reporting date of the bank as of Ashad End 2080.

Particulars	Amount (Rs.)
Initial recognition	1,000,000,000.00
Add: Interest Payable till Ashad End 2080	10,734,896.99
Less: Issuance Cost	(2,198,354.00)
Amortized cost as on Ashad End 2080	1,008,536,542.99

3.4.3 Measurement

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. Financial assets and liabilities designated at fair value through profit or loss are subsequently measured at fair value with changes recognized at Statement of profit or loss whereas it is recognized at Statement of Other Comprehensive Income for those financial instruments designated at fair value through other comprehensive income.

The amortized cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility. The effective interest rate is the rate that exactly discounts future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period.

3.4.4 De-recognition of Financial Assets and Liabilities

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when the rights to receive cash flows from the financial asset have expired. The development bank also derecognizes the financial asset if it has both transferred the financial asset and the transfer qualifies for de-recognition.

The development bank has transferred the financial asset if, and only if, either:

- It has transferred its contractual rights to receive cash flows from the financial asset; or
- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement.

A transfer only qualifies for de-recognition if either:

- The development bank has transferred substantially all the risks and rewards of the asset; or
- It has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

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

3.4.5 Determination of Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- i) In the principal market for the asset or liability, or
- ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Development Bank. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Development Bank uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1** – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2** – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3** – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The Development Bank has determined the fair value of Investment in Equity Investment by considering the active market price of equity share in case of quoted investment and net assets value of respective companies for unquoted investment.

In case of promoters share the fair value has been derived as half of the current market price of the general public share as on that date.

For the purpose of fair value disclosures, the Development Bank has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

3.4.6 Impairment

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

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

- Whether the counterparty is in default of principal or interest payments.
- When a counterparty files for bankruptcy and this would avoid or delay discharge of its obligation.
- Where the Development Bank initiates legal recourse of recovery in respect of a credit obligation of the counterpart.
- Where the Development Bank consents to a restructuring of the obligation, resulting in a diminished financial obligation, demonstrated by a material forgiveness of debt or postponement of scheduled payments.
- Where there is observable data indicating that there is a measurable decrease in the estimated future cash flows of a group of financial assets, although the decrease cannot yet be identified with specific individual financial assets.

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

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

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

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

Individually assessed loans and advances

Loans and advances to customers with significant value (covering at least 50% of Total Non-Performing Loans as per Nepal Rastra Bank Directive) are assessed for individual impairment test. The recoverable value of loan is estimated on the basis of realizable value of collateral and the conduct of the borrower/past experience of the Development Bank. Loans that are determined to be individually significant based on the above and other relevant factors are individually assessed for impairment except when volumes of defaults and losses are sufficient to justify treatment under collective methodology. For these loans, development bank considers on a case-by-case basis whether that loan is objectively impaired. These criteria are summed as:

- Significant Financial Difficulties of the borrower such as significantly adverse ratios and adverse future outlook
- Adverse statutory indicators
- Default or delinquency in interest or principal payments
- Breach of contract
- Downfall of quality of collateral

Impairment losses are calculated by comparing the discounted expected future value of the cash flow from the loan at original effective interest rate with the carrying value.

Collectively Assessed loans and advances

Collective impairment on loans and advances are carried out to cover losses, which have been incurred but have not yet been identified on loans subject to individual assessment or for homogeneous groups of loans that are not considered significant individually. Also, assets that are individually assessed and for which no impairment exists are grouped with financial assets with similar credit risk characteristics and collectively assessed for impairment. The credit risk statistics for each group of the loan and advances are determined by management prudently being based on the past experience. For the collective assessment of impairment of loan, the Development Bank has categorized on the basis of following product.

1. Home Loan
2. Vehicle Loan
3. Personal Loan
4. Short Term Loan
5. Long Term Loan

Loan Loss Provision as per Nepal Rastra Bank

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

Policy

As per the Carve out notice issued by ICAN, the Development Bank has measured impairment loss on loans and advances as the higher of amount derived as per norms prescribed by Nepal Rastra Bank for loan loss provision and amount determined as per Nepal Financial Reporting Standards.

Reversal of impairment

If the amount of an impairment loss decreases in a subsequent period, the decrease can be related objectively to an event occurring after the impairment was recognized, the excess is written back by reducing the loan impairment allowances accordingly. The write back is recognized in the Statement of Profit and Loss.

Write off of loans and advances

Loans (and the related impairment allowance accounts) are normally written off, either partially or in full, when there is no realistic prospect of recovery. When loans are secured, this is generally after receipt of any proceeds from realization of security. In circumstances where the net realizable value of any collateral has been determined and there is no reasonable expectation of further recovery, write off may be earlier.

3.5. Trading Assets

Trading Assets are those assets that the Development Bank acquires principally for the purpose of selling in the short term, or holds as part of a portfolio that is managed together for short term profit. These assets are initially measured at cost and subsequently at fair value with changes in profit or loss under "Net Trading Income". Any transaction cost incurred are directly recognized in profit or loss.

3.6. Derivative Assets and Derivative Liabilities

A derivative is a financial instrument whose value changes in response to the change in an underlying variable such as an interest rate, commodity or security price, or index; and that is settled at a future date. Derivatives held for risk management purposes include all derivative assets and liabilities that are not classified as trading assets or liabilities. Derivatives held for risk management purposes are measured at fair value in the statement of financial position.

3.7. Property and Equipment

A. Recognition and Measurement

Recognition

Property, plant and equipment are tangible items that are held for use in the production or supply of services, for rental to others or for administrative purposes and are expected to be used during more than one period. They are stated at cost less accumulated depreciation as adjusted for impairment, if any.

The cost of an item of property and equipment shall be recognized as an asset, initially recognized at cost, if, and only if:

- it is probable that future economic benefits associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

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

- the cost of materials and direct labor;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Development Bank has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- Capitalized borrowing costs.

Measurement

- i. Freehold land is carried at historical cost and is not depreciated. All other items of property, plant and equipment other than Right of Use (ROU) assets (recognized under NFRS 16-Leases) 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.

For right-of-use (ROU) assets under NFRS-16, the bank has elected to present the amount as part of property, plant and equipment under the head Equipment & Others Assets initially at the amount of lease liability plus any initial direct costs incurred by the bank. Subsequently, the bank measures the right of use assets at initial amount less accumulated depreciation and accumulated impairment losses, if any and adjusted for any re-measurement of the lease liability.

Explanatory Notes

The bank recognized the right of use asset with the gross amount of Rs 535,044,778 and accumulated depreciation of Rs 110,923,714 (net value: Rs 424,121,064) as of Ashad End 2080. Same has been presented under equipment and others in annexure 4.13

- ii. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Development Bank and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset are derecognized when replaced. All other repairs and maintenance are charged to profit and loss during the reporting period in which they are incurred.

iii. The Development Bank identifies and determines cost of each component/ part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset having useful life that is materially different from that of the remaining asset. These components are depreciated over their useful lives; the remaining asset is depreciated over the life of the principal asset.

iv. Assets in the course of construction are capitalized in the assets under capital work in progress account (CWIP). At the point when an asset starts operating at management's intended use, the cost of construction is transferred to the appropriate category of property, plant and equipment and depreciation commences.

v. 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.

B. Depreciation

i. Depreciation is recognized so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight line basis.

ii. Depreciation is provided on the straight line method based on the estimated useful lives of the assets determined by the management. Depreciation on additions to fixed assets is charged on pro-rata basis in the year of purchase. The useful life of the assets and the corresponding rates at which the assets are depreciated are as follows:

Category of Asset	Estimated 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
Right of Use Assets (Lease)	As per Lease Tenure

iii. Depreciation on Right of Use Assets determined as per NFRS-16-lease and recognized under depreciation of Property Plant and Equipment.

iv. Assets Value less than NPR 5,000/- per unit is charged to the profit and loss account irrespective of their useful life in the year of purchase.

C. Changes in Estimates

The asset's methods of depreciation are reviewed, adjusted if appropriate, at each financial year end and treated as change in the accounting estimates.

D. Capital Work in Progress

These are expenses of capital nature directly incurred in the construction of buildings, major property and equipment and system development, awaiting capitalization. Capital work-in-progress would be transferred to the relevant asset when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Capital work-in-progress is stated at cost less any accumulated impairment losses.

E. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of an asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that the Development bank incurs in connection with the borrowing of funds.

F. Derecognition

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognized.

3.8. Goodwill/Intangible Assets

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. It is measured at cost less accumulated impairment losses. 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. These are reviewed for impairment at end of each reporting period.

Computer Software & Licenses

Cost of purchased licenses and all computer software costs incurred, licensed for use by the Development bank, which are not integrally related to associated hardware, which can be clearly identified, reliably measured, and it's probable that they will lead to future economic benefits, are included in the Statement of Financial Position under the category 'Intangible assets' and carried at cost less accumulated amortization and any accumulated impairment losses.

Subsequent Expenditure

Expenditure incurred on software is capitalized only when it is probable that this expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standard of performance and this expenditure can be measured and attributed to the asset reliably. All other expenditure is expensed as incurred.

Goodwill is measured at cost less accumulated impairment losses.

Amortization of Intangible Assets

Intangible Assets, except for goodwill, are amortized on a straight-line basis in the Statement of Profit or Loss from the date when the asset is available for use, over the best of its useful economic life based on a pattern in which the asset's economic benefits are consumed by the bank. Amortization methods, useful lives, residual values are reviewed at each financial year end and adjusted if appropriate. The Development bank estimated as 5 years from the date of acquisition and assumes that there is no residual value for its intangible assets.

De-recognition of Intangible Assets

The carrying amount of an item of intangible asset is derecognized on disposal or when no future economic benefits are expected from its use. The gain or loss arising on de recognition of an item of intangible assets is included in the Statement of Profit or Loss when the item is derecognized.

3.9. Accounting for Government Grants and Disclosure of Government Assistance

Government grants is recognized in profit or loss on a systematic basis over the periods in which the entity recognizes as expenses the related costs for which the grants are intended to compensate. Income approach is followed in recording grant income. Government grants related to the assets including non-monetary grants at fair value is presented in the statement of financial position by setting up Deferred Grant Income. Grants related to income are presented as part of profit or loss under other income.

The development bank has not received any government grant or assistance during the fiscal year 2078.79.

3.10. Investment Property

An investment property is property held by the Development Bank to earn rentals or for capital appreciation or both, rather than own-occupied. The investment property of the Development Bank solely consists of land or building acquired under the Non-Banking Assets.

The Development Bank has adopted a policy to measure the investment property in cost model. Any depreciation and impairment in the subsequent period has been charged through the profit and loss account in the reporting period.

3.11. Non-Current Assets-Held for sale:

Non-current assets (such as property) and disposal groups (including both the assets and liabilities of the disposal groups) are classified as held for sale and measured at the lower of their carrying amount and fair value less cost to sell when:

- (i) their carrying amounts will be recovered principally through sale;
- (ii) they are available-for-sale in their present condition; and
- (iii) their sale is highly probable.

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

3.12. 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 or other comprehensive income.

a) 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 the Development Bank: 30%

b) Deferred Tax

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

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.

3.13. Deposit, debt securities issued and subordinated liabilities

Deposits include non-interest bearing deposits, saving deposits, term deposits, call deposits and margin deposits. The Development Bank presents the deposits held from customers and bank and financial institutions at amortized cost.

These transactions are recorded on the Development Bank's books, and the resulting balance is recorded as a liability for the Development Bank and represents the amount owed by the Development Bank to the customers.

Subordinated liabilities are those liabilities which at the event of winding up are subordinate to the claims of depositors, debt securities issued and other creditors. The Development Bank does not have any of such subordinated liabilities and has not issued any debt security in the reporting period.

3.14. Provisions, contingent liability and contingent Assets

- i. Provisions are recognized when the Development 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.
- ii. When the Development Bank expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain.
- iii. The expense relating to a provision is presented in the statement of profit and loss net off any reimbursement.
- iv. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.
- v. A provision for onerous contracts is recognized when the expected benefits to be derived by the Development Bank from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Development Bank recognizes any impairment loss on the assets associated with that contract.
- vi. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Development Bank or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Development Bank does not recognize a contingent liability but discloses its existence in the standalone financial statements.

- vii. A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.
- viii. Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets.
- ix. Provisions, contingent liabilities, contingent assets and commitments are reviewed at each reporting period.

3.15. 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 entity and that the revenue can be measured reliably.

Revenue is not recognized during the period in which its recoverability of income is not probable. The Development Bank's revenue comprises of interest income, fees and commission, foreign exchange income, cards income, remittance income etc. and the bases of incomes recognition are as follows:

3.15.1 Interest Income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Development 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.

The Development Bank has applied carve out under Para 9 of NAS 39 and has not incorporated all the fees and points paid or received under contractual terms of financial instrument in the calculation of the effective interest rate to recognize the interest income. Hence, such fees have been directly recognized under Profit or Loss under "Fee and Commission Income"

The Development Bank has also applied carve out under AG-93 of NAS 39 and recognized interest income by applying the effective interest rate to the gross carrying amount of a financial assets.

3.15.2 Fee and Commission Income

Fee and commission earned for the provision of services over a period of time are recognized income in cash basis at the time of execution of such services.

3.15.3 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 development bank and the amount of income can be measured reliably).

3.15.4 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.

3.15.5 Net Income from Other Financial Instrument at Fair Value Through Profit or Loss

It includes changes in fair value of Financial Instruments designated at fair value through profit or loss.

3.16. Interest Expenses

Interest Expenses include interest on deposits from customers, deposits from Banks and financial institutions and other interest bearing financial liabilities. Interest expense is recognized in the profit or loss using effective interest rate for all the financial liabilities measured at amortized cost.

3.17. 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.

a. Short Term Employee Benefits

Short term Employee Benefits include items such as following, if expected to be settled before twelve months after the end of annual reporting period in which employee rendered the related services.

- Wages, salaries and Social Security contribution.
- Paid annual leave and paid sick leave
- Profit Sharing and Bonuses
- Non Monetary Benefits for current employees

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is also recognized for the amount expected to be paid under bonus required by the Bonus Act, 2030 to pay the amount as a result of past service provided by the employee and the obligation can be estimated reliably under short term employee benefits.

b. Post-Employment Benefits Plan

Post-employment benefits plan of the Development Bank includes the followings.

A. Defined Contribution Plan – Provident Fund

Under Defined Contribution plan the entity's legal and constructive obligation is limited to the amount that it agrees to contribute to the fund.

Obligations for contribution to defined contribution plans are recognized as personnel expenses in profit or loss in the periods during which related services are rendered. Contribution to a defined contribution plan that are due more than 12 months after the end of the reporting period in which the employees render the service are discounted to their present value.

Under this plan of provident fund, the Development Bank pays pre-defined amounts to separate funds and does not have any legal or informal obligation to pay additional sums. Contributions to defined contribution schemes (Provident fund) are charged to the profit or loss statement in the year to which they relate as the Development Bank has no further defined obligations beyond monthly contributions. 10% of the Basic Salary as Contributions to defined contribution schemes by the Development Bank along with same contribution from employees are deposited with Employees Provident Fund (Karmachari Sanchaya Kosh) and other approved retirement funds.

B. Defined Benefit Plan – Gratuity

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

- i. The Development Bank provides for defined benefits in the form of gratuity. The liability or asset recognized in the Statement of Financial Position 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.
- ii. The Development Bank recognizes the following changes in the defined benefit obligation to the profit or loss statement:
 - Service costs comprising current service costs and past-service costs
 - Interest expenses
The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and fair value of plan assets. This cost is included in employee benefit expenses in the statement of the profit & loss.
 - iii. Any changes in the liabilities over the year due to changes in assumptions or experience within the scheme, are recognized in other comprehensive income in the period in which they arise.
 - iv. NAS 19 requires the exercise of judgment in relation to various assumptions including future pay rises, inflation and discount rates and employee and pensioner demographics. The Development Bank determines the assumptions in conjunction with its actuaries, and believes these assumptions to be in line with best practice, but the application of different assumptions could have a significant effect on the amounts reflected in the income statement, other comprehensive income and balance sheet. There may also be interdependency between some of the assumptions.
 - v. The classification of the Development Bank's net obligation into current and non-current obligation is as per the actuarial valuation report.
 - vi. Gratuity is funded and deposited to a separate entity (Retirement Fund) towards meeting the gratuity obligation.

C. Other long-term employment benefits.

- i. A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.
- ii. 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 Balance sheet date determined based on an actuarial valuation.
- iii. The Development Bank recognizes the following changes in the defined benefit obligation to the profit or loss statement:
 - Service costs comprising current service costs and past-service costs
 - Interest expenses
 - Any changes in the liabilities over the year due to changes in assumptions or experience within the scheme, are recognized in profit or loss account in the period in which they arise.

3.18. Lease

Identifying a lease

At the inception of a contract, the bank assesses whether the contract is, or contains, a lease. The arrangement is, or contains, a lease if the contract conveys the right to use of a specific asset or assets for a period of time in exchange for consideration.

The development bank has applied accounting for lease component with the true spirit of NFRS 16 which states that a lessee (bank) has the right to direct the use of an identified asset if either:

- a. The lessee has the right to direct how and for what purpose the asset is used throughout its period of use; or
- b. The relevant decisions about use are pre-determined and the lessee has the right to operate the asset throughout the period of use without the lessor having the right to change these operating instructions.

With a very few exceptions, NFRS 16 abolishes the distinction between an operating lease and a finance lease in the financial statements of lessees. Hence, the bank recognizes the right of use asset and an associated liability at the inception of the lease.

a. Right of use asset

The development bank measures the right-of-use asset initially at the amount of the lease liability plus any initial direct costs incurred by the bank. The bank has made adjustments required for lease incentives, payments at or prior to commencement and restoration obligations or similar.

After lease commencement, the development bank shall measure the right-of-use asset using a cost model. Under the cost model a right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment.

The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The development bank determines the estimated useful lives of right-of-use assets on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

b. Lease Liability

The development bank measures lease liability initially at the present value of the lease payments payable over the lease term, discounted at the incremental borrowing rate.

The lease liability is subsequently re-measured to reflect changes in:

- i. The lease term (using a revised discount rate);
- ii. The assessment of a purchase option (using a revised discount rate);
- iii. The amounts expected to be payable under residual value guarantees (using an unchanged discount rate); or
- iv. Future lease payments resulting from a change in an index or a rate used to determine those payments (using an unchanged discount rate).

The lease liability is measured at amortized cost and is re-measured when there is a change in future lease payments arising from a change in discounting rate, if there is a change in the bank's estimate of the amount expected to be payable under the lease, or if the bank changes its assessment of whether it will exercise a purchase, extension or termination option under the contract of lease.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The development bank has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The bank recognizes the lease payments associated with these leases as an expense on accrual basis on statement of Profit and loss.

Explanatory Notes

Development bank has disclosed and recognizes the right of use asset and an associated liability at the inception of the lease and depreciated the Right to use of assets (Lease) and amortized the lease liability as following:

Particulars	Right to Use Assets (Lease)	Lease Liability
Initial recognition	469,993,320	469,993,320
Add: Finance Charges	-	34,254,889
Less: Depreciation/Amortization	(57,751,626)	-
Less: Payment of Lease Rent	-	(69,614,240)
Value in Ashad End 2079	412,241,694	434,633,970
Add: As per New Lease Agreement	65,051,458	65,051,458
Less: Depreciation/Amortization	(53,172,089)	-
Add: Finance Charges	-	38,441,887
Less: Payment of Lease Rent	-	(81,881,610)
Value in Ashad End 2080	424,121,064	456,245,704
Other Assumptions		
Incremental Borrowing Rate*	8.50%	8.50%
Lease Term	As per remaining Lease Term	-

*Average of incremental borrowing rate with reference to Treasury Rate offered by Nepal Rastra Bank.

3.19. Foreign Currency Translation

The functional currency of the Development Bank is determined on the basis of the primary economic environment in which it operates which is Nepalese Rupee (NPR).

Initially transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary assets and liabilities are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognized in Statement of Profit and Loss in the period in which they arise.

3.20. Financial Guarantee and Loan Commitments

Financial guarantees are contracts that require the Development Bank to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Loan commitments are firm commitments to provide credit under pre-specified terms and conditions.

Loan commitment is the commitment where the Development Bank has confirmed its intention to provide funds to a customer or on behalf of a customer in the form of loans, overdrafts, future guarantees, whether cancellable or not, or letters of credit and the Development Bank has not made payments at the reporting date, those instruments are included in these financial statement as commitments.

3.21. Share Capital and Reserves

Equity is the residual interest in the total assets of an entity after deducting all the liabilities. Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments considering the tax benefits achieved thereon. The share capital of the Development Bank includes the equity share capital with 51% of Promoter and 49% of the public. The Development Bank has also maintained several statutory reserves and free reserves which are presented in the statement of changes in equity.

Regulatory Reserve against the uncollected interest income from loan customers has been created after netting off income tax and staff bonus provision for the purpose.

Dividends on ordinary shares are recognized as a liability and deducted from equity when they are approved by the general meeting

3.22. 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.

3.23. Segment Reporting

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

The Development Bank has identified the key segments of the business on the basis of nature of operations that assist the Development Bank in decision process and to allocate the resources. It will help the management to assess the performance of the business segments that has been identified as below. The business segments identified are Business Banking, Treasury and Remittance and Others. The segment results that are reported include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly common assets, head office expenses, and tax assets and liabilities. All operations between the segments are conducted on pre-determined transfer price. Treasury Unit acts as the fund manager of the Development Bank.

3.24. Dividend on Ordinary Shares

Dividend on ordinary shares are recognized as a liability and deducted from equity when they are approved by the Bank's shareholders. Interim Dividend is deducted from equity when they are declared and no longer at the discretion of the Bank. Dividend for the year that is approved after the reporting date is disclosed as an event after the reporting date.

3.25. Cash Flow Statement

The cash flow statement has been prepared using 'The Direct Method', whereby gross cash receipts and gross cash payments of operating activities, financing activities and investing activities have been recognized.

4. Scheduled Forming part of Financial Statements.

Schedules are attached with financial statements.

Notes to the consolidated financial statement for the year ended 31st Ashad 2080

4.1 Cash and cash equivalents

Particulars	Bank	
	"As at 31st Ashad 2080 "	"As at 32nd Ashad 2079 "
Cash in hand	660,280,205	467,269,018
Balances with B/FIs	2,956,914,252	4,109,541,942
Money at call and short notice	49,554,945	294,562,431
Other	-	-
Total	3,666,749,402	4,871,373,392

Cash and Cash equivalents includes Cash in Hand, Balance with Bank and Financial Institutions, money at call and Treasury Bill with maturity below three months from the date of acquisition.

4.2 Due from Nepal Rastra Bank

Particulars	Bank	
	"As at 31st Ashad 2080 "	"As at 32nd Ashad 2079 "
Statutory balances with NRB	1,959,607,644	1,111,432,968
Securities purchased under resale agreement	-	-
Other deposit and receivable from NRB	-	-
Total	1,959,607,644	1,111,432,968

Statutory Balance with NRB includes Balance maintained for the Cash Reserve Ratio by the Bank as per the regulatory requirements.

4.3 Placements with Bank and Financial Institutions

Particulars	Bank	
	"As at 31st Ashad 2080 "	"As at 32nd Ashad 2079 "
Placement with domestic B/FIs	-	-
Placement with foreign B/FIs	-	-
Less: Allowances for impairment	-	-
Total	-	-

Placements with domestic as well as foreign bank and financial institutions with original maturities of more than three months from the acquisition date are presented under this account head.

4.4 Derivative financial instruments

Particulars	Bank	
	"As at 31st Ashad 2080 "	"As at 32nd Ashad 2079 "
Held for trading	-	-
Interest rate swap	-	-
Currency swap	-	-
Forward exchange contract	-	-
Others	-	-
Held for risk management	-	-
Interest rate swap	-	-
Currency swap	-	-
Forward exchange contract	-	-
Other	-	-
Total	-	-

4.5 Other trading assets

Particulars	Bank	
	"As at 31st Ashad 2080 "	"As at 32nd Ashad 2079 "
Treasury bills	-	-
Government bonds	-	-
NRB Bonds	-	-
Domestic Corporate bonds	-	-
Equities	-	-
Other	-	-
Total	-	-
Pledged	-	-
Non-pledged	-	-

4.6 Loan and advances to B/FIs

Particulars	Bank	
	"As at 31st Ashad 2080 "	"As at 32nd Ashad 2079 "
Loans to microfinance institutions	2,205,403,415	2,371,673,852
Other	-	-
Less: Allowances for impairment	28,667,566	30,829,354
Total	2,176,735,849	2,340,844,498

Loan and advances given to microfinance financial institutions has been presented on above schedule. Accrued Interest of Rs 206,026 has been added and impairment allownces on above loan and advance has been deducted.

4.6.1 Allowances for impairment

Particulars	Bank	
	"As at 31st Ashad 2080 "	"As at 32nd Ashad 2079 "
Balance at Shrawan 1	30,829,354	33,138,371
Impairment loss for the year:	-	-
Charge for the year	-	-
Recoveries/reversal	(2,161,788)	(2,309,018)
Amount written off	-	-
Balance at Ashad end	28,667,566	30,829,354

4.7 Loans and advances to customers

Particulars	Bank	
	"As at 31st Ashad 2080 "	"As at 32nd Ashad 2079 "
Loan and advances measured at amortized cost	43,031,275,907	39,125,334,173
Less: Impairment allowances	1,605,204,016	1,057,307,701
Collective impairment	579,228,045	596,733,323
Individual impairment	1,025,975,971	460,574,378
Net amount	41,426,071,891	38,068,026,472
Loan and advances measured at FVTPL	-	-
Total	41,426,071,891	38,068,026,472

Particulars	Bank	
	"As at 31st Ashad 2080 "	"As at 32nd Ashad 2079 "
Loans and advances to Customer	42,365,140,216	38,761,984,372
Loans and advances to staff	76,064,031	68,734,518
Accrued Interest	590,071,660	294,615,283
Total	43,031,275,907	39,125,334,173

Particulars	Bank	
	"As at 31st Ashad 2080 "	"As at 32nd Ashad 2079 "
As per NRB Directive No. 2	1,633,871,582	1,088,137,054
As per NFRS:9	403,598,220	253,009,561
Collective Impairment	198,714,720	105,641,895
Individual Impairment	204,883,500	147,367,666
Higher of NRB Directive and NAS 39/NFRS-9	1,633,871,582	1,088,137,054

4.7.1 Analysis of loan and advances - By Product

Particulars	Bank	
	"As at 31st Ashad 2080 "	"As at 32nd Ashad 2079 "
Product		
Long Term loans	8,343,034,527	6,905,224,864
Overdraft	4,104,554,832	6,751,017,485
Cash Credit Loan	6,992,013,263	-
Trust Receipt/Import Loans	-	-
Demand and other working capital loans	1,905,053,152	2,028,601,727
Personal residential loans	5,826,583,046	4,636,211,790
Real estate loans	3,586,789,726	3,508,065,001
Margin lending loans	1,820,571,834	1,539,302,218
Hire purchase loans	1,290,554,969	1,482,923,626
Deprived sector loans	1,818,556,338	1,207,071,199
Bills purchased	-	-
Staff loans	76,064,031	68,734,518
Other	6,677,428,529	10,703,566,462
Sub total	42,441,204,247	38,830,718,890
Interest receivable	590,071,660	294,615,283
Grand total	43,031,275,907	39,125,334,173

4.7.2 Analysis of loan and advances - By Currency

Particulars	Bank	
	"As at 31st Ashad 2080 "	"As at 32nd Ashad 2079 "
Nepalese Rupee	43,031,275,907	39,125,334,173
Indian Rupee	-	-
United States Dollar	-	-
Great Britain Pound	-	-
Euro	-	-
Japanese Yen	-	-
Chinese Yuan	-	-
Other	-	-
Total	43,031,275,907	39,125,334,173

4.7.3 Analysis of loan and advances - By Collateral

Particulars	Bank	
	"As at 31st Ashad 2080 "	"As at 32nd Ashad 2079 "
Secured		
Movable/immovable assets	41,112,872,582	34,547,004,410
Gold and silver	187,317,171	159,280,993
Guarantee of domestic B/FIs		-
Government guarantee	17,193,389	17,193,389
Guarantee of international rated bank	-	-
Collateral of export document	-	-
Collateral of fixed deposit receipt	827,669,633	2,257,752,022
Collateral of Government securities	-	-
Collective Guarantee	4,609,750	6,119,734
Personal guarantee	274,752,089	226,480,029
Other collateral	12,746,578	1,612,293,922
Subtotal	42,437,161,193	38,826,124,498
Unsecured	4,043,054	4,594,391
Interest receivable	590,071,660	294,615,283
Grant Total	43,031,275,907	39,125,334,173

4.7.4 Allowances for impairment

Particulars	Bank	
	"As at 31st Ashad 2080 "	"As at 32nd Ashad 2079 "
Specific allowances for impairment		
Opening Balance	460,574,378	520,037,683
Impairment loss for the year:		
Charges/(reversal) for the year	565,401,593	(59,463,305)
Recoveries/reversal during the year	-	-
Write-offs	-	-
Exchange rate variance on foreign currency impairment	-	-
Other movement	-	-
Closing Balance	1,025,975,971	460,574,378
Collective allowances for impairment		
Opening Balance	596,733,323	500,897,775
Impairment loss for the year:		
Charge/(reversal) for the year	(17,505,278)	95,835,548
Exchange rate variance on foreign currency impairment		
Other movement		
Closing Balance	579,228,045	596,733,323
Total allowances for impairment	1,605,204,016	1,057,307,701

Impairment on Loan and advances to customer includes provision created on overdue Staff Loan of Rs 1,016,617 from FY 2073/74.

4.8 Investment securities

Particulars	Bank	
	"As at 31st Ashad 2080 "	"As at 32nd Ashad 2079 "
Investment securities measured at amortized cost	6,281,262,839	7,627,246,010
Investment in equity measured at FVTOCI	1,489,060,294	792,472,243
Total	7,770,323,132	8,419,718,253

4.8.1 Investment securities measured at amortized cost

Particulars	Bank	
	"As at 31st Ashad 2080 "	"As at 32nd Ashad 2079 "
Debt securities	-	-
Government bonds	6,044,698,286	6,003,521,122
Government treasury bills	236,564,552.25	1,623,724,887.84
Nepal Rastra Bank bonds	-	-
Nepal Rastra Bank deposits instruments	-	-
Other	-	-
Less: specific allowances for impairment		
Total	6,281,262,839	7,627,246,010

4.8.2 Investment in equity measured at fair value through other comprehensive income

Particulars	Bank	
	"As at 31st Ashad 2080 "	"As at 32nd Ashad 2079 "
Equity instruments	-	-
Quoted equity securities	1,457,687,231	782,494,417
Unquoted equity securities	31,373,063	9,977,826
Total	1,489,060,294	792,472,243

4.8.3 Information relating to investment in equities

Particulars	Bank			
	"As at 31st Ashad 2080 "		As at 32nd Ashad 2079	
	Cost	Fair Value	Cost	Fair Value
Investment in Quoted Equity				
1.1 Api Power Company Ltd. (2,087 ordinary shares of NPR 100 paid up)	171,100	411,139	171,100	474,819
1.2 Asian Life Insurance Co. Limited (60,455 ordinary shares of NPR 100 paid up)	52,296,860	45,045,021	52,296,860	27,932,562
1.3 Asian Life Insurance Co. Ltd. (2 promoter shares of NPR 100 paid up)	100	745	100	574
1.4 Bottlers Nepal (Terai) Limited (290 ordinary shares of NPR 100 paid up)	2,068,427	4,002,000	2,068,427	3,770,000
1.5 Butwal Power Company Limited (24,949 ordinary shares of NPR 100 paid up)	8,006,771	8,245,645	8,006,771	7,651,042
1.6 Chilime Hydropower Company Limited (23,720 ordinary shares of NPR 100 paid up)	6,187,043	12,730,524	6,187,043	9,002,520
1.7 Citizen Investment Trust (1 ordinary shares of NPR 100 paid up)	-	2,089	-	2,515
1.8 Citizen Mutual Fund-2 (2,000,000 units of NPR 10 paid up)	20,000,000	20,780,000	20,000,000	20,240,000
1.9 Citizen Super 30 Mutual Fund (500,000 units of NPR 10 paid up)	5,000,000	5,000,000		
1.10 Himalayan Everest Insurance Co. Ltd. (6,634 Promoter shares of NPR 100 paid up)	663,600	1,990,200	663,600	1,899,000
1.11 Himalayan Everest Insurance Co. Ltd (14,833 ordinary shares of NPR 100 paid up)	7,393,445	8,899,800	7,393,445	8,116,160
1.12 Genaral Insurance Company Nepal Ltd. Promoter Share (3,500 Promoter shares of NPR 100 paid up)	3,500,000	7,875,000	3,500,000	3,500,000
1.13 Global IME Laghubitta Bittiya Sanstha Ltd. (14 ordinary shares of NPR 100 paid up)	-	14,854	-	15,588
1.14 Global IME Balance Fund -1-Mutual Fund (1,000,000 units of NPR 10 paid up)	10,000,000	9,340,000	-	-
1.15 Himalayan Life Insurance Company Ltd. (35,776 ordinary shares of NPR 100 paid up)	6,512,958	18,138,432	6,512,958	17,729,650
1.16 Hydroelectricity Investment & Development Co. Ltd (48,856 ordinary shares of Rs 100 paid up)	4,112,500	8,989,504	4,112,500	9,306,000
1.17 IME General Insurance Ltd. (10,977 ordinary shares of Rs 100 paid up)	4,951,777	6,147,120	4,951,777	3,775,414
1.18 Kisan Laghubitta Bittiya Sanstha Ltd (1 ordinary shares of Rs 100 paid up)	-	709		
1.19 Kumari Equity Fund (250,000 units Rs 10 each)	2,500,000	2,542,500	2,500,000	2,517,500
1.20 Kumari Sunulo Lagani Yojana (1,000,000 units Rs 10 each)	10,000,000	10,000,000		
1.21 Kumari Dhanabridhi Yojana (3,000,000 units Rs 10 each)	30,000,000	30,120,000	30,000,000	30,000,000
1.22 Laxmi Laghubitta Bittiya Sanstha Ltd. (1 ordinary share of Rs 100 paid up)	-	893	-	1,275
1.23 Laxmi Unnati Kosh (2,000,000 units Rs 10 each)	20,000,000	18,780,000	20,000,000	19,120,000
1.24 Mero Microfinance Bittiya Sanstha Ltd. (45 ordinary shares of Rs 100 paid up)	1,817	29,745	1,817	34,727
1.25 Mero Microfinance Bittiya Sanstha Ltd. (924,000 Promoter shares of Rs 100 paid up)	37,023,000	305,382,000	37,023,000	355,740,000
1.26 Nabil Equity Fund (563,251 units of NPR 10 each)	5,632,510	5,412,842	5,632,510	5,632,510
1.27 Nabil Flexi Cap Fund (2,000,000 units of NPR 10 each)	20,000,000	20,000,000		
1.28 National Life Insurance Co. Ltd. (27,034 ordinary shares of NPR 100 paid up)	10,598,704	17,436,930	10,598,704	13,564,116
1.29 NIC Asia Dyanamic Debt Fund (250,000 units Rs 10 each)	2,500,000	2,665,000	2,500,000	2,670,000
1.30 Neco Insurance Co. Ltd. (16,382 ordinary shares of NPR 100 paid up)	17,738,721	14,598,000	17,738,721	9,886,030
1.31 Nepal Doorsanchar Comapany Limited (12,660 ordinary shares of NPR 100 paid up)	6,026,909	11,481,354	6,026,909	11,126,874
1.32 NIBL Sahabhagita Fund (250,000 units Rs 10 each)	2,887,525	2,657,500	2,887,525	2,677,500

Particulars	Bank			
	"As at 31st Ashad 2080 "		As at 32nd Ashad 2079	
	Cost	Fair Value	Cost	Fair Value
1.33 NIBL Sahabagita Fund-2 (2,000,000 units Rs 10 each)	20,000,000	18,220,000	20,000,000	17,340,000
1.34 Nepal Insurance Co. Ltd. (5,463 ordinary shares of Rs 100 paid up)	1,720,078	4,479,660	1,720,078	2,255,362
1.35 Nepal Life Insurance Co. Ltd. (1 ordinary share of Rs 100 paid up)	-	744	-	747
1.36 Nerude Laghubita Bikas Bank Limited (2,169 ordinary shares of NPR 100 paid up)	2,369,644	1,492,272	2,369,644	1,564,640
1.37 NIC ASIA Balance Fund (500,000 units of Rs 10 each)	5,000,000	4,665,000	5,000,000	5,355,000
1.38 Nabil Balance Fund 3 (16,680 ordinary shares of Rs 10 paid up)	166,800	126,268	166,800	157,292
1.39 Nic Asia Flexi Cap Fund (3,000,000 units of Rs 10 each)	30,000,000	30,510,000	30,000,000	30,000,000
1.40 Nic Asia Select 30 (500,000 ordinary shares of Rs 10 paid up)	5,000,000	4,495,000	5,000,000	4,385,000
1.41 Nirdhan Utthan Bank Limited (438 ordinary shares of Rs 100 paidup)	160,183	335,070	160,183	404,432
1.42 NLG Insurance Company Ltd. (7,030 ordinary shares of Rs 100 paid up)	2,816,319	5,905,200	2,816,319	3,054,898
1.43 NMB Microfinance Bittiya Sanstha Ltd. (3 ordinary shares of Rs 100 paid up)	-	1,920	-	1,500
1.44 NMB 50 (1,000,000 units of 10 each)	10,000,000	10,500,000	10,000,000	12,900,000
1.45 NMB Sulav Investment Fund-II (1,000,000 units of 10 each)	10,000,000	9,990,000	-	-
1.46 Ngadi Group Power Ltd. (3 ordinary share of Rs 100 paid up)	200	702	-	297
1.47 National Microfinance Bittiya Sanstha Limited (4 ordinary shares of Rs 100 paid up)	-	5,464	-	5,805
1.48 NIBL Growth Fund (1,000,000 units of 10 each)	10,000,000	10,640,000	-	-
1.49 Mega Mutual Fund 1 (250,000 Units of Rs 10 Paid up)	2,500,000	1,997,500	2,500,000	1,997,500
1.50 Prabhu Insurance Ltd. (9,127 ordinary shares of Rs 100 paid up)	2,512,312	6,817,869	2,512,312	3,661,112
1.51 Prabhu Smart Fund (2,000,000 Units of Rs 10 Paid up)	20,000,000	19,800,000	-	-
1.52 Rastriya Beema Company Limited (1 ordinary shares of Rs 100 paid up)	622	16,099	622	13,400
1.53 RBB Mutual Fund-2 (2,000,000 Units of Rs 10 Paid up)	20,000,000	20,000,000	-	-
1.54 Ridi Hydropower Development Company Ltd. (11 ordinary shares of Rs 100 paid up)	-	2,673	-	6,704
1.55 Rural Microfinance Development Centre Ltd. (1,428 ordinary shares of Rs 100 paid up)	174,362	1,106,700	174,362	949,454
1.56 Rural Microfinance Development Centre Ltd. (12,993 Promoter shares of Rs 100 paid up)	4,129,137	5,684,438	4,129,137	6,533,048
1.57 RBB Mutual Fund-1 (250,000 Units of Rs 10 paid up)	2,500,000	2,020,000	2,500,000	2,317,500
1.58 Samata Microfinance Bittiya Sanstha Ltd. (154,876 Promoter shares of Rs 100 paid up)	13,588,698	65,645,090	13,588,698	61,872,962
1.59 Sanima Mai Hydropower Ltd. (12,049 ordinary shares of Rs 100 paid up)	2,913,981	4,277,395	2,913,981	3,686,994
1.60 Sana Kisan Laghubitta Bittiya Sanstha Ltd (1 ordinary shares of Rs 100 paid up)	-	899	-	-
1.61 Sanima Large Cap Fund (250,000 units Rs 10 each)	2,500,000	2,230,000	2,500,000	2,330,000
1.62 Sanima Growth Fund (2,000,000 units Rs 10 each)	20,000,000	19,980,000	-	-

Particulars	Bank			
	"As at 31st Ashad 2080 "		As at 32nd Ashad 2079	
	Cost	Fair Value	Cost	Fair Value
1.63 Siddhartha Insurance Ltd. (11,262 ordinary shares of Rs 100 paid up)	6,549,776	8,767,467	6,549,776	5,632,051
1.64 Soaltee Hotel Limited (4,831 ordinary shares of Rs 10 Paid up)	962,744	2,343,035	962,744	931,703
1.65 Sunrise Bluechip Fund (250,000 units Rs 10 each)	2,500,000	1,962,500	2,500,000	2,185,000
1.66 Summit Micro Finance Development Bank Ltd. (833 ordinary shares of Rs 100 paid up)	449,242	805,511	449,242	602,614
1.67 Surya Jyoti Life Insurance Company Limited (7,564 ordinary shares of Rs 100 paid up)	1,248,802	4,614,040	1,248,802	2,927,268
1.68 Swabalamban Laghubitta Bittiya Sanstha Limited (3177 ordinary shares of Rs 100 paid up)	3,624,109	2,861,206	3,624,109	3,228,778
1.69 Swarojgar Laghu Bitta Bikas Bank Ltd. (2 ordinary shares of Rs 100 paid up)	-	1,410	-	1,702
1.70 Siddhartha Growth Scheme-2 (2,000,000 units of NPR 10 paid up)	20,000,000	18,060,000	20,000,000	19,580,000
1.71 Sagarmatha Lumbini Insurance Company Limited (260759 ordinary shares of Rs 100 paid up)	20,906,015	195,047,732	-	197,490
1.72 Sagarmatha Lumbini Insurance Company Limited (845,494 promoter shares of Rs 100 paid up)	56,550,540	316,214,756	-	-
1.73 Siddhartha Investment Growth Scheme-3 (500,000 Units of Rs 10 paid up)	5,000,000	5,000,000	-	-
1.74 Sunrise Focused Equity Fund (2,000,000 Units of Rs 10 paid up)	20,000,000	19,360,000	-	-
1.75 Shubha Laxmi Kosh (1,290,695 Units of Rs 10 paid up)	13,000,000	12,906,950	-	-
1.76 Investment Through-PMS	20,191,121	19,220,317	20,352,661	17,171,788
1.77 United Ajod Insurance Co. (Nepal) Ltd. (8568 ordinary shares of Rs 100 paid up)	2,401,524	856,800	2,401,524	2,856,000
Sub Total	657,209,974	1,457,687,231	416,914,759	782,494,417
Investment in Unquoted Equity				
1.78 Karja Suchana Kendra (8,723 ordinary shares of NPR 100 paid up)	54,000	2,552,368	54,000	2,552,368
1.79 Nepal Clearing House Ltd. (124,377 ordinary shares of NPR 100 paid up)	2,381,500	27,777,695	2,381,500	6,382,458
1.80 Nepal Electronic Payment System (NEPS) Promoter (10,000 promoter shares of NPR 100 paid up)	1,000,000	1,000,000	1,000,000	1,000,000
1.81 Nepal Stock Exchange (430 ordinary shares of NPR 100 paid up)	14,300	43,000	14,300	43,000
Sub Total	3,449,800	31,373,063	3,449,800	9,977,826
Total	660,659,774	1,489,060,294	420,364,559	792,472,243

4.9 Current tax assets

Particulars	Bank	
	"As at 31st Ashad 2080 "	"As at 32nd Ashad 2079 "
Current tax assets	345,012,871	453,416,188
Current year income tax assets	172,650,992	196,383,887
Tax assets of prior periods	172,361,879	257,032,301
Current tax liabilities	210,109,067	281,054,309
Current year income tax liabilities	210,109,067	281,054,309
Tax liabilities of prior periods	-	-
Total	134,903,804	172,361,879

4.10 Investment in subsidiaries

Particulars	Bank	
	"As at 31st Ashad 2080 "	"As at 32nd Ashad 2079 "
Investment in quoted subsidiaries	-	-
Investment in unquoted subsidiaries	-	-
Total investment	-	-
Less: Impairment allowances	-	-
Net carrying amount	-	-

4.10.1 Investment in quoted subsidiaries

Particulars	Bank			
	"As at 31st Ashad 2080 "		"As at 32nd Ashad 2079 "	
	Cost	Fair Value	Fair Value	Cost
Total	-	-	-	-

4.10.2 Investment in unquoted subsidiaries

Particulars	Bank			
	"As at 31st Ashad 2080 "		"As at 32nd Ashad 2079 "	
	Cost	Fair Value	Fair Value	Cost
Total	-	-	-	-

4.10.3 Information relating to subsidiaries of the Bank

Particulars	Bank	
	"As at 31st Ashad 2080 "	"As at 32nd Ashad 2079 "
Total	-	-

4.10.4 Non controlling interest of the subsidiaries

Particulars	Bank	
	"As at 31st Ashad 2080 "	"As at 32nd Ashad 2079 "
Equity interest held by NCI (%)	-	-
Profit/(loss) allocated during the year	-	-
Accumulated balances of NCI as on Ashad end	-	-
Dividend paid to NCI	-	-

4.11 Investment in associates

Particulars	Bank	
	"As at 31st Ashad 2080 "	"As at 32nd Ashad 2079 "
Investment in quoted associates	517,986,465	632,755,612
Investment in unquoted associates	77,520,976	37,520,976
Total investment	595,507,441	670,276,588
Less: Impairment allowances	-	-
Net carrying amount	595,507,441	670,276,588

4.11.1 Investment in quoted associates

Particulars	Bank			
	"As at 31st Ashad 2080 "		"As at 32nd Ashad 2079 "	
	Cost	Fair Value	Fair Value	Cost
Nadep Laghubitta Bittiya Sanstha Ltd. 485760 Promoter shares of Rs. 100 each	32,000,000	48,576,000	32,000,000	252,352,320
"Deprosc Laghu Bitta Bittiya Sanstha Limited. 1,437,889 Promoter shares of Rs. 100 each 5,41,707 ordinary shares of Rs. 100 each"	46,485,168	1,080,121,142	46,485,168	1,175,321,535
"Lumbini General Insurance Co. Ltd. 902,118 Promoter shares of Rs. 100 each 277,310 ordinary shares of Rs. 100 each"	-	-	77,456,555	442,964,158
Total	78,485,168	1,128,697,142	155,941,723	1,870,638,013

4.11.2 Investment in unquoted associates

Particulars	Bank			
	"As at 31st Ashad 2080 "		"As at 32nd Ashad 2079 "	
	Cost	Fair Value	Fair Value	Cost
"Muktinath Capital Ltd. (800,000 shares of Rs. 100 each)"	80,000,000	80,000,000	40,000,000	40,000,000
Total	80,000,000	80,000,000	40,000,000	40,000,000

4.11.3 Information relating to associates of the Bank

Particulars	Bank	
	Percentage of ownership held by the Bank	
	"As at 31st Ashad 2080 "	"As at 32nd Ashad 2079 "
Nadep Laghubitta Bittiya Sanstha Ltd.	10.00%	10.00%
Deprosc Laghu Bitta Bittiya Sanstha limited	12.76%	12.97%
Lumbini General Insurance Co. Ltd.	-	9.84%
Muktinath Capital Limited (former: Vibor Capital Ltd.)	19.75%	19.75%

4.11.4 Equity value of associates

Particulars	Bank	
	"As at 31st Ashad 2080 "	"As at 32nd Ashad 2079 "
Nadep Laghubitta Bittiya Sanstha Ltd.	86,684,185	87,846,988
Deprosc LaghuBitta Bikas Bank.	431,302,280	400,709,806
Lumbini General Insurance Co. Ltd.	-	144,198,819
Muktinath Capital Limited.	77,520,976	37,520,976
Total	595,507,441	670,276,588

4.12 Investment properties

Particulars	Bank	
	"As at 31st Ashad 2080 "	"As at 32nd Ashad 2079 "
Investment properties measured at fair value		
Balance as on Shrawan 1	-	-
Addition/disposal during the year	-	-
Acquisition through business combination	-	-
Net changes in fair value during the year	-	-
Adjustment/transfer	-	-
Net amount	-	-
Investment properties measured at cost		
Balance as on Shrawan 1	71,775,574	66,080,575
Addition/disposal during the year	98,287,902	5,694,999
Adjustment/transfer	-	-
Accumulated depreciation	(647,923)	(498,277)
Accumulated impairment loss	-	-
Net amount	169,415,553	71,277,297
Total	169,415,553	71,277,297

Notes to the consolidated financial statement for the year ended 31st Ashad 2080

4.13 Property and Equipment

Figures in NPR

Particulars	Bank										Total	
	Land	Building	Leasehold Properties	Computer & Accessories	Vehicles	Furniture & Fixture	Machinery	Equipment & Others				
Cost												
Balance as on Ashad end 2078	49,694,582	139,073,407	125,692,288	40,462,244	65,866,452	45,241,519	24,510,131	70,607,751			561,148,373	
Addition during the Year	-	4,556,759	29,502,628	9,475,285	6,399,311	10,992,888	883,659	493,492,483			555,303,013	
Acquisition	-	4,556,759	29,502,628	9,475,285	6,399,311	10,992,888	883,659	493,492,483			555,303,013	
Capitalization	-	-	-	-	-	(84,001)	(514,827)	(341,639)			(4,131,457)	
Disposal during the year	-	-	-	-	(3,190,990)							
Adjustment/Revaluation	-	-	-	-								
Balance as on Ashad end 2079	49,694,582	143,630,166	155,194,916	49,937,529	69,074,773	56,150,405	24,878,963	563,758,595			1,112,319,929	
Addition during the Year	-	-	9,318,066	13,684,620	3,447,298	5,624,541	6,921,250	79,153,524			118,149,299	
Acquisition	-	-	9,318,066	13,684,620	3,447,298	5,624,541	6,921,250	79,153,524			118,149,299	
Capitalization	-	-	-	-	-							
Disposal during the year	-	-	(220,484)	(21,788)	(3,147,252)	(153,657)	-	(1,165,952)			(4,709,133)	
Adjustment/Revaluation	-	-	-	-	-							
Balance as on Ashad end 2080	49,694,582	143,630,166	164,292,497	63,600,361	69,374,819	61,621,289	31,800,213	641,746,168			1,225,760,095	
Depreciation and Impairment												
As on Ashad end 2078	-	12,604,981	77,409,298	26,780,666	45,249,137	30,088,645	20,375,016	42,703,654			255,211,396	
Depreciation charge for the Year	-	2,810,786	12,561,511	6,361,567	8,108,196	6,439,083	1,026,575.18	70,512,977			107,820,695	
Impairment for the year	-	-	-	-	-	-	-	-				
Disposals	-	-	-	-	(3,190,985)	(81,790)	(514,826)	(289,751)			(4,077,352)	
Adjustment	-	-	-	-	-							
As on Ashad end 2079	-	15,415,767	89,970,809	33,142,232	50,166,348	36,445,938	20,886,765	112,926,880			358,954,739	
Depreciation charge for the Year	-	2,895,698	11,121,109	7,296,428	6,462,615	6,935,224	1,474,466	67,875,831			104,061,370	
Impairment for the year	-	-	-	-	-	-	-	-				
Disposals	-	-	(220,477)	(21,781)	(3,147,248)	(148,645)	-	(1,132,757)			(4,670,908)	
Adjustment	-	-	-	-	-							
As on Ashad end 2080	-	18,311,465	100,871,440	40,416,879	53,481,715	43,232,517	22,361,232	179,669,954			458,345,201	
Capital Work in Progress	-	-	-	-	-	-	-	-			-	
Net Book Value												
As on Ashad end 2078	49,694,582	126,468,426	48,282,990	13,681,578	20,617,315	15,152,874	4,135,115	27,904,097			305,936,977	
As on Ashad end 2079	49,694,582	128,214,399	65,224,107	16,795,297	18,908,425	19,704,468	3,992,198	450,831,715			753,365,190	
As on Ashad end 2080	49,694,582	125,318,701	63,421,057	23,183,482	15,893,104	18,388,772	9,438,982	462,076,214			767,414,893	

Right-of-use (ROU) Assets of Rs 424,121,064 (net of accumulated depreciation) is presented under Equipment & Others Assets.

Notes to the consolidated financial statement for the year ended 31st Ashad 2080

4.14 Goodwill and Intangible Assets

Figures in NPR

Particulars	Bank				
	Goodwill	Software		Other	Total
		Purchased	Developed		
Cost					
Balance as on Ashad end 2078	-	8,500,711	-	-	8,500,711
Addition during the Year	-	-	-	-	-
Acquisition	-	2,000,100	-	-	2,000,100
Acquisition through business combination	-	-	-	-	-
Capitalization	-	-	-	-	-
Disposal during the year	-	-	-	-	-
Adjustment/Revaluation	-	-	-	-	-
Balance as on Ashad end 2079	-	10,500,811	-	-	10,500,811
Addition during the Year	-	-	-	-	-
Acquisition	-	2,222,100	-	-	2,222,100
Acquisition through business combination	-	-	-	-	-
Capitalization	-	-	-	-	-
Disposal during the year	-	-	-	-	-
Adjustment/Revaluation	-	-	-	-	-
Balance as on Ashad end 2080	-	12,722,911	-	-	12,722,911
Amortization and Impairment					
As on Ashad end 2078	-	5,718,991	-	-	5,718,991
Amortization charge for the Year	-	1,181,802	-	-	1,181,802
Impairment for the year	-	-	-	-	-
Disposals	-	-	-	-	-
Adjustment	-	-	-	-	-
As on Ashad end 2079	-	6,900,794	-	-	6,900,794
Amortization charge for the Year	-	1,647,365	-	-	1,647,365
Impairment for the year	-	-	-	-	-
Disposals	-	-	-	-	-
Adjustment	-	-	-	-	-
As on Ashad end 2080	-	8,548,159	-	-	8,548,159
Capital Work in Progress					
Net Book Value					
As on Ashad end 2078	-	2,781,720	-	-	2,781,720
As on Ashad end 2079	-	3,600,017	-	-	3,600,017
As on Ashad end 2080	-	4,174,752	-	-	4,174,752

Notes to the consolidated financial statement for the year ended 31st Ashad 2080

4.15 Deferred Tax Assets

Particulars	Bank		
	"As at 31st Ashad 2080"		
	Deferred Tax Assets	Deferred Tax Liabilities	Net Deferred Tax Assets/ (Liabilities)
Deferred tax on temporary differences on following items			
Loan and Advance to B/FIs	-	-	-
Loans and advances to customers	-	-	-
Investment properties	-	-	-
Investment securities	-	248,520,156	(248,520,156)
Property & equipment	-	132,956,321	(132,956,321)
Employees' defined benefit plan	26,410,049	1,177,619	25,232,431
Lease liabilities	-	-	-
Provisions	10,583,566	-	10,583,566
Other temporary differences	136,873,711	-	136,873,711
Deferred tax on temporary differences	173,867,326	382,654,095	(208,786,769)
Deferred tax on carry forward of unused tax losses	-	-	-
Deferred tax due to changes in tax rate	-	-	-
Net Deferred tax asset/(liabilities) as on year end of 2080			(208,786,769)
Deferred tax asset/(liabilities) as on Shrawan 1, 2079			(70,557,769)
Origination/(Reversal) during the year			(138,229,000)
Deferred tax expense/(income) recognised in profit or loss			114,818
Deferred tax expense/(income) recognised in other comprehensive income			138,114,182
Deferred tax expense/(income) recognised in directly in equity			

Particulars	Bank		
	"As at 32nd Ashad 2079"		
	Deferred Tax Assets	Deferred Tax Liabilities	Net Deferred Tax Assets/ (Liabilities)
Deferred tax on temporary differences on following items			
Loan and Advance to B/FIs	-	-	-
Loans and advances to customers	-	-	-
Investment properties	-	-	-
Investment securities	-	111,632,305	(111,632,305)
Property & equipment	-	129,222,781	(129,222,781)
Employees' defined benefit plan	22,915,158	-	22,915,158
Lease liabilities	-	-	-
Provisions	8,785,700	-	8,785,700
Other temporary differences	130,390,191	-	130,390,191
Deferred tax on temporary differences	162,091,049	240,855,086	(78,764,037)
Deferred tax on carry forward of unused tax losses	8,206,268	-	8,206,268
Deferred tax due to changes in tax rate	-	-	-
Net Deferred tax asset/(liabilities) as on year end of 2079			(70,557,769)
Deferred tax asset/(liabilities) as on Shrawan 1, 2078			(194,461,121)
Origination/(Reversal) during the year			(123,903,352)
Deferred tax expense/(income) recognised in profit or loss			(8,876,836)
Deferred tax expense/(income) recognised in other comprehensive income			(115,026,516)
Deferred tax expense/(income) recognised in directly in equity			

Notes to the consolidated financial statement for the year ended 31st Ashad 2080

4.16 Other assets

Particulars	Bank	
	"As at 31st Ashad 2080"	"As at 32nd Ashad 2079"
Assets held for sale	-	-
Other non banking assets	-	-
Bills receivable	-	-
Accounts receivable	39,157,107	37,218,255
Accrued income	-	-
Prepayments and deposit	12,673,237	9,021,176
Income tax deposit	154,114,496	144,114,496
Deferred employee expenditure	3,485,567	6,487,108
Other	11,127,878	9,393,722
a. Stock	11,068,501	9,334,344
b. Gold coins	24,161	24,161
c. Cash in transit	35,217	35,217
Total	220,558,285	206,234,756

Account receivable includes visa, remittance and other sundry receivable balance of various period. It includes gross receivable amount of Rs 691,609,927 on which impairment allowances of Rs 652,452,821 has been created from past fiscal year due to doubt on recoverability of some sundry balances. Other receivable, which are monitored and reviewed its impairment status and no additional impairment/reversal has been made during the year. Receivable Net of impairment allowances has been presented in above schedule.

Notes to the consolidated financial statement for the year ended 31st Ashad 2080

4.17 Due to Bank and Financial Institutions

Particulars	Bank	
	"As at 31st Ashad 2080"	"As at 32nd Ashad 2079"
Money market deposits	-	-
Interbank borrowing	-	-
Other deposits from BFIs	963,569,866	1,498,221,240
Settlement and clearing accounts	-	-
Total	963,569,866	1,498,221,240

4.18 Due to Nepal Rastra Bank

Particulars	Bank	
	"As at 31st Ashad 2080"	"As at 32nd Ashad 2079"
Refinance from NRB	-	1,184,920,325
Standing Liquidity Facility	-	3,650,000,000
Lender of last report facility from NRB	-	-
Securities sold under repurchase agreements	-	-
Other payable to NRB	488,675,000	772,640,000
Total	488,675,000	5,607,560,325

4.19 Derivative financial instruments

Particulars	Bank	
	"As at 31st Ashad 2080"	"As at 32nd Ashad 2079"
Held for trading	-	-
Interest rate swap	-	-
Currency swap	-	-
Forward exchange contract	-	-
Others	-	-
Held for risk management	-	-
Interest rate swap	-	-
Currency swap	-	-
Forward exchange contract	-	-
Other	-	-
Total	-	-

4.20 Deposits from customers

Particulars	Bank	
	"As at 31st Ashad 2080"	"As at 32nd Ashad 2079"
Institutions customers:	12,517,024,618	13,310,563,723
Term deposits	8,658,608,330	10,169,343,921
Call deposits	3,184,431,220	2,538,924,374
Current deposits	645,670,985	573,063,018
Other	28,314,083	29,232,411
Individual customers:	36,615,035,049	29,563,413,869
Term deposits	27,190,728,503	21,246,768,164
Saving deposits	9,051,925,975	8,053,926,787
Current deposits	371,396,382	231,371,377
Other	984,190	31,347,541
Total	49,132,059,667	42,873,977,592

Statement of Deposits (Monthly)

At the month end of Ashadh, 2080

Particulars	Current	Saving	Fixed	Money at Call	Certificate of Deposit	Margin	Others	"Total (1 to 7)"
(A) Local Currency Deposits	1	2	3	4	5	6	7	8
1. Foreign Entities or Individuals	988	-	-	-	-	-	-	988
1.1 Foreign Diplomatic and Grant Commissions								-
1.2 Projects Undertaken by Foreign Government								-
1.3 International Organizations (Including UNO)								-
1.4 Other International Non-gov. Organizations	944	-	-	-	-	-	-	944
1.4.1 Residential								-
1.4.2 Non-residential	944							944
1.5 Foreign Banks	-							-
1.6 Other Financial Institutions	20							20
1.7 Foreign Airlines	-							-
1.8 Foreign Country's Pension Camp	-	-	-	-	-	-	-	-
1.8.1 Government of India	-	-	-	-	-	-	-	-
1.8.2 British Government	-	-	-	-	-	-	-	-
1.9 Foreign Nationals	-	-	-	-	-	-	-	-
1.9.1 Residential	-	-	-	-	-	-	-	-
1.9.2 Non-residential	-	-	-	-	-	-	-	-
1.10 Others	24	-	-	-	-	-	-	24
1.10.1 Residential	10	-	-	-	-	-	-	10
1.10.2 Non-Residential	13	-	-	-	-	-	-	13
2. Municipality/V.D.C./D.D.C.	3,618	-	-	-	-	-	-	3,618
3. Financial Institutions	101,774	5,733	6,261,682	3,512,210	-	743	-	9,882,141
3.1 Deposit Accepting Financial Institutions	39,823	3,633	1,000,005	3,184,005	-	418	-	4,227,883
3.1.1 "A" Class licensed institution (Including ADB/N Branches performing commercial banking transactions)	7	-	-	-	-	-	-	7
3.1.2 "B" Class licensed institutions	124	-	-	511,485	-	-	-	511,609
3.1.3 "C" Class licensed institutions	75	-	-	308,041	-	-	-	308,116
3.1.4 "D" Class licensed institutions	9,788	-	15,000	168,780	-	-	-	193,568
3.1.5 Cooperatives (having license to limited banking)	26,636	32	941,098	2,189,435	-	-	-	3,157,202
3.1.6 NGOs (having a license of limited banking transactions)	3,192	3,601	43,907	6,264	-	418	-	57,381
3.1.7 Postal Saving Banks (Saving Deposits Only)	-	-	-	-	-	-	-	-
3.1.8 Nepal Infrastructure Bank Limited	-	-	-	-	-	-	-	-
3.2 Other financial Institutions	-	-	-	-	-	-	-	-
3.2.1 Nepal Industrial Development Corporation	-	-	-	-	-	-	-	-
3.2.2 Agriculture Development Bank (Excluding commercial banking branches)	-	-	-	-	-	-	-	-
3.3 Financial Institutions not accepting deposits	58,394	1,871	5,030,577	320,225	-	-	-	5,411,067
3.3.1 Insurance companies	51,479	1,871	4,491,677	70,298	-	-	-	4,615,325
3.3.2 Employees Provident Fund	-	-	-	-	-	-	-	-
3.3.3 Citizen Investment Trust	-	-	-	-	-	-	-	-
3.3.4 Merchant Banking	6,915	-	538,900	249,927	-	-	-	795,742
3.4 Other Intermediary Financial Units	3,558	229	231,100	7,979	-	325	-	243,191
3.4.1 Rural Self-help Fund (Grameen Swablamban Kosh)	10	-	-	-	-	-	-	10
3.4.2 Money-Changers	120	-	1,100	21	-	310	-	1,551
3.4.3 Stock Brokers	2,518	206	220,000	3,198	-	-	-	225,921
3.4.4 Stock Exchange	-	-	-	-	-	-	-	-
3.4.5 Money Transfer	910	23	10,000	4,761	-	15	-	15,709
3.4.6 Others-Other Subsidiary Financial Units	-	-	-	-	-	-	-	-
3.4.7	-	-	-	-	-	-	-	-
4. Non-financial Institutions	454,952	2,778	2,736,250	379,231	-	18,148	-	3,591,359
4.1 Governmental Institutions and Companies	5	-	1,643,200	-	-	-	-	1,643,205
4.1.1 Industrial	-	-	-	-	-	-	-	-
4.1.2 Trading	-	-	-	-	-	-	-	-
4.1.3 Other	5	-	1,643,200	-	-	-	-	1,643,205
4.2 Non-governmental Institution and Companies	454,947	2,778	1,093,050	379,231	-	18,148	-	1,948,154
4.2.1 Industrial	8,806	2	1,550	3,839	-	380	-	14,577
4.2.2 Trading	195,158	550	337,170	128,671	-	7,798	-	669,347
4.2.3 Others	250,983	2,226	754,330	246,721	-	9,970	-	1,264,230

Particulars	Current	Saving	Fixed	Money at Call	Certificate of Deposit	Margin	Others	"Total (1 to 7)"
5. Non-profit Organizations	25,710	307	149,352	57,550	-	-	-	232,918
5.1 Schools, Campuses	3,678	184	74,152	43,195	-	-	-	121,208
5.2 Hospitals, Nourishing Homes	1,957	-	40,000	10,093	-	-	-	52,050
5.3 Others	20,074	123	35,200	4,263	-	-	-	59,660
5.3.1 Residential	19,851	123	35,200	4,263	-	-	-	59,438
5.3.2 Non-residential	223	-	-	-	-	-	-	223
6. Individuals	371,396	9,024,931	26,508,021	15,336	-	984	-	35,920,670
6.1 Residential	371,396	9,024,931	26,508,021	15,336	-	984	-	35,920,670
6.2 Non-residential	-	-	-	-	-	-	-	-
7. Others	58,623	26,995	682,707	183,674	-	45	-	952,044
7.1 Residential	58,623	26,995	682,707	183,674	-	45	-	952,044
7.2 Non-residential	-	-	-	-	-	-	-	-
8. Cashiers' Deposits	-	-	-	-	-	-	-	-
Total Deposits in Local Currency (1to8)	1,017,060	9,060,744	36,338,012	4,148,001	-	19,921	-	50,583,738
(B) Foreign Currency Deposits								
1. Foreign Entities or Individuals	-	-	-	-	-	-	-	-
1.1 Foreign Diplomatic and Grant Commissions								-
1.2 Projects Undertaken by Foreign Government								-
1.3 International Organizations (Including UNO)								-
1.4 Other International Non-gov. Organizations	-	-	-	-	-	-	-	-
1.4.1 Residential								-
1.4.2 Non-residential								-
1.5 Foreign Banks								-
1.6 Other Financial Institutions								-
1.7 Foreign Airlines								-
1.8 Foreign Country's Pension Camp	-	-	-	-	-	-	-	-
1.8.1 Government of India								-
1.8.2 British Government								-
1.9 Foreign Nationals	-	-	-	-	-	-	-	-
1.9.1 Residential								-
1.9.2 Non-residential								-
1.10 Others	-	-	-	-	-	-	-	-
1.10.1 Residential								-
1.10.2 Non-Residential								-
2. Domestic Institutions and Companies	7	-	-	-	-	-	-	7
2.1 "A" Class licensed institutions								-
2.2 Residential	7							7
2.3 Non-Residential								-
3. Individuals	-	560	-	-	-	-	-	560
3.1 Residential		560						560
3.2 Non-Residential								-
Total Deposit of foreign Currencies (1to3)	7	560	-	-	-	-	-	567
Gross Total (A)+(B)	1,017,067	9,061,304	36,338,012	4,148,001	-	19,921	-	50,584,305
Total Number of Accounts	39,645	327,698	22,792	4,390	-	279	-	394,804

4.20.1 Currency wise analysis of deposit from customers

Particulars	Bank	
	"As at 31st Ashad 2080"	"As at 32nd Ashad 2079"
Nepalese rupee	49,131,492,682	42,873,877,493
Indian rupee	-	-
United State dollar	566,985	100,099
Great Britain pound	-	-
Euro	-	-
Japanese yen	-	-
Chinese yuan	-	-
Other	-	-
Total	49,132,059,667	42,873,977,592

4.21 Borrowing

Particulars	Bank	
	"As at 31st Ashad 2080"	"As at 32nd Ashad 2079"
Domestic Borrowing	-	-
Nepal Government	-	-
Other Institutions	-	-
Other	-	-
Sub total	-	-
Foreign Borrowing	-	-
Foreign Bank and Financial Institutions	-	-
Multilateral Development Banks	-	-
Other Institutions	-	-
Sub total	-	-
Total	-	-

4.22 Provisions

Particulars	Bank	
	"As at 31st Ashad 2080"	"As at 32nd Ashad 2079"
Provisions for redundancy	-	-
Provision for restructuring	-	-
Pending legal issues and tax litigation	-	-
Onerous contracts	-	-
Other	-	-
Total	-	-

4.22.1 Movement in provision

Particulars	Bank	
	"As at 31st Ashad 2080"	"As at 32nd Ashad 2079"
Balance as at Shrawan 1	-	-
Provisions made during the year	-	-
Provisions used during the year	-	-
Provisions reversed during the year	-	-
Unwind of discount	-	-
Balance as at Ashad End	-	-

4.23 Other liabilities

Particulars	Bank	
	"As at 31st Ashad 2080"	"As at 32nd Ashad 2079"
Liability for employees defined benefit obligations	51,380,312	43,025,162
Liability for long-service leave	15,370,393	7,366,451
Short-term employee benefits	-	-
Bills payable	2,262,219	3,155,119
Creditors and accruals	115,396,069	147,443,880
Interest payable on deposit	4,599,025	469,719
Interest payable on borrowing	-	-
Liabilities on deferred grant income	-	-
Unpaid Dividend	86,668,621	58,709,754
Liabilities under Finance Lease	456,245,704	434,633,970
Employee bonus payable	78,657,035	104,205,824
TDS Payable	40,206,474	45,970,472
Other	21,983,185	63,188,291
a. Provision for general expense	3,893,705	2,421,720
c. Auction and bidding proceed	15,809,550	54,923,020
d. ATM and VISA payable	1,567,769	2,331,160
e. ASBA payable	90,085	157,260
f. Remit Payble	72,050	965,538
g. Other	550,025	2,389,594
Total	872,769,038	908,168,643

4.23.1 Defined benefit obligations

Particulars	Bank	
	"As at 31st Ashad 2080"	"As at 32nd Ashad 2079"
The amounts recognised in the statement of financial position are as follows:		
Present value of funded obligations	84,108,102	76,383,857
Total present value of obligations	84,108,102	76,383,857
Fair value of plan assets	32,727,790	33,358,695
Present value of net obligations	51,380,312	43,025,162
Recognised liability for defined benefit obligations	51,380,312	43,025,162

4.23.2 Plan assets

Particulars	Bank	
	"As at 31st Ashad 2080"	"As at 32nd Ashad 2079"
Plan assets comprise:		
Equity securities	-	-
Government bonds	-	-
Bank deposit	32,727,790	33,358,695
Other	-	-
Total	32,727,790	33,358,695
Actual return on plan assets	1,026,475	1,026,475

4.23.3 Movement in the present value of defined benefit obligations

Particulars	Bank	
	"As at 31st Ashad 2080"	"As at 32nd Ashad 2079"
Defined Benefit Obligation as at Shrawan 1	76,383,857	47,550,980
Actuarial losses/(gain)	(3,562,004)	16,471,632
Benefits paid by the plan	(3,979,858)	(1,811,322)
Current service costs and interest	15,266,107	14,172,567
Defined Benefit Obligation as at Ashad End	84,108,102	76,383,857

4.23.4 Movement in the fair value of plan assets

Particulars	Bank	
	"As at 31st Ashad 2080"	"As at 32nd Ashad 2079"
Fair Value of Plan Asset as at Shrawan 1	33,358,695	14,143,542
Contributions paid into the plan	-	20,000,000
Benefits paid during the year	(3,979,858)	(1,811,322)
Actuarial (losses) gains	525,764	(1,064,934)
Expected return on plan assets	2,823,189	2,091,409
Fair Value of Plan Asset as at Ashad End	32,727,790	33,358,695

4.23.5 Amount recognised in profit or loss

Particulars	Bank	
	"As at 31st Ashad 2080"	"As at 32nd Ashad 2079"
Current service costs	11,919,606	11,000,962
Interest on obligation	6,695,454	4,198,079
Expected return on plan assets	(2,823,189)	(2,091,409)
Total	15,791,871	13,107,632

4.23.6 Amount recognised in other comprehensive income

Particulars	Bank	
	"As at 31st Ashad 2080"	"As at 32nd Ashad 2079"
Actuarial (gain)/loss	(4,087,768)	17,536,567
Total	(4,087,768)	17,536,567

4.23.7 Actuarial assumptions

Particulars	Bank	
	"As at 31st Ashad 2080"	"As at 32nd Ashad 2079"
Discount rate	9%	9%
Expected return on plan asset	9%	9%
Future salary increase	5%	5%
Withdrawal rate	5%	5%
Expected Average Remaining Working Lives of Employee (year)	13.12	13.18

4.24 Debt securities issued

Particulars	Bank	
	"As at 31st Ashad 2080"	"As at 32nd Ashad 2079"
Debt securities issued designated as at fair value through profit or loss	-	-
Debt securities issued at amortized cost	1,008,536,543	-
Total	1,008,536,543	-

10 Years '11% LBBL DEBENTURE 2089' with paid up value of Rs 1,000,000,000 (1,000,000 Units of face value Rs 1,000 each) has been issued during the year as a supplementary capital component of the bank.

4.25 Subordinated Liabilities

Particulars	Bank	
	"As at 31st Ashad 2080"	"As at 32nd Ashad 2079"
Redeemable preference shares	-	-
Irredeemable cumulative preference shares (liabilities component)	-	-
Other	-	-
Total	-	-

4.26 Share capital

Particulars	Bank	
	"As at 31st Ashad 2080"	"As at 32nd Ashad 2079"
Ordinary shares	3,382,821,286	3,284,292,511
Convertible preference shares (equity component only)	-	-
Irredeemable preference shares (equity component only)	-	-
Perpetual debt (equity component only)	-	-
Total	3,382,821,286	3,284,292,511

4.26.1 Ordinary shares

Particulars	Bank	
	"As at 31st Ashad 2080"	"As at 32nd Ashad 2079"
Authorized Capital	5,000,000,000	5,000,000,000
50,000,000 Ordinary share of Rs. 100 each	5,000,000,000	5,000,000,000
Issued capital	3,382,821,286	3,284,292,511
33,828,213 Ordinary share of Rs. 100 each	3,382,821,286	3,284,292,511
Subscribed and paid up capital	3,382,821,286	3,284,292,511
33,828,213 Ordinary share of Rs. 100 each	3,382,821,286	3,284,292,511
Total	3,382,821,286	3,284,292,511

Reconciliation of the share capital at the beginning and end of the year

Particulars	Bank	
	"As at 31st Ashad 2080"	"As at 32nd Ashad 2079"
Balance as at the beginning of the year	3,284,292,511	2,906,453,550
Add: Issue of bonus share during the year	98,528,775	377,838,961
Add: Issue of right share during the year	-	-
Balance as at the end of the year	3,382,821,286	3,284,292,511

4.26.2 Ordinary share ownership

Particulars	Bank			
	"As at 31st Ashad 2080"		"As at 32nd Ashad 2079"	
	Percent	Amount	Percent	Amount
Domestic ownership				
Nepal Government	-	-	-	-
"A" class licensed institutions	-	-	-	-
Other licensed institutions	-	-	-	-
Other Institutions	13.36	451,944,924	13.22	434,059,212
Public	86.64	2,930,876,362	86.78	2,850,233,299
Other	-	-	-	-
Foreign ownership	-	-	-	-
Total	100.00	3,382,821,286	100	3,284,292,511

Particulars	Bank			
	"As at 31st Ashad 2080"		"As at 32nd Ashad 2079"	
	Percent	Amount	Percent	Amount
Share Ownership				
Promoter	51.01	1,725,480,526	51.01	1,675,223,812
Public	48.99	1,657,340,760	48.99	1,609,068,699
Total	100	3,382,821,286	100	3,284,292,511

Notes to the consolidated financial statement for the year ended 31st Ashad 2080

Shareholder holding more than 0.5%

BOID/SH NO.	Name of Shareholder	Number of Shares Hold	Holding %	Type
1301120000929415	Syakar Company Pvt. Ltd	2,074,796	6.13%	Promoter Institution
1301250000229824	CHINTAMANI BHATTRAI	1,297,208	3.83%	Promoter
1301010000339699	SHANTI SHRESTHA	591,800	1.75%	Promoter
1301300000001774	RMC INVESTMENT PVT. LTD.	577,161	1.71%	Promoter Institution
1301520000022838	MANA PRASAD WAGLEY	551,423	1.63%	Promoter
1301060001038807	MINGMA DORJE SHERPA	536,562	1.59%	Promoter
1301110000029986	KANCHHA GURUNG	508,251	1.50%	Promoter
1301250000082813	SUSHIL RAJ PARAJULI	435,266	1.29%	Promoter
1301100000334400	SUDHIR PRASAD SHARMA	380,360	1.12%	Promoter
1301580000020869	PUSHPA JYOTI DHUNGANA	354,191	1.05%	Promoter
1301250000086573	RAMJI PRASAD BASTOLA	287,861	0.85%	Promoter
42617	SHYAMUKAPU INTERNATIONAL	245,431	0.73%	Promoter Institution
1301280000076813	SHYAM KUMAR CHHETRI	225,909	0.67%	Promoter
1301250000705626	VIJAY KUMAR SARAWAGI	223,352	0.66%	Promoter
1301490000067741	AJAY KUMAR SARAWAGI	221,734	0.66%	Promoter
1301090000774721	HARPAL INVESTMENT COMPANY PVT. LTD	217,849	0.64%	Promoter Institution
1301370000530001	Deepak Sherchan	215,590	0.64%	Promoter
1301100000339694	MANKAJI MAKAJU	198,031	0.59%	Promoter
1301080000050941	BASU SHREE SHRESTHA KARMACHARYA	183,296	0.54%	Promoter
1301250000017272	Shanker Ghimire	180,153	0.53%	Promoter
1301090000771256	BIL BAHADUR GURUNG	175,235	0.52%	Promoter
1301310000002141	BINOD BAHADUR SHRESTHA	172,072	0.51%	Promoter

4.27 Reserves

Particulars	Bank	
	"As at 31st Ashad 2080"	"As at 32nd Ashad 2079"
Statutory general reserve	1,034,058,334	934,523,830
Exchange equalization reserve	1,191,977	1,037,851
Corporate social responsibility reserve	10,899,727	8,044,677
Capital redemption reserve	-	-
Regulatory reserve	418,533,420	261,560,473
Investment adjustment reserve	40,000,000	40,000,000
Capital reserve	-	-
Assets revaluation reserve	-	-
Fair value reserve	579,880,364	260,475,379
Dividend equalization reserve	-	-
Debenture redemption reserve	-	-
Actuarial gain/(loss)	2,747,777	(113,661)
Special reserve	-	-
Other reserve	446,072,011	479,809,865
Total	2,533,383,609	1,985,338,415

Notes to the consolidated financial statement for the year ended 31st Ashad 2080

4.28 Contingent liabilities and commitments

Figures in NPR

Particulars	Bank	
	"As at 31st Ashad 2080"	"As at 32nd Ashad 2079"
Contingent liabilities	163,369,435	131,713,635
Undrawn and undisbursed facilities	1,630,383,515	2,188,195,510
Capital commitment	-	-
Lease Commitment	-	612,535,935
Litigation	296,782,531	296,782,531
Total	2,090,535,480	3,229,227,611

4.28.1 Contingent liabilities

Particulars	Bank	
	"As at 31st Ashad 2080"	"As at 32nd Ashad 2079"
Acceptance and documentary credit	-	-
Bills for collection	-	-
Forward exchange contracts	-	-
Guarantees	163,369,435	131,713,635
Underwriting commitment	-	-
Other commitments	-	-
Total	163,369,435	131,713,635

4.28.2 Undrawn and undisbursed facilities

Particulars	Bank	
	"As at 31st Ashad 2080"	"As at 32nd Ashad 2079"
Undisbursed amount of loans	281,770,255	391,952,970
Undrawn limits of overdrafts	1,348,613,259	1,796,242,540
Undrawn limits of credit cards	-	-
Undrawn limits of letter of credit	-	-
Undrawn limits of guarantee	-	-
Total	1,630,383,515	2,188,195,510

4.28.3 Capital commitments

Capital expenditure approved by relevant authority of the bank but provision has not been made in financial statements

Particulars	Bank	
	"As at 31st Ashad 2080"	"As at 32nd Ashad 2079"
Capital commitments in relation to Property and Equipment		
Approved and contracted for	-	-
Approved but not contracted for	-	-
Sub Total	-	-
Capital commitments in relation to Intangible assets		
Approved and contracted for	-	-
Approved but not contracted for	-	-
Sub Total	-	-
Total	-	-

4.28.4 Lease commitments

Particulars	Bank	
	"As at 31st Ashad 2080"	"As at 32nd Ashad 2079"
Operating lease commitments		-
Future minimum lease payments under non cancellable operating lease, where the bank is lessee	-	-
Not later than 1 year	-	-
Later than 1 year but not later than 5 years	-	-
Later than 5 years	-	-
Sub Total	-	-
Finance lease commitments		
Future minimum lease payments under non cancellable operating lease, where the Bank is lessee	-	-
Not later than 1 year		83,241,925
Later than 1 year but not later than 5 years		298,815,189
Later than 5 years		230,478,821
Sub Total	-	612,535,935
Grand Total	-	612,535,935

4.28.5 Litigation

The bank's litigations are generally related to its ordinary course of business pending on various jurisdiction. Litigations are mainly in the nature of income tax from the amended assessment of the development bank including merged entities in previous fiscal year.

Notes to the consolidated financial statement for the year ended 31st Ashad 2080

4.29 Interest income

Particulars	"Year Ended 31st Ashad 2080"	"Year ended 32nd Ashad 2079"
Cash and cash equivalent	74,598,932	67,019,566
Due from Nepal Rastra Bank	-	-
Placement with bank and financial institutions	156,164	90,411
Loan and advances to bank and financial institutions	270,323,665	248,186,160
Loans and advances to customers	5,958,537,699	4,245,484,290
Investment securities	458,490,788	253,559,746
Loan and advances to staff	10,344,549	6,705,436
Other	-	-
Total interest income	6,772,451,797	4,821,045,608

4.30 Interest expense

Particulars	"Year Ended 31st Ashad 2080"	"Year ended 32nd Ashad 2079"
Due to bank and financial institutions	16,091,740	41,854,471
Due to Nepal Rastra Bank	156,224,315	107,607,311
Deposits from customers	4,707,570,874	3,104,965,775
Borrowing	-	-
Debt securities issued	10,330,753	-
Subordinated liabilities	-	-
Other	38,441,887	34,254,889
Total interest expense	4,928,659,569	3,288,682,446

Interest Expenses under other includes finance charges from lease liability of the bank recognized as per NFRS 16

4.31 Fees and Commission Income

Particulars	"Year Ended 31st Ashad 2080"	"Year ended 32nd Ashad 2079"
Loan administration fees	-	-
Service fees	146,717,205	139,995,608
Consortium fees	243,687	5,062,704
Commitment fees	522,046	1,228,492
DD/TT/Swift fees	-	-
Credit card/ATM issuance and renewal fees	3,934,064	2,522,726
Prepayment and swap fees	4,765,772	5,109,183
Investment banking fees	-	-
Asset management fees	-	-
Brokerage fees	-	-
Remittance fees	2,897,412	2,697,837
Commission on letter of credit	-	-
Commission on guarantee contracts issued	3,832,760	3,445,072
Commission on share underwriting/issue	-	-
Locker rental	951,301	1,003,950
Other fees and commission income	1,817,697	1,369,879
Total fees and Commission Income	165,681,944	162,435,450

4.32 Fees and commission expense

Particulars	"Year Ended 31st Ashad 2080"	"Year ended 32nd Ashad 2079"
ATM management fees	11,094,310	8,478,224
VISA/Master card fees	-	-
Guarantee commission	-	-
Brokerage	-	-
DD/TT/Swift fees	-	-
Remittance fees and commission	-	-
Other fees and commission expense	222,037	-
Total fees and Commission Expense	11,316,347	8,478,224

4.33 Net trading income

Particulars	"Year Ended 31st Ashad 2080"	"Year ended 32nd Ashad 2079"
Changes in fair value of trading assets	-	-
Gain/loss on disposal of trading assets	-	-
Interest income on trading assets	-	-
Dividend income on trading assets	-	-
Gain/loss foreign exchange translation	21,151	(52,231)
Other	-	-
Net trading income	21,151	(52,231)

4.34 Other operating income

Particulars	"Year Ended 31st Ashad 2080"	"Year ended 32nd Ashad 2079"
Foreign exchange revaluation gain	616,505	758,981
Gain/loss on sale of investment securities	-	(2,781,927)
Fair value gain/loss on investment properties	-	-
Dividend on equity instruments	33,705,896	36,062,387
Gain/loss on sale of property and equipment	1,482,093	3,781,248
Gain/loss on sale of investment property	50,000	4,499,999
Operating lease income	6,553,896	6,326,340
Gain/loss on sale of gold and silver	-	-
Locker rent	-	-
Other	6,756,217	2,470,292
a. Income from Insurance Claims	-	-
b. Others	6,756,217	2,470,292
Total	49,164,606	51,117,319

4.35 Impairment charge/(reversal) for loan and other losses

Particulars	"Year Ended 31st Ashad 2080"	"Year ended 32nd Ashad 2079"
Impairment charge/(reversal) on loan and advances to B/FIs	(2,161,788)	(2,309,018)
Impairment charge/(reversal) on loan and advances to customer	547,896,315	36,372,243
Impairment charge/(reversal) on financial Investment	-	-
Impairment charge/(reversal) on placement with banks and financial institutions	-	-
Impairment charge/(reversal) on property and equipment	-	-
Impairment charge/(reversal) on goodwill and intangible assets	-	-
Impairment charge/(reversal) on investment properties	-	(100)
Total	545,734,527	34,063,225

4.36 Personnel Expenses

Particulars	"Year Ended 31st Ashad 2080"	"Year ended 32nd Ashad 2079"
Salary	176,793,490	162,681,322
Allowances	139,615,680	128,035,554
Gratuity expense	15,791,871	13,107,632
Provident fund	16,584,691	15,057,408
Uniform	9,840,000	9,870,000
Training & development expense	5,146,768	9,996,936
Leave encashment	14,099,759	11,080,737
Medical	-	-
Insurance	2,728,482	1,887,355
Employees incentive	-	-
Cash-settled share-based payments	-	-
Pension expense	-	-
Finance expense under NFRS	3,464,282	2,295,226
Other expenses related to staff	135,000	-
Subtotal	384,200,023	354,012,169
Employees bonus	78,657,035	104,205,824
Grand total	462,857,058	458,217,992

4.37 Other operating expense

Particulars	"Year Ended 31st Ashad 2080"	"Year ended 32nd Ashad 2079"
Directors' fee	1,795,000	2,028,000
Directors' expense	1,453,606	1,887,295
Auditors' remuneration	2,700,000	2,500,000
Other audit related expense	475,000	475,000
Professional and legal expense	1,993,449	2,293,800
Office administration expense	196,445,424	180,791,236
Operating lease expense	-	-
Operating expense of investment properties	-	-
Corporate social responsibility expense	2,121,675	3,232,799
Onerous lease provisions	-	-
Others	1,117,673	839,660
Total	208,101,828	194,047,790

4.37.1 Office administration expense

Particulars	"Year Ended 31st Ashad 2080"	"Year ended 32nd Ashad 2079"
Water and electricity	18,111,122	16,358,643
Repair and maintenance		
(a) Building	105,403	56,497
(b) Vehicle	4,008,659	3,265,446
(c) Computer and accessories	1,359,982	1,438,890
(d) Office equipment and furniture	2,412,096	3,300,994
(e) Machineries and Other	616,694	190,802
Insurance	5,167,182	2,588,717
Postage, telex, telephone, fax	3,655,000	4,081,494
Printing and stationery	11,120,669	8,376,983
Newspaper, books and journals	183,210	181,492
Advertisement	13,854,365	17,673,739
Donation	-	-
Security expense	60,772,904	54,724,807
Deposit and loan guarantee premium	14,370,255	9,680,251
Travel allowance and expense	2,265,132	3,698,985
Entertainment	-	-
Annual/special general meeting expense	2,119,658	1,069,322
Other	56,323,092	54,104,175
a. ECC and other Bank charges	785,411	760,793
b. Internship expenses	390,236	127,200
c. Connectivity expense	9,760,126	8,764,548
d. Fuel expenses	7,999,817	6,949,205
e. Refreshment and guest hospitality	7,642,346	7,655,851
f. Cleaning and sanitation	4,724,723	4,218,720
g. Annual maintenance contract expense	7,631,276	6,539,336
h. Registration and renewal expense	3,963,230	5,451,207
i. Asset written off expense	-	-
j. Vehicle, property and other expense	3,181,946	3,612,143
k. Office supplies and small accessories	3,867,721	3,699,484
l. RTS and related expense	512,000	543,739
m. Internet expense	452,344	782,686
n. Other office expense	5,411,917	4,999,263
o. Other writeoff expenses	-	-
p. Other	-	-
Total	196,445,424	180,791,236

4.38 Depreciation & Amortization

Particulars	"Year Ended 31st Ashad 2080"	"Year ended 32nd Ashad 2079"
Depreciation on property and equipment	104,061,370	107,820,695
Depreciation on investment property	149,646	148,303
Amortization on intangible assets	1,647,365	1,181,802
Total	105,858,382	109,150,800

Depreciation of Right of Use Assets (ROU) of Rs 53,172,089 has been presented under Depreciation on property and equipment as per NFRS 16 during the year.

4.39 Non operating income

Particulars	"Year Ended 31st Ashad 2080"	"Year ended 32nd Ashad 2079"
Recovery of loan written off	1,450,000	500,000
Other income	-	-
Total	1,450,000	500,000

4.40 Non operating expense

Particulars	"Year Ended 31st Ashad 2080"	"Year ended 32nd Ashad 2079"
Loan written off	16,178,148	698,940
Redundancy provision	-	-
Expense of restructuring	-	-
Other expense	2,150,325	3,854,319
Total	18,328,473	4,553,259

4.41 Income tax expense

Particulars	"Year Ended 31st Ashad 2080"	"Year ended 32nd Ashad 2079"
Current tax expense	210,125,978	309,535,983
Current year	210,109,067	281,054,309
Adjustments for prior years	16,911	28,481,674
Deferred tax expense	114,818	(8,876,836)
Origination and reversal of temporary differences	114,818	(8,876,836)
Changes in tax rate	-	-
Recognition of previously unrecognised tax losses	-	-
Total income tax expense	210,240,796	300,659,147

4.41.1 Reconciliation of tax expense and accounting profit

Particulars	"Year Ended 31st Ashad 2080"	"Year ended 32nd Ashad 2079"
Profit before tax	707,913,314	937,852,412
Tax amount at tax rate of 30%	212,373,994	281,355,724
Add: Tax effect of expenses that are not deductible for tax purpose	14,202,500	13,385,199
Less: Tax effect on exempt income	(9,081,330)	(5,946,564)
Add/less: Tax effect on other items	(7,369,186)	20,741,625
Total income tax expense	210,125,978	309,535,983
Effective tax rate	29.68%	33.00%

Statement of Distributable Profit or Loss

For the Year Ended 31st Ashad 2080 (16 July 2023)
(As per NRB Regulation)

Figures in NPR

Particulars	Bank	
	"As at 31st Ashad 2080"	"As at 32nd Ashad 2079"
Net profit or (loss) as per statement of profit or loss	497,672,518	637,193,265
Appropriations:		
a. General reserve	99,534,504	127,438,653
b. Foreign exchange fluctuation fund	154,126	189,745
c. Capital redemption reserve	-	-
d. Corporate social responsibility fund	2,855,050	3,139,133
e. Employees' training fund	3,574,738	-
f. Other	-	-
g. Investment Adjustment Reserve	-	-
Total Retained Earnings before regulatory adjustment	391,554,100	506,425,734
Regulatory adjustment :		
a. Interest receivable (-)/previous accrued interest received (+)	(95,423,037)	(70,784,628)
b. Short loan loss provision in accounts (-)/reversal (+)	-	-
c. Short provision for possible losses on investment (-)/reversal (+)	-	-
d. Short loan loss provision on Non Banking Assets (-)/reversal (+)	(61,827,101)	(3,494,419)
e. Deferred tax assets recognized (-)/ reversal (+)	114,818	(8,876,836)
f. Goodwill recognised (-)/ impairment of Goodwill (+)	-	-
g. Bargain purchase gain recognized (-)/reversal (+)	-	-
h. Actuarial loss recognized (-)/reversal (+)	162,373	(162,373)
i. Other (+/-)	-	-
Net Profit for the year end of Ashad 2080 available for distribution	234,581,153	423,107,478
Opening Retained Earnings of Shrawan 1 2079	460,394,814	435,012,253
Adjustment (+/-)	-	-
Distribution		
Bonus Share Issued	(98,528,775)	(377,838,961)
Cash Dividend Paid	(295,586,326)	(19,885,955)
Total Distributable Profit or Loss as on Year End Date	300,860,866	460,394,814
Annualized Distributable profit/(loss) per share	8.89	14.02

5. Disclosure and Additional Information

5.1. Risk Management

Effective Risk Management is an essential part of the High-Level Control framework. The overall risk management system is reflected in the ongoing control environment, risk awareness and management style. Specific roles or responsibilities are assigned for leading and managing the internal control environment through the: Chairman, and the BOD, Risk Committee, Audit Committee, CEO and Senior Management, Risk Department, Compliance Department and Support Functions.

The broad categories of risk the development bank face are credit risk, market risk, liquidity risk, interest rate risk in the banking book and operational risk. Further, focus on digitization leads to cyber security and data risk as well as reputation risk. The entity is also exposed to Environmental, Social & Governance risks arising out of the nature of business operations of the borrowers (particularly large, corporate borrowers), the industry segment in which they operate and the deficits in their compliance to statutory/ regulatory norms.

Development Bank has implemented the Risk Management policy and guideline to streamline the overall risk management function of the Development Bank.

i. Board of Directors

The Board of Directors of the Bank takes responsibility for managing the comprehensive risks faced by the Bank. BOD approves the risk management policies and also sets limits by assessing the risk appetite, tolerance, skills available for managing risk and the risk bearing capacity. It supervises the implementation of the risk strategy. It guides the development of policies, procedures and systems for managing risk. It ensures that these are adequate and appropriate to changing business conditions, the structure and needs of the Bank and the risk appetite of the Bank. Sub-Committees of the Board of Directors have been constituted to oversee the various risk of management activities.

The BOD of the Development Bank has complied with all the code of conduct and corporate governance guidelines as per NRB Directives and applicable relevant policy and Acts.

ii. Risk Management Committee

Pursuant to the NRB directive on corporate governance, the Development Bank has established Risk Management Committee with well-defined terms of reference in line the NRB directive. Risk Management Committee (RMC), chaired by the one of the member of BOD periodically examines Credit Risk, Market Risk, Liquidity Risk, and Operation Risk of the Development Bank, oversee the sector portfolio/portfolio diversification and advise the management to review policy/process of the Development Bank. The Committee review the current risk profile and assess potential impact on the activities of the Development Bank or specific business, ensuring risks are identified, assessed, measured, mitigated, managed and monitored within acceptable parameters; where necessary, take appropriate remedial action.

iii. CEO and Senior Management

The CEO and Senior management have ensured that Development Bank have a strong risk management culture with well-written policies, manuals and guidelines. Senior management review and reinforce the risk management system.

iv. Risk Department

Risk Department has responsibility for high level Bank policy and procedures exposures including setting standards and reporting significant Risks and Corporate Governance issues to Senior management and BOD.

v. Internal Audit and Compliance Department

Audit Department reviews the implementation and adherence to the policy as part of its audit activities. It also works with the businesses and functions to prepare high-level risk maps to help identify and manage all aspects of risk, including Operational Risk and to help determine their Audit strategy.

Compliance Department of the Development Bank plays the vital roles on compliance of regulatory requirements. Internal policies, procedures and guidelines are closely monitored by the compliance of respective departments along with the compliance department.

5.1.1 Credit Risk

Credit Risk is the risk of loss of principal or loss of a financial reward stemming from a borrower's failure to repay a loan or otherwise meet a contractual obligation. The Credit Risk Monitoring and Reporting Framework have been prepared in order to mitigate/minimize the credit risk of the Development Bank through appropriate monitoring and reporting framework established within the Development Bank.

Credit Policy established framework for making investment and lending decisions and reflect the

Development Bank's tolerance for the credit risk. The Development Bank's Credit Policies are stated and defined in the Credit Policies Guidelines (CPG). The CPG states and defines the Development Bank's rules and policies related to the Development Bank's lending activities, reflecting the Development Bank's credit philosophy and culture. The CPG are updated at regular interval to reflect changes in the economic outlook and evolution of the Development Bank's loan portfolio.

The Development Bank measures, monitors and manages the credit risk for each borrower and also at the portfolio level. The credit review assessment of capital adequacy, at a minimum, covers risk rating systems, portfolio analysis/aggregation, large exposures and risk concentrations. The Development Bank has a structured and standardized credit approval process, which includes a well-established procedure of comprehensive credit appraisal. Credit Risk Management is ultimately the responsibility of the Board of Directors. Hence Overall strategy as well as significant policies has to be reviewed by the board regularly. Further, Senior Management is responsible for implementing the Development Bank's credit risk management strategies and policies and ensuring that procedures are put in place to manage and control credit risk and the quality of credit portfolio in accordance with these policies.

5.1.2 Market Risk

Market risk is defined as the risk of losses resulting from movements in market prices that adversely affect the value of on- and off-balance-sheet positions of financial institutions. It is the risk to a Development Bank resulting from movements in market prices, in particular, changes in interest rates, foreign exchange rates and equity and commodity prices.

Risks arising from the market are Foreign Exchange Risk, Interest Rate Risk and equity risk.

- Foreign Exchange Risk
Foreign exchange risk is the risk of losses arising from the movement of foreign currency exchange rates. Development Bank has defined the measurement systems that take into account all the sources of foreign exchange risk. It evaluates the effect of foreign exchange rate changes on profitability and economic value of assets and liabilities.
- Interest Rate Risk
Interest rate risk is the risk of negative effects on the financial result and capital of the bank caused by change in interest rate. Development Bank have interest rate risk measurement systems that assess the effects of rate changes on both earnings and economic values of Assets.

5.1.3 Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal process, people and system or from external events.

Measuring the size and scope of a Development Bank's risk exposures is an integral part of risk management process. Development Bank has placed a process for regular monitoring and reporting of operational risk profiles and material exposures to losses. It offers the advantages of quickly detecting and correcting deficiencies in the policies, processes and procedures for managing operational risk

The monitoring has been undertaken with the following scopes:

- Monitor assessment of the exposure to all types of operational risk faced by the Development Bank.
- An effective risk reporting has been designed in line with authorities.
- Establish early warning system for increasing risk of future losses.

5.1.4 Liquidity Risk

Liquidity risk is the risk that a financial institution loses its ability to fund its assets or to meet its obligations as they come due without incurring unacceptable cost or losses. Furthermore, Liquidity risk is the risk to an institution's financial condition or safety and soundness arising from its inability (whether real or perceived) to meet its contractual obligations.

Development Bank has Assets Liability Committee (ALCO) for managing overall liquidity of the Development Bank. Generally, the function of liquidity risk management is performed by ALCO and it comprises of senior management from each key area of the Development Bank that assumes and manages liquidity risk. The ALCO meeting has been held on a regular basis. ALCO's general responsibilities include developing and maintaining appropriate liquidity risk management policies and procedures, optimizing the structure of assets and liabilities, maintaining the stability of the deposit base, projecting cash flows and evaluating the level of current assets, in terms of liquidity of the branches, maintaining an efficient internal fund transfer mechanism, MIS reporting, limits and oversight programs. ALCO delegates day-to-day operating responsibilities to the Development Bank's treasury department.

Risk Management Department, ALCO, Senior Management, BOD level Risk Management committee and BOD regularly monitor the liquidity risk measurement practices. Regular management reports and risk measures would be the source information of monitoring. Monitoring functions have ensured about the relevancy and accuracy of measurements and management practices.

5.1.5 Fair value of financial assets and financial liabilities

Financial assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

As at 31st Ashad 2080	Carrying value	Level 1	Level 2	Level 3
Financial Assets				
Financial Assets measured at FVTOCI				
Investment Securities (Equity instruments)				
-Quoted equity securities	1,457,687,231	1,457,687,231		
-Unquoted equity securities	31,373,063			31,373,063
Financial assets carried at amortized cost				
Cash and Cash Equivalents	3,666,749,402			3,666,749,402
Due from Nepal Rastra Bank	1,959,607,644			1,959,607,644
Placement with Bank and Financial Institutions	-			-
Loans and Advances to BFIs	2,176,735,849			2,176,735,849
Loans and Advances to Customers	41,426,071,891			41,426,071,891
Investment Securities	6,281,262,839			6,281,262,839
Other Assets	193,271,602			193,271,602
Total Financial Assets	57,192,759,521	1,457,687,231	-	55,735,072,290

As at 31st Ashad 2080	Carrying value	Level 1	Level 2	Level 3
Financial Liabilities				
Financial liabilities carried at amortized cost:				
Due to Bank and Financial Institutions	963,569,866			963,569,866
Due to Nepal Rastra Bank	488,675,000			488,675,000
Deposits from Customers	49,132,059,667			49,132,059,667
Borrowings	-			-
Other Liabilities	806,018,333			806,018,333
Total Financial Liabilities	51,390,322,867	-	-	51,390,322,867

As at 32 Ashad 2079	Carrying value	Level 1	Level 2	Level 3
Financial Assets				
Financial Assets measured at FVTOCI				
Investment Securities (Equity instruments)				
- Quoted equity securities	782,494,417	782,494,417		
- Unquoted equity securities	9,977,826			9,977,826
Financial assets carried at amortized cost				
Cash and Cash Equivalents	4,871,373,392			4,871,373,392
Due from Nepal Rastra Bank	1,111,432,968			1,111,432,968
Placement with Bank and Financial Institutions	-			-
Loans and Advances to BFIs	2,340,844,498			2,340,844,498
Loans and Advances to Customers	38,068,026,472			38,068,026,472
Investment Securities	7,627,246,010			7,627,246,010
Other Assets	181,332,751			181,332,751
Total Financial Assets	54,992,728,334	782,494,417	-	54,210,233,917

As at 32 Ashad 2079	Carrying value	Level 1	Level 2	Level 3
Financial Liabilities				
Financial liabilities carried at amortized cost:				
Due to Bank and Financial Institutions	1,498,221,240			1,498,221,240
Due to Nepal Rastra Bank	5,607,560,325			5,607,560,325
Deposits from Customers	42,873,977,592			42,873,977,592
Borrowings	-			-
Other Liabilities	857,777,029			857,777,029
Total Financial Liabilities	50,837,536,186	-	-	50,837,536,186

5.2. Capital Management

i. Qualitative Disclosure

The Development Bank has formulated and implemented the "Internal Capital Adequacy Assessment Process 2019" which has been approved by the Board of Directors.

"ICAAP Policy 2019" provides the guidelines for the preparation of "Internal Capital Adequacy Assessment Process (ICAAP)" which set methodologies, techniques and procedures to assess the Capital adequacy requirements in relation to the Development Bank's risk profile and effectiveness of its risk management, control environment and strategic planning.

The Development Bank has set the Internal Capital Adequacy Assessment Process (ICAAP) with the following fundamental purposes.

- Development of policy, practice, process and plan to meet the regulatory and economic capital under the BASEL-II Capital frameworks.
- Strengthen the governance and organizational effectiveness around risk and capital management.
- Inform the board about the ongoing assessment of Development Bank's risk profile, mitigation technique being applied and estimated future capital requirement of the Development Bank.
- Bring transparency on the capital assessment process by understanding the key drivers of capital requirement including oversight for reviewing and validating capital requirements.
- Communicate and justify the regulatory authority about the procedure and methodology adopted for ICAAP based on present and future risk profile of the Development Bank.
- Support opportunities to identify sub-optimal usage of capital across the organization.
- Create the foundation and basis to have an informed view on capital requirements to state the Development Bank's position on capital adequacy against regulatory capital requirements.
- Ensuring the management exercises sound judgment and set adequate required capital for material risk according with the overall risk.

Board and management shall jointly ensure that formality and sophistication of the risk management processes are appropriate in light of the Development Bank's risk profile and business plan and shall put in place credible and consistent policies and procedures to identify measure and report all material risks that the Development Bank faces. Board shall ensure that the Policy Framework is comprehensive for key business and support functions, and establish a method for monitoring compliance of the same.

The Development Bank has followed Stress Testing Guidelines issued by the central bank in order to assess vulnerability of the Development Bank under various stress situations typically, application of "what if" scenarios, especially in the problematic identification of low frequency but high severity events and identifying expected and unexpected losses. It focuses on capturing the impact of large, but still plausible events and understanding the overall risk profile in a coherent and consistent framework, including impact analysis on earnings, solvency and liquidity.

Board shall be primarily responsible for ensuring the current and future capital needs of the Development Bank in relation to strategic objectives. Management shall review and understand the nature and level of various risks that the Development Bank is confronting in the course of different business activities and how this risk relates to capital levels and accordingly implement sound risk management framework specifying control measures to tackle each risk factor.

Board shall ensure that the ICAAP does not become mere compliance activity only but ensure its integration into ongoing operations and planning.

Paid Up Capital

The structure of the Share Capital of the Development Bank is as Follow:

- Authorized capital of NPR 5,000,000,000 represented by 50,000,000 ordinary share of NPR 100 each.
- Issue Capital as of date of financial position is NPR 3,382,821,286 ordinary Share represented by 33,828,213 of NPR 100 each
- Paid up Capital as of date of Financial Position is NPR 3,382,821,286 ordinary Share represented by 33,828,213 of NPR 100 each.

Amount NPR. "000"

Particulars	Fiscal Year	Paid up Capital
Share Capital Up to	2073/74	2,008,878,469
Right Share issue	2074/75	140,755,300
Right Share issue through auction	2074/75	23,648,900
Right Share issue through auction	2075/76	3,6483,644
Bonus Share of 2074/75 & 2075/76	2076/77	506,545,416
Bonus Share of 2076/77	2077/78	190,141,821
Bonus Share of 2077/78	2078/79	377,838,961
Bonus Share of 2078/79	2079/80	98,528,775
Total Share Capital	2079/80	3,382,821,286

Regulatory Minimum paid up capital requirement

For the national level development bank, regulatory required minimum capital is NPR 2,500,000,000 paid up capital of the Development Bank stood at Rs 3,382,821,286 against the minimum required capital.

ii. Quantitative Disclosure

1. Capital Structure and Capital Adequacy
 - A. Tier 1 Capital and a Breakdown of its components;

Particulars	Amount
a Paid up Equity Share Capital	3,382,821
b Irredeemable Non-cumulative preference shares	-
c Share Premium	-
d Proposed Bonus Equity Shares	-
e Statutory General Reserves	1,034,058
f Retained Earnings	300,861
g Un-audited current year cumulative profit/(loss)	-
h Capital Redemption Reserve	-
i Capital Adjustment Reserve	-
j Dividend Equalization Reserves	-
K Other Free Reserve	-
L Less: Goodwill	-
M Less: Deferred Tax Assets	-
N Less: Fictitious Assets	-
O Less: Investment in equity in licensed Financial Institutions	-
P Less: Investment in equity of institutions with financial interests	(80,000)
Q Less: Investment in equity of institutions in excess of limits	-
R Less: Investments arising out of underwriting commitments	-
S Less: Reciprocal crossholdings	-
T Less: Purchase of land & building in excess of limit and unutilized	(5,046)
U Less: Other Deductions	-
Total Tier 1 Capital	4,632,694

B. Tier 2 Capital and its Components

Particulars		Amount
a	Cumulative and/or Redeemable Preference Share	-
b	Subordinated Term Debt	1,000,000
c	Hybrid Capital Instruments	-
d	General loan loss provision	615,380
e	Exchange Equalization Reserve	1,192
f	Investment Adjustment Reserve	40,000
g	Asset Revaluation Reserve	-
h	Other Reserves	-
Total Tier 2 Capital		1,656,572

C. Details of Subordinated Term Debt

The Development Bank has not issued any subordinated term debt.

D. Deductions from Capital

- Investment in the equity of institutions with financial interest has been deducted from the Tier-I capital.
- Purchase of Land and building in excess of limit and unutilized has been deducted from the Tier-I capital.

E. Total qualifying capital

S.N.	Particulars	Amount in '000
1.	Core Capital	4,632,694
2.	Supplementary Capital	1,656,572
Total Capital Fund		6,289,266

F. Capital Adequacy Ratio

S.N.	Particulars	Percent (%)
1.	Tier 1 to Risk Weighted Exposure	9.47%
2.	Total Capital to Risk Weighted Exposure	12.85%

G. Summary of adequacy of its capital to support current and future activities, if applicable:

Development Bank's current paid up capital amounts to Rs 3.382 Billion. The Development Bank complies with the Capital Increment plan of NRB. The overall strategy of the Development Bank has been formulated with the special consideration to the capital adequacy requirement according to BASEL-II.

H. Summary of the terms, conditions and main features of all capital instruments, especially in case of subordinated term debts including hybrid capital instruments.

The Development Bank has not raised any capital through hybrid capital instruments.

2. RISK EXPOSURES

A. Risk Weighted Exposures for Credit Risk, Market Risk and Operational Risk

S.N.	Particulars	Amount in '000
i.	Risk Weighted Exposure for Credit Risk	46,133,373
ii.	Risk Weighted Exposure for Operational Risk	2,307,448
iii.	Risk Weighted Exposure for Market Risk	7,227

Adjustments under Pillar II	
Add: ...% of the total RWE due to noncompliance to Disclosure Requirement (6.4 a 10)	
Add:% of the total deposit due to insufficient Liquid Assets(6.4 a 6)	
Add: Overall risk management policies and procedures are not satisfactory. Add 1% of RWE	484,480
Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)	48,932,528

B. Risk Weighted Exposures for Credit Risk under each of 11 categories of Credit Risk;

Particulars		Amount (RWA)
1	Claims on government & central bank	-
2	Claims on other official entities	-
3	Claims on banks	588,270
4	Claims on corporate & securities firms	13,815,221
5	Claims on regulatory retail portfolio	9,054,666
6	Claims secured by residential properties	3,521,341
7	Claims secured by commercial real state	920,381
8	Past due claims	2,225,926
9	High risk claims	13,214,921
10	Other assets	2,013,645
11	Off balance sheet items	779,003
Total Credit Risk Weighted Exposure		46,133,373

C. Total Risk Weighted Exposure Calculation Table

i. Risk Weighted Exposure for Credit Risk

ii. A. Balance Sheet Exposures	Book Value	Specific Provision	Eligible CRM	Net Value	Risk Weight	Risk Weighted Exposures
Cash Balance	660,280			660,280	0%	-
Balance With Nepal Rastra Bank	1,959,608			1,959,608	0%	-
Gold	-	-	-	-	0%	-
Investment in Nepalese Government Securities	6,260,119			6,260,119	0%	-
All Claims on Government of Nepal	17,193			17,193	0%	-
Investment in Nepal Rastra Bank securities				-	0%	-
All claims on Nepal Rastra Bank	-			-	0%	-
Claims on Foreign Government and Central Bank (ECA 0-1)				-	0%	-
Claims on Foreign Government and Central Bank (ECA -2)			-	-	20%	-
Claims on Foreign Government and Central Bank (ECA -3)			-	-	50%	-
Claims on Foreign Government and Central Bank (ECA-4-6)			-	-	100%	-
Claims on Foreign Government and Central Bank (ECA -7)			-	-	150%	-
Claims On BIS, IMF, ECB, EC and MDB's recognized by the framework				-	0%	-
Claims on Other Multilateral Development Banks			-	-	100%	-
Claims on Public Sector Entity (ECA 0-1)			-	-	20%	-
Claims on Public Sector Entity (ECA 2)			-	-	50%	-
Claims on Public Sector Entity (ECA 3-6)			-	-	100%	-
Claims on Public Sector Entity (ECA 7)			-	-	150%	-
Claims on domestic banks that meet capital adequacy requirements	2,941,348		-	2,941,348	20%	588,270
Claims on domestic banks that do not meet capital adequacy requirements	-	-	-	-	100%	-
Claims on foreign bank (ECA Rating 0-1)	-	-	-	-	20%	-
Claims on foreign bank (ECA Rating 2)	-	-	-	-	50%	-
Claims on foreign bank (ECA Rating 3-6)	-	-	-	-	100%	-
Claims on foreign bank (ECA Rating 7)	-	-	-	-	150%	-
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	-	-	-	-	20%	-
Claims on Domestic Corporates	13,828,075		204,815	13,623,260	100%	13,623,260
Claims on Foreign Corporates (ECA 0-1)	-	-	-	-	20%	-
Claims on Foreign Corporates (ECA 2)	-	-	-	-	50%	-
Claims on Foreign Corporates (ECA 3-6)	-	-	-	-	100%	-
Claims on Foreign Corporates (ECA 7)	-	-	-	-	150%	-
Regulatory Retail Portfolio (Not Overdue)	12,827,975		755,087	12,072,889	75%	9,054,666
Claims fulfilling all criterion of regularity retail except granularity			-	-	100%	-
Claims secured by residential properties	5,361,888	-	-	5,361,888	60%	3,217,133

Claims not fully secured by residential properties		-	-	-	150%	-
Claims secured by residential properties (Overdue)	362,822	91,043	-	271,779	100%	271,779
Claims secured by Commercial real estate	920,381			920,381	100%	920,381
Past due claims (except for claims secured by residential properties)	2,195,011	711,060	-	1,483,951	150%	2,225,926
High Risk claims	8,865,032		55,085	8,809,947	150%	13,214,921
Lending Against Securities (Bonds)	191,960		-	191,960	100%	191,960
Investments in equity and other capital instruments of institutions listed in stock exchange	732,195			732,195	100%	732,195
Investments in equity and other capital instruments of institutions not listed in the stock exchange	6,950			6,950	150%	10,425
Staff loan secured by residential property	64,858			64,858	50%	32,429
Interest Receivable/claim on government securities	70,698			70,698	0%	-
Cash in transit and other cash items in the process of collection	35	-	-	35	20%	7
Other Assets	3,625,428	2,354,410		1,271,018	100%	1,271,018
Total (A)	60,891,858	3,156,512	1,014,987	56,720,359		45,354,370

B. Off Balance Sheet Exposures	Book Value	Specific Provision	Eligible CRM	Net Value	Risk Weight	Risk Weighted Exposures
Revocable Commitments	-	-	-	-	0%	-
Bills Under Collection	-	-	-	-	0%	-
Forward Exchange Contract Liabilities	-	-	-	-	10%	-
LC Commitments With Original Maturity Upto 6 months domestic counterparty	-	-	-	-	20%	-
Foreign counterparty (ECA Rating 0-1)	-	-	-	-	20%	-
Foreign counterparty (ECA Rating 2)	-	-	-	-	50%	-
Foreign counterparty (ECA Rating 3-6)	-	-	-	-	100%	-
Foreign counterparty (ECA Rating 7)	-	-	-	-	150%	-
LC Commitments With Original Maturity Over 6 months domestic counterparty	-	-	-	-	50%	-
Foreign counterparty (ECA Rating 0-1)	-	-	-	-	20%	-
Foreign counterparty (ECA Rating 2)	-	-	-	-	50%	-
Foreign counterparty (ECA Rating 3-6)	-	-	-	-	100%	-
Foreign counterparty (ECA Rating 7)	-	-	-	-	150%	-
Bid Bond, Performance Bond and Counter guarantee domestic counterparty	161,831		8,903	152,929	40%	61,171
Foreign counterparty (ECA Rating 0-1)	-	-	-	-	20%	-
Foreign counterparty (ECA Rating 2)	-	-	-	-	50%	-
Foreign counterparty (ECA Rating 3-6)	-	-	-	-	100%	-
Foreign counterparty (ECA Rating 7)	-	-	-	-	150%	-
Underwriting commitments	-	-	-	-	50%	-
Lending of Bank's Securities or Posting of Securities as collateral	-	-	-	-	100%	-
Repurchase Agreements, Assets sale with recourse	-	-	-	-	100%	-
Advance Payment Guarantee	10,990		550	10,441	100%	10,441
Financial Guarantee	-	-	-	-	100%	-
Acceptances and Endorsements	-	-	-	-	100%	-
Unpaid portion of Partly paid shares and Securities	-	-	-	-	100%	-
Irrevocable Credit commitments (short term)	1,348,613			1,348,613	20%	269,723
Irrevocable Credit commitments (long term)	281,770			281,770	50%	140,885
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	-	-	-	-	50%	-
Other Contingent Liabilities	296,783			296,783	100%	296,783
Unpaid Guarantee Claims	-	-	-	-	200%	-
Total (B)	2,099,987	-	9,452	2,090,535		779,003
Total RWE for credit Risk Before Adjustment (A)+(B)	62,991,845	3,156,512	1,024,439	58,810,894	-	46,133,373
Adjustments under Pillar II	-	-	-	-	-	-
Answer the question SRP 6.4a (3) in SRP sheet	-	-	-	-	-	-
Answer the question SRP 6.4a (4) in SRP sheet	-	-	-	-	-	-
Total RWE for Credit Risk after Bank's adjustments under Pillar II	62,991,845	3,156,512	1,024,439	58,810,894	-	46,133,373

Eligible Credit Mitigates

Credit exposures	Deposits with Bank	Deposits with other banks/FI	Gold	Govt. & NRB Securities	G'tee of Govt. of Nepal	Sec/G'tee of Other Sovereigns	G'tee of domestic banks	G'tee of MDBs	Sec/ G'tee of Foreign Banks	Total
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	
Balance Sheet Exposures										
Claims on Foreign government and Central Bank (ECA -2)	-	-	-	-	-	-	-	-	-	-
Claims on Foreign government and Central Bank (ECA -3)	-	-	-	-	-	-	-	-	-	-
Claims on Foreign government and Central Bank (ECA-4-6)	-	-	-	-	-	-	-	-	-	-
Claims on Foreign government and Central Bank (ECA -7)										
Claims on Other Multilateral Development Banks										
Claims on Public Sector Entity (ECA 0-1)										
Claims on Public Sector Entity (ECA 2)										
Claims on Public Sector Entity (ECA 3-6)										
Claims on Public Sector Entity (ECA 7)										
Claims on domestic banks that meet capital adequacy requirements										
Claims on domestic banks that do not meet capital adequacy requirements										
Claims on foreign bank (ECA Rating 0-1)										
Claims on foreign bank (ECA Rating 2)										
Claims on foreign bank (ECA Rating 3-6)										
Claims on foreign bank (ECA Rating 7)										
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement										
Claims on Domestic Corporates	204,815									204,815
Claims on Foreign Corporates (ECA 0-1)										
Claims on Foreign Corporates (ECA 2)										
Claims on Foreign Corporates (ECA 3-6)										

iii. Risk Weighted Exposure for Market Risk

(Amount in '000)

Currency	Open Position (FCY)	Exchange Rate	Open Position (NPR)	Relevant Open Position
United States Dollar	94.10	131.30	131.30	12,355
Euro	10.93	147.48	147.48	1,612
Great Britain Pound	0.16	172.13	172.13	28
Swiss Franc	-	-	-	-
Australian Dollar	0.14	89.91	89.91	13
Canadian Dollar	0.33	99.50	99.50	33
Singapore Dollar	0.16	99.30	99.30	16
Japanese Yen	260.00	0.9475	0.9475	246
Chinese Yuan	-	-	-	-
Indian Rupee	72.00	1.60	1.60	115
Saudi Arabian Riyal	-	-	-	-
Qatari Riyal	-	-	-	-
Thai Baht	-	-	-	-
Emirati Diram	1.00	35.73	35.73	36
Malaysian Ringgit				
South Korean Won				
Swedish Kroner				
Danish Kroner				
Hong Kong Dollar				
Kuwaiti Dinar				
Bahraini Dinar				
(a) Total Open Position			14,454	14,454
(b) Fixed Percentage				5%
(c) Capital Charge for Market Risk (=a×b)				723
(d) Risk Weight (reciprocal of capital requirement of 10%) in times				10
(e) Equivalent Risk Weight Exposure (=c×d)				7,227

iv. Risk Weighted Exposure for Operational Risk

(Amount in '000)

Particulars	Financial Year		
	2076/077	2077/78	2078/79
Net Interest Income	1,149,754	1,211,005	1,576,257
Commission and Discount Income	119,788	177,202	162,103
Other Operating Income	26,769	139,555	50,358
Exchange Fluctuation Income	1,397	-	707
Addition/Deduction in Interest Suspense during the period	-		
Gross income (a)	1,297,708	1,527,762	1,789,425
Alfa (b)	15%	15%	15%
Fixed Percentage of Gross Income [c=(a×b)]	194,656	229,164	268,414
Capital Requirement for operational risk (d) (average of c)			230,745
Risk Weight (reciprocal of capital requirement of 10%) in times (e)			10
Equivalent Risk Weight Exposure [f=(d×e)]			2,307,448

D. Details of Non- Performing Assets

Amount of Non-Performing Assets (both Gross and Net)

(Amount in '000)

Non-Performing Loans		Gross Amount	Loss Provision	Net Amount
a	Restructured and rescheduled	8,648	1,081	7,567
b	Sub-Standard	344,016	86,004	258,012
c	Doubtful	583,121	291,561	291,561
d	Loss	562,815	559,459	3,356
Total		1,498,600	938,105	560,495

5.3. Classification of Financial assets and Financial Liabilities

As at 31st Ashad 2080	Fair Value through Profit or Loss	Fair Value through Other Comprehensive Income	Amortized Cost	Total
Financial Assets				
Cash and Cash Equivalents	-	-	3,666,749,402	3,666,749,402
Due from Nepal Rastra Bank	-	-	1,959,607,644	1,959,607,644
Placement with Bank and Financial Institutions	-	-	-	-
Loans and Advances to BFIs	-	-	2,176,735,849	2,176,735,849
Loans and Advances to Customers	-	-	41,426,071,891	41,426,071,891
Investment Securities	-	1,489,060,294	6,281,262,839	7,770,323,132
Other Assets	-	-	193,271,602	193,271,602
Total Financial Assets	-	1,489,060,294	55,703,699,227	57,192,759,521
Financial Liabilities				
Due to Bank and Financial Institutions	-	-	963,569,866	963,569,866
Due to Nepal Rastra Bank	-	-	488,675,000	488,675,000
Deposits from Customers	-	-	49,132,059,667	49,132,059,667
Borrowings	-	-	-	-
Other Liabilities	-	-	806,018,333	806,018,333
Total Financial Liabilities	-	-	51,390,322,867	51,390,322,867

As at 32 Ashad 2079	Fair Value through Profit or Loss	Fair Value through Other Comprehensive Income	Amortized Cost	Total
Financial Assets				
Cash and Cash Equivalents	-	-	4,871,373,392	4,871,373,392
Due from Nepal Rastra Bank	-	-	1,111,432,968	1,111,432,968
Placement with Bank and Financial Institutions	-	-	-	-
Loans and Advances to BFIs	-	-	2,340,844,498	2,340,844,498
Loans and Advances to Customers	-	-	38,068,026,472	38,068,026,472
Investment Securities	-	792,472,243	7,627,246,010	8,419,718,253
Other Assets	-	-	181,332,751	181,332,751
Total Financial Assets	-	792,472,243	54,200,256,091	54,992,728,334
Financial Liabilities				
Due to Bank and Financial Institutions	-	-	1,498,221,240	1,498,221,240
Due to Nepal Rastra Bank	-	-	5,607,560,325	5,607,560,325
Deposits from Customers	-	-	42,873,977,592	42,873,977,592
Borrowings	-	-	-	-
Other Liabilities	-	-	857,777,029	857,777,029
Total Financial Liabilities	-	-	50,837,536,186	50,837,536,186

5.4. Operating Segment Information

1. General information

An operating segment is a component of the Development Bank that engages in business activities from which it may earn revenue and incur expenses, whose operating results are regularly reviewed by the Development Bank's chief operating decision maker and for which discrete financial information is available. The Development Bank is operated centrally in a single jurisdictional area with all policies and operations being controlled and directed from head office.

The Development Bank has identified its reportable segment into two i.e., Banking and Treasury & Remittance based on its core business units which actively forms a major part of the Development Bank's revenue source and align with its principal business objectives.

a. Banking

The loans provided to all customers are classified under Banking. The interest income and other fee incomes generated out of such loans are revenue items of this segment. Expenses of this segment comprises of interest expenses on deposits used for providing loans, pro-rated personnel expenses and operating expenses as well as provision for loss created for such loans.

b. Treasury and Remittance

The balance lying with the Development Banks invested in government bonds, treasury bills, placements and shares of other organizations come under this segment. The interest income of bonds and bills, forex gains, dividend income are revenue items of this segment. Expenses of this segment comprises of interest expenses on deposits used for making investments, forex losses, pro-rated personnel expenses and operating expenses as well as provision for loss created for such investments. Remittance commission income from various agencies along with related expenses are also the part of this segment.

c. Other Components (Unallocated)

All other revenues and expenses which cannot be classified to the above-mentioned segments fall under this segment. The income from sale of assets, other fees and commission are revenue items of this segment. Un-attributable personnel expenses, operating expenses and written off assets are expense items of this segment. Business Banking, Treasury and Remittance comprise majority of Development Bank's total revenue. Hence, these operations are treated as reportable segments and the remaining are classified under other segment.

2. Information about profit or loss, assets and liabilities

Particulars	Banking	Treasury and Remittance	Other Component (Unallocated)	Total
Revenues from external customers	6,459,168,840	477,101,807	52,482,165	6,988,769,497
Inter Segment revenues				-
Net Revenue	6,459,168,840	477,101,807	52,482,165	6,988,769,497
Interest revenue	6,298,885,058	473,566,739	-	6,772,451,797
Interest expense	4,733,993,367	156,224,315	38,441,887	4,928,659,569
Net interest revenue	1,564,891,692	317,342,423	(38,441,887)	1,843,792,228
Depreciation and amortization	97,836,851	7,226,585	794,946	105,858,382
Segment profit / (loss)	443,176,328	267,846,565	(3,109,579)	707,913,314
Entity's interest in the profit or loss of associates accounted for using equity method	-	-	-	-
Other material non-cash items	-	-	-	-
Impairment of assets	-	-	-	-
Segment assets	48,418,562,150	10,111,644,155	361,256,341	58,891,462,645
Segment liabilities	51,801,627,845	-	872,769,038	52,674,396,883

3. MEASUREMENT OF OPERATING SEGMENT PROFIT OR LOSS, ASSETS AND LIABILITIES

(b) Segment Assets and Liability Explanation

Business Banking includes all Loan and advances provided to the customer and Bank and Financial Institution, Investment properties (related to NBA) and other assets are allocated on the basis of gross revenue generated by each reportable segment. Segment Liabilities of Banking includes deposit from customer and BFIS and other liability allocated on the basis of revenue generating ration of each segment.

Treasury segment assets includes Balance with NRB/other FI, Interbank Placements, investment in securities and other organized institutions' shares, whereas segment liabilities comprise, due from central bank and so on which are related to treasury functions.

All other unallocated assets and liabilities have been presented under Others Segment consisting; but not limited to Share capital, reserve, retained earnings, property and equipment, intangible assets, investment properties, tax assets and liabilities, cash and cash equivalents.

(c) Segment Profit or Loss Explanation

Interest income on business banking includes interest income from total loan portfolio and Interest expenses includes interest expenses on deposit portfolio.

Interest income on Treasury and remittance includes interest income from the development bond and call deposit on BFIs, Interest expenses includes Interest expenses on borrowing from central bank and interbank borrowing/placements.

Loan administration fee and service fee and their related expenses included in Business Banking Segment. All other fee/revenue from external customers not falling under above two segments are included on other segment.

(d) Basis of accounting for any transactions between reportable segments.

There is no any identifiable inter-segment revenue in absence of transfer pricing policy in the Development Bank.

(e) Nature of any differences between the measurements of the reportable segments profits or losses and the entity's profit or loss before income tax.

Not Applicable

(f) Nature of any differences between the measurements of the reportable segments assets and the entity's asset.

Not Applicable

(g) Nature and effect of any asymmetrical allocations to reportable segments.

The income, expense, asset and liabilities that are not identifiable to particular segment have been allocated on the basis of gross revenue of the segment.

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities

Revenue	Amount
Total revenues for reportable segments	6,936,287,333
Other revenues	52,482,165
Elimination of intersegment revenues	-
Entity's revenues	6,988,769,497

Profit or loss	Amount
Total profit or loss for reportable segments	711,022,893
Other profit or loss	-
Elimination of intersegment profits	-
Unallocated amounts:	(3,109,579)
Profit before income tax	707,894,543

Assets	Amount
Total assets for reportable Segment	58,530,206,305
Other assets	
Unallocated amounts	361,256,341
Entity's assets	58,891,462,645

Liabilities	Amount
Total liabilities for reportable Segments	51,801,627,845
Other liabilities	-
Unallocated liabilities	872,769,038
Entity's liabilities	52,674,396,883

Information about products and services

Gross Revenue from each type of product and services

Revenue	Amount (Rs.)
Interest Income on Overdraft Loan	1,826,150,287
Interest Income on Demand Loan	544,409,914
Interest Income on Term Loan	1,832,843,460
Interest Income on Home Loan	887,012,462
Interest Income on Educational Loan	2,264,247
Interest Income in Auto and Hire Purchase Loan	196,366,737
Interest Income on Other loan Product	950,158,806
Fees and Commission-Banking	158,850,467
Other Write back and Non-Operating-Banking	1,450,000
Interest Income in Development Bond	453,324,960
Interest Income in Call Deposit and Placement	79,764,760
Other Revenue from Treasury Function	3,691,233
Other unallocated Income	52,482,165
Total	6,988,769,497

(h) Information about geographical areas

Total Revenue on the basis of geographical areas

Areas	Amount
(a.) Domestic	
Koshi	857,683,675
Madhesh	812,165,745
Bagmati	4,289,348,329
Gandaki	613,245,321
Lumbini	284,630,386
Karnali	33,447,409
Sudurpaschim	98,248,634
(b.) Foreign	
	-
Total	6,988,769,497

(i) Information about major customers

No revenue from a single customer accounted for more than 10% during the reporting period

5.5. Share options and share based payment

The Development Bank does not have a policy for share options to its employees. Similarly, during the year the Development Bank has not made any payments or settlements by issuing new shares.

5.6. Contingent liabilities and commitment

The details amount regarding contingent liabilities and commitments have been disclosed under 4.28. In case of Good for payment cheque of Kuleshwor Branch, the Development Bank has settled the 60% of the amount as per the separate agreement with the Cheque holder. Remaining 40% amount will be paid only after the recovery from the offender. Hence, there is no any probable additional liability of the Development Bank till date.

Among the Cheque holder, Chandragiri Bachat Tatha Rin Sahakari Sanstha Limited and Nayapati Bachat Tatha Rin Sahakari Sanstha Limited have filed the case at Honorable Kathmandu District Court by claiming the remaining 40% amount. The Development Bank has filed for suspension of case filed by the plaintiff at Honorable Kathmandu District Court which was registered in the court on 2074.04.29 and the Honorable Kathmandu District Court has pass verdict of suspension of the case till the verdict of another case filed by Government of Nepal at Honorable Supreme Court.

The Prabhu Bank (Former: Bhaivab Finance Limited) has filed the case at Honorable Kathmandu District Court by claiming the amount Rs Two Crore which was supposed to be deposited but not accounted at Kuleshwor Branch of the Development Bank. The amount is related to the Good for Payment cheque and the Development Bank is in legal proceeding for the same in the supreme court too. Any probable additional liability could not be established till the date of Financial Statements.

5.7. Related Party Disclosures

a. Entity Relationships

Relationship	Related Parties
Associates	Muktinath Capital Limited (Former :Vibor Capital Limited)
	Nadep Laghubitta Bittiya Sanstha Limited
	Deprosc Laghubitta Bittiya Sanstha Limited

b. Those charges with governance

Those charged with governance of the Development Bank include members of Board of directors namely:

Name	Designation
Mr. Mr. Chinta Mani Bhattarai	Chairman
Mr. Prabin Krishna Shrestha	Director
Mr. Ram Chandra Sigdel	Director
Mr. Ganesh Regmi	Director
Mr. Arjun Thapa	Director
Mr. Keshav Khatiwada	Director

c. Key Management Personnel (excluding Directors)

Name	Designation
Mr. Naresh Singh Bohra	Chief Executive Officer
Mr. Umesh Regmi	Deputy Chief Executive Officer
Mr. Suman Acharya	Deputy Chief Executive Officer

d. Transactions with related parties

Related Party	Nature of transactions	2079/80	2078/79
Those Charged with Governance	Meeting Allowances	1,795,000	2,028,000
	Telephone and Newspaper	1,422,621	1,306,945
	Travelling Expenses	30,985	580,350
Chief Executive Officer	Short term employee benefits	12,081,705	9,108,961
Key Management Personnel (excluding CEO and Directors)	Short term employee benefits	8,004,997	13,652,843
Muktinath Capital Limited (Associates)	Registrar to Share and share related other Expenses	512,000	543,739

5.8. Merger and Acquisition

The Development Bank has not entered into any merger or acquisition for the fiscal year ended on 16 July 2023.

5.9. Additional disclosure of non-consolidated entities

There are no such entities which are required to be consolidated but not done during the year.

5.10. Events after reporting date

There have been no material events after the reporting period affecting the financial status of the Bank as on Ashad end, 2080. The Development Bank monitors and assesses events that may have potential impact to qualify as adjusting and/or non-adjusting events after the end of the reporting period. All adjusting events are adjusted in the books with additional disclosures and non-adjusting material events are disclosed in the notes with possible financial impact, to the extent ascertainable.

There are no material events that have occurred subsequent to Ashad End 2080 till the signing of this financial statement on 2080/08/26.

6. OTHER EXPLANATORY NOTES

6.1. Reserves & Surplus

i. Statutory General Reserve

General Reserve maintained pertains to the regulatory requirement of the Bank and Financial Institutions Act, 2073. There is a regulatory requirement to set aside 20% of the net profit to the general reserve until the reserve is twice the paid up capital and thereafter minimum 10% of the net profit.

During the year the Development Bank has transferred Rs 99,534,504 to the statutory general reserve.

Particulars	Amount (Rs)
Opening Reserve in Shrawan 1 2079	934,523,830
Transfer during the year	99,534,504
Total Reserve in Ashad End 2080	1,034,058,334

ii. Exchange equalization Reserve

Exchange equalization is maintained as per requirement of Nepal Rastra Bank Unified Directive. There is a regulatory requirement to set aside 25% of the foreign exchange revaluation gain on the translation of foreign currency to the reporting currency. The reserve is the accumulation of such gains over the years.

During the year, bank has transferred Rs. 154,126 to this reserve as there is revaluation gain in the reporting period.

Particulars	Amount (Rs)
Opening Reserve in Shrawan 1 2079	1,037,851
Transfer during the year	154,126
Total Reserve in Ashad End 2080	1,191,977

iii. Corporate Social Responsibility Reserve

As per the NRB Directives on Corporate Social Responsibility, the Development Bank has allocated 1% of the net profit of current fiscal year for CSR activities. The total amount of corporate social responsibility reserve is NPR 10,899,727 and NPR 8,044,677 respectively for current year and previous year.

Particulars	2079/80	2078/79
Opening as on Shrawan 1	8,044,677	4,905,544
Addition during the year	4,976,725	6,371,933
CSR expense during the year (from CSR reserve)	(2,121,675)	(3,232,799)
Closing as on Ashad End	10,899,727	8,044,677

iv. Regulatory Reserve

As per the NRB Directive 4/080 Clause (3), the bank is required to credit an amount equal to the adjustments made as per NFRS while preparing Opening Statement of Financial Position and NFRS compliant financial statements of succeeding years to the Regulatory Reserve. The amount shall be transferred from Retained Earning to the Regulatory Reserve through the Statement of Changes in Equity. Accordingly, the bank has credited the following amounts During the FY 2079-80.

Particulars	As at 32nd Ashad 2079	Transfer (reversal) to Reserve-2080	As at 31st Ashad 2080
Accrued Interest Recognized as Income (net of staff bonus and tax)	156,038,984	95,423,037	251,462,020
Investment Properties (net of accumulated depreciation and Income Tax)	44,904,697	61,827,101	106,731,798
Deferred Tax Assets-Addition/(Reversal)	41,025,823	(114,818)	40,911,006
Fair Value Loss in Investment in Equity/(Reversal)	-	-	-
Actuarial Loss (Through Profit or Loss Account)	162,372	(162,372)	-
Other Regulatory Adjustment	19,428,596	-	19,428,596
Total	261,560,473	155,503,381	418,533,420

The movement on regulatory reserve over the reporting period including previous fiscal years disclosed in the "Changes in Regulatory Reserve" as a part of Financial Statements.

The description of each items of regulatory reserve created as per NRB Directive 4(3)/2080 is as below:

a. Accrued Interest

Interest income recognized in statement of Profit or Loss account on accrual basis has been transferred to Regulatory Reserve (net of staff Bonus & Tax) from retained earnings. However, interest income of NPR 191,131,622 recovered up to Shrawan 15, 2080 has not been transferred to regulatory reserve as per the NRB directive 4(3)(b)/2080.

Total regulatory reserve of Rs 251,462,020 has been created for the interest income recognized on accrual Basis (net of Bonus & Tax) upto the reporting period.

b. Investment Properties (Non-Banking Assets)

Regulatory reserve on Non-Banking Assets (net of Bonus & Tax) has been created as per NRB directives 4(3)(b)(d)/2080.

Regulatory reserve of NPR 106,731,798 has been created up to FY 2079/80.

c. Deferred Tax Assets

As per NRB Directives 4(3)(b)(e)/2080, regulatory reserve shall be created from retained earnings for the amount equal to Deferred Tax Assets. Bank has Deferred Tax Liability (after netting off Deferred Tax Assets) in statement of financial Position.

Bank has created regulatory reserve of Rs 40,911,006 up to Ashad end 2080 for the amount equal to deferred tax assets charged through Profit or Loss Account, though Development Bank has Deferred Tax Liability in the Statement of Financial Position of Ashad end 2080.

d. Fair Value Loss on Investment

Bank has fair value gain in overall equity investment portfolio of the Bank. So bank has not created any regulatory reserve against fair value loss on investment.

e. Actuarial Loss (Gratuity)

Regulatory reserve created on Actuarial loss on gratuity charges through other comprehensive income of Rs 162,373 has been reversed and transferred to retained earnings during the FY 2079-80.

f. Other Reserve

Regulatory reserve of NPR 19,428,596 created for the capitalization of interest of Loan of B&C Medical College.

v. Investment Adjustment Reserve

As per the NRB directives, Investment adjustment reserve shall be created against the unquoted share investment if they did not get listed within 3 years of investment date. However, in case of holding of more than 50% in entities which don't require to get listed and investment in Karja Suchana Kendra, Nepal Clearing House Ltd, National Banking Institute, Nepal Electronic Payment System (NEPS), Nepal Stock Exchange, such adjustment reserve need not to be created.

Bank has investment in unlisted share of Karja Suchana Kendra, Nepal Clearing House Ltd, National Banking Institute, Nepal Electronic Payment System (NEPS), Nepal Stock Exchange and Muktinath Capital Limited upto the reporting period.

In compliance of the directives, bank has created investment adjustment reserve on investment (only unlisted/ unquoted for three years from the date of investment) of Muktinath Capital Limited as following:

Date of Investment	Entity	Investment Adjustment Reserve
2010/07/09	Muktinath Capital Ltd. (former: Vibor Capital Ltd.)	40,000,000

vi. Fair Value Reserve

Fair Value Reserve of the Bank includes Fair Value Gain on Investment in Equity through OCI (net of deferred Tax Liability) up to Ashad end 2079.

Bank has fair value reserve (net of deferred tax liability) of Rs 5,79,880,364 up to Ashad end 2080.

Particulars	Amount (Rs)
Opening Reserve in Shrawan 1 2079	260,475,379
Additional Reserve (net of deferred Tax)	319,404,985
Total Reserve in Ashad End 2080	579,880,364

vii. Staff Training Development Fund

As per the NRB Directives 2079, 6 (6), the Development Bank shall spend 3% of the total Personnel expenses (Salary & Allowances) of preceding year i.e Rs 8,721,506 on Staff training and development. Further if such amount could not be spent, short amount shall be credited to Staff training and development fund which shall be spent in the next year. Bank has spent the 5,146,768 as expenses under staff training and development during the FY 2079/80. Hence, the Development Bank has credited Rs 3,574,738 to Staff training and development fund during the year.

Particulars	Amount (Rs)
Opening Reserve in Shrawan 1 2079	-
Transferred to reserve during the year	8,721,506
Expenses on staff Training during the year	(5,146,768)
Total Staff Training Fund in Ashad End 2080	3,574,738

viii. Actuarial Gain (Loss)

Development Bank has actuarial gain on valuation of Defined Benefit Obligation (gratuity of staff) of Rs 2,747,777 (net of Deferred Tax).

Particulars	Amount (Rs)
Opening Reserve in Shrawan 1 2079	(113,661)
Additional Reserve (net of deferred Tax)	2,861,438
Total Reserve in Ashad End 2080	2,747,777

ix. Other Reserve:

a. Reserve on Investment in Associates (using equity method):

Bank has opted the valuation of investment in associated using equity method. The movement of reserve on investment in Associates calculated using equity method has been recognized through OCI in the reporting period. The details of Reserve in Associates using equity Method is presented as below:

Name of Associates	Cost of Investment (a)	Equity Value of Associates (b)	Reserve on Investment in Associates (c=b-a)
Deprosc Laghubitta Bittiya Sanstha Ltd.	46,485,168	431,302,280	354,224,637
NADEP laghubittta Bittiya Sanstha Ltd.	32,000,000	86,684,185	55,846,988
Muktinath Capital Limited	80,000,000	77,520,976	(2,479,024)
Total (d)	158,485,168	595,507,441	437,022,272
Reserve up to Previous Year (e)			474,334,865
Reserve for this Year (f=e-d)			(37,312,593)

The reserve (loss) for the reporting period of NPR 37,312,593 has been recognized through OCI and total reserve on investment in associates is included in the Other Reserve of (Annexure: 4.27) of Financial Statements.

b. Other Reserve: Rs 5,475,000

Bank has other reserve of Rs 5,475,000 carried forward since 2011 from former Vibor Bikas bank Limited (merged institutions of Lumbini Bikas Bank). Bank has not treated this reserve as free reserve and shall not be available for distribution unless otherwise specific purpose is justified/ascertained with proper documentary evidences.

6.2. Impairment

As per the Carve out notice issued by ICAN, the Development Bank has measured impairment loss on loan and advances as the higher of amount derived as per norms prescribed by Nepal Rastra Bank for loan loss provision and amount determined as per paragraph 63 of NAS 39.

Particulars	2079/80	2078/79
LLP as per NRB Directives (a)	1,633,871,582	1,088,137,054
Individual Impairment as per NFRS	198,714,720	147,367,666
Collective Impairment as per NFRS	204,883,500	105,641,895
Total Impairment as per NFRS (b)	403,598,220	253,009,561
Impairment on Loan and Advances (Higher of a & b)	1,633,871,582	1,088,137,054

6.3. Investment Properties/Non-Banking Assets

Non-Banking Assets has been shown under the investment Properties. It has been recognized at Cost Less Accumulated Depreciation (aggregated with the accumulated impairment losses). Details of the Investment properties (at cost) are as follow:

Name Of Borrower	Date of Assuming Non-Banking Assets	As at 31st Ashad 2080	As at 32nd Ashad 2079
Binod Shrestha	2070.03.31	8,800,000	8,800,000
Champadevi Foodhill Resort and Villas P. Ltd	2070.03.30	25,876,500	25,876,500
Madhukar Yak Thumba	2072.03.24	13,757,697	13,757,697
Satya Suppliers	2075.09.26	6,005,377	6,005,377
Kripa Jewellers	2077.12.31	8,351,000	11,641,000
Munna general store	2078.12.10	743,000	743,000
Sakhina Khatun	2078.12.25	-	1,235,000
Dipak bishwokarma	2079.03.07	3,717,000	3,717,000
Nepal Radio Paging Pvt. Ltd.	2022/07/25	1,353,379	-
New Shoe Collection	2080.02.02	24,812,000	-
Krishna Bahadur Ghalan Lama	2080.02.05	1,268,287	-
Pratik Kharid Bikri Kendra	2080.02.05	4,463,000	-
Roshan Traders & Suppliers	2080.03.21	9,485,000	-
Biki Scrap Center	2080.03.31	22,226,000	-
Upendra Prasad Chaudhary Kalwar "	2080.03.31	21,123,286	-
Rasuwa Distillery & Fruits Industries Pvt Ltd	2080.03.31	6,757,950	-
L.L.I.T. Educational Consult And Training Center	2080.03.31	11,324,000	-
Total		170,063,476	71,775,574

6.4. Other Non-Banking Assets

Non-Banking Assets (other than land and properties) has been shown under the Other Non-Banking Assets. The Development Bank don't own any other non-banking Assets in the reporting period.

6.5. Loan Written off

Bank has written off loan (principal and interest) amount with the approval from the board of directors guided by the internal policy and NRB directives of the Bank. Bank has written off Rs 16,178,148 as principal loan amount and 42,020,691 as accrued interest during the year. The list of written off loan has been approved and verified/certified as a part of the financial statements.

Borrower Name	FY 2079-80	
	Principal written off	Interest written off
Sanjay Kumar Yadav	3,505,121	2,270,403
New Shoe Collection	1,010,000	15,601,342
Pratik Kharid Bikri Kendra	505,000	884,689
Nirmal Moktan	48,334	1,185,863
Roshan Traders & Suppliers	1,026,284	4,571,256
Suresh Mahat	484,980	700,299
Chet Raj Pant	185,597	410,290
Bhairab Raj Bharati	3,921	6,731
Chhetra Bahadur Baniya Chhetri	5,900	10,140
Dil Kumari Mahat	18,162	31,207
Keshav Prasad Ghimire	2,947	5,052
Krishna Prasad Ghimire	21,055	36,157
Kalpana Dhungana	1,899	3,271
Sirjana Adhikari	955	1,642
Khil Bahadur Thapa	31,066	53,364
Pramil Bam Malla	1,191,187	4,350,908
Kaushal Kumar Ghimire	1,970,165	85,127
Santosh Khanal	3,395,966	4,493,999
Bajrang Suppliers	34,358	539,314
Sujit Kumar Yadav	435,221	1,415,392
Sunil Kumar Sah	53,789	164,355
Shekh Abbas	80,734	240,493
Krish Madhukar Constructions Pvt.Lt	991,933	1,818,922
Mustang Tiger Construction Pvt.Ltd.	163,573	178,301
R. N. Suppliers	1,010,000	2,196,024
Total	16,178,148	42,020,691

6.6. Deferred Tax Asset/Liabilities

Deferred Tax Asset/Liabilities are those assets and liabilities that arise due to temporary differences arising out of accounting and tax base of assets and liabilities. Details of such is presented as:

Particulars / Items	Carrying Amount (Rs)	Tax Base (Rs)	Temporary Differences	Deferred Tax Assets / (Deferred Tax Liability)
Tangible and Intangible Assets	297,774,000	278,707,327	19,066,672	(5,720,002)
Provision for Gratuity	(88,033,497)	-	(88,033,497)	26,410,049
Provision for Leave	(35,278,553)	-	(35,278,553)	10,583,566
Right to Use Assets (Lease)	424,121,064	-	424,121,064	(127,236,319)
Lease Liability	(456,245,704)	-	(456,245,704)	136,873,711
a. Deferred Tax Assets (recognized through P/L)				40,911,006
Investment in Securities	1,489,060,294	660,659,774	828,400,520	(248,520,156)
Actuarial Gain/Loss	3,925,395	-	3,925,395	(1,177,619)
b. Deferred Tax Liability (recognized through OCI)				(249,697,775)
Deferred Tax (Liability)/Assets (a+b)				(208,786,769)

Deferred Tax Liability (net of Deferred Tax Assets) has been presented in the Statements of Financial Position at the end of the reporting period.

6.7. Accrued Interest income

Under NFRS compliant financial statements, interest income of loan and advances is recognized on accrual basis. In line with circular:1 of FY 2076/77, Guideline on recognition of Interest income, the Development Bank has suspended interest income on the following types of loans:

- Loans where there is reasonable doubt about the ultimate collectability of principal or interest
- Loans where contractual payments of principal and/or interest are more than 3 months in arrears and where the "net realizable value" of security is insufficient to cover payment of principal and accrued interest;
- Loans where contractual payments of principal and/or interest are more than 12 months in arrears, irrespective of the net realizable value of collateral;
- Overdrafts and other short term facilities which have not been settled after the expiry of the loan and even not renewed within 12 months of the expiry, irrespective of the net realizable value of collateral:

Details of Accrued Interest Income are as follow:

Particulars	2079/80	2078/79
Accrued Interest Receivable	864,880,068	569,207,797
Interest Suspended/Not recognized	(274,602,382)	(274,407,413)
Recovered Up to Shrawan 15 2080	(191,131,622)	(47,119,457)
Total Accrued Interest Recognized	399,146,064	247,680,927
Accrued Interest Income up to Previous Year	247,680,927	135,324,374
Accrued Interest Income recognized this year	151,465,137	112,356,552

6.8. Amortization of Staff Loan

The Development Bank has recognized the staff loan at amortized cost. The details of staff loan presented at amortized cost are as follow.

Particulars	2079/80	2078/79
Book Value of Staff Loan	79,549,598	75,221,625
Prepaid Expenditure	3,485,567	6,487,108
Amortized Cost of Staff Loan	76,064,031	68,734,518

6.9. Earnings Per Share

The Development Bank measures earning per share on the basis of the earning attributable to the equity shareholders for the period. The number of shares is taken as the weighted average number of shares for the relevant period as required by NAS 33.

Particulars	2079/80	2078/79 (Restated)	2078/79
Earning Attributable to Equity Holder	497,672,518	637,193,265	637,193,265
Weighted Number of Equity Share	33,828,213	33,828,213	32,842,925
Basic Earnings Per Share	14.71	18.84	19.40
Diluted Earnings Per Share	14.71	18.84	19.40

There is substantial change in the Basic EPS of the development bank as it has decreased by Rs 4.69 (Rested EPS by Rs 4.13) per share as compared to previous year. The profitability of the Bank has impacted significantly due to impact on loan recovery and significant increase in impairment charges. Though the interest and other income have been increased during the period, the impairment charges has contributed for the declination of overall operating results & EPS of the Bank.

6.10. Proposed Distribution (Cash Dividend and Bonus Share)

The Board of directors in its 461th meeting dated 2080.08.26 has passed a resolution recommending for distribution of bonus shares (stock dividend) of NPR 135,312,851.45 and cash dividend of NPR 152,226,957.88 (including applicable taxes on cash dividend & bonus share) from available Free Reserve after approval from Nepal Rastra Bank and 16th Annual General Meeting of the Bank.

Amount NPR

Particulars	2079.80	2078/79
Cash Dividend*	152,226,957.88	295,586,325.99
Bonus Share (Stock Dividend)	135,312,851.45	98,528,775.33
Total	287,539,809.33	394,115,101.32

* Including applicable Taxes on Cash Dividend and Bonus Share

6.11. Unclaimed Dividend

At the reporting date, unclaimed dividend over the years are as follow:

Particulars	As at 31st Ashad 2080	As at 32nd Ashad 2079
Unclaimed Dividend for more than 5 years	4,675,178	4,675,178
Not Collected up to 5 years	81,993,443	54,034,576
Total	86,668,621	58,709,754

6.12. Interest Capitalization

As per the Nepal Rastra Bank Directives 2(43)/2080, the interest accrued on moratorium period of Loan provided to National Priorities sector like Hydro Electricity project is allowed to capitalize during the Period with prior approval from the Nepal Rastra Bank. The Development Bank has capitalized the interest of Rs 107,949,878.75 during FY 2079/80 with the approval & as per the directives/circular issued from Nepal Rastra Bank on time to time.

6.13. Non-Performing Assets

The Development Bank's non-performing assets ratio stood at 3.36% as at Ashad end 2080. The total non-performing assets as at Ashad end 2080 is NPR 1,498,599,975.

Particulars	This Year	Previous Year	Change	
			Amount	%
Performing loans	43,071,737,630	40,435,557,206	2,636,180,424	6.52%
Non-Performing Loans (NPL)	1,498,599,975	697,915,917	800,684,058	114.73%
Restructured/rescheduled	8,647,725	1,759,567	6,888,158	391.47%
Substandard	344,015,620	223,661,561	120,354,059	53.81%
Doubtful	583,121,399	136,190,035	446,931,364	328.17%
Loss	562,815,231	336,304,755	226,510,476	67.35%
Gross Loans & Advances	44,570,337,605	41,133,473,123	3,436,864,482	8.36%

Gross NPL to Gross Loan: 3.36%

6.14. Concentration of Deposits, Loans & Advances and Contingents

Particulars	Loans & Advances and Bills Purchased		Deposits & Borrowings	
			As at 31st Ashad 2080	As at 32nd Ashad 2079
Performing loans	As at 31st Ashad 2080	As at 32nd Ashad 2079	2,636,180,424	6.52%
Total Amount Outstanding	44,570,337,605	41,133,473,123	51,584,304,533**	45,144,838,832
Highest Exposure of Single Unit	826,200,280	559,460,732	1,317,508,532	1,419,983,929
Concentration of exposure	1.85%	1.36%	2.55%	3.15%

** Including Debenture Rs. 1 Arba

For the calculation of concentration, loans and advances is total loans extended to the customers except staff loans and interest accruals on loans and the deposits is total deposits from the customers excluding interest payables.

Single Obligor Limit and Sector-wise Limit (Directive No. 3) for both funded and non-funded are within the limit as prescribed by NRB directives.

6.15. Other Disclosures

The economic scenario after the control of pandemic followed by other degrading economic scenario the potential default on the repayment of loan and instalments has significantly increased and impacted on overall business growth and operating results of the Bank. Our Bank is focusing on enhancing the productive and subsidized loan portfolio to tradeoff the adverse financial impact even in the tough economic and financial market.

Table depicting Bank's response to affected borrowers from COVID pandemic followed by tough economic and business environment as guided by NRB Directives and circulars.

Table:1 (Forbearance/ Relaxation)

Particulars	As of Ashad end 2080	
	No. of Customers	Amount (NPR)
Accrued Interest Received after Asadh end 2080 till 15 Sharwan 2080	12,297	191,131,622
Additional 0.3% Loan Loss Provision created on Pass Loan Portfolio	15,623	132,203,563
Extension of moratorium period of loan provided to Industry or Project under construction	-	-
Restructured/Rescheduled Loan with 5% Loan Loss Provision	14	529,696,142
Enhancement of Working Capital Loan by 20% to COVID affected borrowers	8	6,308,540
Enhancement of Term Loan by 10% to COVID affected borrowers	12	4,938,242
Expiry Date of Additional 20% Working Capital Loan (COVID Loan) extended for upto 1 year with 5% provisioning	2	1,381,775
Expiry Date of Additional 10% Term Loan (COVID Loan) extended for upto 1 year with 5% provisioning	5	3,800,099
Time Extension provided for repayment of Principal and Interest for upto two years as per clause 41 of NRB Directives	12	291,305,451

Table No: 2 (Business Continuity Loan)

Particulars	As of Ashadh end 2080	
	No. of Customers	Amount (Nrs.)
Refinance Loan	-	-
Business Continuity Loan	-	-

Table No: 3 (Subsidized Loan)

Particulars	During Ashadh end 2080	
	No. of Customers	Amount (Nrs.)
Subsidized Loan	802	11,299,475,395

Condensed Statement of Financial Position (Unaudited)

As on Year Ended 31st Ashad 2080 (16 July 2023)

Figures in NPR

Particulars	Bank	
	This Quarter Ending	Immediate Previous Year Ending (Audited)
Assets		
Cash and cash equivalent	3,617,164,881	4,871,373,392
Due from Nepal Rastra Bank	1,959,607,644	1,111,432,968
Placement with Bank and Financial Institutions	-	-
Derivative financial instruments	-	-
Other trading assets	-	-
Loan and advances to B/FIs	2,176,529,823	2,340,844,498
Loans and advances to customers	41,562,524,892	38,068,026,472
Investment securities	7,588,212,721	8,419,718,253
Current tax assets	102,870,896	172,361,879
Investment in subsidiaries	-	-
Investment in associates	591,009,721	670,276,588
Investment property	169,580,199	71,277,297
Property and equipment	755,536,294	753,365,190
Goodwill and Intangible assets	4,174,752	3,600,017
Deferred tax assets	-	-
Other assets	223,319,460	206,234,756
Total Assets	58,750,531,282	56,688,511,309

Particulars	Bank	
	This Quarter Ending	Immediate Previous Year Ending (Audited)
Liabilities		
Due to Bank and Financial Institutions	963,569,866	1,498,221,240
Due to Nepal Rastra Bank	488,675,000	5,607,560,325
Derivative financial instruments	-	-
Deposits from customers	49,132,059,667	42,873,977,592
Borrowing	-	-
Current Tax Liabilities	-	-
Provisions	-	-
Deferred tax liabilities	137,946,014	70,557,769
Other liabilities	857,393,051	908,168,643
Debt securities issued	1,008,536,543	-
Subordinated Liabilities	-	-
Total liabilities	52,588,180,141	50,958,485,569
Equity		
Share capital	3,382,821,286	3,284,292,511
Share premium	-	-
Retained earnings	392,762,462	460,394,814
Reserves	2,386,767,393	1,985,338,415
Total equity attributable to equity holders	6,162,351,141	5,730,025,740
Non-controlling interest	-	-
Total equity	6,162,351,141	5,730,025,740
Total liabilities and equity	58,750,531,282	56,688,511,309

Condensed Statement of Profit or Loss (Unaudited)

For the Quarter Ended 31st Ashad 2080 (16th July 2023)

Figures in NPR

Particulars	Bank			
	Current Year		Previous Year Corresponding	
	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)
Interest income	1,769,094,490	6,764,426,361	1,494,562,772	4,821,045,608
Interest expense	1,275,593,112	4,890,217,682	1,050,396,146	3,288,682,446
Net interest income	493,501,378	1,874,208,679	444,166,627	1,532,363,163
Fee and commission income	46,845,312	165,441,579	26,023,249	162,435,450
Fee and commission expense	3,351,838	11,316,347	2,549,187	8,478,224
Net fee and commission income	43,493,474	154,125,231	23,474,062	153,957,227
Net interest, fee and commission income	536,994,853	2,028,333,910	467,640,689	1,686,320,389
Net trading income	9,186	21,151	(15,327)	(52,231)
Other operating income	3,161,432	49,179,606	8,073,916	51,117,319
Total operating income	540,165,471	2,077,534,667	475,699,278	1,737,385,478
Impairment charge/(reversal) for loans and other losses	90,469,909	403,142,186	(78,828)	34,063,225
Net operating income	449,695,562	1,674,392,481	475,778,106	1,703,322,253
Operating expense				
Personnel expenses	118,587,422	462,506,058	139,189,916	458,217,992
Other operating expenses	95,492,481	289,979,938	93,142,754	194,047,790
Depreciation & Amortisation	13,609,490	52,536,647	13,581,001	109,150,800
Operating Profit	222,006,169	869,369,837	229,864,435	941,905,671
Non operating income	1,450,000	1,450,000	-	500,000
Non operating expense	12,673,027	16,178,148	-	4,553,259
Profit before income tax	210,783,142	854,641,690	229,864,435	937,852,412
Income tax expense	66,452,200	242,158,886	64,884,926	300,659,147
Current Tax	66,452,200	242,158,886	64,884,926	309,535,983
Deferred Tax	-	-	-	(8,876,836)
Profit for the period	144,330,942	612,482,804	164,979,509	637,193,265
Items that will not be reclassified to Profit or loss				
· Gains/(losses) from Investments in equity instruments measured at fair value	316,759,294	224,627,480	(158,585,088)	(365,885,150)
· Gains/(losses) on revaluation				-
· Actuarial gains/(losses) on defined benefit plans			(17,536,567)	(17,536,567)
· Income tax relating to above items	(95,027,788)	(67,388,244)	52,836,497	115,026,515
Net other comprehensive income that will not be reclassified to profit or loss	221,731,506	157,239,236	(123,285,159)	(268,395,202)
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			-	-
Share of other comprehensive income of associate accounted as per equity method	(78,792,371)	(41,810,312)	37,006,546	86,541,837
Other comprehensive income for the period, net of income tax	142,939,135	115,428,923	(86,278,613)	(181,853,365)
Total comprehensive income for the year	287,270,077	727,911,727	78,700,896	455,339,900

Comparison: Unaudited and Audited Financial Statements

For the year ended 31 Ashad 2080 (16 July 2023)

Statement of Financial Position

Rs. in '000'

Assets	As per Unaudited Financial Statement	As per Audited Financial Statement	Variance		Reason for Variance
			In Amount	In %	
Cash and cash equivalent	3,617,165	3,666,749	49,585	1.37%	Change in BFIS balance (AIR) after reconciliation/ Reclassification of government securities (T-Bill)
Due from Nepal Rastra Bank	1,959,608	1,959,608	-	0.00%	
Placement with Bank and Financial Institutions	-	-	-	0.00%	
Derivative financial instruments	-	-	-	0.00%	
Other trading assets	-	-	-	0.00%	
Loan and advances to B/FIs	2,176,530	2,176,736	206	0.01%	Accrual Interest on Loan to BFIS adjusted
Loans and advances to customers	41,562,525	41,426,072	(136,453)	-0.3283%	Additional loan loss provision/Accrual interest and other amortized cost adjustment
Investment securities	7,588,213	7,770,323	182,110	2.40%	Change in classification of investment in equity and Valuation model/fair value adjustment
Current tax assets	102,871	134,904	32,033	31.14%	Recalculation of Provision for Income tax
Investment in subsidiaries	-	-	-	0.00%	
Investment in associates	591,010	595,507	4,498	0.76%	Recalculation of equity value of associates based on latest available financial statements.
Investment property	169,580	169,416	(165)	-0.10%	Remeasurement of Investment Properties: Cost less Depreciation
Property and equipment	755,536	767,415	11,879	1.57%	Adjustment of Right of Use (ROU) Assets.
Goodwill and intangible assets	4,175	4,175	(0)	0.00%	
Deferred tax assets	-	-	-	0.00%	
Other assets	223,319	220,558	(2,761)	-1.24%	Adjustment of Staff Loan Amortization
Total Assets	58,750,531	58,891,463	140,931		
Liabilities					
Due to Bank and Financial Institutions	963,570	963,570	-	0.00%	
Due to Nepal Rastra Bank	488,675	488,675	-	0.00%	
Derivative financial instruments	-	-	-	0.00%	
Deposits from customers	49,132,060	49,132,060	(0.00)	0.00%	
Borrowing	-	-	-	0.00%	
Current Tax Liabilities	-	-	-	0.00%	
Provisions	-	-	-	0.00%	
Deferred tax liabilities	137,946	208,787	70,841	51.35%	Remeasurement/Recalculation of deferred Tax Assets/Liabilities
Other liabilities	857,393	872,769	15,376	1.79%	Reclassification/adjustment in other Liabilities/Lease Liability
Debt securities issued	1,008,537	1,008,537	-	0.00%	
Subordinated Liabilities	-	-	-	0.00%	
Total liabilities	52,588,180	52,674,397	86,217		
Equity					
Share capital	3,382,821	3,382,821	-	0.00%	
Share premium	-	-	-	0.00%	
Retained earnings	392,762	300,861	(91,902)	-23.40%	Changes in Profit/Loss for the period
Reserves	2,386,767	2,533,384	146,616	6.14%	Changes in Profit/Loss for the period
Total equity	6,162,351	6,217,066			
Total liabilities and equity	58,750,531	58,891,463			

Statement of Profit or Loss and Other Comprehensive Income

Rs. in '000'

Assets	As per Unaudited Financial Statement	As per Audited Financial Statement	Variance		Reason for Variance
			In Amount	In %	
Interest income	6,764,426	6,772,452	8,025	0.12%	Additional Interest Recognition upto Sharwan-15 2080 and Reclassification of income
Interest expense	4,890,218	4,928,660	38,442	0.79%	Adjustment of Interest Expenses as Finance Charges of Lease Liability
Net interest income	1,874,209	1,843,792	240	0.15%	Remittance income Ashad end 2080 adjusted
Fee and commission income	165,442	165,682	-	0.00%	
Fee and commission expense	11,316	11,316			
Net fee and commission income	154,125	154,366			
Net interest, fee and commission income	2,028,334	1,998,158			
Net trading income	21	21		0.00%	
Other operating income	49,180	49,165	(15)	-0.03%	Disposal of NBA related adjustment
Total operating income	2,077,535	2,047,344			
Impairment charge/(reversal) for loans and other losses	403,142	545,735	142,592	35.37%	Additional Loan Loss Provision
Net operating income	1,674,392	1,501,609			
Operating expense					
Personnel expenses	462,506	462,857	351	0.08%	Due to changes in Staff Bonus and Actuarial Adjustment of Leave and Gratuity
Other operating expenses	289,980	208,102	(81,878)	-28.24%	Subsequent Adjustment in Operating Expenses/Reclassification of Expenses Head/Recalculation of Lease Expenses
Depreciation & Amortization	52,537	105,858	53,322	101.49%	Adjustment of additional depreciation on Right of Use (ROU) assets as per NFRS 16 & Investment Properties
Operating Profit	869,370	724,792			
Non operating income	1,450	1,450	-	0.00%	
Non operating expense	16,178	18,328	2,150	13.29%	Actuarial Loss- adjustment of Leave
Profit before income tax	854,642	707,913			
Income tax expense	242,159	210,241	(31,918)		
Current Tax	242,159	210,126	(32,033)	-13.23%	Due to Changes in Taxable Profit
Deferred Tax	-	115	115	0.00%	Due to Recalculation of deferred tax Asset/Liability
Profit for the year	612,483	497,673		-18.75%	Overall changes in interest income/income tax calculation
Other comprehensive income	115,429	284,954	169,525	146.87%	Due to changes in fair value reserve/ Equity Reserve of Investment in Associates
Total Comprehensive Income	727,912	782,626		7.52%	Overall changes in interest income/income tax calculation/Fair value Reserve

As at 31 Ashad 2080 (16 July 2023)
Principal Indicators

S.N.	Ratio	Indicators	2071/72	2072/73	2073/74	2074/75	2075/76	2076/77	2077/78	2078/79	2079/80
1	Net Profit/Gross Income	Percent	39.03	27.35	9.81	11.57	18.13	10.55	11.51	12.66	7.12
2	Earnings Per Share (as per NAS 33 - Earning per Share)	NPR	17.27	17.24	8.71	15.19	28.38	13.94	14.93	19.40	14.71
3	Market Value Per Share	NPR	155.00	152.00	77.99	146	197	181	585	341	413
4	Price Earning Ratio	Ratio	8.97	8.82	8.95	9.61	6.94	12.99	39.18	17.58	28.07
5	Stock Dividend (Bonus Share) on Share Capital	Percent	0.00	0.00	0.00	17.07	5.00	7.00	13.00	3.00	4.00
6	Cash Dividend on Share Capital	Percent	0.00	0.00	0.00	0.00	15.00	3.00	0.68	9.00	4.50
7	Interest Income/Loans and Advances	Percent	10.82	10.75	14.00	12.36	12.93	12.30	9.95	13.48	13.90
8	Staff Expenses/Total Expenses	Percent	12.26	13.29	15.06	13.03	13.04	11.23	12.50	11.29	8.10
9	Interest Expenses/Total Deposits and Borrowings	Percent	7.07	5.95	7.65	9.63	9.37	7.71	5.87	9.28	9.55
10	Exchange Gain/Total Income	Percent	0.00	0.00	0.00	0.03	[0.01]	0.04	[0.01]	0.01	0.01
11	Staff Bonus/Total Staff Expenses	Percent	26.69	33.88	12.36	16.43	27.20	18.46	19.36	22.74	16.99
12	Total Credit/Deposits	Percent	72.96	72.96	98.57	99.92	103.97	86.95	86.84	89.21	88.75
13	Total Operating Expenses/Total Assets	Percent	1.86	1.58	1.87	0.09	0.09	1.71	1.41	1.34	1.32
14	Capital Adequacy (On Risk Weighted Assets)										
	Core Capital	Percent	13.12	12.82	14.88	15.84	15.29	13.11%	11.89%	10.26%	9.47%
	Supplementary Capital	Percent	0.81	1.01	1.20	1.35	1.25	1.09%	1.37%	1.46%	3.39%
	Total Capital Fund	Percent	13.93	13.83	16.07	17.18	16.54	14.20%	13.26%	11.72%	12.85%
15	Cash Reserve Ratio (CRR)	Percent	5.00	5.10	5.56	4.38	4.05	4.38	3.45	3.19	4.03
16	Net Profit / Total Loan	Percent	4.11	2.99	1.12	1.78	2.78	1.47	1.31	1.58	1.10
17	Gross Non-Performing Credit/Total Credit	Ratio	2.50	7.90	3.79	3.34	1.64	2.69	2.17	1.70	3.36
18	Weighted Average Interest Rate Spread	Percent	4.72	4.29	4.89	4.19	4.79	4.58	4.08	4.20	4.34
19	Return on Total Assets	Percent	2.89	2.12	0.82	1.22	2.07	1.10	0.98	1.12	0.85
20	Book Net Worth	NPR	75.26	92.50	150.51	161.26	190.43	163.60	182.17	174.47	183.78
21	Base Rate	Percent	10.85	9.01	12.31	12.96	11.02	9.92	8.18	10.90	11.92
22	Number of Shares	No.	9,170,741	9,170,741	20,088,785	21,732,827	22,097,663	27,163,117	29,064,535	32,842,925	33,828,213
23	Number of Staff	No.	116	131	456	502	496	513	545	614	634



नेपाल राष्ट्र बैंक
वित्तीय संस्था सुपरिवेक्षण विभाग



केन्द्रीय कार्यालय
बालुवाटार, काठमाडौं
फोन नं.: ०१-४४१२३०७
Site: www.nrb.org.np
Email: nrbfsd@nrb.org.np
पोस्ट बक्स: ७३

पत्रसंख्या: वि.सं.सु.वि./गैरस्थलगत/लुम्बिनी/०८०/८१
च.नं.: ९३

मिति : २०८०/०९/०३

श्री लुम्बिनी विकास बैंक लिमिटेड,
डिल्लीबजार, काठमाडौं ।

विषय: लाभांश घोषणा/वितरण तथा वार्षिक वित्तीय विवरण प्रकाशन गर्ने सहमती सम्बन्धमा ।

महाशय,

त्यस संस्थाले पेश गरेको आर्थिक वर्ष २०७९/८० को लेखापरीक्षण भएको वित्तीय विवरण तथा अन्य प्रतिवेदनहरूका आधारमा गैरस्थलगत सुपरिवेक्षण गर्दा देखिएका कैफियतहरूका सम्बन्धमा देहाय बमोजिमका निर्देशनहरू शेयरधनीहरूको जानकारीका लागि वार्षिक प्रतिवेदनको छुट्टै पानामा प्रकाशित गर्ने गरी संस्थाको आर्थिक वर्ष २०७९/८० को लेखापरीक्षण भएको वार्षिक वित्तीय विवरण प्रकाशन गर्ने सहमति प्रदान गरिएको व्यहोरा अनुरोध छ । साथै, संस्थाले प्रस्ताव गरे अनुसार आ.व. २०७९/८० सम्मको वितरणयोग्य मुनाफाबाट २०८० असार मसान्तमा कायम रहेको चुक्ता पुँजी रु.३,३८,२८,२९,२८६।३२ को ४ प्रतिशतका दरले हुन आउने रकम रु.१३,५३,९२,८५९।४५ (अक्षरूपी तेह करोड त्रिपन्न लाख बाह्र हजार आठ सय एकाउन्न र पैसा पैतालीस मात्र) वरावरको बोनस शेयर तथा ४.५ प्रतिशतका दरले हुन आउने रकम रु.१५,२२,२६,९५७।८८ (अक्षरूपी पन्ध्र करोड बाईस लाख छब्बीस हजार नौ सय सन्ताउन्न र पैसा अठासी मात्र) नगद लाभांश (कर प्रयोजनको लागि समेत) गरी कुल रकम रु.२८,७५,३९,८०९।३३ (अक्षरूपी अठ्ठाईस करोड पचहत्तर लाख उन्चालीस हजार आठ सय नौ र पैसा तेत्तीस मात्र) अन्य प्रचलित कानूनी व्यवस्थाको समेत पालना हुने गरी वार्षिक साधारण सभाबाट स्वीकृत भएको अवस्थामा मात्र वितरण गर्न स्वीकृति प्रदान गरिएको व्यहोरा समेत निर्णयानुसार अनुरोध गर्दछु ।

- (१) कर्जा प्रवाह पश्चात अनिवार्य रूपमा कर्जा सदुपयोगिताको सुनिश्चितता गर्नुहुन ।
- (२) श्रम ऐन, २०७४ बमोजिम श्रम लेखापरीक्षण गर्नुहुन ।
- (३) कर्जा प्रवाह र व्यवस्थापन, ग्राहक पहिचान (KYC), संस्थागत सुशासन, अनुपालना, सूचना प्रविधि लगायतका विषयमा आन्तरिक लेखापरीक्षक, बाह्य लेखापरीक्षक तथा यस बैंकबाट अल्ल्याएका कैफियतहरू पुनः नदोहोरिने व्यवस्था गर्नुहुन ।
- (४) यस बैंकबाट जारी एकीकृत निर्देशन नं ८/०८० बमोजिम लगानीसम्बन्धी व्यवस्थाको पूर्णरूपमा पालना गर्नुहुन ।

भवदीय

(रञ्जना शर्मा)
उप-निर्देशक

बोधार्थ:

श्री नेपाल राष्ट्र बैंक, बैंक तथा वित्तीय संस्था नियमन विभाग ।
श्री नेपाल राष्ट्र बैंक, वित्तीय संस्था सुपरिवेक्षण विभाग, कार्यान्वयन इकाई ।
श्री IBS (Individual Bank Supervisor) Officer



लुम्बिनी विकास बैंक लि.
Lumbini Bikas Bank Ltd.

निरन्तर सहयात्रा

(नेपाल राष्ट्र बैंकबाट "स" वर्गको इजाजतपत्रप्राप्त संस्था)

पत्र संख्या: २०८०/८१/एलबिबिएल/सिईओओ/०४४

मिति: २०८०/०९/०५

श्री नेपाल राष्ट्र बैंक
वित्तीय संस्था सुपरिवेक्षण विभाग
वालुवाटार, काठमाण्डौ ।

विषय : लाभांश घोषणा/वितरण तथा वार्षिक वित्तीय विवरण प्रकाशन सम्बन्धमा दिईएका निर्देशनहरूको प्रतिउत्तर सम्बन्धमा ।

महोदय,

उल्लेखित विषयमा तहाँको मिति २०८०/०९/०३ को पत्र संख्या वि.सं.सु.वि./गैरस्थलगत/लुम्बिनी ०८०/८१ च.नं. ९३ को पत्रबाट यस विकास बैंकको आर्थिक वर्ष २०७९/८० को वार्षिक वित्तीय विवरण प्रकाशन तथा लाभांश घोषणा/वितरण सम्बन्धमा स्वीकृति प्रदान गर्नु भएको पत्रमा उल्लेखित निर्देशनहरूको सन्दर्भमा मिति २०८०/०९/०४ मा वसेको सञ्चालक समितिको ४६३ औं बैठकबाट पारित भए बमोजिम वृंदागत रूपमा देहाय बमोजिम प्रत्युत्तर पेश गरिएको व्यहोरा अनुरोध गर्दछौं ।

- (१) कर्जा प्रवाह पश्चात कर्जा सदुपयोगिताको सुनिश्चितता गर्ने व्यवस्था थप सशक्त गरी मिलाईने व्यहोरा अनुरोध गर्दछौं ।
- (२) श्रम ऐन, २०७४ बमोजिम श्रम लेखापरीक्षण गर्ने व्यवस्था मिलाईने व्यहोरा अनुरोध गर्दछौं ।
- (३) कर्जा प्रवाह र व्यवस्थापन, ग्राहक पहिचान (KYC), संस्थागत सुशासन, अनुपालना, सूचना प्रविधि लगायतका विषयमा आन्तरिक लेखापरीक्षक, बाह्य लेखापरीक्षक तथा त्यस बैंकबाट निरीक्षण एवं सुपरिवेक्षणको क्रममा औल्याएका कैफियतहरू पुनः नदोहोरिने गरि थप सजगतासाथ कार्य गरिने व्यहोरा अनुरोध गर्दछौं ।
- (४) तहाँबाट जारी एकीकृत निर्देशन नं. ८/०८० बमोजिम लगानी सम्बन्धी व्यवस्थाको पुर्ण रूपमा परिपालना गरिने व्यहोरा अनुरोध गर्दछौं ।

धन्यवाद ।

भवदीय,



नरेश सिंह बोहरा

प्रमुख कार्यकारी अधिकृत

बोधार्थ:

१. श्री नेपाल राष्ट्र बैंक, बैंक तथा वित्तीय संस्था नियमन विभाग ।
२. श्री नेपाल राष्ट्र बैंक, वित्तीय संस्था सुपरिवेक्षण विभाग, कार्यान्वयन इकाई ।
३. श्री IBS (Individual Bank Supervisor) Officer ।

लुम्बिनी विकास बैंक लिमिटेडको

सोह्रौं वार्षिक साधारण सभामा संशोधनको लागि प्रस्तुत
प्रबन्धपत्रको तीन महले विवरण :

लुम्बिनी विकास बैंक लिमिटेडको
सोह्रौं वार्षिक साधारण सभामा संशोधनको लागि प्रस्तुत
प्रबन्धपत्रको तीन महले विवरण :

साविकको व्यवस्था	प्रस्तावित व्यवस्था	संशोधन गर्नुपर्ने कारण
दफा ५ : (ख) विकास बैंकको जारी पुँजी रु. ३,३८,२८,२१,२८६।३२ (अक्षरेपी तीन अर्ब अठतीस करोड अठ्ठाइस लाख एक्काइस हजार दुई सय छयासी रुपैया र पैसा बत्तीस मात्र) हुनेछ। सो पुँजीलाई प्रति शेयर रु.१००/- दरका ३,३८,२८,२१२।८६ (तीन करोड अठतीस लाख अठ्ठाइस हजार दुई सय बाह्र दशमलव आठ छ) थान साधारण शेयरमा विभाजन गरिएको छ।	दफा ५ : (ख) विकास बैंकको जारी पुँजी रु. ३,५१,८१,३४,१३७.७७ (अक्षरेपी तीन अर्ब एकावन्न करोड एकासी लाख चौतिस हजार एक सय सैतिस रुपैया र पैसा सतहतर मात्र) हुनेछ। सो पुँजीलाई प्रति शेयर रु.१००/- दरका ३,५१,८१,३४१.३७ (तीन करोड एकावन्न लाख एकासी हजार तीन सय एकचालीस दशमलव तीन सात) थान साधारण शेयरमा विभाजन गरिएको छ।	सोह्रौं वार्षिक साधारण सभाबाट विकास बैंकको कायम जारी तथा चुक्ता पुँजीमा रु १३,५३,१२,८५१.४५ (अक्षरेपी तेह्र करोड त्रिपन्न लाख बाह्र हजार आठ सय एकावन्न रुपैया र पैसा पैतालीस मात्र) वो नश शेयर पारित भए पश्चात जारी तथा चुक्ता पुँजी रु. ३,५१,८१,३४,१३७.७७ (अक्षरेपी तीन अर्ब एकावन्न करोड एकासी लाख चौतिस हजार एक सय सैतिस रुपैया र पैसा सतहतर मात्र) पुने भएकोले।
दफा ५ : (ग) विकास बैंकको चुक्ता पुँजी रु. ३,३८,२८,२१,२८६।३२ (अक्षरेपी तीन अर्ब अठ्तीस करोड अठ्ठाइस लाख एक्काइस हजार दुई सय छयासी रुपैया र पैसा वत्तीस मात्र) हुनेछ।	दफा ५ : (ग) विकास बैंकको चुक्ता पुँजी रु. ३,५१,८१,३४,१३७.७७ (अक्षरेपी तीन अर्ब एकावन्न करोड एकासी लाख चौतिस हजार एक सय सैतिस रुपैया र पैसा सतहतर मात्र) हुनेछ।	

हाम्रा शाखाहरू

Branch Name	Branch Name	BM Name	Branch Address	Branch Number
Mahendrapool Branch [001]	Mahendrapool Branch	Gopi Raj Adhikari	Mahendrapool, Pokhara-09	061-553800/575402
Lakeside Branch [002]	Lakeside Branch	Mahendra Kumar Shrestha	Dihikopatan, Fewa Marg, Pokhara-6	061-455503
Chhorepatan Branch [003]	Chhorepatan Branch	Prakash Chandra Pahari	Chhorepatan-17, Pokhara	061-455501, 455502
Khairanitar Branch [005]	Khairanitar Branch	Binod Kumar Adhikari	Shuklagandaki 06, Tanahun	065-412150
Narayangarh Branch [006]	Narayangarh Branch	Suraj Koirala	Bharatpur Metropolitan city -3, Bharatpur	056-596684, 596694
Rambazar Branch [007]	Rambazar Branch	Bal Krishna Ban	Rambazar, Pokhara	061-435450/061-435270
Tandi Branch [008]	Tandi Branch	Santosh Shrestha	Ratnanagar-02, Chitwan	056-563147
Hakimchowk Branch [009]	Hakimchowk Branch	Sudarshan Ghimire	Hakimchowk, Chitwan	056-590397/590497
Birgunj Branch [010]	Birgunj Branch	Krishna Kumar Mahato	Society Complex, Adarshnagar	051-530766/527429
Dillibazar Branch [011]	Dillibazar Branch	Bishnu Ram Chalise	Dillibazar, Kathmandu	01-4541641/4541642
Itahari Branch [012]	Itahari Branch	Laxmi Karki	Itahari-06, Sunsari	025-587092/587093
Gongabu Branch [013]	Gongabu Branch	Hari Pokhrel	Gongabu, Kathmandu	01-4987245/4952052
Lalbandi Branch [014]	Lalbandi Branch	Ashish Kumar Bhattarai	Hatbazar, Lalbandi	046-501579/501581
Biratnagar Branch [015]	Biratnagar Branch	Amit Agrawal	Biratnagar-9, BataRoad, Morang	021-450663/450664
Newroad Branch [016]	Newroad Branch	Pradeep Bajracharya	Khichapokhari, Neworad, Kathmandu	01-6227836/ 5331106/ 5330987
Inaruwa Branch [017]	Inaruwa Branch	Ashok Kumar Mehta	Inaruwa, Sunsari	025-566753/566756
Kuleswor Branch [018]	Kuleshwar Branch	Raju Maharjan	Kuleshwar, Kathmandu	01-5165035/4271279
Chandranigahapur Branch [019]	Chandranigahapur Branch	Sudip Dhakal	Chandrapur-4, Rautahat	055-540770
Kaushaltar Branch [020]	Kaushaltar Branch	Min Prasad Shrestha	Kausaltar, Bhaktapur	01-6636229/6637385
Gaur Branch [021]	Gaur Branch	Subodh Koirala	Gaur, Rautahat	055-521437
Rangeli Branch [022]	Rangeli Branch	Dev Narayan Chaudhary	Rangeli-07, Morang	021-580631/580632
Pokhariya Branch [023]	Pokhariya Branch	Bikash Chandra Upadhyay	Pokhariya-04, Parsa	051-560254/560255
Nepalgunj Branch [024]	Nepalgunj Branch	Diwesh Sharma	Surkhet Road-3, Nepalgunj	081-533258/533259
Lahan Branch [025]	Lahan Branch	Ajay Shah Kanu	Lahan-01, Siraha	033-565102/565104
Fattepur Branch [026]	Fattepur Branch	Ramesh Kumar Poudel	Fattepur-03, Saptari	031-550191
Bhairahawa Branch [027]	Bhairahawa Branch	Shankar Pandey	Basantapath-12, Aawa Road, Rupandehi	071-570073
Kapan Branch [028]	Kapan Branch	Pragya Bhattarai	Milan Chowk, Kapan, Kathmandu	01-4823320
Patichaur Branch [029]	Patichour Branch	Bhanu Sharma	Patichaur, Deupur, Parbat	067-410067/ 690566
Janakpur Branch [030]	Janakpur Branch	Shidarth Kumar Thakur	Janakpur-02, Dhanusha	041-590881/ 590882
Tripureshwar Branch [031]	Tripureshwar Branch	Pradosh Bahadur Kshetri	Tripureshwar, Kathmandu	01-5333373/5333372/ 5333380/5333381
New Road Pokhara Branch [032]	New Road Pokhara Branch	Bal Bahadur Dhakal	Newroad, Pokhara	061-572122/574700
Tokha Branch [033]	Tokha Branch	Niroj Khagi	Tokha Road, Kathmandu	01-5159600
Banepa Branch [034]	Banepa Branch	Kamal Raj Giri	Banepa, Chardobato	011-661321
Basundhara Branch [035]	Basundhara Branch	Prabin Adhikari	Ring Road, Basundhara, Tokha-5, Kathmandu	01-4983614/4983615
Kantipath Branch [036]	Kantipath Branch	Binita Mathema	Kantipath, Kathmandu	01-5349534/5353323
Okhaldhunga Branch [037]	Okhaldhunga Branch	Bijay Lama	Ramaelo Danda , Okhaldhunga	037-520644
Bhakundebsi Branch [038]	Bhakundebsi Branch	Binod Giri	Bhakundebsi, Kavre	011-404062
Dhikure Branch [039]	Dhikure Branch	Surya Kumar Pandit	Dhikure, Nuwakot	010-418073
Devighat Branch [040]	Devighat Branch	Ramesh Kumar Nepal	Devighat, Trishuli	010-410073
Lele Branch [041]	Lele Branch	Dipesh Bista	Godawari Municipality- 05, Lele, Lalitpur	9761608864, 9702045570
Mahalaxmasthan Branch [042]	Mahalaxmasthan Branch	Raj Kumar K.C	Mahalaxmasthan, Lalitpur	01-5193065/5193124
Kalikasthan Branch [043]	Kalikasthan Branch	Shambhu Prasad Neupane	Kalikasthan, Rasuwa	010-542073
Rajaka Chautara Branch [044]	Rajaka Chautara Branch	Bishwo Prakash Wagle	Rajaka Chautara, Lekhnath	061-410233/410234
Garuda Branch [045]	Garuda Branch	Prabind Kumar Mandal	Garuda Bazar, Rautahat	055-565070
Butwal Branch [046]	Butwal Branch	Chandra Bahadur Saru	Butwal SMC-11, Devinagar, Rupandehi	071-410165/410166
Chandrawati Branch [047]	Chandrawati Branch	Santosh Sapkota	Bhanu Municipality-13, Chandrawati, Tanahun	9843077039
Harinagara Branch [048]	Harinagara Branch	Durgesh Rauniyar	Harinagara, Sunsari	9842042669 / 9842049591

Thamel Branch [049]	Thamel Branch	Maheshor Prasad Pokharel	Thamel, Kathmandu	01-4522543/4523443
Kumaripati Branch [050]	Kumaripati Branch	Rajeeb Bhakta Mulmi	Kumaripati, Lalitpur	01-5434281/5425275
Fulbari Branch [051]	Fulbari Branch	Bikram Giri	Fulbari, Pokhara	061-543005/585327
Dhungedhara Branch [052]	Dhungedhara Branch	Dinesh Pokharel	Dhungedhara, Kathmandu	01-4880545/4880925
Kattyani Branch [053]	kattyani Branch	Sabin Ghimire	Katyani Chowk, Bhimsengolamarg	01-4109293/4109294
Narayantar Branch [054]	Narayantar Branch	Sansar Shah	Narayantar, Jorpati	01-4910606/4910688
Lamachaur Branch [055]	Lamachaur Branch	Navin Tajhya Sheth	Lamachaur, Kaski, Pokhara	061-445317/445320
Kurintar Branch [056]	Kurintar Branch	Pradeep Kumar Regmi	Kurintar, Chitwan	056-410104
Parshadhap Branch [057]	Parshadhap Branch	Thaneshwor Acharya	Parshadhap, Chitwan	056-404109/404110
Haraicha Branch [058]	Haraicha Branch	Sagarmani Ghimire	Haraicha, Morang	021-401082
Kerkha Branch [059]	Kerkha Branch	Dipak Kumar Khadka	Kerkha, Jhapa	023-475170/475171
Rupani Branch [060]	Rupani Branch	Man Bahadur Chaudhary	Rupani-1, Saptari Nepal	031-450197/450198
Loharpatti Branch [061]	Loharpatti Branch	Dev Krishna Shah	Loharpati, Mahottari	9861626193
Naya Bahuni Branch [062]	Naya Bahuni Branch	Sanjeet Kumar Majhi	Belbari - 07, Nayabahuni Morang	9852043767
Badkhola Branch [063]	Badkhola Branch	Subash Bahadur Thapa	Municipality -03, Badkhola, Syangja	063-423174
Gajehada Branch [064]	Gajehada Branch	Yuba Raj Kandel	Banganga -4, Gajehada Kapilvastu	076-550423
Bode Branch [065]	Bode Branch	Binita Guragain	Madhyapur Thimi Municipality, Bhaktapur	01-6636113/6636114
Narephat Branch [066]	Narephat Branch	Sudhir Kumar Karki	Kathmandu - 32, Narephat	01-5149301
Dhangadhi Branch [067]	Dhangadhi Branch	Jyoti Joshi	Chauraha, Dhangadhi	091-590081/590082
Mahendranagar Branch [068]	Mahendranagar Branch	Pabitra Bhatt	Bhimdatta Municipality 04 near Mahendra salik	099-520697/521952
Birendranagar Branch [069]	Birendranagar Branch	Suman Adhikari	Birendranagar Municipality - 06 Birendra Chowk, Su	083-590043/590044
Mangalbazar Branch [070]	Mangalbazar Branch	Dizon Gongal	Mangalbazar Lalitpur Metro - 16	01-5543060/5543061
Damak Branch [071]	Damak Branch	Kiran Bista	Thanaroad, Damak-06, Jhapa	023-590625
Birtamod Branch [072]	Birtamode Branch	Naresh Timsina	Bhadrapur Road, Birtamod-04, Jhapa	023-590347/590348
Kawasoti Branch [073]	Kawasoti Branch	Prakash Devkota	Sabhapati Chowk, Kawasoti-02	078-540058/540059
New Baneshwor Branch [074]	New Baneshwor Branch	Bhim Nidhi Kant	New Baneshwor, Kathmandu	01-4594499/4595088
Manigram Branch [075]	Manigram Branch	Ganesh Bhusal	Manigram	071-590015/590016
Bardaghat Branch [076]	Bardaghat Branch	Bikram Gautam	Bardaghat - 4 , Nawalparasi	078-590297/590298
Ghorahi Branch [077]	Ghorahi Branch	Yub Raj Bhandari	Ghorahi SMC -15, Main Road, Near B.P Chowk, Dang	082-564182/564183
Kohalpur Branch [078]	Kohalpur Branch	Ris Bahadur Thapa	Kohalpur-11. Sajha Chowk, Banke	081-542188/540392
Tulsipur Branch [079]	Tulsipur Branch	Suraj Raj Adhikari	Tulsipur, Dang - 05	082-590206/590205
Traffic Chowk Butwal Branch [080]	Traffic Chowk Butwal Branch	Laxman Neupane	Traffic Chowk Butwal	071-590985/590986
Kalanki Branch [081]	Kalanki Branch	Sanjay Kumar Rauniyar	Kalanki, Kathmandu	015-224193/5224194
Battar Branch [082]	Battar Branch	Bishwombhar Man Singh Dangol	BattarBazaar, Battar	010-561072/561272
Chandrauta Branch [083]	Chandrauta Branch	Aamod Subedi	Shivaraj Municipality-05 Krishnanagar Road Kapilba	076-540683
Taratal Branch [084]	Taratal Branch	Bishnu Subedi	Madhuwan Municipality-06, Bardiya	084-440220
Bani Branch [085]	Bani Branch	Manoj Shahi	Krishnapur Municipality - 02, Sudurpashchim Provin	099-417045/411057
Lamki Branch [086]	Lamki Branch	Ganesh Bahadur Deuba	Lamki Chuha Municipality - 01, Sudurpashchim Provi	091-590351/590352
Masuriya Branch [087]	Masuriya Branch	Prakash Raj Nyaupane	Gauriganga Municipality - 07, Sudurpashchim Provin	091-402198/402199
Imadol Branch [088]	Imadol Branch	Shakuntala Lama	Imadol, Mahalaxmi Municipality-01, Lalitpur	5914780/5914680
Kamalbinayak Branch [089]	Kamalbinayak Branch	Saroj Khadka	KamalBinayak, Bhaktapur Municipality-10, Bhaktapur	6620232
Nepaltar Branch [090]	Nepaltar Branch	Shreejan Dangol	Nepaltar Kathmandu	01-4970362
Lele Extension Counter	Lele Extension Counter	Dipesh Bista	Godawari Municipality- 05, Lele, Lalitpur	9765978756
Head Office	Head Office		Sunrise Biz Park, 4th Floor, Dillibazar	4513232/4513234/4521696/4521698/4521855/4522141

सहयात्रा
मुद्दती खाता



गज्जवको काइदा १मा ३ फाइदा

ब्याजसँगै दुर्घटना एवं औषधि उपचार बीमा पनि



विशेषताहरू:

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रु. 90
लाख सम्मको
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सम्मको औषधि
उपचार बीमा

• समयावधि १ वर्ष • न्युनतम मौज्जात रु. १ लाख



लुम्बिनी विकास बैंक लि.
Lumbini Bikas Bank Ltd.

निरन्तर सहयात्रा



CUSTOMER CARE: 01-5970369

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