



निरन्तर सहयात्रा



लुम्बिनी विकास बैंक लि.
Lumbini Bikas Bank Ltd.

निरन्तर सहयात्रा

Condensed Statement of Financial Position
As on Quarter Ended 30th Chaitra 2080 (12th Apr 2024)

Figures in NPR

	Bank	
	This Quarter Ending	Immediate Previous Year Ending (Audited)
<u>Assets</u>		
Cash and cash equivalent	3,306,022,018	3,666,749,402
Due from Nepal Rastra Bank	5,907,145,399	1,959,607,644
Placement with Bank and Financial Institutions	-	-
Derivative financial instruments	-	-
Other trading assets	-	-
Loan and advances to B/FIs	2,088,247,774	2,176,735,849
Loans and advances to customers	44,385,341,860	41,426,071,891
Investment securities	10,327,379,812	7,770,323,132
Current tax assets	87,001,989	134,903,804
Investment in subsidiaries	-	-
Investment in associates	595,392,153	595,507,441
Investment property	252,946,150	169,415,553
Property and equipment	748,550,814	767,414,893
Goodwill and Intangible assets	5,772,602	4,174,752
Deferred tax assets	-	-
Other assets	368,071,490	220,558,285
Total Assets	68,071,872,060	58,891,462,645

	This Quarter Ending	Immediate Previous Year Ending (Audited)
Liabilities		
Due to Bank and Financial Institutions	538,625,938	963,569,866
Due to Nepal Rastra Bank	1,258,500,000	488,675,000
Derivative financial instruments	-	-
Deposits from customers	57,764,906,297	49,132,059,667
Borrowing	-	-
Current Tax Liabilities	-	-
Provisions	-	-
Deferred tax liabilities	156,036,614	208,786,769
Other liabilities	1,044,693,645	872,769,038
Debt securities issued	1,025,301,646	1,008,536,543
Subordinated Liabilities	-	-
Total liabilities	61,788,064,141	52,674,396,883
Equity		
Share capital	3,518,134,138	3,382,821,286
Share premium	-	-
Retained earnings	91,662,611	300,860,866
Reserves	2,674,011,171	2,533,383,609
Total equity attributable to equity holders	6,283,807,919	6,217,065,762
Non-controlling interest	-	-
Total equity	6,283,807,919	6,217,065,762
Total liabilities and equity	68,071,872,060	58,891,462,645

LumbiniBikas Bank Limited
Condensed Statement of Profit or Loss
For the Quarter Ended 30th Chaitra 2080 (12th Apr 2024)

Figures in NPR

Particulars	Bank			
	Current Year		Previous Year Corresponding	
	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)
Interest income	1,699,065,122	5,155,252,992	1,688,359,023	4,995,331,871
Interest expense	1,276,505,966	3,873,260,946	1,236,850,156	3,614,624,570
Net interest income	422,559,156	1,281,992,045	451,508,867	1,380,707,300
Fee and commission income	55,063,045	155,103,428	39,559,428	118,596,266
Fee and commission expense	2,589,702	7,266,690	3,647,549	7,964,509
Net fee and commission income	52,473,343	147,836,738	35,911,879	110,631,757
Net interest, fee and commission income	475,032,498	1,429,828,783	487,420,746	1,491,339,057
Net trading income	3,942	25,653	1,535	11,965
Other operating income	4,783,150	18,659,329	29,400,005	46,018,173
Total operating income	479,819,591	1,448,513,766	516,822,286	1,537,369,195
Impairment charge/(reversal) for loans and other losses	97,348,441	196,750,668	35,174,978	312,672,277
Net operating income	382,471,150	1,251,763,098	481,647,308	1,224,696,919
Operating expense				
Personnel expenses	110,210,507	360,117,066	112,934,287	343,918,637
Other operating expenses	71,412,748	199,143,371	71,524,357	194,487,457
Depreciation & Amortization	12,718,198	38,227,630	12,994,116	38,927,157
Operating Profit	188,129,697	654,275,031	284,194,549	647,363,668
Non-operating income	360,000	1,510,000	-	-
Non-operating expense	1,033,967	7,187,772	-	3,505,121
Profit before income tax	187,455,730	648,597,259	284,194,549	643,858,547
Income tax expense	57,557,430	306,429,161	77,109,972	175,706,686
Current Tax	57,557,430	306,429,161	77,109,972	175,706,686
Deferred Tax	-	-	-	-
Profit for the period	129,898,300	342,168,097	207,084,577	468,151,861

LumbiniBikas Bank Limited
Statement of Other Comprehensive Income
For the Quarter Ended 30th Chaitra 2080 (12th Apr 2024)

Figures in NPR

	Bank			
	Current Year		Previous Year Corresponding	
	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)
Profit for the year	129,898,300	342,168,097	207,084,577	468,151,861
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	(116,577,847)	(175,833,849)	(127,627,128)	(92,131,814)
• Gains/(losses) on revaluation	-	-	-	-
• Actuarial gains/(losses) on defined benefit plans	-	-	-	-
• Income tax relating to above items	34,973,354	52,750,155	38,288,138	27,639,544
Net other comprehensive income that will not be reclassified to profit or loss	(81,604,493)	(123,083,694)	(89,338,989)	(64,492,270)
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	(21,029,609)	(115,288)	17,089,281	36,982,058
Other comprehensive income for the period, net of income tax	(102,634,102)	(123,198,982)	(72,249,708)	(27,510,211)
Total comprehensive income for the year	27,264,198	218,969,116	134,834,868	440,641,650

Total comprehensive income attributable to				
Equity holders of the Bank	27,264,198	218,969,116	134,834,868	440,641,650
Non-controlling interest	-	-	-	-
Total				
Earnings per share				
Basic earnings per share		12.97		17.74(Restated)
Diluted earnings per share		12.97		17.74(Restated)

LumbiniBikas Bank Limited
Condensed Statement of cash flows
For the Quarter Ended 30th Chaitra 2080 (12th Apr 2024)

Figures in NPR

	Bank	
	Up to this quarter	Corresponding Previous Year Up to This Quarter
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	5,126,413,795	4,918,739,272
Fees and other income received	155,103,428	118,596,266
Divided received	11,111,378	33,146,786
Receipts from other operating activities	7,573,605	12,883,351
Interest paid	(3,856,495,843)	(3,614,624,570)
Commission and fees paid	(7,266,690)	(7,964,509)
Cash payment to employees	(365,906,139)	(376,290,574)
Other expense paid	(199,143,371)	(194,487,457)
Operating cash flows before changes in operating assets and liabilities	871,390,162	889,998,566
(Increase)/Decrease in operating assets		
Due from Nepal Rastra Bank	(3,947,537,755)	(972,316,851)
Placement with bank and financial institutions	-	-
Other trading assets	-	-
Loan and advances to bank and financial institutions	88,488,075	606,772,944
Loans and advances to customers	(3,161,698,409)	(2,302,972,690)
Other assets	(147,513,205)	(284,309,424)
Increase/(Decrease) in operating liabilities		
Due to bank and financial institutions	(424,943,928)	(294,042,454)
Due to Nepal Rastra Bank	769,825,000	(2,746,585,325)
Deposit from customers	8,632,846,630	3,075,454,240
Borrowings	-	-
Other liabilities	177,713,680	184,426,790
Net cash flow from operating activities before tax paid	2,858,570,250	(1,843,574,203)
Income taxes paid	(258,527,347)	(141,678,632)
Net cash flow from operating activities	2,600,042,904	(1,985,252,835)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investment securities	(2,732,890,528)	692,775,197
Receipts from sale of investment securities	-	-
Purchase of property and equipment	(19,728,295)	(47,568,565)
Receipt from the sale of property and equipment	1,524,546	3,688,360
Purchase of intangible assets	(2,757,652)	(2,000,100)
Receipt from the sale of intangible assets	-	-

Purchase of investment properties	(83,530,597.58)	0
Receipt from the sale of investment properties	-	-
Interest received	28,839,197	76,592,598
Dividend received	-	-
Net cash used in investing activities	(2,808,543,330)	723,487,490
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipt from issue of debt securities	-	-
Repayment of debt securities	-	-
Receipt from issue of subordinated liabilities	-	-
Repayment of subordinated liabilities	-	-
Receipt from issue of shares	-	-
Dividends paid	(152,226,958)	(295,586,326)
Interest paid	-	-
Other receipt/payment	-	-
Net cash from financing activities	(152,226,958)	(295,586,326)
Net increase (decrease) in cash and cash equivalents	(360,727,384)	(1,557,351,671)
Opening Cash and cash equivalents	3,666,749,402	4,871,373,392
De- recognition of Cash and cash equivalent of Subsidiary		
Effect of exchange rate fluctuations on cash and cash equivalents held		
Cash and cash equivalents at the end of the period	3,306,022,018	3,314,021,721

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

For the period Shrawan 1, 2079 to Chaitra 30, 2080

	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
Profit for the Period	-	-	-	-	-	-	-	497,672,518	-	497,672,518
Other comprehensive income, net of tax	-	-	-	-	-	319,404,985	-	-	(34,451,155)	284,953,830
Total Comprehensive income	-	-	-	-	-	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)	-
Contributions from and distributions to owners										
Share issued	-	-	-	-	-	-	-	-	-	-
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)
Other	-	-	-	-	-	-	-	-	-	-
Total contributions by and distributions	98,528,775	-	-	-	-	-	-	(394,115,101)	-	(295,586,326)
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
Balance at Shrawan 1, 2080	3,382,821,286	-	1,034,058,334	1,191,977	418,533,420	579,880,364	-	300,860,866	499,719,514	6,217,065,762
Profit for the Period	-	-	-	-	-	-	-	342,168,097	-	342,168,097
Other comprehensive income	-	-	-	-	-	(123,083,694)	-	-	(115,288)	(123,198,982)

Total Comprehensive income	-	-	-	-	-	(123,083,694)	-	342,168,097	(115,288)	218,969,116
Transfer to reserve during the year	-	-	68,433,619	27,442	-	-	-	(73,363,725)	4,902,663	-
Transfer from reserve during the year	-	-	-	-	193,515,582	-	-	(190,462,818)	(3,052,764)	(0)
Contributions from and distributions to owners										
Share issued	-	-	-	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-	-	-	-	-
Dividends to equity holders										
Bonus shares issued	135,312,851	-	-	-	-	-	-	(135,312,851)	-	-
Cash dividend paid	-	-	-	-	-	-	-	(152,226,958)	-	(152,226,958)
Other	-	-	-	-	-	-	-	-	-	-
Total contributions by and distributions	135,312,851	-	-	-	-	-	-	(287,539,809)	-	(152,226,958)
Balance at Chaitra End 2080	3,518,134,138	-	1,102,491,953	1,219,419	612,049,002	456,796,670	-	91,662,611	501,454,126	6,283,807,919

****Other reserves as at 30th Chaitra 2080 includes Corporate Social Responsibility Reserve, Staff Training Fund, Investment Adjustment Reserve, and Actuarial Gain on Gratuity & Reserve in Investment in Associates using equity Method.**

Statement of Distributable Profit Loss
For the Quarter Ended 30th Chaitra 2080
(As per NRB Regulation)

Figures in NPR

Particulars	Current Year Up to This Quarter YTD	Previous Year Corresponding Quarter YTD
Net profit or (loss) as per statement of profit or loss	342,168,097	468,151,861
<u>1.1 Profit required to be appropriated to:</u>		
<i>a. General reserve</i>	68,433,619	93,630,372
<i>b. Foreign exchange fluctuation fund</i>	27,442	140,062
<i>c. Capital redemption reserve</i>	-	-
<i>d. Corporate social responsibility fund</i>	368,917	2,975,978
<i>e. Employees' training fund</i>	1,480,982	2,054,021
<i>f. Other</i>	-	-
Profit or (loss) before regulatory adjustment	271,857,136	369,351,428
<u>Regulatory adjustment :</u>		
<i>a. Interest receivable (-)/previous accrued interest received (+)</i>	(140,891,305)	(249,293,168)
<i>b. Short loan loss provision in accounts (-)/reversal (+)</i>	-	-
<i>c. Short provision for possible losses on investment (-)/reversal (+)</i>	-	-
<i>d. Short loan loss provision on Non-Banking Assets (-)/reversal (+)</i>	(52,624,276)	-
<i>e. Deferred tax assets recognized (-)/ reversal (+)</i>	-	-
<i>f. Goodwill recognized (-)/ impairment of Goodwill (+)</i>	-	-
<i>g. Bargain purchase gain recognized (-)/reversal (+)</i>	-	-
<i>h. Actuarial loss recognized (-)/reversal (+)</i>	-	-
<i>i. Other (+/-)</i>	-	-
Net Profit for the Qtr end Chaitra 2080 available for distribution	78,341,554	120,058,259
Opening Retained Earning as on Shrawan 1, 2080	300,860,866	460,394,814
Adjustment (+/-)		
Distribution:		
<i>Bonus shares issued</i>	(135,312,851)	(98,528,775)
<i>Cash Dividend Paid</i>	(152,226,958)	(295,586,326)
Total Distributable profit or (loss) as on Qtr end date	91,662,611	186,337,972
Annualized Distributable Profit/Loss per share	3.47	7.34

Ratios as per NRB Directive:

Particulars	Current Year		Previous year corresponding	
	This Quarter Ending	Up to this quarter (YTD)	This Quarter Ending	Up to this quarter (YTD)
Capital Fund to RWA		12.95%		11.04%
Non-Performing Loan (NPL) to total Loan		3.69%		3.76%
Total Loan Loss Provision to Total NPL		104.17%		87.87%
Cost of Fund		8.53%		10.40%
Credit to Deposit Ratio		80.63%		89.40%
Base Rate (Average of this Quarter)		10.72%		12.50%
Interest rate Spread		4.59%		4.78%
Return on Equity (Annualized)		7.26%		10.62%

Lumbini Bikas Bank Limited

For the period ended 30th Chaitra 2080

Notes to the Interim Financial Statements

1. Reporting Entity

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

2. Basis of preparation

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

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

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

3. Statement of Compliance with NFRS

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

4. Use of estimates, assumptions and judgments

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

5. Changes in accounting policies

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

Lumbini Bikas Bank Limited

For the period ended 30th Chaitra 2080

6. Significant accounting policies

i. Basis of measurement

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

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

ii. Cash and cash equivalents

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

iii. Financial Assets and Financial Liabilities

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

iv. Trading Assets

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

v. Property, Plant and Equipment

Freehold land is carried at historical cost and is not depreciated. All other items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items. The assets are depreciated over their useful life using Straight line method. The estimated useful lives are;

Lumbini Bikas Bank Limited
For the period ended 30th Chaitra 2080

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

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

vi. Goodwill and Other Intangibles

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

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

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

vii. Investment Property

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

viii. Income Tax

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

Current tax

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

Income tax rates applicable to Bank: 30%

Deferred tax

- The amount of deferred tax provided is based on the expected realization or settlement of the carrying amount of assets and liabilities using tax rates at the balance sheet date.

Lumbini Bikas Bank Limited

For the period ended 30th Chaitra 2080

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

ix. Deposits, debt securities issued and subordinated liabilities

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

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

x. Provisions

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

xi. Revenue Recognition

Revenue is the gross inflow of economic benefits during the period arising in the course of the ordinary activities of an entity when those inflows result in increases in equity, other than increases relating to contributions from equity participants. It is measured at the fair value of the consideration received or receivable. Revenue is recognized to the extent that it is probable that economic benefit will flow to the Bank and that the revenue can be reliably measured.

Interest Income

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

Fee and commission income

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

Lumbini Bikas Bank Limited

For the period ended 30th Chaitra 2080

Dividend Income

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

Net trading income

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

xii. Interest Expenses

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

xiii. Employee Benefits

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

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

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

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

xiv. Leases

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

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

Lumbini Bikas Bank Limited

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

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

xv. Share Capital and Reserves

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

xvi. Earnings Per Share

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

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

7. Segment Reporting

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

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

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Particulars	Banking		Treasury and Remittance		Other (not separately reportable)		Total	
	Current Quarter	Corresponding Previous Year Quarter	Current Quarter	Corresponding Previous Year Quarter	Current Quarter	Corresponding Previous Year Quarter	Current Quarter	Corresponding Previous Year Quarter
Revenue From External Customer	4,571,743,300	4,384,303,663	410,711,522	401,180,173	410,711,522	47,931,832	5,004,135,750	4,833,415,668
Intersegment Revenue	-	-	-	-	-	-	-	-
Segment Profit (Loss) before Tax	378,544,254	435,010,831	258,068,927	174,243,352	258,068,927	34,604,364	648,597,259	643,858,547
Segment Assets	54,291,915,968	46,437,687,028	13,321,814,557	9,919,147,188	13,321,814,557	635,974,188	68,071,872,060	56,992,808,404
Segment Liability	60,743,370,496	50,057,503,845	-	-	-	1,060,223,496	61,788,064,141	51,117,727,341

Reconciliation of reportable segment (profit loss)

Particulars	Current Quarter	Corresponding Previous Year Quarter
Total Profit before tax for reportable segment	636,613,181	609,254,183
Profit before tax for other segment	11,984,077	34,604,364
Elimination of intersegment profit	-	-
Unallocated amount	-	-
Profit before tax	648,597,259	643,858,547

8. Concentration of Borrowings, Credits and Deposits

A. Concentration of Borrowers

Particulars	Current Year	Previous Year
Borrowings from 10 largest lenders	687,546,000.00	687,546,000.00
Total Deposit	59,562,032,235.46	50,584,304,533.14
% of borrowings from ten largest lenders to total deposits	1.15%	1.36%

B. Concentration of Credit exposures

Particulars	Current Year	Previous Year
Total exposures to twenty largest borrowers		
a. As per group (Related party)	7,184,047,797.10	7,105,725,363.36
b. As per individual customer	1,193,916,003.91	1,182,641,537.11
Total Loans & Advances	47,552,116,947.03	44,570,337,605.38
Percentage of deposits from twenty largest borrowers to Total Loans and Advances		
a. As per group (Related party)	15.11%	15.94%
b. As per individual customer	2.51%	2.65%

C. Concentration of Deposits

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Particulars	Current Year	Previous Year
Total Deposits from twenty largest depositors		
a. Group wise	9,850,048,824.13	7,093,698,891.90
b. As per individual customer	1,725,656,449.06	1,366,403,879.38
Percentage of deposits from twenty largest depositors to Total Deposits		
a. Group wise	16.54%	14.02%
b. As per individual customer	2.90%	2.70%

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

Bank has not declared and distributed any dividends during the period 01.10.2080 to 30.12.2080.

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

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

11. Events after interim period

There have been no material events after the reporting period affecting the financial status of the Bank as on Chaitra End, 2080.

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

No such changes have taken place during the interim period.

13. Related Party Disclosure

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

Mr. Chinta Mani Bhattarai	- Chairman
Mr. Prabin Krishna Shrestha	- Director
Mr. Ram Chandra Sigdel	-Director
Mr. Ganesh Raj Regmi	-Director
Mr. Arjun Thapa	-Director
Mr. Keshav Khatiwada	-Director
Mr. Jaya Dev Shrestha	- Independent Director
Mr. Naresh Singh Bohra	-Chief Executive Officer
Mr. Umesh Regmi	-Deputy Chief Executive Officer
Mr. Suman Acharya	-Deputy Chief Executive Officer

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The Development Bank has the following associates:

- i.** Muktinath Capital Limited (Former: Vibor Capital Limited)
- ii.** DeprocLaghubittaBittiyaSanstha Limited
- iii.** NADEPLaghubittaBittiyaSanstha Limited

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Additional disclosure as per Securities Registration and Issuance Regulation -2073 (Sub-Rule 1 of Rule 26) for Third Quarter of FY 2080/81

A. Financial Statement Highlights

1. Related Party Transactions:

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

c. Muktinath Capital Ltd. maintains call /current deposit accounts with the bank.

2. Ratios as on Third Quarter End 2080/81.

Particulars	This Quarter Ending
Liquidity	30.31%
Return on total Assets (Annualized)	0.67%
Number of Equity Shares	35,181,341
Earnings per Share (Annualized)	12.97
Net worth per Share	178.61
Price earnings ratio	29.23

B. Management Analysis

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

- a. Bank has distributed 4% Bonus share and 4.5% cash dividend from the available reserve of FY 2079-80. After the distribution of stock dividend, capital of the Bank has increased by Rs 135,312,851.45 and reached to Rs 3,518,134,137.77 as of Chaitra End 2080.
- b. The bank has registered NPR 342.17 Million net profit during the period ending third quarter of Fiscal Year 2080/81. The development bank is in a comfortable liquidity position.
- c. While comparing with past performance, bank has made notable progress in its credit and deposit portfolio in this quarter. However due to liquidity crisis and impact of economic down turn of financial market, the recovery of loan and advances has been severally impacted.

2. Management overview on the business for next period:

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

C. Details Pertaining to Legal Proceedings

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

D. Analysis of Bank's Share Transactions

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

Highest Price	441
Lowest Price	365
Total transacted no. of days	58
Closing Price	379
Total traded no. of shares	1,375,379
No. of transactions	7,434

E. Problems and Challenges

1. Internal:

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

2. External:

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

3. Strategy:

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

F. Corporate Governance

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

G. Disclosure of the Chief Executive Officer

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

Chief Executive Officer
Naresh Singh Bohra