

## Unaudited Financial Results

Rs in ' 000

S.N.	Particulars	This Quarter Ending 31 Ashadh 2074 (15 July 2017)		Previous Quarter Ending 31 Chaitra 2073 (13 April 2017)		Corresponding Previous Year Quarter Ending 31 Ashadh 2073 (15 July 2016)	
		Bank	Group	Bank	Group	Bank	Group
<b>1</b>	<b>Total Capital and Liabilities ( 1.1 to 1.8 )</b>	<b>70,903,814</b>	<b>71,940,985</b>	<b>68,055,656</b>	<b>68,980,052</b>	<b>55,388,482</b>	<b>55,909,410</b>
1.1	Paid Up Capital	7,472,412	7,472,412	3,159,030	3,159,030	3,039,229	3,039,229
1.2	Reserve & Surplus	2,182,759	2,331,620	4,329,849	4,452,355	2,610,240	2,679,563
1.3	Non Controlling Interest	-	116,870	-	108,231	-	54,265
1.4	Debenture & Bond	400,000	400,000	400,000	400,000	400,000	400,000
1.5	Borrowings	257,875	341,134	1,200,000	1,289,555	-	-
<b>1.6</b>	<b>Deposits</b>	<b>59,320,404</b>	<b>59,191,049</b>	<b>57,801,175</b>	<b>58,230,549</b>	<b>48,154,198</b>	<b>48,513,046</b>
	a) Domestic Currency	56,760,852	56,631,497	55,295,428	55,724,802	45,213,276	45,572,124
	b) Foreign Currency	2,559,552	2,559,552	2,505,747	2,505,747	2,940,922	2,940,922
1.7	Income Tax Liability	-	-	-	-	3,635	3,635
1.8	Other Liabilities	1,270,363	2,087,899	1,165,603	1,340,332	1,181,180	1,219,672
<b>2</b>	<b>Total Assets ( 2.1 to 2.7 )</b>	<b>70,903,814</b>	<b>71,940,985</b>	<b>68,055,656</b>	<b>68,980,052</b>	<b>55,388,482</b>	<b>55,909,410</b>
2.1	Cash & Bank Balance	6,120,775	6,143,971	6,324,171	6,345,606	5,450,870	5,471,311
2.2	Money at call and Short Notice	117,690	162,718	148,498	220,921	33,709	59,196
2.3	Investments	9,439,808	9,302,625	8,412,900	8,279,755	7,422,422	7,365,416
<b>2.4</b>	<b>Loan &amp; Advances</b>	<b>52,733,336</b>	<b>53,688,975</b>	<b>50,217,636</b>	<b>51,047,094</b>	<b>40,359,566</b>	<b>40,809,158</b>
	a. Real Estate Loan	2,165,410	2,165,410	1,697,959	1,697,959	1,262,787	1,262,787
	(i) Residential Real Estate	585,246	585,246	566,578	566,578	505,403	505,403
	(ii) Business Complex & Residential Apart. Construction Loan	382,964	382,964	81,624	81,624	118,451	118,451
	(iii) Income generating Commercial Complexes Loan	607,220	607,220	590,154	590,154	606,568	606,568
	(iv) Other Real Estate Loan	589,979	589,979	459,602	459,602	32,364	32,364
	b. Personal Home Loan of Rs 100 lacs or less	2,503,984	2,503,984	2,410,993	2,410,993	1,887,653	1,887,653
	c. Margin Type Loan	1,797,931	1,797,931	1,653,051	1,653,051	957,593	957,593
	d. Term Loan	10,530,262	10,530,262	9,186,820	9,186,820	6,821,128	6,821,128
	e. Overdraft Loan/ TR Loan/ WC Loan	16,888,231	16,888,231	17,180,518	17,180,518	16,511,260	16,511,260
	f. Others	18,847,518	19,803,157	18,088,295	18,917,753	12,919,146	13,368,738
2.5	Fixed Assets	1,156,151	1,196,457	1,118,002	1,158,177	1,023,771	1,055,310
2.6	Non Banking Assets (net)	-	-	-	-	-	-
2.7	Other Assets	1,336,053	1,446,239	1,834,450	1,928,499	1,098,143	1,149,020
<b>3</b>	<b>Profit &amp; Loss Account</b>	<b>Up to This Quarter</b>		<b>Up to Last Quarter</b>		<b>Up to Corresponding Previous Year This Quarter</b>	
3.1	Interest Income	4,682,811	5,004,759	3,129,433	3,362,115	3,072,565	3,259,009
3.2	Interest Expenses	3,028,184	3,075,715	1,956,218	1,988,958	1,765,422	1,797,669
<b>A.</b>	<b>Net Interest Income ( 3.1-3.2 )</b>	<b>1,654,627</b>	<b>1,929,045</b>	<b>1,173,216</b>	<b>1,373,156</b>	<b>1,307,144</b>	<b>1,461,340</b>
3.3	Fees, Commission & Discount	270,939	293,318	187,801	200,295	231,498	252,357
3.4	Other Operating Income	227,163	278,443	144,400	178,952	165,055	201,274
3.5	Foreign Exchange Gain & Loss	194,087	194,087	139,718	139,718	145,198	145,198
<b>B.</b>	<b>Total Operating Income ( A+3.3+3.4+3.5 )</b>	<b>2,346,815</b>	<b>2,694,892</b>	<b>1,645,134</b>	<b>1,892,121</b>	<b>1,848,894</b>	<b>2,060,169</b>
3.6	Staff Expenses	413,382	509,132	290,475	357,281	326,972	386,040
3.7	Other Operating Expenses	477,361	516,580	342,127	368,812	363,820	394,430
<b>C.</b>	<b>Operating Profit before Provisions ( B -3.6-3.7 )</b>	<b>1,456,073</b>	<b>1,669,180</b>	<b>1,012,532</b>	<b>1,166,028</b>	<b>1,158,103</b>	<b>1,279,699</b>
3.8	Provision for Possible Losses	97,476	110,129	276,328	284,979	196,409	205,837
<b>D.</b>	<b>Operating Profit ( C -3.8 )</b>	<b>1,358,596</b>	<b>1,559,051</b>	<b>736,204</b>	<b>881,049</b>	<b>961,694</b>	<b>1,073,862</b>
3.9	Non Operating Income/Expenses ( Net )	160,872	163,892	95,351	96,770	20,030	22,352
3.10	Writeback of Provision for Possible Losses	49,084	49,084	49,084	49,084	109,391	109,391
<b>E.</b>	<b>Profit from Regular Activities ( D+3.9+3.10 )</b>	<b>1,568,552</b>	<b>1,772,027</b>	<b>880,639</b>	<b>1,026,903</b>	<b>1,091,115</b>	<b>1,205,604</b>
3.11	Extraordinary Income/Expenses (Net)	6,769	6,769	13,660	13,660	175	175
<b>F.</b>	<b>Profit before Bonus and Taxes (E+3.11 )</b>	<b>1,575,322</b>	<b>1,778,796</b>	<b>894,299</b>	<b>1,040,563</b>	<b>1,091,289</b>	<b>1,205,779</b>
3.12	Provision for Staff Bonus	143,211	161,809	81,300	92,489	99,208	108,129
3.13	Provision for Taxes	429,633	483,779	243,900	283,263	314,954	345,677
3.14	Share of Non Controlling Interest in Profit of Subsidiary	-	32,135	-	23,497	-	18,734
<b>G.</b>	<b>Net Profit/ Loss ( F-3.12-3.13 )</b>	<b>1,002,477</b>	<b>1,101,074</b>	<b>569,100</b>	<b>641,315</b>	<b>677,127</b>	<b>733,239</b>
<b>4</b>	<b>Ratios</b>	<b>At the End of This Quarter</b>		<b>At the End of Previous Quarter</b>		<b>At the End of Corresponding Previous Year Quarter</b>	
4.1	Capital Fund to RWA	14.19%	14.26%	11.04%	11.20%	11.15%	11.18%
4.2	Non Performing Loan (NPL) to Total Loan	0.93%	0.91%	1.79%	1.74%	0.80%	0.79%
4.3	Total Loan Loss Provision to Total NPL	173.52%	175.31%	114.11%	115.80%	223.37%	225.51%
4.4	Net Interest Spread	2.74%	3.00%	3.55%	3.79%	3.39%	3.66%
4.5	LCY Interest Spread (Calculated as per NRB Circular)	3.39%	3.49%	3.52%	3.54%	3.84%	3.90%
4.6	CD ratio (Calculated as per NRB Directives)	71.76%	73.99%	73.66%	80.32%	76.21%	78.19%
4.7	Base Rate	10.33%	10.77%	9.88%	10.17%	6.77%	7.07%
4.8	Average Yield	10.14%	10.41%	10.31%	10.56%	7.49%	7.79%
4.9	Cost of Fund (LCY)	7.40%	7.41%	6.76%	6.77%	4.10%	4.13%
4.10	Return on Equity (annualised)	11.69%	12.64%	10.13%	11.23%	12.89%	13.80%
4.11	Return on Assets (annualised)	1.44%	1.56%	1.11%	1.24%	1.28%	1.37%

Interest due and suspended as of 31. Ashadh 2074 and recovered within 15 Shrawan 2074 has been recognized as interest income as per NRB Directive #4.

Unaudited financial figures are subject to change from Supervisory Authority and External Audit.

Previous period figures have been regrouped where necessary.

Group represents Laxmi Bank Ltd and its subsidiaries Laxmi Capital Market Ltd and Laxmi Laghubitta Bittiya Sanstha Ltd.

All inter company transactions among Group have been eliminated in the above statement related to Group.

Loans and Investments are presented on Gross Basis. Provisions are included in Other Liabilities.

### Laxmi Bank

#### Disclosure as per Securities Registration and Issuance Regulation, 2065

Annexure – 14 (Sub rule 2 of rule 22)

Quarterly Details as on 15 July 2017

#### 1. Financial Highlights of Laxmi Bank Ltd (as per unaudited figures)

a. Earning per Share	NPR 25.43
b. Market Value per Share	NPR 390
c. Price Earnings Ratio	15.34
d. Liquidity	21.31%*
e. Return on Average Total Assets	1.44%
f. Net worth per Share	NPR 129.21
* Calculated as per NRB Directive #1 related to Capital Adequacy framework form #8.	

#### 2. Group

a. Group comprises of Laxmi Bank Ltd and its Subsidiaries (Laxmi Capital Market Ltd and Laxmi Laghubitta Bittiya Sanstha Ltd).

#### 3. Related Party Disclosure

a. Laxmi Capital Market Ltd is a wholly owned subsidiary of Laxmi Bank Ltd. Laxmi Bank Ltd. has 70% holding in Laxmi Laghubitta Bittiya Sanstha Ltd while 30% of its shares are held by the public. Laxmi Capital Market Ltd is operating Merchant Banking activities. Laxmi Laghubitta Bittiya Sanstha Ltd is a "D" class licensed financial institution.

b. The Bank held call deposits from Laxmi Capital Market and Laxmi Laghubitta Bittiya Sanstha Ltd as at this quarter end. The bank has also provided loan facility to Laxmi Laghubitta Bittiya Sanstha Ltd. The bank has entered into Service Level Agreements with Laxmi Capital Market Ltd for various services such as RTS.

#### 4. Management Analysis

a. There have been changes in the Bank's reserve, income and liquidity position in line with the growth in business volumes.

b. The Bank aims to achieve its financial goals through sustainable profitability and measured growth in balance sheet size. Our business models remain robust and we continue to seek sound growth.

c. There were no major incidents, which have had adverse impact on reserve, profit or cash flow position of the Bank during the quarter under review.

#### 5. Details relating to legal action

a. Case filed by or against the organized institution during the quarter - There are no other major cases except those arising in normal course of banking business related to lending and income tax.

b. Case relating to disobedience of prevailing law or commission of criminal offence filed by or against the Promoter or Director of organized institution - No such information has been received.

c. Case relating to financial crime filed against any Promoter or Director - No such information has been received.

#### 6. Analysis of share transaction and progress of organized institution

a. Management view on share transaction of the organized institution at securities market - Some effect of the changes in stock index has been observed in the institution's share price during this quarter. However since price and transaction of the bank's shares are being determined at Nepal Stock Exchange through open share market operations, management view on this is neutral.

b. Maximum, minimum and last share price of the organized institution including total transaction number of shares and days of transaction during the quarter.

Maximum Price:	NPR 530
Minimum Price:	NPR 379
Last Price:	NPR 390
Transaction volume:	877,689 shares
Days of transaction:	57

#### 7. Problems and Challenges

Internal

- Recruitment and retention of quality manpower
- Increasing cost of operation

External

- Lack of investment avenues
- Competition both on maintaining lending yield and mobilizing deposits at lower cost
- Volatility in the Foreign Exchange rates caused by changes in the global economic conditions
- Unstable local socio-political situation

#### Strategy

- Re-pricing of assets / liabilities as per the market conditions.
- New products and services being introduced / capitalize on existing array of services
- Strong risk management approaches / Portfolio management
- Identify new areas for investment
- Reinforcement of prudent banking fundamentals.

#### 8. Corporate Governance

Laxmi Bank is committed to high standards of corporate governance, business integrity and professionalism in all our activities that assures all stakeholders that the bank is being managed ethically in compliance with best practices and applicable legislation and within predetermined risk parameters, and is also adding value to and protecting their investment.

#### 9. Declaration by Chief Executive Officer on the Truthfulness and Accuracy of Information

I, as at the date, hereby individually accept responsibility for the accuracy of the information and details contained in this report. To the best of my knowledge and belief, the information contained in this report is true, accurate and complete and there are no other matters concealed, the omission of which shall adversely affect the informed investment decision by the investors.



Laxmi Bank