

Unaudited Financial Results (Quarterly)

Particulars	_	This Quarter Ending 32 Ashadh 2075 (16 July 2018)		Previous Quarter Ending 30 Chaitra 2074 (13 April 2018)		Corresponding Previous Year Quarter Ending 31 Ashadh 2074 (15 July 2017)	
	Bank	Group	Bank	Group	Bank	Group	
Assets							
Cash and Cash Equivalent	3,571,818	3,626,736	2,267,741	2,684,205	2,161,730	2,219,401	
Due from NRB and Placements with BFIs	6,190,067	6,202,300	6,597,661	6,609,694	9,240,416	9,249,949	
Loans and advances	61,972,032	63,473,524	58,805,155	60,113,348	52,873,374	53,892,329	
Investment Securities	7,411,591	7,618,205	7,154,364	7,330,600	5,219,223	5,333,771	
Investment in subsidiaries and Associates	287,000	-	248,500	-	248,500	-	
Property and Equipment	1,241,890	1,289,404	1,192,127	1,238,702	1,156,151	1,196,248	
Goodwill and Intangible assets	35,069	36,557	38,095	39,625	42,053	43,763	
Other Assets	1,274,255	1,314,820	1,555,235	1,597,883	1,106,373	1,164,103	
Total Assets	81,983,722	83,561,547	77,858,878	79,614,057	72,047,820	73,099,565	
Capital and Liabilities							
Paid up Capital	8,221,667	8,391,067	8,221,667	8,391,067	7,472,412	7,626,412	
Reserve and Surplus	3,569,218	3,623,562	3,438,136	3,464,074	3,311,159	3,336,055	
Deposits	67,735,866	68,590,048	63,581,585	64,284,531	59,320,404	59,211,534	
Borrowings	666,917	924,608	916,917	1,123,515	257,875	341,803	
Bond and Debentures	400,000	400,000	400,000	400,000	400,000	400,000	
Other Liabilities and Provisions	1,390,054	1,487,907	1,300,573	1,816,446	1,285,971	2,054,602	
Non Controlling Interests	-	144,355	-	134,426	-	129,159	
Total Capital and Liabilities	81,983,722	83,561,547	77,858,878	79,614,057	72,047,820	73,099,565	

Statement of Profit or Loss

Particulars	Up to this Quarter		Up to Previous Quarter		Year Quarter	
	Bank	Group	Bank	Group	Bank	Group
Interest Income	7,075,594	7,428,439	5,050,211	5,314,433	4,727,692	5,029,332
Interest Expenses	(4,731,489)	(4,817,660)	(3,400,488)	(3,461,495)	(3,028,184)	(3,075,734)
Net Interest Income	2,344,106	2,610,779	1,649,723	1,852,939	1,699,508	1,953,598
Fees & commission Income	586,018	692,778	384,556	462,102	437,560	505,721
Fees & commission Expenses	(43,633)	(43,633)	(30,037)	(30,037)	(40,892)	(40,892)
Net Fee and Commission Income	542,385	649,145	354,519	432,065	396,667	464,828
Other operating income	451,815	473,759	357,980	375,224	334,116	365,108
Total Operating income	3,338,306	3,733,683	2,362,222	2,660,228	2,430,291	2,783,534
Imapirment (Charge)/ reversal for loans and other losses	(231,808)	(241,204)	(70,327)	(74,542)	(56,661)	(58,451)
Net Operating Income	3,106,497	3,492,478	2,291,895	2,585,686	2,373,630	2,725,083
Personnel Expenses	(779,758)	(922,267)	(541,461)	(639,806)	(591,597)	(706,769)
Other Operating Expenses	(573,134)	(620,225)	(387,727)	(419,900)	(453,954)	(492,969)
Operating profit	1,753,605	1,949,986	1,362,707	1,525,980	1,328,079	1,525,345
Non Operating Income/(Expenses)	8,682	13,219	331	2,541	113,826	119,845
Profit before Income Tax	1,762,286	1,963,205	1,363,037	1,528,520	1,441,905	1,645,190
Income Tax Expense	(528,686)	(576,749)	(408,911)	(445,667)	(422,219)	(475,268)
Share of Non Controlling Interest		(36,689)		(31,226)		(37,937)
Profit /(loss) for the period	1,233,601	1,349,767	954,126	1,051,627	1,019,686	1,131,985
Other comprehensive income	(664,631)	(664,285)	(509,809)	(509,511)	16,147	16,694
Total comprehensive income	568,969	685,482	444,317	542,116	1,035,833	1,148,678
Distributable Profit*						
Net profit or (loss) as per statement of profit or loss	1,233,601	1,349,767	954,126	1,051,627	1,019,686	1,131,985
Add/Less: Regulatory adjustment as per NRB Directive	(67,257)	(90,999)	(151,305)	(177,733)	(13,062)	(50,573)
Free profit/(loss) after regulatory adjustments*	1,166,344	1,258,767	802,821	873,894	1,006,624	1,081,411
Ratios						
Capital fund to RWA	12.54%	12.60%	12.97%	13.02%	13.58%	13.66%
Non performing loan (NPL) to toal loan (As per NRB Directive)	1.29%	1.28%	1.16%	1.16%	0.93%	0.91%
Total loan loss provision to Total NPL (As per NRB Directive)	136.06%	136.99%	149.70%	149.02%	173.52%	175.31%
Cost of Funds	7.95%	7.98%	7.73%	7.75%	7.40%	7.41%
Credit to Deposit Ratio (As per NRB Directive)	77.07%	79.35%	77.79%	80.20%	71.76%	73.99%
Base Rate	11.48%	11.83%	11.35%	11.47%	10.33%	10.77%
Basic Earning Per Share	15.00	16.09	15.47	16.71	13.65	14.84
Diluted Earning Per Share	15.00	16.09	15.47	16.71	12.40	13.49

Unau	dited Financial Results as per NRB Directive 4						Rs in ' 000
S.N.	Particulars	This Quarter Ending 32 Ashadh 2075 (16 July 2018)		Previous Quarter Ending 30 Chaitra 2074 (13 April 2018)		Corresponding Previous Year Quarter Ending 31 Ashadh 2074 (15 July 2017)	
		Bank	Group	Bank	Group	Bank	Group
1	Total Capital and Liabilities (1.1 to 1.8)	81,401,606	82,942,265	76,989,802	78,751,589	70,919,249	71,955,296
1.1	Paid Up Capital	8,221,667	8,221,667	8,221,667	8,221,667	8,219,653	8,219,653
1.2	Reserve & Surplus	2,526,270	2,723,887	2,169,151	2,344,555	1,370,831	1,509,925
1.3	Non Controlling Interest	-	133,315	-	126,040	-	129,145
1.4	Debenture & Bond	400,000	400,000	400,000	400,000	400,000	400,000
1.5	Borrowings	666,917	924,254	1,230,117	1,436,611	257,875	341,134
1.6	Deposits	67,735,866	68,557,847	63,268,385	63,940,978	59,320,404	59,190,946
	a) Domestic Currency	63,919,573	64,741,555	59,932,170	60,604,762	56,760,852	56,631,394
	b) Foreign Currency	3,816,292	3,816,292	3,336,215	3,336,215	2,559,552	2,559,552
1.7	Income Tax Liability	-	-	-	-	-	1,144
1.8	Other Liabilities	1,850,887	1,981,295	1,700,482	2,281,738	1,350,485	2,163,350
2	Total Assets (2.1 to 2.7)	81,401,606	82,942,265	76,989,802	78,751,589	70,919,249	71,955,296
2.1	Cash & Bank Balance	6,139,824	6,206,974	5,004,330	5,382,775	6,136,210	6,203,311
2.2	Money at call and Short Notice	841,536	841,536	367,030	417,082	117,690	117,690
2.3	Investments	9,982,935	9,897,559	10,329,001	10,251,814	9,439,808	9,302,625
2.4	Loan & Advances	61,996,941	63,419,461	58,699,279	59,935,177	52,733,336	53,688,975
	a. Real Estate Loan	1,716,653	1,716,653	1,805,111	1,805,111	2,165,410	2,165,410
	(i) Residential Real Estate	389,653	389,653	409,459	409,459	585,246	585,246
	(ii) Business Complex & Residential Apart.Construction Loan	362,059	362,059	369,114	369,114	382,964	382,964
	(iii) Income generating Commercial Complexes Loan	522,370	522,370	571,760	571,760	607,220	607,220
	(iv) Other Real Estate Loan	442,570	442,570	454,778	454,778	589,979	589,979
	b. Personal Home Loan of Rs 150 lacs or less	3,065,807	3,065,807	2,973,333	2,973,333	2,503,984	2,503,984
	c. Margin Type Loan	1,308,064	1,308,064	1,447,316	1,447,316	1,797,931	1,797,931
	d. Term Loan	14,222,146	14,222,146	12,872,312	12,872,312	10,530,262	10,530,262
	e. Overdraft Loan/ TR Loan/ WC Loan	23,048,000	23,048,000	21,431,148	21,431,148	16,888,231	16,888,231
	f. Others	18,636,271	20,058,792	18,170,059	19,405,957	18,847,518	19,803,157
2.5	Fixed Assets	1,241,890	1,290,893	1,192,127	1,242,266	1,156,151	1,196,457
2.6	Non Banking Assets (net)	-	-	-	-	-	-
2.7	Other Assets	1,198,481	1,285,842	1,398,036	1,522,476	1,336,053	1,446,239
3	Profit & Loss Account	Up to This Quarter		Up to Last Quarter		Up to Corresponding Previous	
						Year This Qu	
	Interest Income	7,012,748	7,358,220	4,950,044	5,203,316	4,682,811	4,986,243
	Interest Expenses	4,731,489	4,817,660	3,400,488	3,461,495	3,028,184	3,057,116
Α.	Net Interest Income (3.1-3.2)	2,281,259	2,540,560	1,549,556	1,741,821	1,654,627	1,929,128
3.3	Fees, Commission & Discount	303,573	356,484	210,542	248,991	270,939	339,100
3.4	Other Operating Income	296,561	352,544	178,606	218,771	227,163	227,679
3.5	Foreign Exchange Gain & Loss	296,207	296,207	206,910	206,910	194,087	194,087

4.2 Non Performing Loan (NPL) to Total Loan	1.29%	1.28%	1.16%	1.16%	0.93%	0.91%
4.3 Total Loan Loss Provision to Total NPL	136.06%	136.99%	149.70%	149.02%	173.52%	175.31%
4.4 LCY Interest Spread (Calculated as per NRB Directives)	4.13%	4.67%	3.61%	4.00%	3.39%	3.49%
4.5 CCD ratio (Average for Ashadh 2075)	77.07%	79.35%	77.79%	80.20%	71.76%	73.99%
4.6 Base Rate	11.48%	11.83%	11.35%	11.47%	10.33%	10.77%
4.7 Average Yield	11.18%	11.39%	10.58%	10.82%	10.14%	10.41%
4.8 Cost of Fund (LCY)	7.95%	7.98%	7.73%	7.75%	7.40%	7.41%

3,177,600

578,859

596,380

321,458

164,289

43.807

1,889,000

1.832.826

(56, 174)

166,621

499,862

1,166,344

12.54%

11.04%

1.47%

At the End of This Quarter

1,680,903

2,002,361

3.545.796

704,634

643,469

2,197,692

1,859,290

2,072,700

(56, 174)

183,320

547,924

26.514

12.60%

11.70%

1.56%

1,258,767

2.016.526

338,403

169,602

43,807

2.145.614

384,899

416,429

1,344,286

1,109,414

1,308,048

1.261.281

(46.767)

114.662

343,986

802,633

12.97%

10.44%

1.43%

At the End of Previous Quarter

154,827

43,807

2,416,493

470,498

448,602

249,393

157,037

43,807

1,497,393

1,248,000

1,448,845

(46,767)

127.462

380.742

19.980

873,894

13.02%

11.19%

1.52%

1.402.078

2,346,815

412,554

485,647

99,733

160,768

49,084

6,769

1,448,614

1.348.881

1,558,733

1.565.503

142,318

416,560

1.006.624

13.58%

11.79%

1.45%

At the End of Corresponding

Previous Year Quarter

2,689,994

508,684

523,273

109,526

141,012

49,084

6,769

1,658,037

1,548,511

1,738,607

1.745.377

160,922

470,922

32.121

13.66%

12.47%

1.53%

1,081,411

 Unaudited financial figures are subject to change from Supervisory Authority and External Audit. Previous period figures have been regrouped where necessary.

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

B. Total Operating Income (A+3.3+3.4+3.5)

C. Operating Profit before Provisions (B -3.6-3.7)

E. Profit from Regular Activities (D+3.9+3.10)

3.14 Share of Non Controlling Interest in Profit of Subsidiary

Ratios

F. Profit before Bonus and Taxes (E+3.11)

3.6 Staff Expenses

3.7 Other Operating Expenses

3.8 Provision for Possible Losses

D. Operating Profit (C- 3.8)

3.12 Provision for Staff Bonus

3.13 Provision for Taxes

4.1 Capital Fund to RWA

4.9 Return on Equity (annualised)

4.10 Return on Assets (annualised)

3.9 Non Operating Income/Expenses (Net)

3.10 Writeback of Provision for Possible Losses

G. Net Profit/ Loss (F-3.12-3.13-3.14)

3.11 Extraordinary Income/Expenses (Net)

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.

Notes to unaudited Financial Statement

resulting due to market value adjustment.

- The above figures are subject to review by regulatory and statutory auditors On convergence to Nepal Financial Reporting Standards (NFRS), the comparative figures for prior periods have been revised wherever necessary in accordance with the NFRS compliant financial statement format provided by Nepal Rastra Bank (NRB) and the principles and policies adopted by
- the bank in accordance with NFRS issued by the Accounting Standards Board (ASB). Assets and liabilities have been presented in their fair value wherever possible
- Loans and advances have been presented net of impairments.
- Loans and advances have not been measured as per the Effective Interest Rate (EIR) model because the management assumes that the net resultant impact will not be material and the cost of implementing the model would exceed the economic benefit.
- Incurred loss model has been used for calculating impairment on loans The Provisions for gratuity and leave encashment have been provided for as per estimated actuarial
- valuation and estimated actuarial gain/ loss has been included in Other Comprehensive Income.
- Interest income on loan and advances has been calculated on accrual basis. Personnel expenses include employee bonus provision and amortization of prepaid expenses
- 10. Lease rental expenses have been equalized on the basis of lease tenure and increment of lease rental throughout the tenure.
- *Regulatory adjustment on Profit/(loss) for the period excludes appropriations as per NRB. 12. The distributable free profit after regulatory adjustments may change on account of taxation effect

due to changes in accounting principles on convergence to NFRS.

- Group Financial Statements include Laxmi Bank Limited (Parent Company), Laxmi Capital Market Limited (100% Subsidiary) and Laxmi Laghubitta Bittiya Sanstha Limited (70% Subsidiary).
- The Bank has appointed its subsidiary Laxmi Capital Market Limited as its Registrar to Shares and the Fund Manager to the Mutual Fund Schemes wherein the bank is the Sponsor
- All intra group transactions are conducted in arm's length basis.

Segmental Reporting:

Related Party Disclosures

The bank has identified its segments on the basis of its geographical business presence in seven provinces of the country. Province 5, Province 6 and Province 7 have been combined into a single segment as the total business/revenue of each taken separately is less than 10% and also considering their proximity to each other.

The summarized performance of the segments is as follows:

Rs In '000

Particulars	Province 1	Province 2	Province 3	Province 4	Others	Total
Segment Assets	8,046,057	5,188,367	41,778,197	3,024,995	3,934,416	61,972,032
Segment Liabilities	4,319,788	1,941,367	54,938,170	2,544,856	3,991,685	67,735,866
Operating Income	735,638	435,544	1,309,197	345,888	280,230	3,106,497
Operating Expenses	(148,483)	(75,652)	(915,071)	(80,145)	(133,543)	(1,352,893)
Net Operating Income	587,156	359,893	394,126	265,744	146,687	1,753,605
Profit after Tax	410,974	251,930	281,986	186,021	102,690	1,233,601

Reconciliation of Net Profit of Financial Statement as per NRB Directive No. 4 and NFRS **Compliant Financial Statement**

Rs in '000

Particulars	This Quarter Ending (Ashadh 2075)		
Profit After Tax as per NRB Directive No. 4	1,166,344		
Add:			
Interest Accrued for the period but not collected	31,223		
Interest Income on Staff Loan adjusted for market difference	17,214		
Increase in Interest Income due to EIR calculation for Foreign Bond	294		
Reversal of Loan Loss Provision	89,650		
Less:			
Amortization of Prepaid Employee Benefit on Staff Loan as per NFRS	(17,214)		
Excess Lease Rental Expenses due to Lease Equalization	(15,478)		
Bonus Adjustments due to NFRS Changes	(9,608)		
Tax Adjustments due to NFRS Changes	(28,824)		
Profit after Tax as per NFRS	1,233,601		

Annexure - 14 (Sub rule 1 of rule 26) **Quarterly Details as on 16 July 2018**

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

NPR 15.00 **Earning per Share** Market Value per Share NPR 258 Price Earnings Ratio 17.20 Liquidity (SLR) 17.79% Return on Average Total Assets 1.60% NPR 143.41 Net worth per Share

Group

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

Related Party Disclosure 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 Bittiva Sanstha Ltd is a "D" nsed financial institution

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

Management Analysis

- There have been changes in the Bank's reserve, income and liquidity position in line with the growth in business volumes.
- 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.
- There were no major incidents, which have had adverse impact on reserve, profit or cash flow position of the Bank during the quarter

Details relating to legal action

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

Analysis of share transaction and progress of organized institution

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

Disclosure as per Securities Registration and Issuance Regulation, 2073

and transaction of the bank's shares are being determined at Nepal Stock Exchange through open share market operations,

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

management view on this is neutral.

Maximum Price: NPR 292 Minimum Price: NPR 237 Last Price: NPR 258 **Transaction volume:** 1,022,277 shares Days of transaction:

Problems and Challenges Internal

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

External

- Lack of
- 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

- 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



Head Office:

Laxmi Complex, Hattisar, Kathmandu Tel.: 4444684/4444685 P.O.Box No.: 19593 Email: info@laxmibank.com URL: www.laxmibank.com