



लक्ष्मी सन्राइज बैंक लिमिटेड
Laxmi Sunrise Bank Limited

ANNUAL REPORT 2022-23



Consolidated Statement of Financial Position

As on 31 Ashadh 2080 (16 July 2023)

Amount in NPR

PARTICULARS	NOTE	GROUP		BANK	
		31 ASHADH 2080	32 ASHADH 2079	31 ASHADH 2080	32 ASHADH 2079
Assets					
Cash and cash equivalent	4.1	18,969,801,242	11,284,616,538	18,187,735,432	11,194,738,443
Due from Nepal Rastra Bank	4.2	20,708,423,048	6,375,153,020	20,677,440,048	6,340,170,021
Placement with Bank and Financial Institutions	4.3	738,700,000	43,610,000	788,700,000	-
Derivative financial instruments	4.4	1,899,978,992	362,811,521	1,899,978,992	362,811,521
Other trading assets	4.5	68,190,000	10,090,000	68,190,000	10,090,000
Loan and advances to B/FIs	4.6	5,591,762,552	3,079,448,773	7,687,484,996	5,956,150,463
Loans and advances to customers	4.7	253,801,003,824	134,436,552,022	247,870,137,673	126,767,902,555
Investment securities	4.8	53,514,666,905	16,899,039,662	53,360,547,659	16,816,558,235
Current tax assets	4.9	217,535,424	105,253,358	189,286,986	87,578,739
Investment in subsidiaries	4.10	-	-	893,167,928	417,000,000
Investment in associates	4.11	-	282,675,925	-	1,186,200,845
Investment property	4.12	1,275,163,202	70,535,574	1,275,163,202	70,535,574
Property and equipment	4.13	4,925,959,438	2,467,126,047	4,864,929,807	2,394,751,784
Goodwill and Intangible assets	4.14	532,525,892	88,330,339	523,745,251	76,837,950
Deferred tax assets	4.15	-	74,426,277	-	-
Other assets	4.16	3,513,807,216	1,753,104,415	3,379,265,215	1,702,627,558
Total Assets		365,757,517,738	177,332,773,472	361,665,773,188	173,383,953,688

PARTICULARS	NOTE	GROUP		BANK	
		31 ASHADH 2080	32 ASHADH 2079	31 ASHADH 2080	32 ASHADH 2079
Liabilities					
Due to Bank and Financial Institutions	4.17	4,969,003,023	2,723,265,527	4,067,001,556	1,182,339,970
Due to Nepal Rastra Bank	4.18	-	2,569,072,960	-	2,569,072,960
Derivative financial instruments	4.19	1,896,707,957	363,508,453	1,896,707,957	363,508,453
Deposits from customers	4.20	297,744,870,039	141,775,054,706	296,243,475,431	139,252,395,152
Borrowing	4.21	5,080,623,999	6,433,105,999	5,080,623,999	6,433,105,999
Current Tax liabilities		-	-	-	-
Provisions	4.22	-	-	-	-
Deferred tax liabilities	4.15	216,955,992	-	242,700,360	234,177,331
Other liabilities	4.23	8,978,086,450	2,380,338,936	7,910,332,412	2,408,336,222
Debt securities issued	4.24	8,000,000,000	4,000,000,000	8,000,000,000	4,000,000,000
Subordinated Liabilities	4.25	-	-	-	-
Total Liabilities		326,886,247,460	160,244,346,581	323,440,841,715	156,442,936,086

PARTICULARS	NOTE	GROUP		BANK	
		31 ASHADH 2080	32 ASHADH 2079	31 ASHADH 2080	32 ASHADH 2079
Equity					
Share capital	4.26	21,670,237,860	11,551,345,051	21,670,237,860	11,551,345,051
Share premium		-	-	-	-
Retained earnings		2,068,104,636	1,618,188,532	1,728,331,728	1,200,803,522
Reserves	4.27	14,922,232,232	3,669,285,788	14,826,361,885	4,188,869,029
Total equity attributable to equity holders		38,660,574,728	16,838,819,371	38,224,931,473	16,941,017,602
Non-controlling interest		210,695,549	249,607,521	-	-
Total equity		38,871,270,277	17,088,426,892	38,224,931,473	16,941,017,602
Total liabilities and equity		365,757,517,738	177,332,773,472	361,665,773,188	173,383,953,689
Contingent liabilities and commitment	4.28	118,340,567,777	68,442,028,631	118,339,627,253	68,441,088,107
Net assets value per share		178.40	145.77	176.39	146.66

Piyush Raj Aryal
Chief Financial Officer

Ajaya Bikram Shah
Chief Executive Officer

Directors
Er. Bachh Raj Tater
Mr. Malchand Dugar
Dr. Manish Thapa
Ms. Swati Roongta
Ms. Bidya Basnyat

As per our report of even date

Date : December 12, 2023
Place : Kathmandu

Shashi Satyal
Partner
for PKF T R Upadhy & Co.Chartered Accountants

Consolidated Statement of Profit or Loss

For the year ended 31 Ashadh 2080 (16 July 2023)

Amount in NPR

PARTICULARS	NOTE	GROUP		BANK	
		Current Year	Previous Year	Current Year	Previous Year
Interest income	4.29	19,791,422,730	13,920,201,729	19,066,469,766	13,060,132,747
Interest expense	4.30	13,699,092,484	9,610,787,860	13,379,778,995	9,299,762,880
Net interest income		6,092,330,246	4,309,413,868	5,686,690,771	3,760,369,867
Fee and commission income	4.31	1,360,302,416	1,372,546,172	1,214,350,589	1,156,575,141
Fee and commission expense	4.32	227,413,897	208,346,410	230,927,297	199,461,660
Net fee and commission income		1,132,888,519	1,164,199,762	983,423,292	957,113,480
Net interest, fee and commission income		7,225,218,765	5,473,613,630	6,670,114,063	4,717,483,347
Net trading income	4.33	214,107,234	270,705,091	214,107,234	270,705,091
Other operating income	4.34	512,071,556	266,811,056	504,774,045	338,501,764
Total operating income		7,951,397,555	6,011,129,777	7,388,995,342	5,326,690,201
Impairment charge/(reversal) for loans and other losses	4.35	1,163,399,015	595,697,861	1,060,699,532	554,169,213
Net operating income		6,787,998,540	5,415,431,916	6,328,295,810	4,772,520,988
Operating expense					
Personnel expenses	4.36	2,271,905,999	1,927,865,528	1,884,059,366	1,610,731,560
Other operating expenses	4.37	905,292,109	751,590,188	821,753,267	677,868,028
Depreciation & Amortisation	4.38	371,365,528	348,334,907	346,446,931	329,802,262
Operating Profit		3,239,434,905	2,387,641,293	3,276,036,247	2,154,119,137
Non operating income	4.39	8,558,732	10,488,817	8,374,214	10,457,326
Non operating expense	4.40	240,376,287	36,902,873	240,376,287	36,902,873
Profit before income tax		3,007,617,349	2,361,227,238	3,044,034,173	2,127,673,590
Income tax expense	4.41	786,830,804	678,682,208	758,795,333	614,220,703
Current Tax		940,585,327	761,744,241	921,718,815	674,306,770
Deferred Tax		(153,754,522)	(83,062,033)	(162,923,482)	(60,086,067)
Profit for the period		2,220,786,545	1,682,545,030	2,285,238,841	1,513,452,887
Profit attributable to:					
Equity holders of the Bank		2,252,781,854	1,632,589,322	2,285,238,841	1,513,452,887
Non-controlling interest		(31,995,309)	49,955,707	-	-
Profit for the period		2,220,786,545	1,682,545,030	2,285,238,841	1,513,452,887
Earnings per share					
Basic earnings per share		19.09	14.57	19.64	13.10
Diluted earnings per share		19.09	14.57	19.64	13.10

Piyush Raj Aryal
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Ms. Bidya Basnyat

As per our report of even date

Date : December 12, 2023
Place : Kathmandu

Shashi Satyal
Partner
for PKF T R Upadhyaya & Co. Chartered Accountants

Consolidated Statement of Other Comprehensive Income

For the year ended 31 Ashadh 2080 (16 July 2023)

Amount in NPR

PARTICULARS	NOTE	GROUP		BANK	
		Current Year	Previous Year	Current Year	Previous Year
Profit for the year		2,220,786,545	1,682,545,030	2,285,238,841	1,513,452,887
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		622,918,180	(1,193,316,470)	622,722,490	(1,573,558,711)
Gains/ (losses) on revaluation					
Actuarial gains/ (losses) on defined benefit plans		6,578,000	9,491,176	(3,802,758)	9,491,176
Income Tax relating to above items		(188,848,854)	355,147,588	(171,446,512)	469,220,261
Net other comprehensive income that will not be reclassified to profit or loss		440,647,326	(828,677,706)	447,473,220	(1,094,847,275)
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 equited method		-	-	-	-
Other comprehensive income for the period, net of income tax		440,647,326	(828,677,706)	447,473,220	(1,094,847,275)
Total comprehensive income for the period		2,661,433,871	853,867,324	2,732,712,061	418,605,612
Total comprehensive income attributable to:					
Equity holders of the Bank		2,693,429,180	803,911,617	2,732,712,061	418,605,612
Non-controlling interest		(31,995,309)	49,955,707	-	-
Total comprehensive income for the period		2,661,433,871	853,867,324	2,732,712,061	418,605,612

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Date : December 12, 2023
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As per our report of even date

Shashi Satyal
Partner
for PKF T R Upadhyaya & Co. Chartered Accountants

Consolidated Statement of Other changes in equity

As on 31 Ashadh 2080 (16 July 2023)

Amount in NPR

PARTICULARS	GROUP											Non-controlling interest	Total equity
	ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK												
	Share Capital	Share premium	General reserve	Exchange Equalisation Reserve	Regulatory reserve	Fair Value Reserve	Revaluation Reserve	Retained earning	Other reserve	Total			
Balance at Shrawan 1, 2078	10,695,689,862	-	2,195,733,036	31,950,873	386,618,847	513,536,275	-	1,746,711,670	270,905,637	15,841,146,200	207,653,400	16,048,799,600	
Adjustment/Restated	-	-	-	-	23,609,761	(252,300)	-	(149,237,629)	(8,542,383)	(134,422,551)	947,602	(133,474,949)	
Adjusted/Restated balance at Shrawan 1, 2078	10,695,689,862	-	2,195,733,036	31,950,873	410,228,608	513,283,975	-	1,597,474,041	262,363,254	15,706,723,649	208,601,002	15,915,324,651	
Comprehensive income for the year	-	-	-	-	-	-	-	-	-	-	-	-	
Profit for the year	-	-	-	-	-	-	-	1,632,589,322	-	1,632,589,322	49,955,707	1,682,545,030	
Other comprehensive income, net of tax	-	-	-	-	-	-	-	-	-	-	-	-	
Remeasurements of defined benefit liability (assets)	-	-	-	-	-	-	-	-	2,838,052	2,838,052	(1,631,045)	1,207,008	
Fair value reserve (Investment in equity instrument):	-	-	-	-	-	-	-	-	-	-	-	-	
Net change in fair value	-	-	-	-	-	(126,132,129)	-	-	-	(126,132,129)	-	(126,132,129)	
Net amount transferred to profit or loss	-	-	-	-	-	(234,213,319)	-	234,213,318.7	-	-	-	-	
Net gain (loss) on revaluation	-	-	-	-	-	-	-	-	-	-	-	-	
Cash flow hedges:	-	-	-	-	-	-	-	-	-	-	-	-	
Effective portion of changes in fair value	-	-	-	-	-	-	-	-	-	-	-	-	
Net Amount reclassified to profit or loss	-	-	-	-	-	(360,345,448)	-	1,866,802,641	2,838,052	1,509,295,246	48,324,663	1,557,619,909	
Total comprehensive income for the year	-	-	-	-	-	(360,345,448)	-	1,866,802,641	2,838,052	1,509,295,246	48,324,663	1,557,619,909	
Transfer to reserve during the year	-	-	329,612,362	199,984	48,620,663	-	-	(631,082,931)	252,649,922	-	1,314,500	1,314,500	
Transfer from reserve during the year	-	-	58,553,330	-	-	(58,553,330)	-	17,849,495	(17,849,495)	-	(1,557,964)	(1,557,964)	
Transactions with owners, directly recognised in equity	-	-	-	-	-	-	-	-	-	-	-	-	
Right share issued	-	-	-	-	-	-	-	-	-	-	-	-	
Share based payments	-	-	-	-	-	-	-	-	-	-	-	-	
Dividends to equity holders	-	-	-	-	-	-	-	-	-	-	-	-	
Bonus shares issued	855,655,189	-	-	-	-	-	(855,655,189)	-	-	-	-	-	
Cash dividend paid	-	-	-	-	-	-	(377,199,524)	-	-	(377,199,524)	(7,074,679)	(384,274,203)	
Total contributions by and distributions	855,655,189	-	388,165,692	199,984	48,620,663	(418,898,777)	-	20,714,491	237,638,480	1,132,095,722	41,006,519	1,173,102,241	
Balance at Ashadh end 2079	11,551,345,050	-	2,583,898,729	32,150,857	458,849,272	94,385,198	-	1,618,188,532	500,001,733	16,838,819,371	249,607,521	17,088,426,892	

Amount in NPR

PARTICULARS	GROUP											Non-controlling interest	Total equity
	ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK												
	Share Capital	Share premium	General reserve	Exchange Equalisation Reserve	Regulatory reserve	Fair Value Reserve	Revaluation Reserve	Retained earning	Other reserve	Total			
Balance at Shrawan 1, 2079	11,551,345,050	-	2,583,898,729	32,150,857	458,849,272	94,385,198	-	1,618,188,532	500,001,733	16,838,819,371	249,607,521	17,088,426,892	
Adjustment/Restatement	-	-	-	-	-	690,026,992	-	(276,575)	218,566,396	908,316,812	-	908,316,812	
Adjusted/Restated balance at Shrawan 1, 2079	11,551,345,050	-	2,583,898,729	32,150,857	458,849,272	784,412,189	-	1,617,911,957	718,568,129	17,747,136,183	249,607,521	17,996,743,704	
Comprehensive income for the year	-	-	-	-	-	-	-	-	-	-	-	-	
Profit for the year								2,252,781,854		2,252,781,854	(31,995,309)	2,220,786,545	
Other comprehensive income, net of tax								-		-	-	-	
Remeasurements of defined benefit liability (assets)								-	(2,661,931)	(2,661,931)	-	(2,661,931)	
Fair value reserve (Investment in equity instrument):								-		-	-	-	
Net change in fair value						436,001,631		-		436,001,631		436,001,631	
Net amount transferred to profit or loss						(26,561,561)		26,561,561		-		-	
Net gain (loss) on revaluation										-		-	
Cash flow hedges:										-		-	
Effective portion of changes in fair value										-		-	
Net Amount reclassified to profit or loss										-		-	
Total comprehensive income for the year	-	-	-	-	-	409,440,069	-	2,279,343,415	(2,661,931)	2,686,121,554	(31,995,309)	2,654,126,245	
Transfer to reserve during the year			451,777,816	657,953	415,969,992	-	-	(1,348,222,077)	553,030,404	73,214,089	(1,155,853)	72,058,236	
Transfer from reserve during the year		-	6,640,390	-	-	(6,640,390)		13,743,187	(13,743,187)	-	-	-	
Transactions with owners, directly recognised in equity													
Right share issued										-		-	
Share based payments										-		-	
Dividends to equity holders										-		-	
Bonus shares issued	-							(59,225,670)	-	(59,225,670)		(59,225,670)	
Cash dividend paid								(51,241,890)		(51,241,890)	(5,760,810)	(57,002,700)	
Transfer from merger	10,118,892,809	-	2,974,648,994	44,803,084	2,032,071,010	450,580,739	330,759,521	(384,204,287)	2,697,018,592	18,264,570,462	-	18,264,570,462	
Total contributions by and distributions	-	-	458,418,207	657,953	415,969,992	402,799,679	-	834,396,966	536,625,286	2,648,868,083	(38,911,972)	2,609,956,111	
Balance at Ashadh end 2080	21,670,237,859	-	6,016,965,930	77,611,894	2,906,890,273	1,637,792,608	330,759,521	2,068,104,636	3,952,212,007	38,660,574,728	210,695,549	38,871,270,277	

PARTICULARS	Bank								
	ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK								
	Share Capital	Share premium	General reserve	Exchange Equalisation Reserve	Regulatory reserve	Fair Value Reserve	Revaluation Reserve	Retained earning	Other reserve
Balance at Shrawan 1, 2078	10,695,689,862	-	2,090,077,384	31,950,873	386,618,847	2,178,922,236	-	1,262,938,329	250,563,603
Adjustment/Restatement									
Adjusted/Restated balance at Shrawan 1, 2079	10,695,689,862	-	2,090,077,384	31,950,873	386,618,847	2,178,922,236	-	1,262,938,329	250,563,603
Comprehensive income for the year									
Profit for the year								1,513,452,887	
Other comprehensive income, net of tax									
Remeasurements of defined benefit liability (assets)									
Fair value reserve (Investment in equity instrument):									
Net change in fair value						(1,101,491,098)			(1,101,491,098)
Net amount transferred to profit or loss						234,213,319			
Net gain (loss) on revaluation									
Cash flow hedges:									
Effective portion of changes in fair value									
Net Amount reclassified to profit or loss									
Total comprehensive income for the year	-	-	-	-	-	(1,335,704,417)	-	1,747,666,206	6,643,823
Transfer to reserve during the year			302,690,577	199,984	41,898,520	-	-	(594,010,925)	249,221,843
Transfer from reserve during the year			58,553,330			(58,553,330)		14,214,245	(14,214,245)
Transactions with owners, directly recognised in equity									
Right share issued									
Share based payments									
Dividends to equity holders									
Bonus shares issued	855,655,189							(855,655,189)	-
Cash dividend paid								(374,349,145)	(374,349,145)
Total contributions by and distributions	855,655,189	-	361,243,907	199,984	41,898,520	(1,394,257,746)	-	(62,134,807)	241,651,422
Balance at Ashadh end 2079	11,551,345,050	-	2,451,321,291	32,150,857	428,517,368	784,664,489	-	1,200,803,522	492,215,024
									16,941,017,601

PARTICULARS	Bank									
	ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK									
	Share Capital	Share premium	General reserve	Exchange Equalisation Reserve	Regulatory reserve	Fair Value Reserve	Revaluation Reserve	Retained earning	Other reserve	Total
Balance at Shrawan 1, 2078	11,551,345,050	-	2,451,321,291	32,150,857	428,517,368	784,664,489	-	1,200,803,522	492,215,024	16,941,017,601
Adjustment/Restatement										
Adjusted/Restated balance at Shrawan 1, 2079	11,551,345,050	-	2,451,321,291	32,150,857	428,517,368	784,664,489	-	1,200,803,522	492,215,024	16,941,017,601
Comprehensive income for the year		-								
Profit for the year								2,285,238,841		2,285,238,841
Other comprehensive income, net of tax										
Remeasurements of defined benefit liability (assets)									(2,661,931)	(2,661,931)
Fair value reserve (Investment in equity instrument):										
Net change in fair value						435,905,743				435,905,743
Net amount transferred to profit or loss						(26,561,561)		26,561,561		-
Net gain (loss) on revaluation										-
Cash flow hedges:										
Effective portion of changes in fair value										-
Net Amount reclassified to profit or loss										-
Total comprehensive income for the year	-	-	-	-	-	409,344,181	-	2,311,800,402	(2,661,931)	2,718,482,653
Transfer to reserve during the year			457,047,768	657,953	433,669,416	-	-	(1,358,671,970)	467,296,833	-
Transfer from reserve during the year			6,640,390			(6,640,390)		13,743,187	(13,743,187)	-
Transactions with owners, directly recognised in equity										
Right share issued									456,121,376	456,121,376
Share based payments										-
Dividends to equity holders										-
Bonus shares issued										-
Cash dividend paid										-
Transfer from Merger	10,118,892,809		2,974,648,994	44,803,084	2,032,071,010	450,580,739	330,759,521	(439,343,413)	2,596,897,098	18,109,309,843
Total contributions by and distributions	10,118,892,809	-	3,438,337,153	45,461,038	2,465,740,426	853,284,530	330,759,521	527,528,206	3,503,910,190	21,283,913,872
Balance at Ashadh end 2079	21,670,237,859	-	5,889,658,444	77,611,894	2,894,257,793	1,637,949,019	330,759,521	1,728,331,728	3,996,125,214	38,224,931,473

Piyush Raj Aryal
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Shashi Satyal
Partner
for PKF T R Upadhy & Co.Chartered Accountants

Date : December 12, 2023
Place : Kathmandu

Consolidated Statement of cash flows

For the year ended 31 Ashadh 2080 (16 July 2023)

Amount in NPR

PARTICULARS	GROUP		BANK	
	Current Year	Previous Year	Current Year	Previous Year
Cash flows from operating activities				
Interest received	15,332,288,616	13,244,274,342	14,762,374,032	12,312,070,502
Fees and other income received	1,360,302,416	1,372,546,172	1,214,350,589	1,156,575,141
Dividend received	-	-	-	-
Receipts from other operating activities	(259,242,027)	995,286,938	(161,968,366)	1,131,093,135
Interest paid	(14,114,764,307)	(9,244,427,184)	(12,224,107,172)	(8,933,411,228)
Commission and fees paid	(227,413,897)	(208,346,410)	(230,927,297)	(199,461,660)
Cash payment to employees	(2,356,803,975)	(1,905,181,007)	(1,782,241,523)	(1,622,000,421)
Other expense paid	(1,978,453,301)	(1,421,717,013)	(1,889,191,923)	(1,284,614,565)
Operating cash flows before changes in operating assets and liabilities	(2,244,086,475)	2,832,435,838	(311,711,660)	2,560,250,903
(Increase)/Decrease in operating assets				
Due from Nepal Rastra Bank	(14,333,270,027)	910,717,608	(14,337,270,027)	916,062,608
Placement with bank and financial institutions	(695,090,000)	193,240,000	(788,700,000)	-
Other trading assets	(58,100,000)	(10,090,000)	(58,100,000)	(10,090,000)
Loan and advances to bank and financial institutions	(2,484,685,550)	(2,135,265,020)	(1,754,239,406)	(2,718,467,214)
Loans and advances to customers	(117,073,204,343)	(23,354,228,671)	(118,807,417,848)	(21,917,324,004)
Other assets	(2,899,612,135)	5,315,252,493	(3,368,941,730)	5,315,442,566
Increase/(Decrease) in operating liabilities				
Due to bank and financial institutions	2,245,737,496	(1,467,014,578)	2,884,661,586	(1,643,927,817)
Due to Nepal Rastra Bank	(2,569,072,960)	(1,795,872,420)	(2,569,072,960)	(1,795,872,420)
Deposit from customers	155,969,815,334	25,284,197,324	156,991,080,279	24,931,606,683
Borrowings	(1,352,482,000)	2,841,533,464	(1,352,482,000)	2,841,533,464
Other liabilities	36,605,819,263	(3,495,034,004)	28,974,178,475	(4,424,640,995)
Net cash flow from operating activities before tax paid	51,111,768,602	5,119,872,034	45,501,984,710	4,054,573,775
Income taxes paid	(6,659,525,453)	(907,430,038)	(820,010,569)	(814,800,523)
Net cash flow from operating activities	44,452,243,149	4,212,441,996	44,681,974,141	3,239,773,252
Increase/(Decrease) in operating liabilities				
Purchase of investment securities	(35,710,033,139)	(4,635,874,310)	(34,735,066,090)	(3,753,690,803)
Receipts from sale of investment securities	318,535,768	(109,359,084)	318,520,806	(119,530,689)
Purchase of property and equipment	(389,847,912)	(1,384,962,793)	(2,780,824,795)	(1,353,910,157)
Receipt from the sale of property and equipment	3,358,697	4,726,261	1,361,001	1,926,261
Purchase of intangible assets	(484,552,147)	(35,795,938)	(26,991,151)	(35,881,859)
Receipt from the sale of intangible assets	-	-	-	-
Purchase of investment properties	(1,204,627,629)	35,407,325	(1,204,627,629)	35,407,325
Receipt from the sale of investment properties	-	-	-	-
Interest received	977,004,046	596,836,367	971,598,270	591,836,765
Dividend received	144,345,760	324,528,091	137,052,435	388,943,853
Net cash used in investing activities	(36,345,816,556)	(5,204,494,082)	(37,318,977,153)	(4,244,899,305)
Earnings per share				
Receipt from issue of debt securities	-	2,000,000,000	-	2,000,000,000
Repayment of debt securities	-	-	-	-
Receipt from issue of subordinated liabilities	-	-	-	-
Repayment of subordinated liabilities	-	-	-	-
Receipt from issue of shares	-	-	-	-
Dividends paid	(51,241,890)	(377,199,524)	-	(374,349,145)
Interest paid	(370,000,000)	(366,356,164)	(370,000,000)	(366,356,164)
Other receipt/payment	-	-	-	-
Net cash from financing activities	(421,241,890)	1,256,444,311	(370,000,000)	3,239,773,252
Net increase (decrease) in cash and cash equivalents	7,685,184,704	264,392,226	6,992,996,988	254,168,638
Cash and cash equivalents at Shrawan 1, 2079	11,284,616,538	11,020,224,312	11,194,738,443	10,940,569,805
Effect of exchange rate fluctuations on cash and cash equivalents held	-	-	-	-
Cash and cash equivalents at Ashadh end 2080	18,969,801,242	11,284,616,538	18,187,735,432	11,194,738,443

Statement of distributable profit or loss

For the year ended 31 Ashadh 2080 (16 July 2023)
(As per NRB Regulation)

Amount in NPR

PARTICULARS	BANK	
	Current Year	Previous Year
Net profit or (loss) as per statement of profit or loss	2,285,238,841	1,513,452,887
Appropriations:		
a. General reserve	457,047,768	302,690,577
b. Foreign exchange fluctuation fund	657,953	199,984
c. Capital redemption reserve	444,444,444	222,222,222
d. Corporate social responsibility fund	13,235,326	920,284
e. Employees' training fund	(4,126,125)	8,865,092
f. Investment Adjustment Reserve	-	3,000,000
g. Fair Value Reserve	(26,561,561)	(234,213,319)
Profit or (loss) before regulatory adjustment	1,400,541,035	1,209,768,046
Regulatory adjustment :		
a. Interest receivable (-)/previous accrued interest received (+)	(208,266,160)	(64,205,135)
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 (-)/resersal (+)	-	22,306,615
e. Deferred tax assets recognised (-)/ reversal (+)	(225,403,256)	-
f. Goodwill recognised (-)/ impairment of Goodwill (+)	-	-
g. Bargain purchase gain recognised (-)/resersal (+)	-	-
h. Acturial loss recognised (-)/reversal (+)	-	-
i. Other (+/-)	-	-
Adjustments (+/-) from Merger	(439,343,413)	-
Net profit for the year ended 31 Ashadh 2080 available for distribution	527,528,206	1,167,869,526
Opening Retained Earnings as on 1 Shrawan 2079	1,200,803,522	1,262,938,329
Adjustment (+/-)	-	-
Distribution		
Bonus Share Issued	-	(855,655,189)
Cash Dividend Paid	-	(374,349,145)
Total Distributable profit/(loss) as on 31 Ashadh 2080	1,728,331,728	1,200,803,521
Annualised Distributable Profit/Loss per share	7.98%	10.40%

Piyush Raj Aryal
Chief Financial Officer

Ajaya Bikram Shah
Chief Executive Officer

Directors
Er. Bachh Raj Tater
Mr. Malchand Dugar
Dr. Manish Thapa
Ms. Swati Roongta
Ms. Bidya Basnyat

Date : December 12, 2023
Place : Kathmandu

As per our report of even date

Shashi Satyal
Partner
for PKF T R Upadhy & Co. Chartered Accountants

4.1 Cash and cash equivalent

Amount in NPR

Particulars	Group		Bank	
	31 Ashadh 2080	32 Ashadh 2079	31 Ashadh 2080	32 Ashadh 2079
Cash in hand	4,657,228,631	2,528,284,352	4,648,919,883	2,520,008,916
Balances with B/FIs	6,220,871,314	1,191,898,697	5,447,114,251	1,110,296,038
Money at call and short notice	-	-	-	-
Other	8,091,701,297	7,564,433,489	8,091,701,297	7,564,433,489
Total	18,969,801,242	11,284,616,538	18,187,735,432	11,194,738,443

The fair value of cash and cash equivalent is the carrying amount. Cash at vault is adequately insured for physical and financial risks. The amount of cash at vault is maintained on the basis of the regulatory, liquidity and business requirements. To that extent there are regulatory and liquidity restrictions placed on the cash at vault. Cash held in FCY is subject to risk of changes in the foreign exchange rates. These are closely monitored, and risks, if identified, are promptly managed. Balances with B/FIs include amounts held in non-interest bearing accounts in domestic and foreign banks and financial institutions. Money at call and short notice includes interest bearing balances in banks and financial institutions and interbank lending for a period less than seven days. Other assets in Cash and Cash Equivalent includes placement in foreign banks with maturity less than three months. Interest received on these assets is credited to statement of profit or loss under interest income.

4.2 Due from Nepal Rastra Bank

Amount in NPR

Particulars	Group		Bank	
	31 Ashadh 2080	32 Ashadh 2079	31 Ashadh 2080	32 Ashadh 2079
Statutory balances with NRB	20,333,275,977	6,312,472,335	20,302,292,977	6,277,489,335
Securities purchased under resale agreement	-	-	-	-
Other deposit and receivable from NRB	375,147,071	62,680,686	375,147,071	62,680,686
Total	20,708,423,048	6,375,153,021	20,677,440,048	6,340,170,021

The fair value of balance with Nepal Rastra Bank is the carrying amount. The bank under regulatory requirement is required to maintain level of liquidity in the form of Cash Reserve Ratio (CRR), which includes current account balances maintained with the central bank. Other receivables include receivable from NRB against interest subsidy claims.

4.3 Placements with Bank and Financial Institutions

Amount in NPR

Particulars	Group		Bank	
	31 Ashadh 2080	32 Ashadh 2079	31 Ashadh 2080	32 Ashadh 2079
Placement with domestic B/FIs	738,700,000	43,610,000	788,700,000	-
Placement with foreign B/FIs	-	-	-	-
Less: Allowances for impairment	-	-	-	-
Total	738,700,000	43,610,000	788,700,000	-

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 above. Interest received on these assets is credited to statement of profit or loss under interest income.

4.4 Derivative financial instruments

Amount in NPR

Particulars	Group		Bank	
	31 Ashadh 2080	32 Ashadh 2079	31 Ashadh 2080	32 Ashadh 2079
Held for trading	-	-	-	-
Interest rate swap	-	-	-	-
Currency swap	-	-	-	-
Forward exchange contract	-	-	-	-
Others	-	-	-	-
Held for risk management	1,899,978,992	362,811,521	1,899,978,992	362,811,521
Interest rate swap	-	-	-	-
Currency swap	-	-	-	-
Forward exchange contract	1,899,978,992	362,811,521	1,899,978,992	362,811,521
Other	-	-	-	-
Total	1,899,978,992	362,811,521	1,899,978,992	362,811,521

A significant part of the derivatives in the portfolio are related to servicing corporate clients in their risk management to hedge, e.g. foreign currency exposures. These products are used by the Bank as part of its own regular treasury activities as well.

4.5 Other trading assets

Amount in NPR

Particulars	Group		Bank	
	31 Ashadh 2080	32 Ashadh 2079	31 Ashadh 2080	32 Ashadh 2079
Treasury bills	-	-	-	-
Government bonds	68,190,000	10,090,000	68,190,000	10,090,000
NRB Bonds	-	-	-	-
Domestic Corporate bonds	-	-	-	-
Equities	-	-	-	-
Other	-	-	-	-
Total	68,190,000	10,090,000	68,190,000.00	10,090,000
Pledged			-	
Non-pledged	68,190,000	10,090,000	68,190,000	10,090,000

Trading assets are those assets that the Bank acquires principally for the purpose of selling in the near term, or holds as part of a portfolio that is managed together for short-term profit are presented under this account head. The trading asset includes derivative assets and non derivative assets. Government bonds in other trading assets includes Citizen Saving Bond held by the Bank for market maker purpose.

4.6 Loan and advances to B/FIs

Amount in NPR

Particulars	Group		Bank	
	31 Ashadh 2080	32 Ashadh 2079	31 Ashadh 2080	32 Ashadh 2079
Loans to microfinance institutions	5,665,387,925	3,119,884,295	7,788,738,597	6,034,499,191
Other	-	-	-	-
Less: Allowances for impairment	(73,625,373)	(40,435,521)	(101,253,602)	(78,348,728)
Total	5,591,762,552	3,079,448,773	7,687,484,996	5,956,150,463

Loans and advances disbursed to banks and financial institutions are presented above. These assets are measured at amortised cost. All the loans to BFIs are classified in pass category. Risks associated with these assets are regularly assessed. These are interest bearing advances and the income on these assets is credited to statement of profit or loss under interest income.

4.6.1: Allowances for impairment

Amount in NPR

Particulars	Group		Bank	
	31 Ashadh 2080	32 Ashadh 2079	31 Ashadh 2080	32 Ashadh 2079
Balance at the end of Previous Year	40,435,521	12,626,769	78,348,728	43,084,475
Impairment loss for the year:	27,808,753	27,808,753	22,904,874	35,264,253
Charge for the year	27,808,753	27,808,753	22,904,874	35,264,253
Recoveries/reversal			-	-
Amount written off	-	-	-	-
Balance at the end of this year	68,244,274	40,435,521	101,253,602	78,348,728

Impairment allowance on these loans and advances has been considered as per NRB directives. No individual loans to banks and micro finance has terms and conditions that significantly affect the amount, timing or certainty of consolidated cash flows of the Bank.

4.7 Loans and advances to customers

Amount in NPR

Particulars	Group		Bank	
	31 Ashadh 2080	32 Ashadh 2079	31 Ashadh 2080	32 Ashadh 2079
Loan and advances measured at amortized cost	262,830,850,446	137,474,657,653	256,464,408,946	129,504,401,156
Less: Impairment allowances	(9,029,846,622)	(3,038,105,631)	(8,594,271,273)	(2,736,498,601)
Collective impairment	(4,667,126,180)	(2,307,593,493)	(4,347,855,553)	(2,064,161,827)
Individual impairment	(4,362,720,441)	(730,512,138)	(4,246,415,720)	(672,336,774)
Net amount	253,801,003,824	134,436,552,022	247,870,137,673	126,767,902,555
Loan and advances measured at FVTPL	-	-	-	-
Total	253,801,003,824	134,436,552,022	247,870,137,673	126,767,902,555

"Loans and advances disbursed to customers other than banks and financial institutions are presented above. These assets are measured at amortised cost. Risks associated with these assets are regularly assessed. These are interest bearing advances and the income on these assets is credited to statement of profit or loss under interest income.

Loans and advances are presented net of impairment allowances as per Directive No. 2 issued by Nepal Rastra Bank. Impairment as per NRB directives for each of the above periods is higher than the impairment as per para 5 of the Alternative treatment and its application guideline provided in the carveout for implementation of NFRS 9 by ICAN dated 2079.04.02. Hence, impairment allowance as per NRB Directives is considered in the Financial Statements in accordance with the carve-out notice published by the Institute of Chartered Accountants of Nepal. Total Impairment on loans and advances as per requirement of alternative treatment provided in carve out amounts to NPR 2,407,299,232.96 and NPR 1,397,651,487 as of the end of FY 2079-80 and FY 2078-79 respectively."

4.7.1: Analysis of loan and advances - By Product

Amount in NPR

Particulars	Group		Bank	
	31 Ashadh 2080	32 Ashadh 2079	31 Ashadh 2080	32 Ashadh 2079
Product				
Term loans	89,872,936,075	27,118,993,845	89,872,936,075	27,118,993,845
Overdraft	25,765,130,373	9,402,797,557	25,765,130,373	9,402,797,557
Trust receipt/Import loans	5,253,418,572	3,394,856,592	5,253,418,572	3,394,856,592
Demand and other working capital loans	43,133,915,980	27,700,828,202	43,133,915,980	27,700,828,202
Personal residential loans	18,177,457,589	5,958,623,285	18,177,457,589	5,958,623,285
Real estate loans	21,160,161,939	6,231,945,644	21,160,161,939	6,231,945,644
Margin lending loans	3,297,145,046	2,109,043,747	3,297,145,046	2,109,043,747
Hire purchase loans	4,920,240,300	2,130,945,475	4,920,240,300	2,130,945,475
Deprived sector loans	15,995,629,609	17,713,602,251	15,995,629,609	9,888,184,729
Bills purchased	1,790,363,196	129,530,073	1,790,363,196	129,530,073
Staff loans	3,915,154,000	2,214,274,625	3,915,154,000	2,079,416,289
Other	25,173,832,825	32,476,026,118	18,967,034,739	32,476,026,118
Sub total	258,455,385,505	136,581,467,414	252,248,587,418	128,621,191,557
Interest receivable	4,375,464,941	893,190,239	4,215,821,528	883,209,599
Grand total	262,830,850,446	137,474,657,653	256,464,408,946	129,504,401,156

4.7.2: Analysis of loan and advances - By Currency

Amount in NPR

Particulars	Group		Bank	
	31 Ashadh 2080	32 Ashadh 2079	31 Ashadh 2080	32 Ashadh 2079
Nepalese rupee	261,420,174,253	135,999,021,745	255,053,732,753	128,028,765,248
Indian rupee	-	-	-	-
United State dollar	1,410,676,193	1,475,635,908	1,410,676,193	1,475,635,908
Great Britain pound	-	-	-	-
Euro	-	-	-	-
Japenese yen	-	-	-	-
Chinese yuan	-	-	-	-
Other	-	-	-	-
Total	262,830,850,446	137,474,657,653	256,464,408,946	129,504,401,156

4.7.3: Analysis of loan and advances - By Collateral

Amount in NPR

Particulars	Group		Bank	
	31 Ashadh 2080	32 Ashadh 2079	31 Ashadh 2080	32 Ashadh 2079
Secured				
Movable/immovable assets	236,151,228,760	121,623,799,381	236,055,515,344	121,528,085,965
Gold and silver	406,859,762	411,214,242	406,859,762	411,214,242
Guarantee of domestic B/FIs	-	-	-	-
Government guarantee	136,673,490	136,673,490	136,673,490	136,673,490
Guarantee of international rated bank	-	-	-	-
Collateral of export document	-	-	-	-
Collateral of fixed deposit receipt	3,008,173,667	1,259,444,616	3,008,173,667	1,259,444,616
Collateral of Governement securities	1,700,000	-	1,700,000	-
Counter guarantee	-	-	-	-
Personal guarantee	6,270,728,084	7,874,543,081	-	-
Other collateral	16,515,110,200	6,061,720,843	16,515,110,200	6,061,720,843
Subtotal	262,490,473,963	137,367,395,654	256,124,032,463	129,397,139,157
Unsecured	340,376,483	107,261,999	340,376,483	107,261,999
Grant Total	262,830,850,446	137,474,657,653	256,464,408,946	129,504,401,156

4.7.4: Allowances for impairment

Amount in NPR

Particulars	Group		Bank	
	31 Ashadh 2080	32 Ashadh 2079	31 Ashadh 2080	32 Ashadh 2079
Specific allowances for impairment				
Balance at the end of Previous Year	730,512,138	637,941,993	672,336,774	570,249,685
Impairment loss for the year:	1,148,289,037	92,570,145	1,148,289,037	102,087,089
Charge for the year	1,148,289,037	92,570,145	1,148,289,037	102,087,089
Recoveries/reversal during the year				
Write-offs	-	-	-	-
Exchange rate variance on foreign currency impairment	-	-	-	-
Other movement	2,483,919,266.53	-	2,425,789,909	-
Balance at the end of This Year	4,362,720,441	730,512,138	4,246,415,720	672,336,774
Collective allowances for impairment				
Balance at the end of Previous Year	2,305,991,970	1,825,097,278	2,064,161,827	1,647,343,955
Impairment loss for the year:	(200,684,858)	480,894,692	(200,684,858)	416,817,872
Charge/(reversal) for the year	(200,684,858)	480,894,692	(200,684,858)	416,817,872
Exchange rate variance on foreign currency impairment	-	-	-	-
Other movement	2,561,819,068.1	-	2,484,378,583	-
Balance at the end of This Year	4,667,126,180	2,305,991,970	4,347,855,553	2,064,161,827
Total allowances for impairment	9,029,846,622	3,036,504,108	8,594,271,273	2,736,498,601

4.8 Investment securities

Amount in NPR

Particulars	Group		Bank	
	31 Ashadh 2080	32 Ashadh 2079	31 Ashadh 2080	32 Ashadh 2079
Investment securities measured at amortized cost	46,425,975,802	13,988,321,506	46,369,383,802	13,936,729,506
Investment in equity measured at FVTOCI	7,088,691,103	2,910,718,156	6,991,163,857	2,879,828,729
Total	53,514,666,905	16,899,039,662	53,360,547,659	16,816,558,235

Investment made by the Bank in financial instruments has been presented under this account head in two categories i.e. investment securities measured at amortized cost and investment in equity measured at fair value through other comprehensive income. Investment other than those measured at amortized cost is measured at fair value and changes in fair value has been recognized in other comprehensive income. Where income from the investment is received in the form of bonus shares, the valuation of investment is made by increasing the number of shares without changing in the cost of investment.

4.8.1: Investment securities measured at amortized cost

Amount in NPR

Particulars	Group		Bank	
	31 Ashadh 2080	32 Ashadh 2079	31 Ashadh 2080	32 Ashadh 2079
Debt securities	1,217,818,337	51,592,000	1,161,226,337	631,966,866
Government bonds	30,613,112,642	12,317,354,019	30,613,112,642	12,317,354,019
Government treasury bills	14,595,044,823	987,408,621	14,595,044,823	987,408,621
Nepal Rastra Bank bonds	-	-	-	-
Nepal Rastra Bank deposits instruments	-	-	-	-
Other	-	-	-	-
Less: specific allowances for impairment	-	-	-	-
Total	46,425,975,802	13,356,354,640	46,369,383,802	13,936,729,506

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

Amount in NPR

Particulars	Group		Bank	
	31 Ashadh 2080	32 Ashadh 2079	31 Ashadh 2080	32 Ashadh 2079
Equity instruments	7,088,691,103	2,910,718,156	6,991,163,857	2,879,828,729
Quoted equity securities	6,614,735,906	2,621,909,822	6,520,389,452	2,594,520,396
Unquoted equity securities	473,955,197	288,808,334	470,774,405	285,308,334
Total	7,088,691,103	2,910,718,156	6,991,163,857	2,879,828,729

4.8.3 Information relating to investment in equities

Amount in NPR

PARTICULARS	GROUP				Bank			
	31 Ashadh 2080		32 Ashadh 2079		31 Ashadh 2080		32 Ashadh 2079	
	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
Investment in quoted equity	4,933,179,528	6,614,735,906	2,507,418,459	2,621,909,822	4,824,148,951	6,520,389,452	2,459,323,970	2,594,520,396
Himalayan Everest Insurance Ltd. 1,030,905 shares of Rs. 100 each (including 830,086 units promoter shares of Rs. 100 each)	122,554,989	502,330,958	122,554,989	424,048,464	122,554,989	502,330,958	122,554,989	424,048,464
Himalayan Life Insurance Company Ltd. 5,644,517 shares of Rs. 100 each (including 4,112,436 units promoter shares of Rs. 100 each) Group: 5,646,892 shares of Rs. 100 each	502,705,335	1,820,471,717	-	-	501,344,703	1,819,267,592	-	-
Laxmi Equity Fund 24,599,587 units of Rs. 10 each	242,720,101	235,910,039	187,500,000	185,625,000	242,720,101	235,910,039	187,500,000	185,625,000
Soaltee Hotel Ltd. 1,126 shares of Rs. 10 each	560,890	546,110	187,333,411	187,047,427	560,890	546,110	187,333,411	187,047,427
Nepal Doorsanchar Company Ltd. 325,833 shares of Rs. 100 each Group: 339,236 shares of Rs. 100 each	256,690,211	307,653,128	244,224,081	286,374,624	244,224,081	295,497,948	244,224,081	286,374,624
Chilime Hydropower Company Ltd. 340,300 shares of Rs. 100 each Group: 344,710 shares of Rs. 100 each	195,562,909	185,005,854	195,562,994	130,827,708	192,947,231	182,639,007	192,947,231	129,155,666
Swabalamban Laghubitta Bittiya Sanstha Ltd. 402,861 units of promoter shares of Rs. 100 each	86,092,493	181,408,309	100,440,952	238,883,982	86,092,493	181,408,309	100,440,952	238,883,982
Sana Kishan Bikas Bank Ltd. 511 shares of Rs. 100 each	-	459,391	-	2,095,923	-	459,391	-	2,095,923
Nirdhan Uthhan Bank Ltd.	-	-	-	2,107,882	-	-	-	2,107,882
Rural Microfinance Development Centre Ltd.	-	-	-	289,110	-	-	-	289,110
National Life Insurance Company Ltd. 64,291 shares of Rs. 100 each Group: 84,714 shares of Rs. 100 each	61,449,516	54,640,530	58,004,361	36,734,705	46,199,493	41,467,695	46,199,493	29,868,405
Life Insurance Corporation Nepal Ltd. 79,118 shares of Rs. 100 each	136,364,924	123,028,490	136,364,924	111,951,970	136,364,924	123,028,490	136,364,924	111,951,970
Global IME Samunnat Yojana -1 12,407,781 units of Rs. 10 each	-	-	94,611,895	81,358,530	-	-	94,611,895	81,358,530
NMB Hybrid Fund L-1 2,523,842 units of Rs. 10 each	26,020,811	27,232,255	12,619,210	14,133,515	26,020,811	27,232,255	12,619,210	14,133,515
Nabil Equity Fund 1,689,755 units of Rs. 10 each	16,745,472	16,238,546	11,265,040	11,265,040	16,745,472	16,238,546	11,265,040	11,265,040
NIBL Pragati Fund 2,054,814 units of Rs. 10 each	20,281,014	19,952,244	10,274,070	10,294,618	20,281,014	19,952,244	10,274,070	10,294,618
Sanima Equity Fund 250,000 units of Rs. 10 each	2,500,000	2,950,000	2,500,000	3,187,500	2,500,000	2,950,000	2,500,000	3,187,500

	Amount in NPR									
Siddhartha Investment Growth Scheme II										
3,500,000 units of Rs. 10 each	34,345,000	31,605,000	30,000,000	29,370,000	34,345,000	31,605,000	30,000,000	29,370,000	29,370,000	
NIC ASIA BALANCED FUND										
2,250,000 units of Rs. 10 each	22,345,000	20,992,500	20,000,000	21,420,000	22,345,000	20,992,500	20,000,000	21,420,000	21,420,000	
NMB 50										
4,500,000 units of Rs. 10 each	45,225,000	47,250,000	40,000,000	51,600,000	45,225,000	47,250,000	40,000,000	51,600,000	51,600,000	
Sunrise First Mutual Fund										
18,000,000 units of Rs. 10 each	196,462,600	201,052,600	30,000,000	34,500,000	194,850,000	199,440,000	30,000,000	34,500,000	34,500,000	
Group: 18,161,260 units of Rs. 10 each										
Laxmi Unnati Kosh										
12,519,050 units of Rs. 10 each	124,837,546	117,553,880	120,000,000	114,720,000	124,837,546	117,553,880	120,000,000	114,720,000	114,720,000	
Laxmi Value Fund II										
12,000,000 units of Rs. 10 each	120,000,000	120,000,000	-	-	120,000,000	120,000,000	-	-	-	
Shubha Laxmi Kosh										
7,500,000 units of Rs. 10 each	75,000,000	75,600,000	-	-	75,000,000	75,600,000	-	-	-	
NIBL Samridhhi Fund II										
7,344,246 units of Rs. 10 each	68,411,651	66,906,081	36,721,230	31,837,306	68,411,651	66,906,081	36,721,230	31,837,306	31,837,306	
Kumari Equity Fund										
2,500,000 units of Rs. 10 each	24,685,000	25,425,000	20,000,000	20,140,000	24,685,000	25,425,000	20,000,000	20,140,000	20,140,000	
Sunrise Blue Chip Fund										
20,250,000 units of Rs. 10 each	162,375,000	158,962,500	15,000,000	13,110,000	162,375,000	158,962,500	15,000,000	13,110,000	13,110,000	
Sanima Large Cap Fund										
2,000,000 units of Rs. 10 each	18,270,000	17,840,000	10,000,000	9,320,000	18,270,000	17,840,000	10,000,000	9,320,000	9,320,000	
Sanjen Jalavidhyut Company Ltd.										
160,484 shares of Rs. 100 each	57,571,635	47,647,700	32,511,844	21,430,760	57,571,635	47,647,700	32,511,844	21,430,760	21,430,760	
Rasuwaadhi Hydropower Company Ltd.										
138,006 shares of Rs. 100 each										
Group: 139,506 units of Rs. 100 each	53,487,326	41,851,800	28,139,744	16,988,515	52,775,972	41,401,800	27,428,390	16,579,015	16,579,015	
Madhya Bhotekoshi Jalavidyut Company Ltd										
75,994 shares of Rs. 100 each	25,112,789	22,425,829	-	-	25,112,789	22,425,829	-	-	-	
Nepal Life Insurance Company Ltd.										
81,644 shares of Rs. 100 each	142,337,719	60,743,136	141,327,482	59,968,413	142,337,719	60,743,136	141,327,482	59,968,413	59,968,413	
Asian Life Insurance Company Ltd.										
257,889 shares of Rs. 100 each										
(including 171,427 promoter shares of Rs.100 each)	102,708,449	128,287,966	99,559,431	70,521,927	102,708,449	128,287,966	99,559,431	70,521,927	70,521,927	
Neco Insurance Company Ltd.										
38,405 shares of Rs. 100 each										
Group: 38,609 shares of Rs. 100 each	41,441,429	34,404,480	41,440,537	23,298,968	41,212,431	34,222,696	41,211,539	23,175,436	23,175,436	
Shikhar Insurance Company Ltd.										
53,453 shares of Rs. 100 each	74,453,080	45,167,788	74,453,080	37,186,562	74,453,080	45,167,788	74,453,080	37,186,562	37,186,562	
Prabhu Insurance Company Ltd										
35,648 shares of Rs. 100 each	27,470,766	26,629,055	27,120,746	14,109,876	27,470,766	26,629,055	27,120,746	14,109,876	14,109,876	
Nepal Insurance Company Ltd.										
75,010 shares of Rs. 100 each	77,032,195	61,508,200	77,032,195	30,132,584	77,032,195	61,508,200	77,032,195	30,132,584	30,132,584	
Hydroelectricity Investment and Development Company Ltd.										
1,230,648 shares of Rs. 100 each										
(including 1,050,000 units promoter shares of Rs 100 each)	115,930,284	141,179,232	15,930,000	31,860,000	115,930,284	141,179,232	15,930,000	31,860,000	31,860,000	

	Amount in NPR									
Rastriya Beema Company Ltd 5,065 shares of Rs. 100 each	97,908,467	81,541,435	97,908,467	67,871,000	97,908,467	81,541,435	97,908,467	67,871,000	97,908,467	67,871,000
RBB Mutual Fund - I 7,984,174 units of Rs. 10 each	71,618,041	64,512,126	39,920,870	37,006,646	71,618,041	64,512,126	39,920,870	37,006,646	71,618,041	37,006,646
RBB Mutual Fund - II 10,000,000 units of Rs. 10 each	100,000,000	100,000,000	-	-	100,000,000	100,000,000	-	-	100,000,000	-
Mega Mutual Fund - I 872,680 units of Rs. 10 each	7,784,306	6,972,713	4,363,400	3,486,357	7,784,306	6,972,713	4,363,400	3,486,357	7,784,306	3,486,357
NIBL GROWTH FUND 8,000,000 units of Rs. 10 each	78,400,000	85,120,000	-	-	78,400,000	85,120,000	-	-	78,400,000	-
Sunrise Focused Equity Fund 21,000,000 units of Rs. 10 each Group: 22,790,900 units of Rs. 10 each	206,309,000	221,173,000	-	-	188,400,000	203,280,000	-	-	188,400,000	-
Prabhu Smart Fund 8,000,000 units of Rs. 10 each	75,750,000	79,200,000	-	-	75,750,000	79,200,000	-	-	75,750,000	-
Siddhartha Investment Growth Scheme III 3,000,000 units of Rs. 10 each	30,000,000	30,000,000	-	-	30,000,000	30,000,000	-	-	30,000,000	-
Citizens Super 30 5,500,000 units of Rs. 10 each	55,000,000	55,000,000	-	-	55,000,000	55,000,000	-	-	55,000,000	-
NMB Sulav Investment Fund - II 7,000,000 units of Rs. 10 each	69,400,000	69,930,000	-	-	69,400,000	69,930,000	-	-	69,400,000	-
Sanima Growth Fund 2,000,000 units of Rs. 10 each	20,000,000	19,980,000	-	-	20,000,000	19,980,000	-	-	20,000,000	-
Global IME Balanced Fund-1 5,000,000 units of Rs. 10 each	45,800,000	46,700,000	-	-	45,800,000	46,700,000	-	-	45,800,000	-
Siddhartha Equity Fund 967,748 units of Rs. 10 each	8,467,795	9,125,864	-	-	8,467,795	9,125,864	-	-	8,467,795	-
NIC ASIA SELECT FUND 30 4,930,605 units of Rs. 10 each	43,438,630	44,326,139	-	-	43,438,630	44,326,139	-	-	43,438,630	-
Prabhu Select Fund 1,468,100 units of Rs. 10 each	13,418,434	12,992,685	-	-	13,418,434	12,992,685	-	-	13,418,434	-
Nabil Balanced fund 3 16,670 units of Rs. 10 each	125,525	126,192	-	-	125,525	126,192	-	-	125,525	-
Kumari Dhanabridhhi Yojana 5,000,000 units of Rs. 10 each	48,400,000	50,200,000	-	-	48,400,000	50,200,000	-	-	48,400,000	-
NIC ASIA Flexi Cap Fund 5,000,000 units of Rs. 10 each	47,100,000	50,850,000	-	-	47,100,000	50,850,000	-	-	47,100,000	-
Mero Microfinance Bittiya Sanstha Ltd. 2 shares of Rs. 100 each	-	661	-	1,694	-	-	-	-	-	-
NLG Insurance Company Ltd. 676 shares of Rs. 100 each (including 665 units promoter shares of Rs. 100 each)	5,223,306	5,103,362	4,929,037	2,487,560	292,319	288,540	-	-	292,319	-
United Insurane Co. Ltd 6,118 promoter shares of Rs. 100 each	1,646,966	1,587,315	-	-	1,646,966	1,587,315	-	-	1,646,966	-
Sagamatha Lumbini Insurance Co. Limited 864,295 shares of Rs. 100 each (including 570,236 units promoter shares of Rs. 100 each)	435,637,827	434,275,336	-	-	434,382,750	433,224,496	-	-	434,382,750	-

Ridhi Hydropower Development Company Ltd.	86	243	86	838	-	-
1 shares of Rs. 100 each						-
First Microfinance Bittiya Sanstha Ltd.	4,634,897	5,516,360	-	665	-	-
7,492 shares of Rs. 100 each						-
NMB Microfinance Bittiya Sanstha Ltd.	-	640	-	750	-	-
2 shares of Rs. 100 each						-
Global IME Laghubitta Bittiya Sanstha Ltd.	-	1,061	-	2,598	-	-
2 shares of Rs. 100 each						-
Civil Laghubitta Bittiya Sanstha Ltd.	-	754	-	-	-	-
1 shares of Rs. 100 each						-
Agriculture Development Bank Ltd.	-	234	-	331	-	-
1 shares of Rs. 100 each						-
Prabhu Bank Ltd.	-	488	-	6,592	-	-
3 shares of Rs. 100 each						-
Global IME Bank Ltd.	-	186	-	-	-	-
1 shares of Rs. 100 each						-
Nepal Reinsurance Company Ltd	8,648,671	5,184,440	8,259,502	4,332,090	-	-
7,006 shares of Rs. 100 each						-
Arun Valley Hydropower Ltd.	1,717,273	826,200	1,717,273	1,068,300	-	-
3,240 shares of Rs. 100 each						-
Nepal Infrastructure Bank Ltd	2,468,669	1,207,360	2,468,669	1,293,600	-	-
5,390 shares of Rs. 100 each						-
Manjushree Finance Ltd.	2,897,166	1,925,000	2,897,166	1,564,500	-	-
3,500 shares of Rs. 100 each						-
Siddhartha Premier Insurance Co. Ltd.	4,498,728	4,164,197	1,293,498	679,139	-	-
1,347 shares of Rs. 100 each						-
Group: 5,349 shares of Rs. 100 each						-
Gurans Life Insurance Company Ltd.	-	-	1,360,632	946,235	-	-
10 shares of Rs. 100 each						-
IGI Prudential Insurance Co. Ltd.	1,901,292	1,708,000	1,361,296	670,248	-	-
3,050 shares of Rs. 100 each						-
Citizen Bank International Ltd.	2,085,233	1,030,118	2,085,233	1,205,078	-	-
5,951 shares of Rs. 100 each						-
Nabil Bank International Limited	-	5,992	-	-	-	-
10 shares of Rs. 100 each						-
Sunrise Bank Limited	2,498,543	1,269,169	2,498,543	1,517,724	-	-
7,332 shares of Rs. 100 each						-
Universal Power Company Ltd.	823,483	372,300	823,483	387,260	-	-
1,700 shares of Rs. 100 each						-
Prabhu Life Insurance Limited	-	14,088	1,255,077	627,435	-	-
24 shares of Rs. 100 each						-
Api Power Company Ltd.	261,515	147,553	261,611	170,417	-	-
479 shares of Rs. 100 each						-
Upper Tamakoshi Hydropower Ltd.	1,757,295	1,280,400	1,522,399	1,355,000	-	-
3,000 shares of Rs. 100 each						-
Chhimek Laghubitta Bikash Bank Ltd.	4,758,328	4,998,000	-	13,828,097	-	13,828,097
4,998 shares of Rs. 100 each						

	Amount in NPR						
Deprosc Laghubitta Bittiya Sanstha Ltd.							
3,000 shares of Rs. 100 each	2,342,713	2,478,000	-	5,837,400	-	-	5,837,400
Nerude Laghubitta Bikas Bank Ltd.							
7,562 shares of Rs. 100 each	-	-	-	3,781,360	-	-	3,781,360
Grameen Bikas Laghubitta Bittiya Sanstha Ltd.							
5,000 shares of Rs. 100 each	5,463,969	4,786,746	-	-	-	-	-
Mountain Hydro Nepal Ltd.							
5,000 shares of Rs. 100 each	1,336,960	1,190,000	-	-	-	-	-
National Hydro Power Company Ltd.							
7,500 shares of Rs. 100 each	1,394,100	1,334,250	-	-	-	-	-
Everest Bank Ltd.							
1 shares of Rs. 100 each	439	563	-	-	-	-	-
Miteri Development Bank Ltd.							
2 shares of Rs. 100 each	347	808	-	-	-	-	-
SuryaJyoti Life Insurance Company Ltd.							
1 shares of Rs. 100 each	387	610	-	-	-	-	-
Ngadi Group Power Ltd.							
12,000 shares of Rs. 100 each	1,200,000	-	-	-	-	-	-
Investment in unquoted equity	474,274,405	473,955,197	288,808,334	288,808,334	470,774,405	470,774,405	285,308,334
Credit Information Centre Ltd.							
246,750 shares of Rs. 100 each	16,275,308	16,275,308	1,823,500	1,823,500	16,275,308	16,275,308	1,823,500
Nepal Clearing House Limited							
225,455 shares of Rs. 100 each	41,870,398	41,870,398	2,600,000	2,600,000	41,870,398	41,870,398	2,600,000
National Banking Institute Ltd							
43,046 shares of Rs. 100 each	9,907,716	9,907,716	2,634,834	2,634,834	9,907,716	9,907,716	2,634,834
Banking, Finance and Insurance Institute of Nepal							
33,000 shares of Rs 100 each							
Group: 48,000 shares of Rs 100 each	4,500,000	5,379,934	4,500,000	4,500,000	3,000,000	3,000,000	3,000,000
Nepal Stock Exchange Ltd.							
502,864 shares of Rs. 100 each	276,308,786	276,308,786	275,250,000	275,250,000	276,308,786	276,308,786	275,250,000
Aadhyaanta Fund							
1,000,000 shares of Rs. 100 each	100,000,000	100,000,000	-	-	100,000,000	100,000,000	-
Nepal Electronic Payment System Limited							
150,000 shares of Rs. 100 each	23,412,198	23,412,198			23,412,198	23,412,198	-
Nepal Finsoft Co. Ltd.							
2,000 shares of Rs. 100 each	2,000,000	800,858	2,000,000	2,000,000	-	-	-
Total	5,407,453,934	7,088,691,103	2,796,226,793	2,910,718,156	6,991,163,857	2,744,632,304	2,879,828,729
Investment in unquoted equity are shown at cost considering networth of invested equity are not less than cost.							

4.9 Current tax assets

Amount in NPR

PARTICULARS	GROUP		BANK	
	31 Ashadh 2080	32 Ashadh 2079	31 Ashadh 2080	32 Ashadh 2079
Current tax assets	12,082,193,951	5,422,668,498	12,005,592,969	5,036,424,795
Current year income tax assets	6,659,525,453	907,430,038	6,969,168,174	814,800,523
Tax assets of prior periods	5,422,668,498	4,515,238,460	5,036,424,795	4,221,624,272
Current tax liabilities	11,864,658,527	5,317,415,140	11,816,305,983	4,948,846,056
Current year income tax liabilities	6,547,243,387	874,733,088	6,867,459,927	799,778,191
Tax liabilities of prior periods	5,317,415,140	4,442,682,053	4,948,846,056	4,149,067,865
Total	217,535,424	105,253,358	189,286,986	87,578,739

Current Tax Assets includes advance income tax paid by the Bank under self assessment tax returns filed as per the Income Tax Act 2058 and tax deducted at source (TDS) on behalf of the Bank. Similarly, the current income tax liabilities includes the tax payable to the Government computed as per the provision of the Income Tax Act 2058.

Net current tax liabilities for subsidiary companies amounting NPR 4,773,925 has been shown under liabilities in the Group's Statement of Financial Position.

4.10 Investment in subsidiaries

Amount in NPR

PARTICULARS	BANK	
	31 Ashadh 2080	32 Ashadh 2079
Investment in quoted subsidiaries	147,000,000	147,000,000
Investment in unquoted subsidiaries	746,167,928	270,000,000
Total investment	893,167,928	417,000,000
Less: Impairment allowances	-	-
Net carrying amount	893,167,928	417,000,000

Investment in shares of subsidiary companies are presented at cost.

4.10.1 Investment in quoted subsidiaries

Amount in NPR

PARTICULARS	BANK			
	31 Ashadh 2080		32 Ashadh 2079	
	Cost	Fair Value	Cost	Fair Value
Laxmi Laghubitta Bittiya Sanstha Ltd.				
3,091,634 shares of Rs. 100 each (including 1,397,634 Bonus Shares)	147,000,000	147,000,000	147,000,000	147,000,000
Total	147,000,000	147,000,000	417,000,000	147,000,000

4.10.2 Investment in unquoted subsidiaries

Amount in NPR

PARTICULARS	BANK			
	31 Ashadh 2080		32 Ashadh 2079	
	Cost	Fair Value	Cost	Fair Value
Laxmi Capital Market Ltd.				
2,889,000 Shares of Rs. 100 each	270,000,000	270,000,000	270,000,000	270,000,000
Sunrise Capital Limited				
2,000,000 Shares of Rs. 100 Each	276,167,928	276,167,928	-	-
Sunrise Securities Limited				
2,000,000 Shares of Rs. 100 Each	200,000,000	200,000,000	-	-
Total	746,167,928	746,167,928	270,000,000	270,000,000

4.10.3 Information relating to subsidiaries of the Bank

Amount in NPR

PARTICULARS	BANK	
	Percentage of ownership held by the Bank	
	31 Ashadh 2080	32 Ashadh 2079
Laxmi Laghubitta Bittiya Sanstha Ltd.	70%	70%
Laxmi Capital Market Ltd	100%	100%
Sunrise Capital Limited	100%	-
Sunrise Securities	100%	-

4.10.4 Non controlling interest of the subsidiaries

Amount in NPR

PARTICULARS	GROUP	
	CURRENT YEAR	
	Laxmi Laghubitta Bittiya Sanstha Ltd.	Laxmi Capital Market Ltd / Sunrise Capital Ltd. / Sunrise Securities Ltd.
Equity interest held by NCI (%)	30%	0%
Profit/(loss) allocated during the year	(31,995,309)	-
Accumulated balances of NCI as on Ashadh end 2079	249,607,521	-
Dividend paid to NCI	5,760,810	-
Funds used	1,155,853	-
NCI as on Ashadh end 2080	210,695,549	-

PARTICULARS	GROUP	
	CURRENT YEAR	
	Laxmi Laghubitta Bittiya Sanstha Ltd.	Laxmi Capital Market Ltd / Sunrise Capital Ltd. / Sunrise Securities Ltd.
Accumulated balances of NCI as on Ashadh end 2078	207,653,400	-
Dividend paid to NCI	7,074,679	-
Funds used	926,907	-
NCI as on Ashadh end 2079	249,607,521	-

4.11 Investment in associates

Amount in NPR

PARTICULARS	GROUP		BANK	
	31 Ashadh 2080	32 Ashadh 2079	31 Ashadh 2080	32 Ashadh 2079
Investment in associates				
Investment in quoted associates	-	282,675,925	-	1,186,200,845
Investment in unquoted associates	-	-	-	-
Total investment	-	282,675,925	-	1,186,200,845
Less: Impairment allowances	-	-	-	-
Net carrying amount	-	282,675,925	-	1,186,200,845

4.11.1 Investment in quoted associates

Amount in NPR

Particulars	Group				Bank			
	31 Ashadh 2080		32 Ashadh 2079		31 Ashadh 2080		32 Ashadh 2079	
	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
Prime Life Insurance Company Ltd.	-	-	200,448,000	282,675,925	-	-	200,448,000	1,186,200,845
Total	-	-	200,448,000	282,675,925	-	-	200,448,000	1,186,200,845

4.11.2 Investment in unquoted associates

Amount in NPR

PARTICULARS	BANK			
	31 Ashadh 2080		32 Ashadh 2079	
	Cost	Fair Value	Cost	Fair Value
-	-	-	-	-
-	-	-	-	-

4.11.3 Information relating to associates of the Bank

Amount in NPR

PARTICULARS	GROUP		BANK	
	Percentage of ownership held by the Bank		Percentage of ownership held by the Bank	
	31 Ashadh 2080	32 Ashadh 2079	31 Ashadh 2080	32 Ashadh 2079
Himalayan Life Insurance Co. Ltd.	-	15.00%	-	15.00%

4.11.4 Equity value of associates

Amount in NPR

PARTICULARS	GROUP	
	31 Ashadh 2080	32 Ashadh 2079
Himalayan Life Insurance Co. Ltd.	-	282,675,925
Total	-	282,675,925

4.12 Investment properties

Amount in NPR

PARTICULARS	GROUP		BANK	
	31 Ashadh 2080	32 Ashadh 2079	31 Ashadh 2080	32 Ashadh 2079
Investment properties measured at fair value				
Balance as on the end of Previous Year	-	-	-	-
Addition/disposal during the year	-	-	-	-
Net changes in fair value during the year	-	-	-	-
Adjustment/transfer	-	-	-	-
Net amount	-	-	-	-
Investment properties measured at cost				
Balance as on the end of Previous Year	70,535,574	105,942,899	70,535,574	105,942,899
Addition/disposal during the year	-	(35,407,325)	-	(35,407,325)
Adjustment/transfer	1,204,627,629	-	1,204,627,629	-
Accumulated depreciation	-	-	-	-
Accumulated impairment loss	-	-	-	-
Net amount	1,275,163,202	70,535,574	1,275,163,202	70,535,574
Total	1,275,163,202	70,535,574	1,275,163,202	70,535,574

Non-current assets (such as property) and disposal groups (including both the assets and liabilities of the disposal groups) are classified as Investment Properties.

4.13 Property and Equipment

Amount in NPR

PARTICULARS	Group										Total Ashad End 2079
	Land	Building	Leasehold Properties	Computer & Accessories	Vehicles	Furniture & Fixture	Machinery	Equipment & Others	Total Ashad end 2080		
Costs											
As on Shrawan 1, 2078	651,504,796	280,420,809	328,315,481	234,647,154	174,013,616	114,791,577	-	409,930,758	-	2,193,624,191	2,106,140,231
Addition during the Year	113,853,088	81,167,368	73,390,607	36,468,215	17,035,400	20,298,421	-	857,501,088	-	1,199,714,188	110,148,917
Acquisition	113,853,088	71,406,912	3,707,307	36,468,215	17,035,400	20,298,421	-	857,501,088	-	1,120,270,432	82,360,568
Capitalization	-	9,760,456	69,683,300	-	-	-	-	-	-	79,443,756	27,788,349
Disposal during the year	-	-	-	(4,064,762)	(6,155,233)	(1,037,702)	-	(7,287,244)	-	(18,544,941)	(22,664,957)
Adjustment/Revaluation	-	-	-	-	-	-	-	(281,816)	-	(281,816)	-
Balance as on Ashadh end 2079	765,357,884	361,588,177	401,706,088	267,050,607	184,893,782	134,052,297	-	1,259,862,787	-	3,374,511,622	2,193,624,191
Addition during the Year	277,243,433	7,931,614	58,318,725	19,239,495	1,263,600	14,022,935	-	150,512,543	-	528,532,345	1,199,714,188
Acquisition	277,243,433	7,931,614	58,318,725	19,239,495	1,263,600	14,022,935	-	150,512,543	-	528,532,345	1,120,270,432
Capitalization	-	-	-	-	-	-	-	-	-	-	79,443,756
Disposal during the year	-	-	(2,727,849)	(47,197,491)	(4,099,782)	(1,355,230)	-	(6,718,116)	-	(62,098,469)	(18,544,941)
Adjustment/Revaluation	-	-	-	-	-	-	-	-	-	-	(281,816)
Merger Addition	592,437,000	30,977,310	439,375,382	208,682,582	159,456,487	223,891,568	155,914,152	1,792,140,828	3,602,875,308	-	-
Balance as on Ashadh end 2080	1,635,038,317	400,497,101	896,672,345	447,775,193	341,514,087	370,611,569	155,914,152	3,195,798,042	7,443,820,807	3,374,511,622	-
Depreciation and Impairment											
As on Shrawan 1, 2078	-	49,561,238	213,799,822	146,017,941	92,142,414	86,361,962	-	243,272,299	-	831,706,746	680,398,744
Depreciation charge for the Year	-	7,098,597	46,184,117	37,765,047	23,918,328	15,470,474	-	181,910,523	-	312,347,085	173,952,113
Impairment for the year	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	(4,032,989)	(5,824,577)	(1,037,702)	-	(7,086,109)	-	(17,981,377)	(22,644,112)
Adjustment	-	-	-	-	-	-	-	-	-	-	-
As on Ashadh end 2079	-	56,659,835	259,983,939	179,749,999	110,236,165	100,794,734	-	418,096,713	-	1,126,072,454	831,706,746
Depreciation charge for the Year	-	9,034,084	55,226,200	38,770,427	23,649,326	16,268,639	-	188,060,260	-	331,008,935	312,347,085
Impairment for the year	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	(2,461,632)	(46,727,695)	(2,561,472)	(1,291,289)	-	(6,642,840)	-	(59,684,929)	(17,981,377)
Adjustment	-	-	-	-	-	-	-	-	-	-	-
Merger Addition	-	8,952,514	266,076,500	126,189,791	77,359,629	134,630,697	85,054,937	502,203,287	1,200,467,354	-	-
As on Ashadh end 2080	-	65,693,919	312,748,507	171,792,731	131,324,018	115,772,084	-	599,514,133	2,597,863,815	1,126,072,454	-
Capital Work in Progress	-	76,587,347	3,415,099	-	-	-	-	-	80,002,446	218,686,880	-
Net Book Value											
As on Ashadh end 2079	839,509,819	437,880,192	152,876,843	87,300,608	74,657,618	33,257,563	-	842,194,474	2,467,126,047	1,395,355,719	-
As on Ashadh end 2080	1,635,038,317	411,390,529	587,338,937	275,982,462	210,190,069	254,839,485	155,914,152	2,596,283,909	4,925,959,438	2,467,126,047	-

PARTICULARS	Bank											Total Ashad End 2079
	Land	Building	Leasehold Properties	Computer & Accessories	Vehicles	Furniture & Fixture	Machinery	Equipment & Others	Total Ashad end 2080			
Costs												
As on Shrawan 1, 2078	644,510,678	271,030,043	322,594,312	231,590,252	142,880,564	113,001,991	-	357,724,934	2,083,332,774	2,083,332,774	2,002,441,012	
Addition during the Year	113,853,088	81,167,368	69,683,300	27,938,745	7,307,900	14,852,634	-	854,286,916	1,169,089,952	1,169,089,952	103,471,321	
Acquisition	113,853,088	71,406,912	-	27,938,745	7,307,900	14,852,634	-	854,286,916	1,089,646,196	1,089,646,196	75,958,581	
Capitalization	-	9,760,456	69,683,300	-	-	-	-	-	79,443,756	79,443,756	27,512,740	
Disposal during the year	-	-	-	(4,064,762)	(2,155,233)	(1,037,702)	-	(7,287,244)	(14,544,941)	(14,544,941)	(22,579,559)	
Adjustment/Revaluation	-	-	-	-	-	-	-	-	-	-	-	
Balance as on Ashadh end 2079	758,363,766	352,197,411	392,277,613	255,464,235	148,033,230	126,816,923	-	1,204,724,607	3,237,877,785	3,237,877,785	2,083,332,774	
Addition during the Year	277,243,433	7,931,614	57,833,421	17,124,443	807,600	12,231,793	-	149,858,051	523,030,356	523,030,356	1,169,089,952	
Acquisition	277,243,433	7,931,614	57,833,421	17,124,443	807,600	12,231,793	-	149,858,051	523,030,356	523,030,356	1,089,646,196	
Capitalization	-	-	(2,727,849)	(46,677,091)	(392,510)	(1,311,838)	-	(6,718,116)	(57,827,404)	(57,827,404)	79,443,756	
Disposal during the year	-	-	-	-	-	-	-	-	-	-	-	
Adjustment/Revaluation	-	-	-	-	-	-	-	-	-	-	-	
Merger Addition	592,437,000	30,977,310	439,375,382	206,927,552	156,281,994	222,898,690	155,914,152	1,791,705,747	3,596,517,827	3,596,517,827	-	
Balance as on Ashadh end 2080	1,628,044,200	391,106,334	886,758,567	432,839,139	304,730,314	360,635,569	155,914,152	3,139,570,289	7,299,598,564	7,299,598,564	3,237,877,785	
Depreciation and Impairment												
As on Shrawan 1, 2078	-	47,955,286	209,391,074	142,984,453	77,494,737	83,601,180	-	219,670,711	781,097,441	781,097,441	640,662,961	
Depreciation charge for the Year	-	6,910,133	45,450,984	32,537,725	18,394,851	11,827,747	-	179,146,976	294,268,417	294,268,417	162,993,194	
Impairment for the year	-	-	-	-	-	-	-	-	-	-	-	
Disposals	-	-	-	(4,032,989)	(1,824,577)	(1,037,702)	-	(7,086,109)	(13,981,377)	(13,981,377)	(22,558,714)	
Adjustment	-	-	-	-	-	-	-	-	-	-	-	
As on Ashadh end 2079	-	54,865,419	254,842,059	171,489,190	94,065,011	94,391,225	-	391,731,578	1,061,384,481	1,061,384,481	781,097,441	
Depreciation charge for the Year	-	8,819,037	53,994,804	31,965,574	17,809,188	12,359,892	-	185,293,210	310,241,705	310,241,705	294,268,417	
Impairment for the year	-	-	-	-	-	-	-	-	-	-	-	
Disposals	-	-	(2,461,632)	(46,664,590)	(378,367)	(1,274,907)	-	(6,642,840)	(57,422,337)	(57,422,337)	(13,981,377)	
Adjustment	-	-	-	-	-	-	-	-	-	-	-	
Merger Addition	-	8,952,514	266,076,500	126,189,791	77,359,629	134,630,697	85,054,937	502,203,287	1,200,467,354	1,200,467,354	-	
As on Ashadh end 2080	-	72,636,970	572,451,730	282,979,965	188,855,461	240,106,907	85,054,937	1,072,585,234	2,514,671,203	2,514,671,203	1,061,384,481	
Capital Work in Progress	-	76,587,347	3,415,099	-	-	-	-	-	80,002,446	80,002,446	218,258,480	
Net Book Value												
As on Ashadh end 2079	832,515,701	430,283,842	148,590,249	83,975,045	53,968,219	32,425,698	-	812,993,029	2,394,751,784	2,394,751,784	1,335,673,598	
As on Ashadh end 2080	1,628,044,200	395,056,712	317,721,935	149,859,174	115,874,853	120,528,662	70,859,216	2,066,985,055	4,864,929,807	4,864,929,807	2,394,751,784	

The cost of an item of property and equipment has been recognized as an asset, initially recognized at cost. Subsequent expenditure is capitalized if it is probable that the future economic benefits from the expenditure will flow to the bank. Ongoing repairs and maintenance to keep the assets in working condition are expensed as incurred. Any gain or loss on disposal of an item of property and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized as other income in profit or loss.

Depreciation on these assets is calculated using the straight-line method to allocate their cost over their estimated useful life as per management estimate.

4.14 Goodwill and Intangible Assets

Amount in NPR

PARTICULARS	Group					
	GOODWILL	SOFTWARE		OTHER	TOTAL ASHADH END 2080	TOTAL ASHADH END 2079
		PURCHASED	DEVELOPED			
Cost						
As on Shrawan 1, 2078	-	235,775,041	-	-	235,775,041	207,190,504
Addition during the Year	-	33,457,695	-	-	33,457,695	28,584,537
Acquisition	-	33,457,695	-	-	33,457,695	28,584,537
Capitalization	-	-	-	-	-	-
Disposal during the year	-	-	-	-	-	-
Adjustment/Revaluation	-	-	-	-	-	-
Balance as on Ashadh end 2079	-	269,232,736	-	-	269,232,736	235,775,041
Addition during the Year	-	17,386,312	-	-	17,386,312	33,457,695
Acquisition	-	17,386,312	-	-	17,386,312	33,457,695
Capitalization	-	-	-	-	-	-
Disposal during the year	-	-	-	-	-	-
Adjustment/Revaluation	456,121,376	-	-	-	456,121,376	-
Merger Addition	-	130,610,000	-	-	130,610,000	-
Balance as on Ashadh end 2080	456,121,376	417,229,048	-	-	873,350,424	269,232,736
Amortization and Impairment						
As on Shrawan 1, 2078	-	144,352,561	-	-	144,352,561	115,086,042
Amortization charge for the Year	-	39,558,211	-	-	39,558,211	29,266,518
Impairment for the year	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-
As on Ashadh end 2079	-	183,910,771	-	-	183,910,771	144,352,561
Amortization charge for the Year	-	40,356,593	-	-	40,356,593	39,558,211
Impairment for the year	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-
Merger Addition	-	118,767,297	-	-	118,767,297	-
As on Ashadh end 2080	-	343,034,661	-	-	343,034,661	183,910,771
Capital Work in Progress	-	2,210,130	-	-	2,210,130	3,008,374
Net Book Value						
As on Ashadh end 2079	-	85,321,965	-	-	88,330,339	91,422,480
As on Ashadh end 2080	456,121,376	74,194,386	-	-	532,525,892	88,330,339

Amount in INR Crores						
		Bank				
PARTICULARS	GOODWILL	SOFTWARE		OTHER	TOTAL ASHADH END 2080	TOTAL ASHADH END 2079
		PURCHASED	DEVELOPED			
Cost						
As on Shrawan 1, 2078	-	213,596,226	-	-	213,596,226	201,349,822
Addition during the Year	-	32,873,485	-	-	32,873,485	12,246,405
Acquisition	-	32,873,485	-	-	32,873,485	12,246,405
Capitalization	-	-	-	-	-	-
Disposal during the year	-	-	-	-	-	-
Adjustment/Revaluation	-	-	-	-	-	-
Balance as on Ashadh end 2079	-	246,469,712	-	-	246,469,712	213,596,226
Addition during the Year	-	16,301,512	-	-	16,301,512	32,873,485
Acquisition	-	16,301,512	-	-	16,301,512	32,873,485
Capitalization	-	-	-	-	-	-
Disposal during the year	-	-	-	-	-	-
Adjustment/Revluation	456,121,376	-	-	-	456,121,376	-
Merger Addition	-	130,255,180	-	-	130,255,180	-
Balance as on Ashadh end 2080	456,121,376	393,026,403	-	-	849,147,780	246,469,712
Amortization and Impairment						
As on Shrawan 1, 2078	-	137,106,290	-	-	137,106,290	111,163,048
Amortization charge for the Year	-	35,533,845	-	-	35,533,845	25,943,242
Impairment for the year	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-
As on Ashadh end 2079	-	172,640,136	-	-	172,640,136	137,106,290
Amortization charge for the Year	-	36,205,226	-	-	36,205,226	35,533,845
Impairment for the year	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-
Merger Addition	-	118,767,297	-	-	118,767,297	-
As on Ashadh end 2080	-	327,612,658	-	-	327,612,658	172,640,136
Capital Work in Progress	-	2,210,130	-	-	2,210,130	3,008,374
Net Book Value						
As on Ashadh end 2079	-	76,837,950	-	-	76,837,950	76,489,936
As on Ashadh end 2080	456,121,376	67,623,875	-	-	523,745,251	76,837,950

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring the specific software to use. Costs associated with the development of software are capitalized where it is probable that it will generate future economic benefits in excess of its cost. Computer software costs are amortized on the basis of estimated useful life. Costs associated with maintaining software are recognized as expense as incurred.

4.15 Deferred Tax

Amount in NPR

PARTICULARS	GROUP			BANK		
	CURRENT YEAR			CURRENT YEAR		
	Deferred Tax Assets	Deferred Tax Liabilities	Net Deferred Tax Assets/ (Liabilities)	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	4,405,340.98	508,872,150	(504,466,809)	-	508,872,150	(508,872,150)
Property & equipment	33,686,732	233,202.90	33,453,530	31,691,531	-	31,691,531
Employees' defined benefit plan	243,554,461	-	243,554,461	227,836,317	-	227,836,317
Lease liabilities	-	-	-	-	-	-
Provisions	10,502,826	-	10,502,826	6,643,943	-	6,643,943
Other temporary differences	-	-	-	-	-	-
Deferred tax on temporary differences	292,149,361	509,105,353	(216,955,992)	266,171,790	508,872,150	(242,700,360)
Deferred tax on carry forward of unused tax losses				-	-	-
Deferred tax due to changes in tax rate				-	-	-
Net Deferred tax asset/(liabilities) as on 31 Ashadh, 2080			(216,955,992)			(242,700,360)
Recognised in profit or loss			246,742,282			225,403,256
Recognised in other comprehensive income			(463,698,275)			(468,103,616)
Recognised directly in equity			-			-
Deferred tax (asset)/liabilities as on Shrawan 1, 2079			(74,426,277)			234,177,331
Origination/(Reversal) during the year			(291,382,270)			(8,523,029)
Deferred tax expense/(income) recognised in profit or loss			102,533,416			(162,923,482)
Deferred tax expense/(income) recognised in other comprehensive income			188,848,854			171,446,512
Deferred tax expense/(income) recognised in directly in equity			-			-

Amount in NPR

PARTICULARS	GROUP			BANK		
	CURRENT YEAR			CURRENT YEAR		
	Deferred Tax Assets	Deferred Tax Liabilities	Net Deferred Tax Assets/ (Liabilities)	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	154,469	-	154,469	-	-	-
Investment securities	-	34,347,409	(34,347,409)	-	336,284,781	(336,284,781)
Property & equipment	23,285,011	-	23,285,011	28,529,160	-	28,529,160
Employees' defined benefit plan	(1,778,694)	-	(1,778,694)	(8,868,824)	-	(8,868,824)
Lease liabilities	183,854	-	183,854	-	-	-
Provisions	86,929,046	-	86,929,045.75	82,447,114	-	82,447,114
Other temporary differences	-	-	-	-	-	-
Deferred tax on temporary differences	108,773,686	34,347,409	74,426,277	102,107,450	336,284,781	(234,177,331)
Deferred tax on carry forward of unused tax losses				-	-	-
Deferred tax due to changes in tax rate				-	-	-
Net Deferred tax asset/(liabilities) as on 31 Ashadh, 2080			74,426,277			(234,177,331)
Recognised in profit or loss			116,607,968			110,976,274
Recognised in other comprehensive income			(42,181,691)			(345,153,605)
Recognised directly in equity			-			-
Deferred tax (asset)/liabilities as on Shrawan 1, 2079			171,046,612			888,955,079
Origination/(Reversal) during the year			245,472,890			654,777,748
Deferred tax expense/(income) recognised in profit or loss			109,674,698			(60,086,067)
Deferred tax expense/(income) recognised in other comprehensive income			(355,147,588)			(594,691,681)
Deferred tax expense/(income) recognised in directly in equity			-			-

4.16 Other assets

Amount in NPR

PARTICULARS	GROUP		BANK	
	31 Ashadh 2080	32 Ashadh 2079	31 Ashadh 2080	32 Ashadh 2079
Assets held for sale	257,443,409	3,472,361	257,443,409	3,472,361
Other non banking assets	-	-	-	-
Bills receivable	-	-	-	-
Accounts receivable	611,731,249	270,427,238	482,255,432	221,007,259
Accrued income	-	144,635	-	114,465
Prepayments and deposit	189,195,939	246,294,701	184,129,753	244,027,370
Income tax deposit	46,506,947	22,655,009	46,506,947	22,655,009
Deferred employee expenditure	1,897,005,128	1,190,020,329	1,897,005,128	1,190,020,329
Other	511,924,544	20,090,142	511,924,544	21,330,766
Total	3,513,807,216	1,753,104,415	3,379,265,215	1,702,627,558

4.17 Due to Bank and Financial Institutions

Amount in NPR

PARTICULARS	GROUP		BANK	
	31 Ashadh 2080	32 Ashadh 2079	31 Ashadh 2080	32 Ashadh 2079
Money market deposits	-	-	-	-
Interbank borrowing	902,001,468	1,540,925,558	-	-
Settlement and clearing accounts	-	-	-	-
Other deposits from BFIs	4,067,001,556	1,182,339,970	4,067,001,556	1,182,339,970
Total	4,969,003,023	2,723,265,527	4,067,001,556	1,182,339,970

The balances in accounts maintained with the Bank by other local financial institutions have been presented under this head. Interbank borrowing, interbank deposit, balances on settlement and clearing accounts as well as other amount due to bank and financial institution are also presented under this head.

4.18 Due from Nepal Rastra Bank

Amount in NPR

PARTICULARS	GROUP		BANK	
	31 Ashadh 2080	32 Ashadh 2079	31 Ashadh 2080	32 Ashadh 2079
Refinance from NRB	-	2,569,072,960	-	2,569,072,960
Standing Liquidity Facility	-	-	-	-
Lender of last resort facility from NRB	-	-	-	-
Securities sold under repurchase agreements	-	-	-	-
Other payable to NRB	-	-	-	-
Total	-	2,569,072,960	-	2,569,072,960

The amount payable to NRB includes amount of refinance facilities, standing liquidity facility, lender of last resort, sale and repurchase agreements, deposit from NRB etc.

4.19 Derivative financial instruments Held for trading

Amount in NPR

PARTICULARS	GROUP		BANK	
	31 Ashadh 2080	32 Ashadh 2079	31 Ashadh 2080	32 Ashadh 2079
Interest rate swap	-	-	-	-
Currency swap	-	-	-	-
Forward exchange contract	-	-	-	-
Others	-	-	-	-
Held for risk management	1,896,707,957	363,508,453	1,896,707,957	363,508,453
Interest rate swap	-	-	-	-
Currency swap	-	-	-	-
Forward exchange contract	1,896,707,957	363,508,453	1,896,707,957	363,508,453
Other	-	-	-	-
Total	1,896,707,957	363,508,453	1,896,707,957	363,508,453

4.20 Deposits from customers

Amount in NPR

PARTICULARS	GROUP		BANK	
	31 Ashadh 2080	32 Ashadh 2079	31 Ashadh 2080	32 Ashadh 2079
Institutions customers:				
Term deposits	63,838,553,648	29,655,081,897	64,213,553,648	29,520,378,626
Call deposits	16,656,315,384	10,105,288,832	17,096,481,454	10,268,838,657
Current deposits	17,369,355,507	7,787,251,049	17,377,256,442	7,787,251,049
Other	2,239,904,684	3,063,567,141	2,198,747,117	3,025,759,069
Individual customers:				
Term deposits	115,198,817,697	52,287,107,566	115,198,817,697	52,287,107,566
Saving deposits	81,189,423,902	38,668,945,868	78,906,119,856	36,155,247,832
Current deposits	161,466,161	153,045,386	161,466,161	153,045,386
Other	1,091,033,056	54,766,967	1,091,033,056	54,766,967
Total	297,744,870,039	141,775,054,706	296,243,475,431	139,252,395,152

4.20.1 Currency wise analysis of deposit from customers

Amount in NPR

PARTICULARS	GROUP		BANK	
	31 Ashadh 2080	32 Ashadh 2079	31 Ashadh 2080	32 Ashadh 2079
Nepalese rupee	290,347,988,836	138,742,001,820	288,846,594,228	136,219,342,266
Indian rupee	197,718,679	-	197,718,679	-
United State dollar	7,010,880,533	2,855,374,272	7,010,880,533	2,855,374,272
Great Britain pound	45,007,281	3,216,230	45,007,281	3,216,230
Euro	134,031,247	174,462,383	134,031,247	174,462,383
Japenese yen	-	-	-	-
Chinese yuan	9,228,233	-	9,228,233	-
Other	15,230	-	15,230	-
Total	297,744,870,039	141,775,054,706	296,243,475,431	139,252,395,152

4.21 Borrowing

Amount in NPR

PARTICULARS	GROUP		BANK	
	31 Ashadh 2080	32 Ashadh 2079	31 Ashadh 2080	32 Ashadh 2079
Domestic Borrowing	-	-	-	-
Nepal Government	-	1,540,925,558	-	-
Other Institutions	-	-	-	-
Other	-	-	-	-
Foreign Borrowing	5,080,623,999	6,433,105,999	5,080,623,999	6,433,105,999
Foreign Bank and Financial Institutions	5,080,623,999	6,433,105,999	5,080,623,999	6,433,105,999
Multilateral Development Banks	-	-	-	-
Other Institutions	-	-	-	-
Total	5,080,623,999	6,433,105,999	5,080,623,999	6,433,105,999

4.22 Provisions

Amount in NPR

PARTICULARS	GROUP		BANK	
	31 Ashadh 2080	32 Ashadh 2079	31 Ashadh 2080	32 Ashadh 2079
Provisions for redundancy	-	-	-	-
Provision for restructuring	-	-	-	-
Pending legal issues and tax litigation	-	-	-	-
Onerous contracts	-	-	-	-
Other	-	-	-	-
	-	-	-	-

4.22.1 Movement in provision Balance at Shrawan 1, 2077

Amount in NPR

PARTICULARS	GROUP		BANK	
	31 Ashadh 2080	32 Ashadh 2079	31 Ashadh 2080	32 Ashadh 2079
Provisions made during the year	-	-	-	-
Provisions used during the year	-	-	-	-
Provisions reversed during the year	-	-	-	-
Unwind of discount	-	-	-	-
Balance at Ashadh end, 2078	-	-	-	-

4.23 Other liabilities

Amount in NPR

PARTICULARS	GROUP		BANK	
	31 Ashadh 2080	32 Ashadh 2079	31 Ashadh 2080	32 Ashadh 2079
Liability for employees defined benefit obligations	405,571,683	(3,330,018)	370,955,211	(27,392,584)
Liability for long-service leave	287,640,315	37,550,005	252,604,063	12,053,822
Short-term employee benefits	-	-	-	-
Bills payable	12,919,906	17,486,568	12,919,906	17,486,568
Creditors and accruals	-	-	-	-
Interest payable on deposit	1,080,320,752	284,703,271	1,080,320,752	284,703,271
Interest payable on borrowing	6,307,768	16,253,426	6,307,768	16,253,426
Liabilities on deferred grant income	-	-	-	-
Unpaid Dividend	-	-	-	-
Liabilities under Finance Lease	1,955,030,301	731,852,386	1,942,377,599	713,744,017
Employee bonus payable	348,729,185	263,831,209	338,226,019	236,408,177
Other	4,881,566,540	1,031,992,090	3,906,621,094	1,155,079,526
Total	8,978,086,450	2,380,338,936	7,910,332,412	2,408,336,222

4.23.1 Defined benefit obligations

Amount in NPR

PARTICULARS	GROUP		BANK	
	31 Ashadh 2080	32 Ashadh 2079	31 Ashadh 2080	32 Ashadh 2079
The amounts recognised in the statement of financial position are as follows:				
Present value of unfunded obligations	623,569,577	(15,328,206)	623,569,577	(15,328,206)
Present value of funded obligations	554,774,269	476,677,545	554,774,269	476,677,545
Total present value of obligations	1,178,343,846	461,349,339	1,178,343,846	461,349,339
Fair value of plan assets	554,774,269	476,677,545	554,774,269	476,677,545
Present value of net obligations	623,569,577	(15,328,206)	623,569,577	(15,328,206)
Recognised liability for defined benefit obligations	-	-	-	-

4.23.2 Defined benefit obligations

Amount in NPR

PARTICULARS	GROUP		BANK	
	31 Ashadh 2080	32 Ashadh 2079	31 Ashadh 2080	32 Ashadh 2079
Plan assets				
Plan assets comprise				
Equity securities	-	-	252,-,063	-
Government bonds	-	-	-	-
Bank deposit	-	-	-	-
Other	554,774,269	476,677,545	554,774,269	476,677,545
Total	554,774,269	476,677,545	554,774,269	476,677,545
Actual return on plan assets	44,054,743	33,819,326	44,054,743	33,819,326

4.23.3 Movement in the present value of defined benefit obligations

Amount in NPR

PARTICULARS	GROUP		BANK	
	31 Ashadh 2080	32 Ashadh 2079	31 Ashadh 2080	32 Ashadh 2079
Defined benefit obligations at Shrawan 1, 2079	458,722,957	384,707,391	458,722,957	384,707,391
Actuarial Loss/ (Gain)	(13,230,855)	(46,772,571)	(13,230,855)	(46,772,571)
Benefits paid by the plan	583,090,514	(9,182,210)	583,090,514	(9,182,210)
Current service costs and interest	149,761,230	132,596,729	149,761,230	132,596,729
Defined benefit obligations at Ashadh end, 2080	1,178,343,846	461,349,339	1,178,343,846	461,349,339

4.23.4 Movement in the fair value of plan assets

Amount in NPR

PARTICULARS	GROUP		BANK	
	31 Ashadh 2080	32 Ashadh 2079	31 Ashadh 2080	32 Ashadh 2079
Fair value of plan assets at Shrawan 1, 2079	476,677,545	367,528,019	476,677,545	367,528,019
Contributions paid into the plan	45,991,633	84,512,410	45,991,633	84,512,410
Benefits paid during the year	(11,949,652)	(9,182,210)	(11,949,652)	(9,182,210)
Actuarial Gain/(Loss)	(5,315,110)	(2,455,674)	(5,315,110)	(2,455,674)
Expected return on plan assets	49,369,853	36,275,000	49,369,853	36,275,000
Fair value of plan assets at Ashadh end, 2080	554,774,269	476,677,545	554,774,269	476,677,545

4.23.5 Amount recognised in profit or loss

Amount in NPR

PARTICULARS	GROUP		BANK	
	31 Ashadh 2080	32 Ashadh 2079	31 Ashadh 2080	32 Ashadh 2079
Current service costs	73,194,738	98,355,051	73,194,738	98,355,051
Interest on obligation	27,196,639	(2,033,322)	27,196,639	(2,033,322)
Actuarial (Gain)/loss	(11,193,990)	(34,596,497)	(11,193,990)	(34,596,497)
Expected return on plan assets	(524,513)	-	(524,513)	-
Total	88,672,874	61,725,232	88,672,874	61,725,232

4.23.6 Amount recognised in other comprehensive income

Amount in NPR

PARTICULARS	GROUP		BANK	
	31 Ashadh 2080	32 Ashadh 2079	31 Ashadh 2080	32 Ashadh 2079
Actuarial (Gain)/Loss	3,802,758	(31,276,008)	3,802,758	(31,276,008)
Total	3,802,758	(31,276,008)	3,802,758	(31,276,008)

4.23.7 Actuarial assumptions

Amount in NPR

PARTICULARS	GROUP		BANK	
	31 Ashadh 2080	32 Ashadh 2079	31 Ashadh 2080	32 Ashadh 2079
Discount rate	10.00%	9.50%	10.00%	9.50%
Expected return on plan asset				
Future salary increase	7.00%	7.00%	7.00%	7.00%
Withdrawal rate	11.00%	10.00%	11.00%	10.00%

4.24 Debt securities issued

Amount in NPR

PARTICULARS	GROUP		BANK	
	31 Ashadh 2080	32 Ashadh 2079	31 Ashadh 2080	32 Ashadh 2079
Debt securities issued designated as at fair value through profit or loss	-	-	-	-
Debt securities issued at amortised cost	8,000,000,000	4,000,000,000	8,000,000,000	4,000,000,000
Total	8,000,000,000	4,000,000,000	8,000,000,000	4,000,000,000

The above balance includes "10% Laxmi Bank Debentures, 2086" with total value Rs. 2,000,000,000 with coupon interest rate of 10% payable semi-annually, "8.5% Laxmi Bank Debentures, 2088" with total value Rs. 2,000,000,000 with coupon interest rate of 8.5% payable semi-annually, "10% Sunrise Debentures, 2080" with total value Rs. 1,000,000,000 with coupon interest rate of 10% payable semi-annually and "10.25% Sunrise Debentures, 2083" with total value Rs. 3,000,000,000 with coupon interest rate of 10.25% payable semi-annually.

4.25 Subordinated Liabilities

Amount in NPR

PARTICULARS	GROUP		BANK	
	31 Ashadh 2080	32 Ashadh 2079	31 Ashadh 2080	32 Ashadh 2079
Redeemable preference shares	-	-	-	-
Irredeemable cumulative preference shares (liabilities component)	-	-	-	-
Other	-	-	-	-
Total	-	-	-	-

4.26 Share capital

Amount in NPR

PARTICULARS	GROUP		BANK	
	31 Ashadh 2080	32 Ashadh 2079	31 Ashadh 2080	32 Ashadh 2079
Ordinary shares	21,670,237,860	11,551,345,051	21,670,237,860	11,551,345,051
Convertible preference shares (equity component only)	-	-	-	-
Irredeemable preference shares (equity component only)	-	-	-	-
Perpetual debt (equity component only)	-	-	-	-
Total	21,670,237,860	11,551,345,051	21,670,237,860	11,551,345,051

4.26.1 Ordinary shares

Amount in NPR

PARTICULARS	GROUP		BANK	
	31 Ashadh 2080	32 Ashadh 2079	31 Ashadh 2080	32 Ashadh 2079
Authorized Capital				
220,000,000 Ordinary share of Rs. 100 each			22,000,000,000	12,000,000,000
Issued capital				
216,702,378.60 Ordinary share of Rs. 100 each			21,670,237,860	11,551,345,051
Subscribed and paid up capital				
216,702,378.60 Ordinary share of Rs. 100 each			21,670,237,860	11,551,345,051
Total			21,670,237,860	11,551,345,051

4.26.2 Ordinary share ownership

Amount in NPR

PARTICULARS	BANK			
	31 Ashadh 2080		32 Ashadh 2079	
	Percent	Amount	Percent	Amount
Domestic ownership	100%	21,670,237,860	100%	11,551,345,051
Nepal Government	-	-	-	-
"A" class licensed institutions	-	-	-	-
Other licensed institutions	-	-	-	-
Other Institutions (Promoters)	13.82%	2,995,554,070	23.83%	2,752,777,669
Public	48.95%	10,608,378,765	49.00%	5,660,158,815
Other (Promoters)	37.22%	8,066,305,025	27.17%	3,138,408,566
Foreign ownership	-	-	-	-
Total	100%	21,670,237,860	100%	11,551,345,051

Note: Shareholders holding 0.5% or more Shares

SN	NAME OF SHAREHOLDER	BANK	BANK
1	Laxmi Corp Nepal Pvt. Ltd.	16,862,468	7.78%
2	Citizen Investment Trust	10,029,100	4.63%
3	Sarika Khetan	9,036,728	4.17%
4	Sneha Khetan	8,464,396	3.91%
5	Motilal Dugar	6,010,746	2.77%
6	Malchand Dugar	5,203,699	2.40%
7	Ratan Lal Sanghai	5,180,282	2.39%
8	Gopi Krishna Sikaria	5,102,306	2.35%
9	Rajendra Kumar Khetan	5,099,014	2.35%
10	Himalayan Exim Private Ltd	4,263,055	1.97%
11	Kailash Chandra Goyal	4,092,264	1.89%
12	Shrawan Kumar Goyal	3,496,897	1.61%
13	Surendra Dugar	3,052,599	1.41%
14	Vivek Dugar	2,891,333	1.33%
15	MTC Investment Pvt. Ltd.	2,773,742	1.28%
16	Bachh Raj Tater	2,492,658	1.15%
17	Rastriya Beema Sansthan	2,152,986	0.99%
18	Puja Agrawal Khetan	1,858,519	0.86%
19	Nidhi Dugar	1,811,214	0.84%
20	Pooja Dugar	1,712,806	0.79%
21	Shradha Dugar	1,683,750	0.78%
22	Vivek Tater	1,674,438	0.77%
23	Vishal Tater	1,661,773	0.77%
24	Saurav Tater	1,661,773	0.77%
25	Srinivas Sarda	1,661,770	0.77%
26	Om Prakash Sikaria	1,649,397	0.76%
27	Priyanka Agrawal	1,378,712	0.64%
28	Saroj Dugar	1,302,746	0.60%
29	Jamuna Poudyal	1,198,821	0.55%
30	Radheshyam Sarda	1,185,510	0.55%
31	Pawan Kumar Sarda	1,185,509	0.55%
32	Shiva Ratan Sarda	1,185,509	0.55%
33	Shubham Dugar	1,167,164	0.54%
34	Bhogendra Kumar Guragain	1,134,479	0.52%
35	Kavita Lohia	1,113,737	0.51%
36	Manav Agarwal	1,100,063	0.51%

4.27 Reserves

Amount in NPR

PARTICULARS	GROUP		BANK	
	31 Ashadh 2080	32 Ashadh 2079	31 Ashadh 2080	32 Ashadh 2079
Statutory general reserve	6,016,965,930	2,584,048,918	5,889,658,444	2,451,321,291
Exchange equilisation reserve	77,611,894	32,150,857	77,611,894	32,150,857
Corporate social responsibility reserve	46,092,392	20,156,151	42,282,378	15,211,565
Capital Redemption Reserve	3,388,888,889	444,444,444	3,388,888,889	444,444,444
Regulatory reserve	2,906,890,273	458,849,272	2,894,257,793	428,517,368
Investment adjustment reserve	4,181,416	4,181,416	3,000,000	3,000,000
Capital reserve	(57,267,928)	-	-	-
Assets revaluation reserve	330,759,521	-	330,759,521	-
Fair value reserve	1,637,906,565	94,385,198	1,637,949,019	784,664,489
Dividend equalisation reserve	-	-	-	-
Actuarial gain	95,126,580	11,053,485	95,126,580	20,693,923
Special reserve	-	-	-	-
Other reserve	475,076,701	20,016,048	466,827,367	8,865,092
Total	14,922,232,232	3,669,285,788	14,826,361,885	4,188,869,029

Statutory 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.

Exchange equalization is maintained as per requirement of Bank and Financial Institutions Act, 2073. 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.

Corporate Social Responsibility reserve of 1% of net profit is maintained as per Nepal Rastra Bank Directive.

Regulatory reserves includes any amount derived as result of NFRS conversion and adoption with effect in retained earning.

Investment Adjustment Reserve is created against quoted and unquoted share investments as per NRB Directives.

4.28 Contingent liabilities and commitments			Amount in NPR	
PARTICULARS	GROUP		BANK	
	31 Ashadh 2080	32 Ashadh 2079	31 Ashadh 2080	32 Ashadh 2079
Contingent liabilities	92,397,596,202	56,362,135,173	92,397,596,202	56,362,135,173
Undrawn and undisbursed facilities	25,528,427,239	11,956,824,764	25,528,427,239	11,956,824,764
Capital commitment	-	-	-	-
Lease Commitment	-	-	-	-
Litigation	414,544,337	123,068,695	413,603,812	122,128,171
Total	118,340,567,777	68,442,028,631	118,339,627,253	68,441,088,107
4.28.1 Contingent liabilities			Amount in NPR	
PARTICULARS	GROUP		BANK	
	31 Ashadh 2080	32 Ashadh 2079	31 Ashadh 2080	32 Ashadh 2079
Acceptance and documentary credit	35,098,109,501	31,443,980,291	35,098,109,501	31,443,980,291
Bills for collection	20,014,485,553	471,211,861	20,014,485,553	471,211,861
Forward exchange contracts	-	362,811,521	-	362,811,521
Guarantees	37,285,001,148	24,072,247,832	37,285,001,148	24,072,247,832
Underwriting commitment	-	-	-	-
Other commitments	-	11,883,667	-	11,883,667
Total	92,397,596,202	56,362,135,173	92,397,596,202	56,362,135,173
4.28.2 Undrawn and undisbursed facilities			Amount in NPR	
PARTICULARS	GROUP		BANK	
	31 Ashadh 2080	32 Ashadh 2079	31 Ashadh 2080	32 Ashadh 2079
Undisbursed amount of loans	15,675,930,117	6,874,367,749	15,675,930,117	6,874,367,749
Undrawn limits of overdrafts	9,852,497,122	5,082,457,015	9,852,497,122	5,082,457,015
Undrawn limits of credit cards	-	-	-	-
Undrawn limits of letter of credit	-	-	-	-
Undrawn limits of guarantee	-	-	-	-
Total	25,528,427,239	11,956,824,764	25,528,427,239	11,956,824,764
4.28.3 Capital commitments			Amount in NPR	
PARTICULARS	GROUP		BANK	
	31 Ashadh 2080	32 Ashadh 2079	31 Ashadh 2080	32 Ashadh 2079
Capital expenditure approved by relevant authority of the bank but provision has not been made in financial statements.				
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			Amount in NPR	
PARTICULARS	GROUP		BANK	
	31 Ashadh 2080	32 Ashadh 2079	31 Ashadh 2080	32 Ashadh 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				
Later than 1 year but not later than 5 years				
Later than 5 years				
Sub total	-	-	-	-
Grand total				
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 which is explained in detail in Note 5.6.1. Other litigations include cases pending in various courts & tribunal in Nepal pertaining to assets recovered from the borrowers.				

4.29 Interest income

Amount in NPR

PARTICULARS	GROUP		BANK	
	31 Ashadh 2080	32 Ashadh 2079	31 Ashadh 2080	32 Ashadh 2079
Cash and cash equivalent	402,639,060	87,909,641	418,304,772	87,072,970
Due from Nepal Rastra Bank	-	-	-	-
Placement with bank and financial institutions	28,410,859	24,788,118	-	-
Loan and advances to bank and financial institutions	-	-	-	-
Loans and advances to customers	18,117,249,597	12,991,853,787	17,410,431,220	12,168,952,403
Investment securities	977,004,046	596,836,367	971,598,270	591,836,765
Loan and advances to staff	266,119,169	218,813,815	266,135,504	212,270,609
Other	-	-	-	-
Total interest income	19,791,422,730	13,920,201,729	19,066,469,766	13,060,132,747

Interest income on cash and cash equivalents, loans and advances and investment securities are included under this head. These income are accounted on accrual basis. However, interest on loans and advances to customers due as on the balance sheet date but not recovered is transferred to regulatory reserve from retained earning as per NRB Directives.

4.30 Interest expense

Amount in NPR

PARTICULARS	GROUP		BANK	
	31 Ashadh 2080	32 Ashadh 2079	31 Ashadh 2080	32 Ashadh 2079
Due to bank and financial institutions	601,747,946	380,793,264	448,990,093	237,733,336
Due to Nepal Rastra Bank	28,303,980	123,947,310	28,303,980	123,947,310
Deposits from customers	12,334,758,013	8,689,060,201	12,169,730,120	8,521,095,148
Borrowing	314,107,882	-	314,107,882	-
Debt securities issued	370,000,000	366,356,164	370,000,000	366,356,164
Subordinated liabilities	-	-	-	-
Other	50,174,662	50,630,921	48,646,919	50,630,921
Total interest expense	13,699,092,484	9,610,787,860	13,379,778,995	9,299,762,880

4.31 Fees and Commission Income

Amount in NPR

PARTICULARS	GROUP		BANK	
	31 Ashadh 2080	32 Ashadh 2079	31 Ashadh 2080	32 Ashadh 2079
Loan administration fees	433,529,147	423,732,649	381,054,832	319,290,344
Service fees	171,355,845	273,339,768	84,330,028	166,151,191
Consortium fees	-	-	-	-
Commitment fees	6,625,101	16,701,765	6,625,101	16,701,765
DD/TT/Swift fees	30,637,355	32,867,594	30,637,355	32,867,594
Credit card/ATM issuance and renewal fees	251,022,035	195,893,117	251,022,035	195,893,117
Prepayment and swap fees	-	-	-	-
Investment banking fees	-	-	-	-
Asset management fees	-	-	-	-
Brokerage fees	-	-	-	-
Remittance fees	37,015,219	26,480,008	37,015,219	26,480,008
Commission on letter of credit	170,220,724	133,271,796	170,220,724	133,271,796
Commission on guarantee contracts issued	238,501,714	226,410,606	238,501,714	226,410,606
Commission on share underwriting/issue	9,952,026	4,340,149	-	-
Locker rental	11,443,250	8,705,875	11,443,250	8,705,875
Other fees and commission income	-	30,802,845	3,500,331	30,802,845
Total fees and Commission Income	1,360,302,416	1,372,546,172	1,214,350,589	1,156,575,141

4.32 Fees and Commission Expense

Amount in NPR

PARTICULARS	GROUP		BANK	
	31 Ashadh 2080	32 Ashadh 2079	31 Ashadh 2080	32 Ashadh 2079
ATM management fees	101,512,934	13,842,460	101,512,934	13,842,460
VISA/Master card fees	49,527,256	61,851,098	49,527,256	61,851,098
Guarantee commission	-	-	-	-
Brokerage	-	-	-	-
DD/TT/Swift fees	-	-	-	-
Remittance fees and commission	-	-	-	-
Other fees and commission expense	76,373,707	132,652,852	79,887,107	123,768,103
Total fees and Commission Expense	227,413,897	208,346,410	230,927,297	199,461,660

4.33 Net trading income

Amount in NPR

PARTICULARS	GROUP		BANK	
	31 Ashadh 2080	32 Ashadh 2079	31 Ashadh 2080	32 Ashadh 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 on foreign exchange transaction	214,107,234	270,705,091	214,107,234	270,705,091
Other	-	-	-	-
Net trading income	214,107,234	270,705,091	214,107,234	270,705,091

Trading income comprises gains less losses relating to trading assets and liabilities, and includes all realized interest, dividend and foreign exchange differences as well as unrealized changes in fair value of trading assets and liabilities. Foreign exchange transactions results include gains and losses from spot and forward contracts and translated foreign currency assets and liabilities.

4.34 Other operating income

Amount in NPR

PARTICULARS	GROUP		BANK	
	31 Ashadh 2080	32 Ashadh 2079	31 Ashadh 2080	32 Ashadh 2079
Foreign exchange revaluation gain	2,631,813	799,934	2,631,813	799,934
Gain/(loss) on sale of investment securities	318,535,768	(109,359,084)	318,520,806	(119,530,689)
Fair value gain/loss on investment properties	-	-	-	-
Dividend on equity instruments	144,345,760	324,528,091	137,052,435	388,943,853
Gain/loss on sale of property and equipment	945,157	4,162,697	955,933	1,362,697
Gain/loss on sale of investment property	-	-	-	-
Operating lease income	-	-	-	-
Gain/loss on sale of gold and silver	-	-	-	-
Locker rent	-	-	-	-
Other	45,613,058	46,679,418	45,613,058	66,925,968
Total	512,071,556	266,811,056	504,774,045	338,501,764

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

Amount in NPR

PARTICULARS	GROUP		BANK	
	31 Ashadh 2080	32 Ashadh 2079	31 Ashadh 2080	32 Ashadh 2079
Impairment charge/(reversal) on loan and advances to B/Fls	(27,628,229)	16,695,611	22,904,874	35,264,253
Impairment charge/(reversal) on loan and advances to customer	1,191,027,244	579,002,251	1,037,794,658	518,904,960
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	-	-	-	-
Total	1,163,399,015	595,697,861	1,060,699,532	554,169,213

4.36 Personnel Expense

Amount in NPR

PARTICULARS	GROUP		BANK	
	31 Ashadh 2080	32 Ashadh 2079	31 Ashadh 2080	32 Ashadh 2079
Salary	1,097,020,083	972,751,896	963,958,757	860,376,719
Allowances	239,852,346	198,805,749	79,013,548	66,863,231
Gratuity expense	100,747,002	59,637,145	88,672,874	49,440,187
Provident fund	68,527,072	61,071,749	55,344,963	49,914,274
Uniform	-	-	-	-
Training & development expense	41,616,227	23,306,884	35,162,470	17,865,487
Leave encashment	28,731,698	34,794,167	20,731,698	26,704,435
Medical	46,536,866	40,462,898	46,536,866	40,462,898
Insurance	27,182,417	23,569,545	26,437,902	22,890,935
Employees incentive	1,807,102	10,697,318	1,807,102	10,697,318
Cash-settled share-based payments	-	-	-	-
Pension expense	-	-	-	-
Finance expense under NFRS	150,725,403	92,039,030	112,532,277	92,039,030
Other expenses related to staff	124,218,361	146,897,938	115,634,890	137,068,869
Subtotal	1,926,964,575	1,664,034,319	1,545,833,347	1,374,323,384
Employees bonus	344,941,423	263,831,209	338,226,019	236,408,177
Grand total	2,271,905,999	1,927,865,528	1,884,059,366	1,610,731,560

Provision for staff bonus is a mandatory requirement under the requirement of the Bonus Act, 2030. All expenses related to employees of a bank has been included under this head. Expenses covered under this head include employees' salary, allowances, gratuity, contribution to provident fund, training expenses, insurance, staff bonus, finance expense under NFRS etc. Staff Loans are fair valued using the market rates.

4.37 Other operating expense

Amount in NPR

PARTICULARS	GROUP		BANK	
	31 Ashadh 2080	32 Ashadh 2079	31 Ashadh 2080	32 Ashadh 2079
Directors' fee	2,869,000	2,079,000	1,899,000	1,109,000
Directors' expense	937,278	484,065	318,193	270,500
Auditors' remuneration	1,808,000	1,808,000	1,243,000	1,243,000
Other audit related expense	724,512	539,648	621,500	452,000
Professional and legal expense	9,243,657	7,316,277	7,424,006	6,344,950
Office administration expense	851,437,888	684,782,457	779,866,237	632,889,234
Operating lease expense	20,087,203	24,463,708	7,565,664	5,510,972
Operating expense of investment properties	-	-	-	-
Corporate social responsibility expense	9,617,062	14,214,245	9,617,062	14,214,245
Onerous lease provisions	-	-	-	-
Other	8,567,509	15,902,788	13,198,604	15,834,127
Total	905,292,109	751,590,188	821,753,267	677,868,028

All operating expenses other than those relating to personnel expense are recognized and presented under this account head. The expenses covered under this account head includes office administration expense, other operating and overhead expense, directors' emoluments, remuneration and audit fee paid to auditors, professional and legal expense, branch closure cost expense, redundancy cost expense, expense of restructuring, impairment of non financial assets, expense of corporate social responsibility, onerous lease provisions etc. No individual operating lease has terms and conditions that significantly affect the amount, timing and certainty of the consolidated cash flows of the Bank.

4.37.1 Office administration expense

Amount in NPR

PARTICULARS	GROUP		BANK	
	31 Ashadh 2080	32 Ashadh 2079	31 Ashadh 2080	32 Ashadh 2079
Water and Electricity	40,907,084	39,855,301	38,741,202	37,728,480
Repair and maintenance	55,116,488	34,468,931	54,321,915	33,582,263
a) Building	8,033,226	1,736,109	8,033,226	1,736,109
b) Vehicle	4,175,713	4,177,610	3,459,599	3,369,303
c) Computer and accessories	10,639,040	4,169,053	10,639,040	4,169,053
d) Office Equipment and Furniture	30,036,921	24,307,799	30,036,921	24,307,799
e) Others	2,231,588	78,360	2,153,128	-
Insurance	9,773,116	6,949,942	9,059,789	5,855,326
Postage, telex, telephone, fax	32,990,555	14,742,709	30,706,314	12,359,748
Printing and Stationery	26,446,821	30,099,991	23,176,772	26,950,157
Newspaper, books and journals	371,544	316,585	217,340	268,025
Advertisement	81,793,203	58,066,345	80,178,664	56,731,849
Donation	-	-	-	-
Security expenses	154,233,128	149,568,695	153,814,354	149,152,460
Deposit and loan guarantee premium	54,589,866	36,619,818	54,589,866	36,619,818
Travel allowance and expenses	89,609,105	78,089,225	83,267,205	71,882,263
Entertainment	16,218,021	16,612,173	16,218,021	13,369,198
Annual/ special general meeting expense	2,581,082	1,191,147	2,041,784	840,023
Other	286,807,877	218,201,594	233,533,012	187,549,623
a) Fixed asset revenue expense	8,050,698	12,888,866	5,053,587	9,402,571
b) IT and other subscriptions	107,451,001	93,425,251	103,551,994	91,140,177
c) Others	171,306,179	111,887,477	124,927,431	87,006,874
Total	851,437,888	684,782,457	779,866,237	632,889,234

4.38 Depreciation & Amortisation

Amount in NPR

PARTICULARS	GROUP		BANK	
	31 Ashadh 2080	32 Ashadh 2079	31 Ashadh 2080	32 Ashadh 2079
Depreciation on property and equipment	331,008,935	309,446,828	310,241,705	294,268,417
Depreciation on investment property	-	-	-	-
Amortisation of intangible assets	40,356,593	38,888,079	36,205,226	35,533,845
Total	371,365,528	348,334,907	346,446,931	329,802,262

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life. Amortization is the systematic allocation of the depreciable amount of an intangible asset over its useful life. Depreciation measured and recognized as per NFRS on property and equipment, and investment properties, and amortization of intangible assets is presented under this head.

4.39 Non operating income

Amount in NPR

PARTICULARS	GROUP		BANK	
	31 Ashadh 2080	32 Ashadh 2079	31 Ashadh 2080	32 Ashadh 2079
Recovery of loan written off	8,431,372	10,335,395	8,246,854	10,303,903
Other income	127,360	153,423	127,360	153,423
Total	8,558,732	10,488,817	8,374,214	10,457,326

4.40 Non operating expense

Amount in NPR

PARTICULARS	GROUP		BANK	
	31 Ashadh 2080	32 Ashadh 2079	31 Ashadh 2080	32 Ashadh 2079
Loan written off	240,376,287	36,902,873	240,376,287	36,902,873
Redundancy provision	-	-	-	-
Expense of restructuring	-	-	-	-
Other expense	-	-	-	-
Total	240,376,287	36,902,873	240,376,287	36,902,873

4.41 Income tax expense

Amount in NPR

PARTICULARS	GROUP		BANK	
	31 Ashadh 2080	32 Ashadh 2079	31 Ashadh 2080	32 Ashadh 2079
Current tax expense	940,585,327	761,744,241	921,718,815	674,306,770
Current year	940,585,327	761,744,241	921,718,815	674,306,770
Adjustments for prior years	-	-	-	-
Deferred tax expense	(153,754,522)	(83,062,033)	(162,923,482)	(60,086,067)
Origination and reversal of temporary differences	(153,754,522)	(83,062,033)	(162,923,482)	(60,086,067)
Changes in tax rate	-	-	-	-
Recognition of previously unrecognised tax losses	-	-	-	-
Total income tax expense	786,830,804	678,682,208	758,795,333	614,220,703

The amount of income tax on net taxable profit is recognized and presented under this account head. This account head includes current tax expense and deferred tax expense/deferred tax income.

4.41.1 Reconciliation of tax expense and accounting profit

Amount in NPR

PARTICULARS	GROUP		BANK	
	31 Ashadh 2080	32 Ashadh 2079	31 Ashadh 2080	32 Ashadh 2079
Profit before tax	3,007,617,349	2,361,227,238	3,044,034,173	2,127,673,590
Tax amount	902,285,205	708,368,171	913,210,252	638,302,077
Add: Tax effect of expenses that are not deductible for tax purpose	45,080,045	71,638,546	36,921,831	63,480,332
Less: Tax effect on exempt income	(28,431,643)	(27,494,014)	(28,413,268)	(27,475,638)
Add/less: Tax effect on other items	(132,102,833)	(73,830,496)	(162,923,482)	(60,086,067)
Total income tax expense	786,830,774	678,682,208	758,795,333	614,220,703
Effective tax rate	26.16%	28.74%	24.93%	28.87%

Comparison of Unaudited and Audited Financial Statements

As of FY 2079/80

Rs. in '000'

STATEMENT OF FINANCIAL POSITION	AS PER UNAUDITED FINANCIAL STATEMENT	AS PER AUDITED FINANCIAL STATEMENT	VARIANCE		REASONS FOR VARIANCE
			IN AMOUNT	IN %	
Assets					
Cash and cash equivalent	28,427,915	18,187,735	(10,240,180)	-36%	
Due from NRB and placements with BFIs	8,940,332	21,466,140	12,525,808	140%	Regrouping of items
Loan and advances	258,431,996	255,557,623	(2,874,373)	-1%	Fair Value adjustment of Staff Loans, Additional LLP
Investments Securities	54,862,551	53,360,548	(1,502,004)	-3%	
Investment in subsidiaries and associates	878,308	893,168	14,860	2%	
Property and Equipment	4,248,895	4,864,930	616,035	14%	Lease accounting as per NFRS 16, Revaluation of assets acquired on merger
Goodwill and intangible assets	65,414	523,745	458,332	701%	Calculation of Goodwill on merger
Other assets	6,882,730	6,811,884	(70,845)	-1%	Regrouping of items
Total Assets	362,738,141	361,665,773	(1,072,368)	0%	
Capital and Liabilities					
Paid up Capital	21,670,238	21,670,238	-	0%	
Reserves and surplus	15,937,699	16,554,694	616,995	4%	Cumulative impact of different adjustments
Deposits	300,310,477	300,310,477	-	0%	Regrouping of items
Borrowings	5,080,624	5,080,624	-	0%	
Bond and Debenture	8,000,000	8,000,000	-	0%	
Other liabilities and provisions	12,527,803	10,049,741	(2,478,063)	-20%	Regrouping of items
Total Capital and Liabilities	363,526,841	361,665,773	(1,861,068)	-1%	
Statement of Profit or Loss					
Interest income	18,879,802	19,066,470	186,668	1%	Amortization of Staff Loan
Interest expense	(13,372,676)	(13,379,779)	(7,103)	0%	Regrouping of items
Net interest income	5,507,125	5,686,691	179,565	3%	
Fee and commission income	1,215,608	1,214,351	(1,258)	0%	Regrouping of items
Fee and commission expense	(224,956)	(230,927)	(5,971)	3%	Regrouping of items
Net fee and commission income	990,652	983,423	(7,229)	-1%	
Other operating income	727,649	718,881	(8,767)	-1%	Reversal of Deferred Rent Expenses
Total operating income	7,225,426	7,388,995	163,569	2%	
Impairment charge/(reversal) for loans and other losses	(915,637)	(1,060,700)	(145,063)	16%	Adjustments suggested by external auditor and supervisor
Net operating income	6,309,789	6,328,296	18,507	0%	
Personnel expenses	(1,839,888)	(1,884,059)	(44,172)	2%	Amortization of Staff Loan, Adjustment of Staff Bonus
Other operating expenses	(1,047,147)	(1,168,200)	(121,053)	12%	Lease accounting as per NFRS 16
Operating profit	3,422,754	3,276,036	(146,718)	-4%	
Non operating income/expense	(227,544)	(232,002)	(4,458)	2%	
Profit before tax	3,195,210	3,044,034	(151,176)	-5%	
Income tax	(933,322)	(758,795)	174,526	-19%	Cumulative tax effect of different adjustments
Profit /(loss) for the period	2,261,889	2,285,239	23,350	1%	
Other comprehensive income	196,199	447,473	251,274	128%	Adjustment as per final actuary report
Total comprehensive income	2,458,087	2,732,712	274,625	11%	
Distributable Profit					
Net profit/(loss) as per profit or loss	2,261,889	2,285,239	23,350	1%	
Add/Less: Regulatory adjustment as per NRB Directive	(324,757)	(556,907)	(232,150)	71%	Adjustment for interest recovery
Free profit/(loss) after regulatory adjustments	1,937,131	1,728,332	(208,799)	-11%	



INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF LAXMI SUNRISE BANK LIMITED

Report on the Audit of the consolidated Financial statements

Opinion

We have audited the consolidated financial statements of Laxmi Sunrise Bank Limited and its subsidiaries (referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 Ashad 2080 (16 July 2023), and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of cash flows, consolidated statement of changes in equity for the period from 1 Sharwan 2079 to 31 Ashad 2080 and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 Ashad 2080 (16 July 2023), its consolidated financial performance and its consolidated 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 consolidated Financial Statements section of our report. We are independent of the Group in accordance with ICAN, Handbook of Code of Ethics for Professional Accountants, together with the ethical requirements that are relevant to our audit of financial statements in Nepal, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAN's Handbook of 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 those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

a) Information Technology ('IT') systems and controls impacting financial reporting in relation to the Bank	
Key Audit Matter	How our audit addressed the key audit matter
<p>The IT environment of the Bank is complex and involves a large number of independent and interdependent IT systems used in the operations of the Bank for processing and recording a large volume of transactions at numerous locations.</p> <p>The accuracy and reliability of the financial reporting process depend on the IT systems and the related control environment, including:</p> <ul style="list-style-type: none"> • IT general controls over user access management and change management across applications, networks, databases, and operating systems. • IT application controls. <p>Due to the pervasive nature, complexity and importance of the impact of the IT systems and related control environment on the Bank's financial reporting process, we have identified testing of such IT systems and related control environment as a Key Audit Matter for the current year audit.</p>	<p>In assessing the integrity of the IT systems relevant to financial reporting, our team obtained an understanding of the IT infrastructure and IT systems relevant to the Bank's financial reporting process for evaluation and testing of relevant IT general controls and IT application controls.</p> <p>We gathered a comprehensive understanding of IT applications landscape implemented at the Bank. It was followed by process understanding, mapping of applications to the same and understanding financial risks posed by people-process and technology. We also assessed the operating effectiveness of controls over granting, removal and periodical review of access rights. We further tested the segregation of duties, including preventive controls to ensure that access to change applications, the operating system, or databases in the production environment was granted only to authorized personnel.</p> <p>Other areas that were assessed under the IT control environment were whether requests for access to systems were appropriately logged, reviewed and authorized. Entity level controls pertaining to policy and procedure were also part of our audit procedure.</p> <p>Where deficiencies were identified, we tested compensating controls or performed alternate procedures.</p>

b) Identification and provisioning for non-performing assets ('NPAs') in relation to the Bank Total Loans and Advances (Net of Provision) as at 31 Ashad 2080: NPR 255,558 million; Provision for NPA as at 31 Ashad 2080: NPR 8,695 million. (Refer Schedule 4.6, 4.7 and Note 3.4.3 of Schedule 3 to the financial statements)

Key Audit Matter	How our audit addressed the key audit matter
<p>The Nepal Rastra Bank ("NRB") guidelines on the recognition of Interest Income and Unified Directives prescribe the prudential norms for Income Recognition, Identification and Classification of Non-Performing Advances, and Provisioning for Loans and Advances.</p> <p>The Bank is also required to apply its judgement to determine the identification and provision required against NPAs by applying quantitative as well as qualitative factors.</p> <p>The risk of identification of NPAs is affected by factors like stress and liquidity concerns in certain sectors.</p> <p>The provisioning for identified NPAs is estimated based on ageing and classification of NPAs, recovery estimates, the value of security and other qualitative factors and is subject to the minimum provisioning norms specified by NRB and impairment of risk assets as per carve out provided by ICAN.</p> <p>The identification of NPAs and provisioning for advances require a significant level of estimation and given its significance to the overall audit including possible observation by NRB which could result in disclosure in the financial statements.</p> <p>The risk of deficit in collateral as required by NRB Directives 2 for the credit facility provided to various borrowers which may cause financial loss to the Bank.</p> <p>Considering the significance of the above matter to the financial statements, the heightened regulatory inspections and the significant auditor attention required, we have identified this as a Key Audit Matter for the current year's audit.</p>	<p>Our key procedures included, but were not limited to, the following: We understood the process & controls, and tested the design and operating effectiveness of key controls, including IT-based controls, focusing on the following:</p> <ul style="list-style-type: none"> a) Approval of new lending facilities against the Bank's credit policies and the performance of annual loan assessments. b) Controls over the monitoring of credit quality which amongst other things included, the monitoring of overdue reports, drawing power limits, pending security creation. c) Identification and classification of NPAs in line with NRB's circular, the requirement as per carve out on NFRS 9 provided by the Bank and certain qualitative aspects; and d) Assessment of adequacy of NPA provisions being the higher of NRB norms and carve out on NFRS 9 provided by ICAN. <p>To test the identification of loans with default events and other triggers, we selected a sample of performing loans and independently assessed whether there was a need to classify such loans as NPAs.</p> <p>Performed inquiries with the credit and risk departments to ascertain if there were indicators of stress or an occurrence of an event of default in a particular loan account or any product category which needed to be considered as NPA.</p> <p>Held specific discussions with the management of the Bank on sectors where there is perceived credit risk and the steps taken to mitigate the risks to identified sectors.</p> <p>As per our review of the impairment calculation, we noted that the impairment is calculated higher of the following prescribed method:</p> <ul style="list-style-type: none"> i. NRB Regulation; ii. NFRS Pronouncement

c) Goodwill and its impairment testing

Key Audit Matter	How our audit addressed the key audit matter
<p>Following the merger with Sunrise Bank Limited during the year, the Bank has calculated goodwill based on fair value on the date of acquisition, duly certified by the independent valuer/expert. The bank is required to test the amount of goodwill for impairment annually, which is complex, highly judgmental, and based on several assumptions and indicators that are affected by expected future market and economic conditions.</p> <p>(Refer: Note 3.8, 5.8 and 4.14 of the financial statement)</p>	<p>Our audit approach regarding recognition of goodwill is based upon NFRS 3 Business Combination, with consideration to the explanatory notes prescribed by The Institute of Chartered Accountants of Nepal (ICAN) as well as the Guidelines on Merger and Acquisition of Banks and Financial Institutions issued by Nepal Rastra Bank and it included:</p> <ul style="list-style-type: none"> a) Reviewing the calculation and recognition of goodwill based on the agreed prices (as per due diligence report) including the terms and conditions of the merger and acquisition in line with the above guidance note. b) Reviewing the fair value calculation at the acquisition date of both banks and report of independent consultant in this respect. c) Reviewing impairment testing of goodwill including the assumptions and other indicators taken by the Bank.

Other Matters

The audit of the financial statement of the erstwhile Sunrise Bank Limited as at 13 July 2023, the date of the merger, was carried out by another auditor and we conducted the audit of the financial statement of the merged entity, Laxmi Sunrise Bank Limited, as of 16 July 2023.

As disclosed in Note 2 "Basis of preparation", the financial statement of the subsidiary company - Laxmi Laghubitta Bittiya Sanstha Limited considered in the consolidated financial statements are certified by the management (not yet approved by the regulatory body), and our opinion on the consolidated financial statements in so far as it relates to the amounts and disclosures included in respect of the subsidiary is based solely on such management certified financial statements.

Our opinion on the consolidated financial statements is not modified in respect of the above matters with respect to the management-certified financial statements.

Other Matters

The audit of the financial statement of the erstwhile Sunrise Bank Limited as at 13 July 2023, the date of the merger, was carried out by another auditor and we conducted the audit of the financial statement of the merged entity, Laxmi Sunrise Bank Limited, as of 16 July 2023.

As disclosed in Note 2 "Basis of preparation", the financial statement of the subsidiary company - Laxmi Laghubitta Bittiya Sanstha Limited considered in the consolidated financial statements are certified by the management (not yet approved by the regulatory body), and our opinion on the consolidated financial statements in so far as it relates to the amounts and disclosures included in respect of the subsidiary is based solely on such management certified financial statements.

Our opinion on the consolidated financial statements is not modified in respect of the above matters with respect to the management-certified financial statements.

Information other than the Consolidated Financial Statements and Auditor's Report thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, including the report of the Board of Directors, but does not include the consolidated financial statements and our auditor's report thereon. The annual report including the report of the Board of Directors is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated 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 consolidated 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 consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report including the report of the Board of Directors, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 Bank 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 Responsibility for Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group'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 Group'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 Group to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

1. Reporting Entity

Laxmi Sunrise Bank Limited ("Laxmi Sunrise" or "the Bank") is a limited liability company domiciled in Nepal, incorporated in April 2002 as per the Companies Act of Nepal. The address of its registered office is Hattisar, Nepal. The Bank is a Class "A" financial institution licensed by Nepal Rastra Bank. The Bank network includes 284 branches across 59 districts, 28 extension counters, 341 ATM's, over 2,500 remittance agents and 198 branchless banking agents spread across the country. The Bank has a primary listing on the Nepal Stock Exchange Limited as "LSL".

1.1. Subsidiaries

The Bank has four subsidiaries namely Laxmi Capital Market Limited, Sunrise Capital Limited, Laxmi Laghubitta Bittiya Sanstha Limited and Sunrise Securities Limited.

- Laxmi Capital Market Limited (LCML) is a wholly owned subsidiary of the Bank and was incorporated on 21 May 2009 as a public limited company as per the Companies Act 2063 and licensed by the Securities Board of Nepal under the Securities Businessperson (Merchant Banker) Regulations, 2008 to provide merchant banking and investment banking services.
- Sunrise Capital Limited (SCL) is a wholly owned subsidiary of the Bank and was incorporated on 3 October 2010 as a public limited company as per the Companies Act 2063 and licensed by the Securities Board of Nepal under the Securities Businessperson (Merchant Banker) Regulations, 2008 to provide merchant banking and investment banking services.
- Laxmi Laghubitta Bittiya Sanstha Limited (LLBS) is a microfinance subsidiary of the Bank and was incorporated on 30 November 2010 as a public limited company under the Companies Act, 2063 and licensed by Nepal Rastra Bank as "D" class financial institution having registered office at Kathmandu, Nepal. The principal activities involved extending banking products and services to the deprived sectors/communities. Laxmi Sunrise holds 70% shares of the company while the remaining 30% is held by the public. The shares of LLBS are listed on the Nepal Stock Exchange Limited as "LLBS".
- Sunrise Securities Limited (SSL) is a wholly owned subsidiary of the Bank and was incorporated on 19 January 2020 as a public limited company as per the Companies Act 2063 and is in process of obtaining license from the Securities Board of Nepal under the Securities Businessperson (Securities Broker & Dealer) Regulations, 2008 to provide securities brokerage services.

The financial year of all of the subsidiaries is the same as that of the Bank ending on 16 July 2023 (31 Ashad 2080).

- "The group" represents the Bank and its subsidiaries.

2. Basis of Preparation

The financial statements of the Bank have been prepared 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) and as per the format issued by Nepal Rastra Bank in Directive No. 4 of NRB Directives, 2079.

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

Group financial statements have been prepared by consolidating the standalone financial statements of the Bank along with audited financial statements of Laxmi Capital Market Ltd (LCML), Sunrise Capital Limited (SCL), Sunrise Securities Limited (SSL) and management certified financial statements of Laxmi Laghubitta Bittiya Sanstha Ltd (LLBS). The management certified financial statements for

LLBS are pending approval from regulatory authorities and subject to final opinion from the Auditors. Therefore, the consolidated financial statements may be subject to changes on receipt of Audited Financial Statements of LLBS. However, the management believes that such changes, if any, shall not have any material impact on the consolidated Financial Statements.

2.1 Statement of Compliance

The financial statements have been prepared and approved by the Board of Directors 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) subject to the notices dated 10 November 2020 and 18 July 2022 regarding the Carve-outs in NFRS with Alternative Treatment and in the format issued by Nepal Rastra Bank in Directive No. 4 of NRB Directives, 2079.

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

2.2 Reporting period and approval of financial statements

The Bank has, for the preparation of financial statements, adopted the NFRS pronounced by ASB during the fiscal year 2079/80. To comply with the NFRS provisions following dates have been considered for the reporting time period.

Relevant Financial Statement	Nepalese Calendar	English Calendar
Comparative SFP* Date	32 Ashad 2079	16 July 2022
Comparative reporting period	1 Shrawan 2078- 32 Ashad 2079	16 July 2021-16 July 2022
NFRS SFP* Date	31 Ashad 2080	16 July 2023
NFRS reporting period	1 Shrawan 2079- 31 Ashad 2080	17 July 2022-16 July 2023

*SFP- Statement of Financial Position

The Board of Directors may decide to amend the annual accounts as long as these are not adopted by the general meeting of the shareholders. The general meeting of shareholders may decide not to adopt the annual accounts but may not amend these.

2.3 Functional and Presentation Currency

The financial statements are presented in Nepalese Rupees (NPR), which is the Bank's functional currency. 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 Bank, under NFRS, is required to apply accounting policies to most appropriately suit its circumstances and operating environment. Further, the Bank is required to make judgments in respect of items where the choice of specific policy, accounting estimate or assumption to be followed could materially affect the financial statements. This may later be determined that a different choice could have been more appropriate.

The accounting policies have been included in the relevant notes for each item of the financial statements and the effect and nature of the changes, if any, have been disclosed.

The NFRS requires the Bank to make estimates and assumptions that will affect the assets, liabilities, disclosure of contingent assets and liabilities, and profit or loss as reported in the financial statements. The Bank applies estimates in preparing and presenting the financial statements and such estimates and underlying assumptions are reviewed periodically. The revision to accounting estimates is recognized in the period in which the estimates are revised and applied 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.

2.4.1 Going Concern

The financial statements are prepared on a going concern basis, as the Board of the Bank is satisfied that the Bank has the resources to continue in business for the foreseeable future. In making this assessment, the Board of Directors has considered a wide range of information relating to present and future conditions, including future projections of profitability, cash flows and capital resources.

2.5 Changes in Accounting Policies

The Bank is required to adopt and apply the accounting policies in conformity with Nepal Financial Reporting Framework (NFRS). The accounting policies are applied consistently with changes, if any and are disclosed with the financial impact to the extent possible. When policies are not guided by the reporting framework, NFRS, other reporting standards and generally accounting principles are followed.

2.6 Reporting Pronouncements

The Bank has, for the preparation of financial statements, adopted the NFRS pronounced by ICAN. The NFRS conform, 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 20 November 2020 and 18 July 2022 has resolved that Carve-outs in NFRS with Alternative Treatment and the 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.

2.6.1 NFRS 3: Business Combination

- a) As per para 18, the acquirer shall account for and integrate into its books of account on the announced books integration date (being acquisition date) the total assets and liabilities (except equity and all reserves) of the acquiree at the value determined by applying the same basis considered for determining restated value for its adjusted net worth for the purpose of swap ratio as per NRB Merger and Acquisition Bylaws, the value so determined is to be considered as fair value of the acquiree.
- b) As per para 37, where purchase consideration is settled through the issue of share (ordinary equity or other shares) of acquirer, fair value of such ordinary equity share to be issued by acquirer shall be the value determined by applying the various parameters as per the NRB Merger and acquisition Bylaws for the purpose of swap ratio. Accordingly, the acquirer will issue the required number of its ordinary equity shares (or other shares) to the shareholders of acquiree as per swap ratio so determined/approved by the regulatory authority. Ordinary equity shares so issued are valued at the fair value (as determined for the purpose of swap ratio) where the face value shall be accounted for as cent percent paid up ordinary equity shares in the books of account of acquirer and the balance being the difference between the fair value of the share (considered for swap ratio) and the face value of such ordinary equity shares shall be accounted for as other components of equity (share premium/discount).
- c) As per para 34, where acquirer's total value of assets less all liabilities so taken over an acquisition date is more than the fair value (sum up of face value of ordinary equity share and other components of equity-share premium/discount) of shares issued by the acquirer, same shall be treated as gain on bargain purchase attributable to the acquirer and will be routed through Profit or Loss Statement.
- d) As per para 32, where acquiree's total assets less all liabilities so taken over on the acquisition date are less than the fair value (sum up of face value ordinary equity share issued and other

components of equity-share premium/discount) of shares issued by the acquirer, same shall be treated as goodwill. The above carve-out is applicable only to banks and financial institutions and is not optional.

2.6.2 NFRS 9: Financial instruments

- a) As per Para 5.4 read together with appendix A (Defined Terms) relating to Effective Interest Rate, Effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or the amortized cost of financial liability. When calculating the effective interest rate, an entity shall estimate the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call, and similar options) but shall not consider the expected credit losses. The calculation includes all fees and points paid or received unless it is immaterial or impracticable to determine reliably, between parties to the contract that are an integral part of the effective interest rate (see paragraphs 8s.4.1- 8s.4.3), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Optional: The carve-out is optional. If any entity opts to use this carve-out that should be disclosed in the financial statements with its monetary impact in the financial statements as far as practicable.

- b) As per Para 5.5, Impairment, for impairment and uncollectibility of financial assets measured at amortized cost, the following provision have been made.
- 1) 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 paragraph 5 (given below) to determine the amount of any impairment loss unless the entity is a bank or financial institution registered as per Bank and Financial Institution Act 2073. Such entities shall measure impairment loss on loans and advances as the higher or amount derived as per the norms prescribed by Nepal Rostri Bank for loan loss provision and the amount determined as per paragraph 5 (given below) and shall apply paragraph 5 (given below) to measure the impairment /loss on financial assets other than loan and advances. The entity shall disclose the impairment loss as per this carve-out and the amount of impairment loss determined as per paragraph 5 (given below).
 - 2) 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 that occurred 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. It may not be possible to identify a single, discrete event that caused the impairment. Rather the combined effect of several events may have caused the impairment. Losses expected as a result of future events, no matter how likely, are not recognized. Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the holder of the asset about the following loss events:
 - i. significant financial difficulty of the issuer or obligor;
 - ii. a breach of contract, such as a breach of contract, such as a default or delinquency in interest or principal payments;
 - iii. the lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
 - iv. it becoming probable that the borrower will enter bankruptcy or other financial reorganization;
 - v. the disappearance of an active market for that financial asset because of financial difficulties; or
 - vi. observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:
 - adverse changes in the payment status of borrowers in the group (e.g. an increased number of delayed payments or an increased number of credit card borrowers who have reached their credit limit and are paying the minimum monthly amount); or
 - national or local economic conditions that correlate with defaults on the assets in the group (e.g. an increase in the unemployment rate in the geographical area of the borrowers, a decrease in property prices for mortgages in the relevant area, a decrease in oil prices for loan assets to oil producers, or adverse changes in industry conditions that affect the borrowers in the group).
 - 3) The disappearance of an active market because an entity's financial instruments are no longer publicly traded is not evidence of impairment. A downgrade of an entity's credit rating is not, of itself, evidence of impairment, although it may be evidence of impairment when considered with other available information. A decline in the fair value of a financial asset below its cost or amortized cost is not necessarily evidence of impairment (for example, a decline in the fair value of an investment in a debt instrument that results from an increase in the risk-free interest rate).
 - 4) In some cases the observable data required to estimate the amount of an impairment loss on a financial asset may be limited or no longer fully relevant to current circumstances. For example, this may be the case when a borrower is in financial difficulties and there are few available historical data relating to similar borrowers. In such cases, an entity uses its experienced judgement to estimate the amount of any impairment loss. Similarly, an entity uses its experienced judgement to adjust observable data for a group of financial assets to reflect current circumstances (see paragraph AG6 below). The use of reasonable estimates is an essential part of the Preparation of financial statements and does not undermine their reliability.

- 5) If there is objective evidence that an impairment loss on financial assets measured at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through use of an allowance account. The amount of the loss shall be recognized in profit or loss.
- 6) An entity first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant (see paragraph 2 above). If an entity determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.
- 7) If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the previously recognized impairment loss shall be reversed either directly or by adjusting an allowance account. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been had the impairment not been recognized at the date the impairment is reversed. The amount of the reversal shall be recognized in Profit or loss.

Application Guidance (AG) for carve-out

AG1 Impairment of a financial asset measured at amortized cost is measured using the financial instrument's original effective interest rate because discounting at the current market rate of interest would, in effect, impose fair value measurement on financial assets that are otherwise measured at amortized cost. If the terms of a financial asset measured at amortized cost are renegotiated or otherwise modified because of financial difficulties of the borrower or issuer, impairment is measured using the original effective interest rate before the modification of terms. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. If a financial asset measured at amortized cost has a variable interest rate, the discount rate for measuring any impairment loss under paragraph 5 is the current effective interest rate(s) determined under the contract. As a practical expedient, a creditor may measure the impairment of a financial asset measured at amortized cost on the basis of an instrument's fair value using an observable market price. The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

AG2 The process for estimating impairment considers all credit exposures, not only those of low credit quality. For example, if an entity uses an internal credit grading system it considers all credit grades, not only those reflecting a severe credit deterioration.

AG3 The process for estimating the amount of an impairment loss may result either in a single amount or in a range of possible amounts. In the latter case, the entity recognizes an impairment loss equal to the best estimate within the range taking into account all relevant information available before the financial statements are issued about conditions existing at the end of the reporting period.

AG4 For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics that are indicative of the debtor's ability to pay all amounts due according to the contractual terms (for example, on the basis of a credit risk evaluation or grading process that considers asset type, industry, geographical location, collateral type, past-due status, and other relevant factors). The characteristics chosen are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtor's ability to pay all amounts due according to the contractual terms of the assets being evaluated. However, loss probabilities and other loss statistics differ at a group level between (a) assets that have been individually evaluated for impairment and found not to be impaired and (b) assets that have not been individually evaluated for impairment, with the result that a different amount of impairment may be required. If an entity does not have a group of assets with similar risk characteristics, it does not make the additional assessment.

AG5 Impairment losses recognized on a group basis represent an interim step pending the identification of impairment losses on individual assets in the group of financial assets that are collectively assessed for impairment. As soon as information is available that specifically identifies losses on individually impaired assets in a group, those assets are removed from the group.

AG6 Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Entities that have no entity-specific loss experience or insufficient experience, use peer group experience for comparable groups of financial assets. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. Estimates of changes in future cash flows reflect and are directionally consistent with changes in related observable data from period to period (such as changes in unemployment rates, property prices, commodity prices, payment

status or other factors that are indicative of incurred losses in the group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

AG7 As an example of applying paragraph AG6, an entity may determine based on historical experience, that one of the main causes of default on credit card loans is the death of the borrower. The entity may observe that the death rate is unchanged from one year to the next. Nevertheless, some of the borrowers in the entity's group of credit card loans may have died in that year, indicating that an impairment loss has occurred on those loans, even if, at the year-end, the entity is not yet aware which specific borrowers have died. It would be appropriate for an impairment loss to be recognized for these 'incurred but not reported losses. However, it would not be appropriate to recognize an impairment loss for deaths that are expected to occur in a future period, because the necessary loss event (the death of the borrower) has not yet occurred.

AG8 When using historical loss rates in estimating future cash flows, it is important that information about historical loss rates is applied to groups that are defined in a manner consistent with the groups for which the historical loss rates are observed. Therefore, the method used should enable each group to be associated with information about past loss experience in groups of assets with similar credit risk characteristics and relevant observable data that reflect current conditions.

AG9 Formula-based approached or statistical methods may be used to determine impairment losses in a group of financial assets (e.g. for smaller balance loans) as long as they are consistent with the requirements in paragraphs 5-7 and AG4-AG8. Any model used would incorporate the effect of the time value of money, consider the cash flows for all of the remaining life of an asset (not only the next year), consider the age of the loans within the portfolio and not give rise to an impairment loss on initial recognition of a financial asset.

Non-Optional: The carve-out is not optional.

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 Interpretations Not adapted

The following amendments are not mandatory for 2021-22 and have not been early adopted by the group. The Bank is still currently assessing the detailed impact of these amendments –

2.8.1 Expected Credit Loss Model of Impairment as per NFRS-9

Though NFRS-9 has been made effective from 16 July 2021, carve out has been provided to adopt expected credit loss model of impairment.

Expected Credit Loss Model (ECL) of Impairment

The Expected Credit Loss (ECL) model is a forward-looking model. The ECL estimates are unbiased, probability-weighted, and include supportable information about past events, current conditions, and forecasts of future economic conditions. Under the general approach, IFRS 9 recognizes three stage approach to measure expected credit losses and recognized interest income.

Stage 1: 12-month ECL – No significantly increased credit risk Financial instruments that have not had a significant increase in credit risk since initial recognition require, at initial recognition a provision for ECL associated with the probability of default events occurring within the next 12 months (12- month ECL). For those financial assets with a remaining maturity of less than 12 months, a Probability of Default (PD) is used that corresponds to the remaining maturity. Interest will be calculated on the gross carrying amount of the financial asset before adjusting for ECL.

Stage 2: Lifetime ECL – Significantly increased credit risk in the event of a significant increase in credit risk since initial recognition, a provision is required for the lifetime ECL representing losses over the life of the financial instrument (lifetime ECL).

Interest income will continue to be recognized on a gross basis.

Stage 3: Lifetime ECL – Defaulted Financial instruments that move into Stage 3 once credit impaired and purchases of credit impaired assets will require a lifetime provision. Interest income will be calculated based on the gross carrying amount of the financial asset less ECL

The management is still assessing the potential impact on its financial statements, if the Expected Credit Loss (ECL) model is introduced.

2.8.2 Discounting

Discounting has been applied where assets and liabilities are non-current, and the impact of the discounting is immaterial.

2.9 Limitation of NFRS Implementation

Wherever the information is not adequately available, and/or it is impracticable to develop, such exception to NFRS implementation has been noted and disclosed in respective sections.

3. Significant Accounting Policies

3.1 Basis of Measurement

The financial statements have been prepared on historical cost basis except for the following material items in the statement of financial position:

- derivative financial instruments are measured at fair value.
- financial instruments at fair value through OCI are measured at fair value
- investment property is measured at fair value.
- liabilities for cash-settled share-based payment arrangements are measured at fair value
- the liability for defined benefit obligations is recognized as the present value of the defined benefit obligation less the net total of the plan assets, plus unrecognized actuarial gains, less unrecognized past service cost and unrecognized actuarial losses.

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 Bank. Control is the 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 Bank measures goodwill at the acquisition date as;

- the fair value of the consideration transferred, plus
- the recognized amount of any non-controlling interests in the acquire, plus
- if the business combination is achieved in stages, the fair value of the preexisting equity interest in the acquire, less
- the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed.
- When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss.
- The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.
- Transaction costs, other than those associated with the issue of debt or equity securities, that the Bank incurs in connection with a business combination are expensed as incurred.
- Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not re-measured, and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

a. Non-Controlling Interest (NCI)

For each business combination, the 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.

Changes in the Bank's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. No adjustments are made to goodwill and no gain or loss is recognized in profit or loss.

b. Subsidiaries

Subsidiaries are the entities controlled by the Bank. The Bank controls an entity if it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Financial Statements of subsidiaries are included in the Consolidated Financial Statements from the date that control commences until the date that control ceases.

The Bank reassesses whether it has control if there are changes to one or more of the elements of control. In preparing the consolidated financial statements, the financial statements are combined line by line by adding the like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiary. The carrying amount of the parent's investment in the subsidiary and the parent's portion of equity of the subsidiary are eliminated in full. All intra group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (such as interest income and technical fee) are eliminated in full while preparing the consolidated financial statements.

c. Loss of Control

Upon the loss of control, the Bank derecognizes the assets and liabilities of the subsidiary, carrying amount of non-controlling interests and the cumulative translation differences recorded in equity related to the subsidiary. Further parent's share of components previously recognized in Other Comprehensive Income (OCI) is reclassified to profit or loss or retained earnings as appropriate. Any surplus or deficit arising on the loss of control is recognized in the profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, 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.

d. Special Purpose Entities

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

The following circumstances may indicate a relationship in which, in substance, the Bank controls and consequently consolidates an SPE:

- The activities of the SPE are being conducted on behalf of the Bank according to its specific business needs so that the Bank obtains benefits from the SPE's operation.
- The Bank has the decision-making powers to obtain the majority of the benefits of the activities of the SPE or, by setting up an 'autopilot' mechanism, the Bank has delegated these decision-making powers.
- The Bank has the rights to obtain the majority of the benefits of the SPE and therefore may be exposed to risks incident to the activities of the SPE.
- The Bank retains the majority of the residual or ownership risks related to the SPE or its assets in order to obtain benefits from its activities.

e. Transaction Elimination on Consolidation

All intra-group balances and transactions, and any unrealized income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

3.3 Cash and Cash equivalent

Cash and cash equivalents include cash in hand, balances with B/FIs, money at call & short notice and highly liquid financial assets with original maturities of three months or less from the acquisition dates that are subject to an insignificant risk of changes in their fair value and are used by the Bank in the management of its short-term commitments.

Cash and cash equivalents are carried at amortized cost in the statement of financial position.

3.4 Financial Assets and Financial Liabilities

A. Recognition

The Bank initially recognizes a financial asset or a financial liability in its statement of financial position when, and only when, it becomes party to the contractual provisions of the instrument. The Bank initially recognizes loans and advances, deposits and debt securities/ subordinated liabilities issued on the date that they are originated which is the date that the Bank becomes party to the contractual provisions of the instruments. Investments in equity instruments, bonds, debenture, Government securities, NRB bond or deposit auction, reverse repos, outright purchase are recognized on trade date at which the Bank commits to purchase/ acquire the financial assets. Regular way purchase and sale of financial assets are recognized on trade date at which the Bank commits to purchase or sell the asset.

B. Classification

I. Financial Assets

The Bank classifies the financial assets as subsequently measured at amortized cost or fair value on the basis of the Bank's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The two classes of financial assets are as follows;

a. Financial assets measured at amortized cost

The Bank classifies a financial asset measured at amortized cost if both of the following conditions are met:

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

b. Financial asset measured at fair value

Financial assets other than those measured at amortized cost are measured at fair value. Financial assets measured at fair value are further classified into two categories as below:

• Financial assets at fair value through profit or loss.

Financial assets are classified as fair value through profit or loss (FVTPL) if they are held for trading or are designated at fair value through profit or loss. Upon initial recognition, transaction cost is directly attributable to the acquisition are recognized in profit or loss as incurred. Such assets are subsequently measured at fair value and changes in fair value are recognized in Statement of Profit or Loss.

• Financial assets at fair value through other comprehensive income

Investment in an equity instrument that is not held for trading and at the initial recognition, the Bank makes an irrevocable election that the subsequent changes in fair value of the instrument is to be recognized in other comprehensive income are classified as financial assets at fair value through other comprehensive income. Such assets are subsequently measured at fair value and changes in fair value are recognized in other comprehensive income.

II. Financial Liabilities

The Bank classifies its financial liabilities, other than financial guarantees and loan commitments, as follows;

• 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 are directly attributable to the acquisition are recognized in Statement of Profit or Loss as incurred. Subsequent changes in fair value is recognized at profit or loss

• Financial Liabilities measured at amortized cost

All financial liabilities other than measured at fair value through profit or loss are classified as subsequently measured at amortized cost using effective interest rate method.

C. Measurement

i. Initial Measurement

A financial asset or financial liability is measured initially at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. Transaction costs in relation to financial assets and liabilities at fair value through profit or loss are recognized in the Statement of Profit or Loss.

ii. Subsequent Measurement

A financial asset or financial liability is subsequently measured either at fair value or at amortized cost based on the classification of the financial asset or liability. Financial assets or liability classified as measured at amortized cost is subsequently measured at amortized cost using the effective interest rate method.

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.

Financial assets classified at fair value are subsequently measured at fair value. The subsequent changes in fair value of financial assets at fair value through profit or loss are recognized in Statement of Profit or Loss whereas of financial assets at fair value through other comprehensive income are recognized in other comprehensive income.

3.4.1 Derecognition

Derecognition of Financial Assets

The Bank derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Bank neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset.

Any interest in such transferred financial assets that qualify for derecognition that is created or retained by the Bank is recognized as a separate asset or liability. On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

In transactions in which the Bank neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset and it retains control over the asset, the Bank continues to recognize the

asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

Derecognition of Financial Liabilities

A financial liability is derecognized when the obligation under the liability is discharged or canceled or expired. 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 derecognition 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 Statement of Profit or Loss.

3.4.2 Determination of Fair Value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date. The fair value of a liability reflects its non-performance risk. The fair values are determined according to the following hierarchy:

Level 1 fair value measurements are those derived from unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 valuations are those with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.

Level 3 portfolios are those where at least one input, which could have a significant effect on the instrument's valuation, is not based on observable market data.

When available, the Bank measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis. If a market for a financial instrument is not active, the Bank establishes fair value using a valuation technique. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analyses.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price – i.e. the fair value of the consideration given or received. However, in some cases, the fair value of a financial instrument on initial recognition may be different to its transaction price. If such fair value is evidenced by comparison with other observable current market transactions in the same instrument (without modification) or based on a valuation technique whose variables include only data from observable markets, then the difference is recognized in profit or loss on initial recognition of the instrument. In other cases, the difference is not recognized in profit or loss immediately but is recognized over the life of the instrument on an appropriate basis or when the instrument is redeemed, transferred or sold, or the fair value becomes observable.

All unquoted equity investments are recorded at cost, considering the non-trading of promoter shares up to the date of balance sheet, the market price of such shares could not be ascertained with certainty. Hence, these investments are recognized at cost net of impairment, if any.

3.4.3 Impairment

At each reporting date the 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 Bank considers the following factors in assessing objective evidence of impairment:

- Where significant financial difficulty of the issuer or obligor is observed.
- When a breach of contract, such as a default or delinquency in interest or principal payments is observed.
- When the bank, for economic or legal reasons relating to the borrower's financial difficulty, grants concession to the borrower that the bank would not otherwise consider
- Where it becomes probable that the borrower will enter bankruptcy or other financial reorganization.
- Where the active market for such financial asset disappears because of financial difficulties
- 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 Bank considers evidence of impairment for loans and advances and held-to-maturity investment securities at both a specific asset and collective level. All individually significant loans and advances and held-to-maturity investment securities are assessed for specific impairment. Those found not 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 Bank uses statistical modeling of historical 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.

a) Impairment losses on assets measured at amortized cost

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 present value of the estimated cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at the initial recognition). The carrying amount of the asset shall be reduced either directly or through use of an allowance account. The amount of the loss shall be recognized in profit or loss.

Loans and advances to customers with significant value (Top 50 borrowers and borrowers classified as bad 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 bank. 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.

If, in a subsequent year, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss shall be reversed either directly or by adjusting an allowance account. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been had the impairment not been recognized at the date the impairment is reversed. The amount of the reversal shall be recognized in profit or loss.

As per Loan Loss Provision of 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 1.3% to 100% on the basis of classification of loans and advances, overdraft and bills purchased in accordance with NRB directives.

Policies Adopted

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

b) Impairment of investment in equity instrument classified as fair value through other comprehensive income

Where objective evidence of impairment exists for available-for-sale financial assets, the cumulative loss (measured as the difference between the amortized cost and the current fair value, less any impairment loss on that financial asset previously recognized in the statement of profit or loss) is reclassified from equity and recognized in the profit or loss. A significant or prolonged decline in the fair value of an equity security below its cost is considered, among other factors in assessing objective evidence of impairment for equity securities.

If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized, the impairment loss is reversed through the statement of profit or loss. Impairment losses recognized in the profit or loss on equity instruments are not reversed through the profit or loss.

3.5 Trading Assets

Trading assets and liabilities are those assets and liabilities that the Bank acquires or incurs principally for the purpose of selling or repurchasing in the near term or holds as part of a portfolio that is managed together for short-term profit or position taking.

Trading assets and liabilities are initially recognized at fair value and subsequently measured at fair value in the statement of financial position, with transaction costs recognized in profit or loss. All changes in fair value are recognized as part of net trading income in profit or loss as regarded as fair value through profit or loss.

3.6 Derivatives Assets and Derivative Liabilities

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.

Considering the requirement of NFRS 9 for qualification of hedge accounting and cost benefits along with materiality, Bank has not adopted hedge accounting for certain derivatives held for risk management.

3.7 Property and Equipment

a. Recognition and Measurement

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 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.

The Bank adopts cost model for entire class of property and equipment. Neither class of the property and equipment is measured at revaluation model nor is their fair value measured at the reporting date. The items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

Subsequent expenditure is capitalized if it is probable that the future economic benefits from the expenditure will flow to the Bank. Ongoing repairs and maintenance to keep the assets in working condition are expensed as incurred. Any gain or loss on disposal of an item of property and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized within other income in profit or loss.

Assets with a value of less than NPR 10,000 are charged off to revenue irrespective of their useful life in the year of purchase.

b. Capital Work in Progress

Fixed assets under construction and cost of assets not ready for use are shown as capital work in progress.

c. Depreciation

Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful life as per management judgment as follows:

NATURE OF ASSETS	USEFUL LIFE (YEARS)
Furniture	5
Equipment	5
Vehicles*	5
Computers	5
Building	40
Leasehold	Lower of 5 years or lease period
Right of Use Asset	Amortized over non-cancellable lease period

* Residual Value of Vehicles is expected to remain at 30% of Cost at the end of estimated useful life.

Depreciation on new assets shall commence from the month subsequent to the month in which the assets are acquired or capitalized. Where assets are disposed off, depreciation shall be calculated up to the month preceding the month of such disposal.

d. Derecognition

The carrying amount of Property and Equipment shall be derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from derecognition of an item of property and equipment shall be included in profit or loss when the item is derecognized (unless on a sale & lease back). The gain shall not be classified as revenue.

Depreciation method, useful lives and residual value are reviewed at each reporting date and adjusted, if any.

3.8 Intangible Assets/ Goodwill

Goodwill

Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired in Business Combination is recognized as goodwill. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is reviewed for impairment annually, or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired.

Acquired Intangible Assets

Intangible assets are initially measured at fair value, which reflects market expectations of the probability that the future economic benefits embodied in the asset will flow to the Bank and are amortized on the basis of their expected useful lives.

Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with the development of software are capitalized where it is probable that it will generate future economic benefits in excess of its cost. Computer software costs are amortized on the basis of expected useful life. Costs associated with maintaining software are recognized as an expense as incurred.

At each reporting date, these assets are assessed for indicators of impairment. In the event that an asset's carrying amount is determined to be greater than its recoverable amount, the asset is written down immediately.

Software is amortized on a straight-line basis in profit or loss over its estimated useful life, from the date that it is available for use. The estimated useful life of software for the current and comparative periods is five years. Software assets with costs less than Rs. 5,000 are charged off on purchases as revenue expenditure.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.9 Investment Property/Non-Current Assets Held for Sale

Investment Property

Investment properties include land or land and buildings other than those classified as property and equipment and non-current assets held for sale. Generally, it includes land, land and building acquired by the Bank as non-banking assets but not sold as on the reporting date.

The Bank holds investment property that has been acquired through enforcement of security over the loans and advances.

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.

3.10 Income Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that they relate to items recognized directly in equity or in other comprehensive income.

a. Current Tax

Current tax is the expected tax payable or recoverable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

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 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.

Deferred tax assets are recognized where it is probable that future taxable profit will be available against which the temporary differences can be utilized.

3.11 Deposits, debts securities issued and subordinated liabilities

a. Deposits

The Bank accepts deposits from its customers under account, current, term deposits and margin accounts which allows money to be deposited and withdrawn by the account holder. These transactions are recorded on the bank's books, and the resulting balance is recorded as a liability for the Bank and represents the amount owed by the Bank to the customers.

b. Debt Securities Issued

It includes debentures, bonds or other debt securities issued by the Bank. Deposits, debt securities issued, and subordinated liabilities are initially measured at fair value minus incremental direct

transaction costs, and subsequently measured at their amortized cost using the effective interest method, except where the Group designates liabilities at fair value through profit or loss. However, debentures issued by the bank are subordinate to the deposits from customer.

c. Subordinated Liabilities

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 bank does not have any of such subordinated liabilities.

3.12 Provisions

The Bank recognizes a provision if, as a result of past event, the Bank has a present constructive or legal obligation that can be reliability measured and it is probable that an outflow of economic benefit will be required to settle the obligation.

A disclosure for contingent liability is made when there is a possible obligation or a present obligation that may but probably will not require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

A provision for onerous contract is recognized when the expected benefits to be derived by the Bank from a contract are lower than the unavoidable cost of meeting its obligation under the contract.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed. Contingent assets are not recognized in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognized in the period in which the change occurs.

3.13 Revenue Recognition

Revenue is the gross inflow of economic benefits during the period arising from 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. Revenue is recognized to the extent it is probable that the economic benefits will flow to the Bank and the revenue can be reliably measured. Revenue is not recognized during the period in which its recoverability of income is not probable. The 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:

a. Interest Income

Interest income on available-for-sale assets and financial assets held at amortized cost shall be recognized using the bank's normal interest rate which is very close to the effective interest rate using the effective interest rate method.

For income from loans and advances to customers, initial charges are not amortized over the life of the loan and advances as the income so recognized closely approximates the income that would have been derived under the effective interest rate method. The difference is not considered material. The Bank considers that the cost of the exact calculation of the effective interest rate method exceeds the benefit that would be derived from such compliance.

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. As per the Carve-out Notice issued by

ICAN, the calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts unless it is immaterial or impracticable to determine reliably, between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Gains and losses arising from changes in the fair value of financial instruments held at fair value through profit or loss are included in the statement of profit or loss in the period in which they arise. Contractual interest income and expense on financial instruments held at fair value through profit or loss is recognized within net interest income.

b. Fees & Commission

Fees and commissions are recognized on an accrual basis when the service has been provided or significant act performed whenever the benefit exceeds cost in determining such value. Whenever the cost of recognizing fees and commissions on an accrual basis exceeds the benefit in determining such value, the fees and commissions are charged off during the year.

All the commission incomes are accounted for on accrual basis except for the commission income less than NPR 250,000 or having tenure of less than 1 year which is recognized on cash basis.

c. Dividend Income

Dividend incomes are recognized when the right to receive such dividend is established. Usually, this is the ex-dividend date for equity securities. Dividends are presented in net trading income, net income from other financial instruments at fair value through profit or loss or other revenue based on the underlying classification of the equity investment.

d. Net Trading Income

Net trading income comprises gains less losses related to trading assets and liabilities, and includes all realized and unrealized fair value changes, interest, dividends and foreign exchange differences.

e. Net Income from other financial instrument at fair value through Profit or Loss

Net income from other financial instruments at fair value through profit or loss relates to non-trading derivatives held for risk management purposes that do not form part of qualifying hedge relationships and financial assets and liabilities designated at fair value through profit or loss. It includes all realized and unrealized fair value changes, interest, dividends and foreign exchange differences.

3.14 Interest expense

Interest expense on all financial liabilities including deposits are recognized in profit or loss using the effective interest rate method. Interest expense on all trading liabilities are considered to be incidental to the Bank's trading operations and are presented together with all other changes in fair value of trading assets and liabilities in net trading income.

3.15 Employees Benefits

a. Short Term Employee Benefits

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.

Short-term employee benefits include all the following items (if payable within 12 months after the end of the reporting period):

- wages, salaries and social security contributions,
- paid annual leave and paid sick leave,
- profit-sharing and bonuses and
- non-monetary benefits

b. Post-Employment Benefits

Post-employment benefit plan includes the followings;

i. Defined Contribution Plan

A defined contribution plan is a post-employment benefit plan under which the Bank pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as personnel expenses in profit or loss in the periods during which related services are rendered.

Contributions 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.

All employees of the Bank are entitled to receive benefits under the provident fund, a defined contribution plan, in which both the employee and the Bank contribute monthly at a pre-determined rate of 10% of the basic salary. The Bank does not assume any future liability for provident fund benefits other than its annual contribution.

ii. Defined Benefit plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The 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.

The Bank recognizes all actuarial gains and losses net of deferred tax arising from defined benefit plans immediately in other comprehensive income and all expenses related to defined benefit plans in employee benefit expense in profit or loss.

The Bank recognizes gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment or settlement comprises any resulting change in the fair value of plan assets, any change in the present value of the defined benefit obligation, any related actuarial gains and losses and any past service cost that had not previously been recognized.

iii. Termination Benefits

Termination benefits are recognized as an expense when the Bank is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense if the Bank has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

3.16 Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset

for a period in exchange for consideration. At the commencement date, the right-of-use asset shall be measured at cost with corresponding amount as lease liability that includes the present value of the lease payments that are not paid at that date.

Cost of the right-of-use asset shall comprise:

- (a) amount of the initial measurement of the lease liability
- (b) any lease payments at or before the commencement date less any lease incentives received
- (c) any initial direct costs incurred by the lessee; and
- (d) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Lease liability comprises of the following payments for the right to use the underlying asset during the lease term that is not paid at the commencement date:

- (a) fixed payments, less any incentives receivable
- (b) variable lease payments that depend on an index or rate
- (c) amounts expected to be payable by the lessee under residual value guarantees
- (d) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- (e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease

After the commencement date, the lease liability shall be measured by:

- (a) increasing the carrying amount to reflect the interest on the lease liability
- (b) reducing the carrying amount to reflect the lease payments made; and
- (c) remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The Bank has adopted NFRS 16 effective from 1 Shrawan 2078. The Bank has recognized lease liability at the date of initial application at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application (1 Shrawan 2078). Accordingly, previous period information has not been restated.

In the statement of profit and loss for the current period, operating lease expenses which were recognized as other operating expenses in previous periods is now recognized as depreciation expense for the right-of-use asset and finance cost for interest accrued on lease liability. The SLF rate as determined by the NRB has been applied as incremental borrowing cost to lease liabilities recognized in the balance sheet at the date of initial application.

3.17 Foreign Currency Translation

The financial statements are presented in Nepalese Rupees (NPR).

Transactions in foreign currencies are initially recorded at the functional currency rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange at the statement of financial position date.

Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of profit or loss.

Non-monetary assets and liabilities are translated at historical exchange rates if held at historical cost, or year-end exchange rates if held at fair value, and the resulting foreign exchange gains and losses are

recognized in either the statement of profit or loss or shareholders' equity depending on the treatment of the gain or loss on the asset or liability.

3.18 Financial guarantee and loan commitment

Financial guarantees are contracts that require the 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 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 Bank has not made payments at the reporting date, those instruments are included in these financial statements as commitments.

3.19 Share Capital and Reserves

The Bank classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. Equity is defined as residual interest in total assets of the Bank after deducting all its liabilities. Common shares are classified as equity of the Bank and distributions thereon are presented in the statement of changes in equity.

Dividends on ordinary shares and preference shares classified as equity are recognized in equity in the period in which they are declared.

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 reserves include retained earnings and other statutory reserves such as general reserve, debenture redemption reserve, foreign exchange equalization reserve, regulatory reserve, investment adjustment reserve, CSR reserve etc.

3.20 Earnings per share including diluted earnings per share

The Bank presents basic and diluted earnings per share (EPS) data for its ordinary shares. The basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3.21 Investment in associates

The Bank classifies investment in entities over which it has significant influence, as associates which is neither subsidiaries nor joint ventures. Investments in associates are recognized using the equity method for reporting under consolidated financial statement. Under the equity method, investment in associates and joint ventures are initially recognized at cost, including attributable goodwill, and are adjusted thereafter for the post-acquisition change in the group's share of net assets. An investment in an associate is tested for impairment when there is an indication that the investment may be impaired. Profits or losses on transactions between the group and its associates are eliminated to the extent of the group's interest in the respective associates.

For standalone financial statement of the bank, the investment in associates has been measured as per para 10 of NAS 27, Separate Financial Statement in accordance with NFRS 9 and shown in fair market value of the financial instrument through other comprehensive income.

5. Disclosures and Additional Information

5.1. Risk Management

Under Nepal Rastra Bank Directive on Corporate Governance, the Board has established a Risk Management Committee with clear terms of reference. The Risk Management Committee has 5 members altogether, with 3 directors, Chief Operating Officer and Chief Risk Officer. The Committee met five times in FY 2022-23. The Committee oversees and reviews the fundamental prudential risks including credit, market, reputational, capital and liquidity, operational and information and cyber security risk, etc. The Risk Committee receives periodic reports on risk management, including portfolio trends, policies and standards, stress testing, liquidity and capital adequacy, and are authorized to seek and review any information relating to an activity within its terms of reference. Risk Management structure of the Bank has set clear separation between Businesses function and risk management function. Accordingly, the Bank has set up a separate Risk Management Division. The Risk Management Division develops the mechanism for assessing and reviewing its risk management policies, processes and procedures for individual risk elements, at a regular interval, based on the main findings of the monitoring reports and the results of analysis of developments from external market changes and other environmental factors.

Laxmi Sunrise's objective to risk management goes beyond mitigation and control. We believe that our risk management approach is a Strategic Differentiator and a key driver for our sustained and quality growth. Our approach to risk management is built around:

- formal governance processes that is constantly reviewed and updated
- top level commitment & development of risk framework through close alignment of risk capabilities to business objectives
- ensuring that responsibility for risk resides at all levels – from the Board down through all individual employees
- continuous research and development of new and improved risk management processes and tools supported by effective Management Information Systems
- all businesses are accountable for managing risk in their own area, assisted, where appropriate, by independent risk specialists
- by embedding this approach to measure and understand key risks to ensure the viability of all processes and transactions

In the past years we have continued to make significant progress in enhancing our risk management capabilities including identifying, measuring and monitoring of risk activities that we undertake in our normal course of business.

Risk Management Framework and Organization

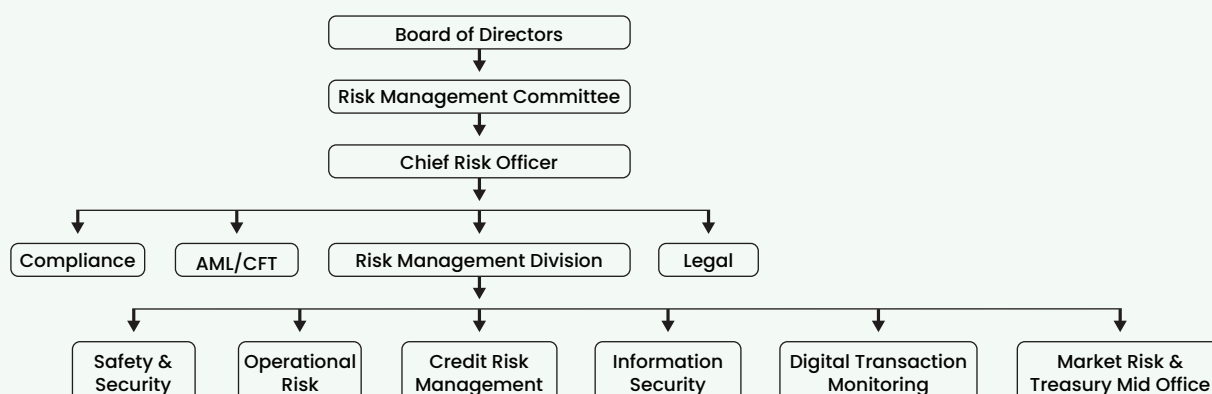
The Board sets out the risk appetite and philosophy for the Bank, which is supported by various Board/Management level Committees who are primarily responsible for ensuring that the risk standards are maintained as per the agreed parameters. The Bank's Internal Audit functions independent of management influence and reports to the Audit Committee. The Chief Risk Officer has a role of overseeing risk standards of the Bank and balancing the growing business of the Bank remaining fully compliant to the legal and regulatory guidelines. As part of prudent banking practices, the Bank has other senior executives in the role of risk managers who work independent of any business targets. The Credit Risk Management Department, Compliance Department, Operational Risk Department, Financial Control Department and Treasury Mid Office are especially responsible in management of risk in their respective areas.

Risk Governance

The Bank has prepared and implemented policies and procedures to mitigate the risk at enterprises level arising to the bank and has inculcated risk culture among the employees by establishing ownership mentality, capacity building programs, well defined job responsibilities, environment for speaking up and inhabiting good ethical culture. Through its Risk Management Framework, the Bank seeks to

efficiently manage credit, market and liquidity risks that arise directly through the Bank's commercial activities as well as operational, regulatory and reputational risks which arise as a normal consequence of any business undertaking. The Risk Management Committee is responsible for the establishment of, and compliance with, policies relating to management risk, liquidity risk, market risk, interest rate risk, and foreign exchange risk. The Assets and Liabilities Committee is responsible for the management of capital and establishment of, and compliance with, policies relating to balance sheet management, including management of liquidity, capital adequacy and structural foreign exchange and interest rate exposure and tax exposure. The bank's risk governance structure is such that the responsibility for reducing risk within the banks risk tolerance limit is cascaded down from the Board to the appropriate functional, client business, senior management and committees. Information regarding material risk issues and compliance with policies and standards is communicated through the business, functional, senior management and committees.

The risk management structure of the bank is given below:



Internal Control

The Board is responsible for ensuring the Bank has appropriate internal control framework in place that supports the achievement of the strategies and objectives. The various functions of the Bank should be looked upon with a view to establish a proper control mechanism in place during expansion and growth which enables it to maximize profitable business opportunities, avoid or reduce risks which can cause loss or reputational damage, ensure compliance with applicable laws and regulations and enhance resilience to external events.

The Board has set policies and procedures of risk identification, risk evaluation, risk mitigation and control/monitoring, in line with the NRB directives has effectively implemented the same at the Bank.

The effectiveness of the Company's internal control system is reviewed regularly by the Board, its Committees, Management and Internal

Audit department

The Internal Audit monitors compliance with policies/standards and the effectiveness of internal control structures across the Bank through regular audit, special audit, information system audit, Off Site review, AML/CFT/KYC audit, ISO audit as well as Risk based Internal Audit (RBIA) approach. The audit observations are reported to the Chief Executive Officer and Division/Department/ Unit/ Branch Heads for initiating immediate corrective measures. Internal Audit reports are periodically forwarded to the Audit Committee for review and the committee issues appropriate corrective action in accordance with the issue involved to the respective department, regional offices or branches.

5.1.1 Credit Risk

Credit risk is the probability of loss of principle and reward associated with it due to failure of counterparty to meet its contractual obligations to pay the Bank in accordance with agreed terms. Credit Risk Management is ultimately the responsibility of the Board of Directors. Hence overall strategy as

well as significant policies have to be reviewed by the board regularly. Further, Senior Management is responsible for implementing the 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.

Laxmi Sunrise Bank - Credit Policy Guide is the highest level policy document and it reflects long-term expectations and represents a key element of uniform, constructive and risk-aware culture throughout the Bank. This credit policy defines acceptable risk parameters and is periodically reviewed to account for changing operating environment and industry behavior.

The Bank identifies, assesses and manages the probability of default by borrowing clients through a number of proactive risk management techniques and tools under a broad risk framework.

Management of Credit Risk

The board of directors assumes overall responsibility for the oversight of credit risk. The credit disbursement is controlled through assigned Credit Approval Discretion (CAD) limit for various level of management hierarchy. Senior management, Risk Management Committee and the Board review credit portfolio and industry concentration aspects regularly and make decisions / strategies based on the need of the hour. A separate Credit department is established for overall monitoring of the credit risk, including the following.

- a. Formulating credit policies in consultation with business divisions, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.
- b. Establishing the authorization structure for the approval and renewal of credit facilities. Authorization limits are allocated to business divisions. Larger facilities require approval by Chief Executive officer, Management committee and the board of directors as appropriate.
- c. Reviewing and assessing credit risk: Bank assesses all credit exposures in excess of designated limits, before facilities are committed to customers by the business divisions concerned. Renewals and reviews of facilities are subject to the same review process.
- d. Limiting concentrations of exposure to counterparties and industries: For loans and advances, financial guarantees and similar exposures, centrally a limit is established.
- e. The risk grading system assign risk for each credit based on industry risk, business risk, management risk and financial risk. The current risk grading reflects varying degrees of risk of default and the availability of collateral or other credit risk mitigation. The responsibility for setting risk grades lies with the final approving executive or committee, as appropriate. Risk grades are subject to regular reviews.
- f. Reviewing compliance of business divisions with agreed exposure limits, including those for selected industries and product types. Regular reports on the credit quality of local portfolios are provided to Credit Department and the Management Committee which may require appropriate corrective action to be taken.
- g. Providing advice, guidance and specialist skills to business divisions to promote best practice throughout the Bank in the management of credit risk. Each business divisions is required to implement bank's credit policies and procedures, with credit approval authorities delegated to them. Each business division is responsible for the quality and performance of its credit portfolio and for monitoring and controlling all credit risks in its portfolios, including those subject to central approval. Regular audits of business divisions and credit processes are undertaken by Internal Audit Department.

i) Credit quality of neither past due nor impaired and past due or impaired

The table below shows the credit quality by class of asset for all financial assets exposed to credit risk, based on the Bank's internal credit rating system.

NPR in Million

PARTICULARS	NEITHER PAST DUE NOR IMPAIRED	PAST DUE LESS 90 DAYS	PAST DUE 91 TO 180 DAYS	PAST DUE MORE THAN 180 DAYS	INDIVIDUALLY IMPAIRED	TOTAL
Financial Assets						
Assets carried at Amortized Cost						
Cash and cash equivalent	18,188					18,188
Due from Nepal Rastra Bank	20,677					20,677
Placement with Bank and Financial Institutions	789					789
Loans and advances to customers	218,522	16,611	2,198	4,798	5,742	247,870
Loan and advances to B/FIs	7,687					7,687
Fair Value through Profit and Loss (FVTPL)						-
Derivative financial instruments.	1,900					1,900
Fair Value through Other Comprehensive Income (FVTOCI)						-
Investment securities	53,361					53,361
Investment in Associates	-					-
Investment in subsidiaries	893					893
Total	322,017	16,611	2,198	4,798	5,742	351,365

5.1.2 Market Risk

The Bank's foreign exchange risk stems from foreign exchange position taking and commercial dealing. All foreign exchange positions are managed by the Treasury. Fluctuation in foreign exchange rates can have a significant impact on a Bank's financial position. Laxmi Bank has adopted measures to appropriately hedge the risks that arise while carrying out international trade transactions. Code of ethics for treasury dealers is in place to ensure that professionalism and confidentiality are maintained and ethical dealing practices observed. The bank treasury dealers have gained exposure to international markets as well in addition to having undergone appropriate trainings. The Bank has followed the structure of a Treasury back and Treasury Mid office independent of Treasury dealing room functions to instill better control over treasury activities through appropriate segregation of duties and responsibilities.

i. Currency Risk:

Foreign exchange risk is the potential for the Bank to experience volatility in the value of its assets, liabilities and solvency and to suffer actual financial losses as a result of changes in value between the currencies of its assets and liabilities and its reporting currency.

The Bank has following foreign currency as receivables/payables as at the balance sheet date:

Amount in NPR '000

FOREIGN CURRENCY	CURRENCY CODE	ASSETS	LIABILITIES	NET POSITION
Dirhams	AED	13,088	25	13,064
Australian Dollar	AUD	9,369	15	9,354
Canadian Dollar	CAD	370	-	370
Swiss Francs	CHF	242	-	242
Chinese Yuan	CNY	16,649	13,715	2,935
Denmark Kroner	DKK	612	-	612
Euro	EUR	4,110,425	4,082,718	27,070
Great Britain Pound	GBP	57,714	51,330	6,384
Hong Kong Dollar	HKD	343	-	343
Indian Rupees	INR	14,422,512	8,497,772	5,942,740
Japanese Yen	JPY	54,966	40,896	14,070
Korean Won	KRW	169	-	169
Kuwaiti Dinar	KWD	132	-	132
Malaysian Ringgit	MYR	2,081	1,248	833
Qatar Riyal	QAR	4,626	-	4,626
Saudi Arabian Riyal	SAR	952	-	952
Singapore Dollar	SGD	9,444	9,097	348
Thailand Baht	THB	65	-	65
US Dollar	USD	44,911,747	44,802,601	109,146
Total		63,615,510	57,481,417	6,134,093

ii. Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The interest rate risk monitoring table is provided below:

Amount in NPR Million

PARTICULARS	1 - 90 DAYS	91 - 180 DAYS	181 - 270 DAYS	271 - 365 DAYS	OVER 1 YEAR	TOTAL
Interest Sensitive Assets	117,328	33,185	22,403	23,851	187,083	383,851
Interest Sensitive Liabilities	73,263	54,161	37,300	34,162	141,125	340,011
Gap (1 - 2)	44,065	(20,976)	(14,897)	(10,310)	45,958	43,840
Cumulative Gap	44,065	23,089	8,193	(2,118)	43,840	
Adjusted Interest Rate Change (IRC)	0.25%	0.25%	0.25%	0.26%	1.00%	
Impact on Quarterly Earnings (Cumulative Gap x IRC)	109	57	20	(6)	438	619
Accumulated Earnings Impact to date	109	166	186	180	619	

iii. Equity Price Risk

Equity price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in equity prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or by factors affecting all similar financial instruments traded in the market.

The Company's equity price risk exposure relates to financial investment held at FVTOCI, whose values fluctuate as a result of changes in market prices.

5.1.3 Liquidity Risk

The Bank has set internal risk appetite in terms of managing its liquidity risk. Adequate cushion is maintained in terms of liquidity. Asset-liability management is also a part of the Treasury functions and it guided by the Bank's Asset Liability Management policy. This is further reviewed by the Bank's ALCO and Risk Management Committee.

The following table depicts the maturity profile of the investment portfolio on an undiscounted cash flow basis which is designed and managed to meet the required level of liquidity as and when liquidity outgo arises taking into consideration the time horizon of the financial liabilities of the business.

Amount in NPR Million

PARTICULARS	1 - 90 DAYS	91 - 180 DAYS	181 - 365 DAYS	OVER 1 YEAR	TOTAL
Assets					
Cash and cash equivalent	18,188	-	-	-	18,188
Due from Nepal Rastra Bank	20,677	-	-	-	20,677
Placement with Bank and Financial Institutions	789	-	-	-	789
Derivative financial instruments	1,900	-	-	-	1,900
Other trading assets	68	-	-	-	68
Loan and advances to B/FIs	-	-	-	7,687	7,687
Loans and advances to customers	58,077	22,683	17,503	149,608	247,870
Investment securities	13,173	500	12,376	27,312	53,361
Investment in associates	-	-	-	-	-
Investment in subsidiaries	-	-	-	893	893
Other assets	3,379	-	-	6,853	10,232
Total Assets	116,251	23,183	29,879	192,353	361,666
Liabilities					
Due to Bank and Financial Institutions	4,067	-	-	-	4,067
Due to Nepal Rastra Bank	-	-	-	-	-
Derivative financial instruments	1,897	-	-	-	1,897
Deposits from customers	57,632	44,107	54,314	140,191	296,243
Borrowing	-	-	-	5,081	5,081
Debt securities issued	-	-	1,000	7,000	8,000
Other liabilities	7,910	-	-	243	8,153
Total Liabilities	71,506	44,107	55,314	152,515	323,441

iv. Operational risk

Operational risk is inherent in all business activities. Whilst risks can never be eliminated, at Laxmi Bank we follow a number of procedures and practices like Business Continuity Plan, Whistle Blowing – A Culture of Speaking Up to manage and mitigate preserve and create value of our business.

We manage our operational risks through standardization of internal processes and monitoring mechanisms. Data security, dual control, periodic departmental reviews and quality assessment are some of the tools that are used to manage risks.

Critical risk areas are discussed at the management level as well as Risk Management Committee which updates issues with priority to the Bank's Board to necessary actions and strategic directions.

Compliance and Assurance / Operations Risk Unit

Recognizing the importance of Operations Risk in terms of managing day-to-day business, we have a full-fledged Operational Risk under the Risk Management Unit.

5.2. Capital Management

5.2.1 Qualitative disclosures

The Bank has formulated and implemented the "Internal Capital Adequacy Assessment Process (ICAAP) which has been approved by the Board of Directors. The ICAAP is a system of sound, effective, and complete strategies and processes that allow the Bank to assess and maintain, ongoing basis, the amounts, types and distribution of internal capital that the Bank considers adequate to cover the nature and level of risk to which the Bank is or might be exposed to.

Internal Capital Adequacy Assessment Process (ICAAP) shall also include the requirement to have robust governance arrangements, an efficient process of managing all material risks and an effective regime for assessing and maintaining adequate and economic capital at the Bank where economic capital (economically needed capital) refers to the amount of capital required for the Bank's business operations and for financing the associated risks.

ICAAP provides policy and procedural guidelines for the calculation of internal capital adequacy by prescribing appropriate methodologies, techniques and procedures to assess the capital adequacy requirements in relation to the Bank's risk profile and effectiveness of its risk management, control environment and strategic planning.

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

5.2.2 Quantitative disclosures

a) Capital Structure and Capital Adequacy

i. Tier 1 capital and a breakdown of its components

Amount in NPR Million		
SN	PARTICULARS	AMOUNT
a	Paid up Capital	21,670
b	Share Premium / Capital Reserve	-
c	Proposed Bonus Shares	-
d	Statutory General Reserve	5,889
e	Retained Earnings	1,728
f	Un-audited Current Year Cumulative Profit	-
g	Capital Redemption Reserve	3,389
h	Other Free Reserves	-
i	Less: Deferred Tax Assets	-
j	Less: Intangible Assets	(67)
k	Less: Investment in equity of institutions with financial interests	(1,247)
l	Less: Purchase of land & building in excess of limit and unutilized	(33)
Core (Tier-1) Capital		31,329

ii. Tier 2 capital and a breakdown of its components

Amount in NPR Million		
SN	PARTICULARS	AMOUNT
a	Subordinated Term Debt	5,800
b	General Loan Loss Provision	4,015
c	Exchange Equalization Reserve	77
d	Investment Adjustment Reserve	3
Supplementary (Tier-2) Capital		9,896

iii. Detailed information about the Subordinated Term Debts with information on the outstanding amount, maturity, and amount rose during the year and the amount eligible to be reckoned as capital funds.

Name	Laxmi Bank Debenture – 2086
Amount	NPR 2,000,000,000 (Two Billion Only)
Interest Rate	10% per annum (before tax) payable half yearly
Type	Unsecured and Redeemable at Maturity. No call / convertible feature.
No. of Debentures	2,000,000 (Two Million Only)
Face Value	NPR 1,000.00
Maturity Period	10 Years
Priority to Debenture Holders	At the time of liquidation, priority of payment to the debenture holders will be after the depositors
Listing	Listed with Nepal Stock Exchange
Name	Laxmi Bank Debenture – 2088
Amount	NPR 2,000,000,000 (Two Billion Only)
Interest Rate	8.5% per annum (before tax) payable half yearly
Type	Unsecured and Redeemable at Maturity. No call / convertible feature.
No. of Debentures	2,000,000 (Two Million Only)
Face Value	NPR 1,000.00
Maturity Period	10 Years
Priority to Debenture Holders	At the time of liquidation, priority of payment to the debenture holders will be after the depositors
Listing	Listed with Nepal Stock Exchange
Name	Sunrise Debenture – 2080
Amount	NPR 1,000,000,000 (One Billion Only)
Interest Rate	10% per annum (before tax) payable half yearly
Type	Unsecured and Redeemable at Maturity. No call / convertible feature.
No. of Debentures	1,000,000 (One Million Only)
Face Value	NPR 1,000.00
Maturity Period	5 Years
Priority to Debenture Holders	At the time of liquidation, priority of payment to the debenture holders will be after the depositors
Listing	Listed with Nepal Stock Exchange
Name	Sunrise Debenture – 2083
Amount	NPR 3,000,000,000 (Three Billion Only)
Interest Rate	10.25% per annum (before tax) payable half yearly
Type	Unsecured and Redeemable at Maturity. No call / convertible feature.
No. of Debentures	3,000,000 (Three Million Only)
Face Value	NPR 1,000.00
Maturity Period	7 Years
Priority to Debenture Holders	At the time of liquidation, priority of payment to the debenture holders will be after the depositors
Listing	Listed with Nepal Stock Exchange

iv. Deductions from capital

- Intangible assets pertaining to software costs amounting to NPR 67.62 million have been deducted from the core capital.
- The Bank's investment in Laxmi Capital Market Ltd., Sunrise Capital Ltd, Sunrise Securities Ltd and Himalayan Life Insurance Ltd being institutions with financial interest amounting to NPR 1,247.51 Million has been deducted from the core capital.
- Rs 32.61 million for land and building owned by the Bank but not put to use has been deducted from core capital.

v. Total qualifying capital

		Amount in NPR Million
SN	PARTICULARS	AMOUNT
a	Core Capital	31,329
b	Supplementary Capital	9,896
Total Qualifying Capital (Total Capital Fund)		41,225

vi. Capital Adequacy Ratio

Capital Adequacy Ratio of the bank as at 16 July 2023 stood at 13.21%.

vii. Summary of Bank's internal approach to assess the adequacy of capital to support current and future activities, if applicable

The Bank formulates an annual business plan, with prescribed plan for every business functions including deposits, lending, product developments and customer service. These plans are made in consideration of the competitive environment and business sustainability as well as overall risk inherent in banking business.

Capital Plan is a part of the bank's business plan. Capital Plan is formulated so as to fund the planned business growth and to meet regulatory requirements on minimum capital and capital adequacy.

Result of the scenario-based approach is used as input to the capital contingency plan. The financial consequences following various scenarios and potential events/actions are estimated and adequacy of capital in those scenarios is tested. The results are discussed broadly at senior management level and in board meetings.

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

Ordinary share capital: The Bank has only one class of equity shares having a par value of NPR 100 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Bank, holder of equity shares will be entitled to receive remaining assets of the Bank after distribution of preferential amount. The distribution will be in proportion to the number of equity shares held by the shareholders.

Debentures: The bank has issued 10% Laxmi Bank Debentures 2086 amounting NPR 2 Billion, 8.5% Laxmi Bank Debentures 2088 amounting NPR 2 Billion, 10% Sunrise Debentures 2080 and 10.25% Sunrise Debentures 2083. These debentures do not carry any voting rights. These debentures are subordinate to the depositors of the bank.

b) Risk Exposures

i. Risk weighted exposures for Credit Risk, Market Risk and Operational Risk

Amount in NPR Million		
SN	RISK WEIGHTED EXPOSURE	AMOUNT
a	Risk Weighted Exposure for Credit Risk	294,425
b	Risk Weighted Exposure for Operational Risk	6,866
c	Risk Weighted Exposure for Market Risk	362
Adjustments under Pillar II		
d	3% of gross income to RWE	9,049
e	3% adjustment on Total RWE	1,452
Total Risk Weighted Exposure		312,155

Adjustments under Pillar II

Amount in NPR Million		
SN	RISK CLASSIFICATION	RWE
a	Claims on Govt. and Central Bank	-
b	Claims on other official entities	-
c	Claims on Banks	6,679
d	Claims on Corporate and Securities Firm	133,050
e	Claims on Regulatory Retail Portfolio	41,240
f	Claims secured by Residential Properties	14,402
g	Claims secured by Commercial Real Estate	3,010
h	Past due Claims	7,761
i	High Risk Claims	27,801
j	Other Assets	18,451
k	Off balance sheet items	42,030
Total		294,425

c) Total risk weighted exposure calculation table

Amount in NPR Million						
A.BALANCE SHEET EXPOSURE	GROSS BOOK VALUE (A)	SPECIFIC PROVISION & VALUATION ADJUSTMENTS (B)	ELIGIBLE CRM (C)	NET VALUE (D)= (A-B-C)	RISK WEIGHT (E)	RISK WEIGHT EXPOSURE (D *E)
Cash Balance	4,657	-	-	4,657	0%	-
Balance With Nepal Rastra Bank	18,887	-	-	18,887	0%	-
Gold	-	-	-	-	0%	-
Investment in Nepalese Government Securities	46,237	-	-	46,237	0%	-
All Claims on Government of Nepal	231	-	-	231	0%	-
Investment in Nepal Rastra Bank securities	-	-	-	-	0%	-
All claims on Nepal Rastra Bank	42	-	-	42	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 on Multilateral Development Banks (MDB's) recognized by the framework	-	-	-	-	0%	-
Claims on Other Multilateral Development Banks	-	-	-	-	100%	-
Claims on Domestic Public Sector Entities	-	-	-	-	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	10,089	-	-	10,089	20%	2,018
Claims on domestic banks that do not meet capital adequacy requirements	1	-	-	1	100%	1
Claims on foreign bank (ECA Rating 0-1)	3,603	-	-	3,603	20%	721
Claims on foreign bank (ECA Rating 2)	6,854	-	-	6,854	50%	3,427
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	2,566	-	-	2,566	20%	513
Claims on Domestic Corporates (Credit rating score equivalent to AAA)	-	-	-	-	50%	-
Claims on Domestic Corporates (Credit rating score equivalent to AA+ to AA-)	-	-	-	-	70%	-
Claims on Domestic Corporates (Credit rating score equivalent to A+ to A-)	1,036	-	-	1,036	80%	829
Claims on Domestic Corporates (Credit rating score equivalent to BBB+ & below)	36,454	-	-	36,454	100%	36,454
Claims on Domestic Corporates (Unrated)	95,937	-	170	95,767	100%	95,767
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)	55,070	-	84	54,987	75%	41,240
Claims fulfilling all criterion of regulatory retail except granularity	-	-	-	-	100%	-
Claims secured by residential properties	22,642	-	0	22,642	60%	13,585
Claims not fully secured by residential properties	-	-	-	-	150%	-
Claims secured by residential properties (Overdue)	1,052	235	-	817	100%	817
Claims secured by Commercial real estate	3,010	-	-	3,010	100%	3,010
Past due claims (except for claim secured by residential properties)	9,129	3,955	-	5,174	150%	7,761
High Risk claims (Venture capital, private equity investments, personal loans and credit card receivables)	21,522	-	2,988	18,534	150%	27,801
Lending against securities (bonds & shares)	-	-	-	-	100%	-
Lending against Shares(upto Rs.2.5 Million)	422	-	-	422	100%	422
Trust Receipt Loans for Trading Firms	3,423	-	-	3,423	120%	4,108
Investments in equity and other capital instruments of institutions listed in the stock exchange	4,564	-	-	4,564	100%	4,564
Investments in equity and other capital instruments of institutions not listed in the stock exchange	480	-	-	480	150%	721
Staff Loan secured by residential property	4,127	-	-	4,127	50%	2,064
Interest receivable/claim on government securities	543	-	-	543	0%	-
Cash in transit and other cash items in the process of collection	-	-	-	-	20%	-
Other Assets	17,840	11,267	-	6,573	100%	6,573
Total	370,419	15,457	3,242	351,720		252,395

Amount in NPR Million

B. OFF BALANCE SHEET EXPOSURE	GROSS BOOK VALUE (A)	SPECIFIC PROVISION & VALUATION ADJUSTMENTS (B)	ELIGIBLE CRM (C)	NET VALUE (D)= (A-B-C)	RISK WEIGHT (E)	RISK WEIGHT EXPOSURE (D *E)
Revocable Commitments	-	-	-	-	0%	-
Bills Under Collection	10,066	-	-	10,066	0%	-
Forward Exchange Contract Liabilities	1,906	-	-	1,906	10%	191
LC Commitments With Original Maturity Up to 6 months (domestic counterparty)	19,240	-	8,692	10,548	20%	2,110
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)	5,242	-	3,751	1,491	50%	746
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 counter party)	34,263	-	971	33,292	40%	3,317
foreign counterparty (ECA Rating 0-1)	521	-	-	521	20%	104
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	-	-	-	10,089	100%	-
Repurchase Agreements, Assets sale with recourse (including repo/reverse repo)	-	-	-	-	100%	-
Advance Payment Guarantee	9,365	-	-	9,311	100%	9,311
Financial Guarantee	-	-	-	-	100%	-
Acceptances and Endorsements	7,806	-	-	7,602	100%	7,602
Unpaid portion of Partly paid shares and Securities	-	-	-	-	150%	-
Irrevocable Credit commitments (Short term)	20,975	-	-	20,975	20%	4,195
Irrevocable Credit commitments (long term)	4,553	-	-	4,553	50%	2,277
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	5,734	-	-	5,734	20%	1,147
Other Contingent Liabilities	413	-	-	413	100%	413
Unpaid Guarantee Claims	309	-	-	309	20%	618
Total	120,395	-	13,673	-		42,030
Total RWE for credit Risk (A) +(B)	490,815	15,457	16,915	9,311		294,425
Adjustments under Pillar II						
Add: 10% of the loan and facilities in excess of Single Obligor Limits(6.4 a 3)						-
Add: 1% of the contract(sale) value in case of the sale of credit with recourse (6.4 a 4)						-
Total RWE for credit Risk (After Bank's adjustments of Pillar II)	490,815	15,457	16,915	-		294,425

d) Forbearance/Relaxation related to reduction of impact of COVID-19

PARTICULARS	As of Ashad end 2080	
	No. of Customers	Amount (NRs. In Mio)
Enhancement of Working Capital Loan by 20%	2	8.45
Extension for repayment of Principal and Interest up to one year (Restaurant, Party palace, etc.)	158	871.82
Extension for repayment of Principal and Interest up to two years (highly affected sector)	8	70.26
Extension for repayment of Principal and Interest up to two years (Hotels, Travels, Trekking, etc.)	21	670.00
Extention of repayment by reducing installment	1,628	1,723.03
Restructured/Rescheduled Loan with 5% LLP	1,327	5,525.13
PARTICULARS	As of Ashad end 2080	
	No. of Customers	Amount (NRs. In Mio)
Refinance Loan	-	-
Business Continuity Loan	-	-
PARTICULARS	As of Ashad end 2080	
	No. of Customers	Amount (NRs. In Mio)
Subsidized Loan	10,638	9,264.42

e) Amount of NPAs (both Gross and Net)

Amount in NPR '000

PARTICULARS	CURRENT YEAR		PREVIOUS YEAR	
	Gross NPAs	Net NPAs	Gross NPAs	Net NPAs
Restructured / Reschedule Loans	192,137	163,275	26,460	10,880
Sub Standard Loans	2,175,928	1,642,458	411,878	311,508
Doubtful Loans	2,130,863	1,085,959	346,320	177,407
Loss	2,943,928	62,818	391,068	3,808
Total	7,442,856	2,954,510	1,175,726	503,603

5.3. Classification of financial assets and financial liabilities

Amount in NPR Million

FINANCIAL ASSETS	Notes	As at 16-Jul-23		As at 16-Jul-22	
		Carrying Value	Fair Value	Carrying Value	Fair Value
Assets					
Assets carried at Amortized Cost					
Cash and cash equivalent	4.1	18,187	18,187	11,195	11,195
Due from Nepal Rastra Bank	4.2	20,677	20,677	6,340	6,340
Placement with Bank and Financial Institutions	4.3	789	789	-	-
Loans and advances to customers	4.7	247,870	247,870	126,767	126,767
		287,524	287,524	144,303	144,303
Fair Value through Profit and Loss (FVTPL)					
Derivative financial instruments.	4.4	1,900	1,900	363	363
Fair Value through Other Comprehensive Income (FVTOCI)					
Investment securities	4.8	51,664	53,360	16,681	16,816
Investment in subsidiaries	4.10	893	893	417	417
Investment in Associates	4.11	-	-	200	1,186
		54,457	56,153	17,661	18,782
Liabilities					
Liabilities carried at Amortized Cost					
Due to Bank and Financial Institutions	4.17	4,067	4,067	1,182	1,182
Due to Nepal Rastra Bank	4.18	-	-	2,569	2,569
Deposits from customers	4.20	296,243	296,243	139,537	139,537
Debt securities issued	4.24	8,000	8,000	4,000	4,000
		308,310	308,310	147,290	147,290
Fair Value through Profit and Loss (FVTPL)					
Derivative financial instruments	4.19	1,897	1,897	363	363

5.3.1. Fair Value of Financial Assets and Financial Liabilities

Amount in NPR Million

	FAIR VALUE HIERARCHY (LEVEL)	AS AT 16 JULY 2023	AS AT 16 JUL 22
Fair Value through profit and loss			
Financial Assets			
Forward exchange Contract		1,900	363
Financial Liabilities			
Forward exchange Contract		1,897	363
Fair Value through Other Comprehensive Income			
Financial Assets			
Investment securities at OCI			
- Quoted equity securities	1	6,520	2,594
- Unquoted equity securities	3	470	285
Investment in subsidiaries		893	417
Investment in associates		-	1,186
Total		7,883	4,482
Financial Instruments held at amortized cost			
Financial Assets			
Debt securities	3	1,161	632
Government bonds	3	30,613	12,317
Government treasury bills	3	14,595	987
Nepal Rastra Bank bonds	3	-	-
Nepal Rastra Bank deposit instruments	3	-	-
Loan and advances to B/FIs	3	-	-
Loans and advances to customers	3	-	-
Other		-	-
Accounts receivable		-	-
Accrued Income		-	-
Total		46,369	13,936
Financial liabilities			
Due to Bank and Financial Institutions	3	4,067	1,182
Due to Nepal Rastra Bank	3	-	2,569
Deposits from customers	3	296,243	139,537
Borrowing		5,080	6,433
Provisions		-	-
Other liabilities		7,910	2,408
Debt securities issued		8,000	4,000
Subordinated Liabilities		-	-
Total		321,301	155,845

5.4. Operating Segment Information

5.4.1 General Information

The bank has identified its segments on the basis of its geographical business presence in seven provinces of the country.

5.4.2 Information about profit or loss, assets and liabilities

Amount in NPR '000

PARTICULARS	KOSHI	MADHESH	BAGMATI	GANDAKI	LUMBINI	KARNALI	SUDURPASCHIM	TOTAL
Revenues from external customers	2,626,990	1,728,337	13,785,177	932,601	1,036,129	234,346	656,121	20,999,702
Intersegment revenues	1,502,936	1,695,629	(4,372,740)	410,481	444,934	(109,785)	428,544	-
Net Revenue	4,129,926	3,423,967	9,412,437	1,343,083	1,481,064	124,560	1,084,665	20,999,702
Interest revenue	2,523,602	1,667,617	12,139,626	900,654	989,887	219,085	625,999	19,066,470
Interest expense	993,343	486,591	10,711,874	435,181	6,866	118,461	190,519	13,379,779
Net interest revenue	1,530,259	1,181,026	1,427,751	554,705	312,155	100,624	435,480	5,686,691
Depreciation and amortisation	39,801	23,370	218,229	25,148	294,425	10,214	11,415	346,447
Segment profit /(loss)	1,157,051	502,175	479,743	282,752	312,155	34,760	287,296	3,044,034
Impairment of assets	121,747	544,891	294,425	66,918	294,425	10,068	69,574	931,638
Segment assets	35,463,305	15,550,466	279,043,497	8,886,650	312,155	4,797,311	16,618,493	361,665,773
Segment liabilities	30,408,564	7,390,618	254,880,160	7,859,437	312,155	6,845,393	15,085,694	323,440,842

5.4.3 Measurement of operating segment profit or loss, assets and liabilities

The bank has identified the key segments of business on the basis of nature of operations that assists the Management Committee of the bank in decision making process and to allocate the resources. It will help the management to assess the performance of the operating segments. The segment has been identified on the basis of geographic location of the branches. Investment balances, NRB balance, income from investment, foreign exchange income are reported in Head office under Bagmati Province. Intra segment revenue and costs are accounted as per the policy of the bank and eliminated in the Head Office.

5.4.4 Reconciliation of reportable, segment revenues, profit or loss, assets and liabilities

Revenue		Amt in Rs Million
Total revenue for reportable segments		7,389
Other revenues		-
Elimination of intersegment revenues		-
Entity's revenue		7,389
Profit or Loss		Amt in Rs Million
Total profit or loss for reportable segments		2,285
Other profit or loss		-
Elimination of intersegment profits		-
Profit before income tax		2,285
Assets		Amt in Rs Million
Total assets for reportable segments		361,665
Other assets		-
Total assets		361,665
Liabilities		Amt in Rs Million
Total liabilities for reportable segments		323,440
Other liabilities		-
Total liabilities		323,440

5.4.5 Information about product and services

The bank offers different ranges of banking products and services across all operating segments. All branches in each segment are equipped to provide services of each type to customers through themselves or through other branch/ central units under same or different segment. However, some branches may be operated to provide specialized banking service based on management's assessment of the market niche.

5.4.6 Information about geographical areas

The operating segments identified above are based on geographical presence of the branches in seven provinces of the country.

5.4.7 Information about major customers

Revenue from single customer doesn't exceed 10% of total revenue.

5.5. Share Options and Share based Payment

The Bank does not have a policy for share options to its employees. Similarly, during the year the Bank has not made any payments or settlements by issuing new shares.

5.6. Contingent Liabilities and Commitment

5.6.1 Income Tax Liability

The Bank has filed tax returns up to the financial years 2078/79 under self-assessment procedures. Tax authorities have issued amended assessment order for various previous financial years demanding additional tax. The Bank has disputed the demand as not tenable and has filed for appeal/ review to appropriate authorities. Pending decision, no provisions have been made against these additional demands. The total additional claim amount of NPR 297 Mio has been shown as contingent liability on income tax under schedule 4.28. The Bank has paid NPR 46 Mio as deposit against such claims.

A brief summary of such claims and their status is as follows:

YEAR	RELATED COMPANY	AUTHORITY UNDER REVIEW	TOTAL CLAIM (RS)
2060/61	Laxmi Bank	Supreme Court	5,352,921
2066/67	Laxmi Bank	Supreme Court	3,303,122
2066/67	Sunrise Bank	Supreme Court	4,004,177
2067/68	Laxmi Bank	Supreme Court	17,068,521
2067/68	Sunrise Bank	Supreme Court	6,287,235
2068/69	Laxmi Bank	Supreme Court	1,606,366
2068/69	Sunrise Bank	Supreme Court	5,342,222
2069/70	Laxmi Bank	Revenue Tribunal	2,810,608
2069/70	Sunrise Bank	Revenue Tribunal	2,009,185
2070/71	Laxmi Bank	Revenue Tribunal	36,663,328
2070/71	Sunrise Bank	Revenue Tribunal	1,937,944
2070/71	Narayani National Finance	Revenue Tribunal	3,381,857
2071/72	Laxmi Bank	Revenue Tribunal	1,051,211
2071/72	Narayani National Finance	Revenue Tribunal	627,866
2071/72	Sunrise Bank	Revenue Tribunal	3,586,323
2072/73	Laxmi Bank	Administrative Review - IRD	5,207,265
2072/73	Sunrise Bank	Administrative Review - IRD	1,038,665
2072/73	Narayani National Finance	Administrative Review - IRD	2,254,871
2073/74	Laxmi Bank	Administrative Review - IRD	17,095,394
2073/74	Sunrise Bank	Administrative Review - IRD	4,106,125
2074/75	Laxmi Bank	Administrative Review - IRD	92,256,398
2074/75	Sunrise Bank	Administrative Review - IRD	5,382,118
2075/76	Laxmi Bank	Administrative Review - IRD	67,457,321
2075/76	Sunrise Bank	Administrative Review - IRD	7,841,866
Total			297,672,909

Tax returns filed under self-assessment for the FYs 2076/77, 2077/78 and 2078/79 are yet to be assessed by tax authorities.

Further, the Bank has filed a case at the Supreme Court against the provision mentioned in Clause 27 of Finance Act, 2080 regarding payment of tax on bargain purchase gain arising out of merger/ acquisition. Accordingly, probable tax amount of Rs. 115.93 Mio on capital reserve arising out of merger/ acquisition in previous years has been included under Contingent Liability.

5.6.2 Contingent Liability

Amount in NPR Million

PARTICULARS	AS AT 16-JUL-23	AS AT 16-JUL-22
Acceptance and documentary credit	35,098	31,444
Bills for collection	20,014	471
Forward exchange contracts	-	363
Guarantees	37,285	24,072
Underwriting commitment	-	-
Other commitments	-	12
Undrawn and undisbursed facilities	25,528	11,957
Capital commitment	-	-
Lease Commitment	-	-
Litigation	414	122
Total	118,340	68,441

5.7 Related Party Disclosures

The Bank identifies its Board of Directors, Key Management Personnel comprising of the CEO and other executive officials, its Subsidiary companies and Associate companies as the related parties under the requirements of NAS 24. The related parties of the Bank are listed below:

PARTICULARS	RELATIONSHIP
Laxmi Capital Market Limited	Subsidiary
Sunrise Capital Limited	Subsidiary
Laxmi Laghubitta Bittiya Sanstha Limited	Subsidiary
Sunrise Securites Limited	Subsidiary
Raman Nepal	Chairman
Er. Bachha Raj Tater	Director
Malchand Dugar	Director
Dr. Manish Thapa	Director
Swati Roongta	Director
Bidya Basnyat	Director
Ajay Bikram Shah, CEO	Key Management Personnel
Executive Committee Members (ECM)	Key Management Personnel

5.7.1 Board Member Allowances and Facilities

All members of the Board of Directors are non-executive directors and no executive compensation is paid to the directors. The directors are paid Meeting Fees for their attendances in meeting of the Board of Directors and other Board Level Committees. The Chairman of the Board of Directors is paid NPR 15,000 per meeting attended while other members of the board receive NPR 13,000 per meeting attended. In addition, the directors are reimbursed with telephone expenses of NPR 5,000 per month. Travelling expenses incurred for attending the meetings of the Board of Directors and other Board Level Committees are also reimbursed to the directors other than those based in Kathmandu.

The details of the compensations paid to the directors are as under:

PARTICULARS	THIS YEAR (NPR)	PREVIOUS YEAR (NPR)
Board Meeting Fee	1,288,000	698,000
Audit Committee Meeting Fee	286,000	135,000
Risk Management Committee Meeting Fee	117,000	158,000
Money Laundering Prevention Committee Meeting Fee	78,000	72,000
Human Resource Committee Meeting Fee	52,000	46,000
Merger Committee Meeting Fee	78,000	-
Other board expenses	318,194	270,500

5.7.2 Loans and Advances extended to Promoters:

The Bank has not extended any loans to promoters during the year. However, loans extended by erstwhile Laxmi Bank Ltd to promoters of erstwhile Sunrise Bank Ltd amounting NPR 2,679 Mio is outstanding as of Ashadh end 2080. The same shall be regularized in line with applicable NRB guidelines.

5.7.3 Compensation Details for Key Management Personnel

Compensations paid to Key Management Personnel (which includes CEO and other executive officials) during the fiscal year is presented below. In addition, other non-monetary perquisites are provided to the Key Management Personnel as per the bank's Human Resource Policy and employment terms and conditions.

Amount in NPR'000

PARTICULARS	THIS YEAR (NPR '000)	PREVIOUS YEAR (NPR '000)
Salary and Allowances		
CEO	14,511	135,000
Other Key Management Personnel	82,672	158,000
Total	97,183	72,000
Other Benefits*		
CEO	2,752	2,966
Other Key Management Personnel	15,651	14,585
Total	18,402	17,551
Post-Employment Benefits**	-	-

*Other Benefits include Staff Bonus paid out of profit for previous year.

**Post-employment benefits are actuarially determined on overall basis for all employees.

5.7.4 Transaction with Subsidiaries

Details of transactions between the bank and its subsidiary companies during the year are presented below.

Amount in NPR'000

PARTICULARS	LAXMI LAGHUBITTA BITTIYA SANSTHA LTD.		LAXMI CAPITAL MARKET LTD.	
	This Year	Previous Year	This Year	Previous Year
Interest Expense	-	-	24,612	13,719
Interest Income	300,025	234,478	-	-
Purchase of Services	-	-	2,276	2,102
Sale of Services	-	-	1,236	2,015
Dividend received	10,753	16,507	17,010	38,475

Details of outstanding balances between the company and its subsidiaries as on 16th July 2023 are presented below:

PARTICULARS	LAXMI LAGHUBITTA BITTIYA SANSTHA LTD.		LAXMI CAPITAL MARKET LTD.	
	This Year	Previous Year	This Year	Previous Year
Equity Investment	147,000	147,000	270,000	270,000
Deposit Liabilities	7,900	6,272	479,441	313,550
Loans to Subsidiaries	2,123,350	2,915,829	-	-
Receivable/ (Payable)	1,898	-	(66)	-

PARTICULARS	SUNRISE CAPITAL LTD		SUNRISE SECURITIES LTD	
	This Year	Previous Year	This Year	Previous Year
Equity Investment	271,168	-	200,000	-
Deposit Liabilities	334,396	-	202,099	-
Loans to Subsidiaries	-	-	-	-
Receivable/ (Payable)	-	-	252	-

The bank has deputed its official as management team of its subsidiaries Laxmi Capital Market Limited, Sunrise Capital Limited and Sunrise Securities Limited.

5.8. Merger and Acquisition

Erstwhile Laxmi Bank Limited and erstwhile Sunrise Bank Limited merged on 13th July, 2023 and started operation as Laxmi Sunrise Bank Limited, after approval from general meetings of both the banks and the regulators. As per the terms of the merger agreement, Laxmi Bank Limited issued 101,188,928 equity shares to the existing shareholders of Sunrise Bank Limited in the approved swap ratio of 1:1.

Accounting for the merger has been done as per NFRS 3 Business Combination, with consideration to the explanatory notes prescribed by The Institute of Chartered Accountants of Nepal (ICAN) as well as the Guidelines on Merger and Acquisition of Banks and Financial Institutions issued by Nepal Rastra Bank. Accordingly, the calculation of Goodwill/ Bargain Purchase Gain is as follows:

PARTICULARS	AMOUNT (NPR)
Consideration Transferred (A)	27,508,860,677
Fair Value of Net Identifiable Assets (B)	27,964,982,053
Goodwill/ (Bargain Purchase Gain) (A-B)	456,121,376

The excess of consideration paid over the fair value of identifiable assets has been considered as goodwill because it represents the expected synergies and other benefits arising from combining the businesses. The amount is presented under Schedule 4.14.

Consideration transferred is calculated by multiplying the number of shares of Laxmi Bank Ltd issued to the shareholders of Sunrise Bank Ltd by their fair value. The valuation as suggested by

Due Diligence Auditors appointed for the purpose of merger and duly approved by General Meetings of both the banks has been taken into consideration while arriving at the Fair Value.

5.9. Disclosure of material non-controlling interest

Amount in Rs '000

PARTICULARS	YEAR ENDED 31 ASHADH 2080	YEAR ENDED 32 ASHADH 2079
Opening Balance	249,607	207,653
Profit/(loss) for the year	(31,995)	49,955
Right Share issued	-	-
Premium on Share	-	-
Cash Dividend Paid	(5,761)	(7,074)
Fund used/Restatement	(1,156)	(927)
Closing NCI	210,695	249,607

Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Amount in NPR '000

NAME OF SUBSIDIARY	PLACE OF INCORPORATION AND PRINCIPAL PLACE OF BUSINESS	PROPORTION OF OWNERSHIP INTERESTS AND VOTING RIGHTS HELD BY NONCONTROLLING INTERESTS		ACCUMULATED NONCONTROLLING INTERESTS	
		31 Ashadh 2080	32 Ashadh 2079	31 Ashadh 2080	32 Ashadh 2079
Laxmi Capital Market Ltd.	Nepal	-	-	-	-
Sunrise Capital Ltd.	Nepal	-	-	-	-
Sunrise Securities Ltd.	Nepal	-	-	-	-
Laxmi Laghubitta Bittiya Sanstha Ltd.	Nepal	30%	30%	210,695	249,607

5.10. Additional Disclosures of non-consolidated entities

The Bank has four subsidiaries as at 16 July 2023, Laxmi Capital Market Limited, Sunrise Capital Limited, Laxmi Laghubitta Bittiya Sanstha and Sunrise Securities Limited which are consolidated for the year ended 16 July 2023. There are no such entities that are required to be consolidated but not done during the year.

5.11. Events after reporting date

The 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.

5.11.1 Merger between Subsidiaries

The Bank's merchant banking subsidiaries, Laxmi Capital Market Limited and Sunrise Capital Limited have signed Scheme of Arrangement for merger which has been approved by their respective general meetings.

5.11.2 Proposed Dividend

The Board of directors in its meeting dated December 12, 2023 has passed a resolution recommending for distribution of bonus shares (stock dividend) at 7% and cash dividend at 0.37% (towards tax on bonus shares) of paid up capital as at July 16, 2023. The Bank's paid up equity capital shall increase by NPR 1,516,916,650 upon approval of the resolution from Annual General Meeting.

5.12. Non-Banking Assets

Non-Banking Assets (NBA) has been shown under investment property. It has been recognized at lower of fair value or amount due at the time of assumption of NBA.

Amount in NPR '000

BORROWER NAME	DATE OF ASSUMING NBA	31 ASHADH 2080	31 ASHADH 2079
Shyam Sundar Chyau Kheta Udhyog	2072.03.06	3,349	3,349
New Jay Laxmi Gahana Griha	2075.08.04	12,248	12,248
R & D Traders	2075.09.05	2,406	2,406
New B.M Impex	2075.11.19	7,332	7,332
Zeal Enterprises P. Ltd.	2076.08.16	45,200	45,200
Kasika Collection Center, Kathmandu	2072.03.31	3,072	-
Amar Adharsha Ma. Vidyalyaya	2059.09.01	3,400	-
Hem B Khadka	2073.03.30	1,999	-
Shiva Shakti Imporium	2072.03.30	5,707	-
Arun Traders	2055.03.19	2,732	-
Bhagirath Tomato	2075.10.24	464	-
Sandhaya Jewellers	2075.12.28	6,103	-
Subodh Retail P. Ltd.	2076.01.22	100,048	-
Subodh Uniform Industries P. Ltd.	2076.02.08	78,609	-
Subodh Retail P. Ltd.	2076.02.08	9,297	-
Subodh Uniform Industries P. Ltd.	2076.02.08	7,304	-
Bhupendra Bahadur Karki	2076.02.27	5,729	-
Samir Traders	2076.02.27	12,181	-
Sandhya Jewellers	2076.03.19	14,514	-
Auto Planet	2076.03.30	26,912	-
Pradip Gautam	2076.03.30	8,332	-
Damder Narayan Mehta	2076.03.31	5,197	-
Kamala Basnet	2075.03.28	1,010	-
Laxmi Satyam Tradres P. Ltd.	2076.09.25	40,740	-
Prakasheswor Trade	2076.08.19	9,596	-
Shiva Ganga Jal Udhyog	2077.05.30	6,828	-
Arju Poultry Farm & Suppliers	2078.07.01	1,766	-
E-Net Payment Pvt.Ltd.	2078.12.30	43,912	-
Surya Construction Firm Pvt. Ltd.	2078.12.30	85,730	-
Marusin Sitaka Cons	2079.01.04	143,003	-
Pace Enterprises	2079.01.16	75,250	-
Gayatri Trading	2079.02.13	18,932	-

5.13. Leases

Right of Use assets, related to leased properties that do not meet the definition of investment property are presented as Property and Equipment under Schedule 4.13.

Amount in NPR '000

PARTICULARS	THIS YEAR	PREVIOUS YEAR
Presented in Statement of Financial Position		
Right of Use Assets	1,823,656	677,944
Lease Liability	1,942,377	713,744
Presented in Statement of Profit or Loss		
Depreciation on Right of Use Assets	132,034	125,949
Interest on Lease Liabilities	53,942	50,631

5.14. Interest Income

Entire interest receivable on loans and advances as of year-end has been transferred to regulatory reserve as per NRB Directives. However, interest accrued as of 31 Ashad 2080 and collected after

year end up to 15 Shrawan 2080 amounting to NPR 927,197,049 has been deducted from the amount transferred to regulatory reserve during the FY 2022-23 after adjustment of staff bonus and taxes. Interest income excludes NPR 42,913,376 towards interest accrued on overdue loans and advances as per Guidelines on Recognition of Interest Income, 2019 issued by NRB.

5.15. Earnings per share

The 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 Earnings per Share.

PARTICULARS	UNITS	YEAR ENDED 16-JUL-23	YEAR ENDED 16-JUL-22
Profit attributable to equity shareholders (a)	NPR'000	2,285,238	1,513,453
Weighted average of number of equity shares used in computing basic earnings per share (b)		116,345,140	115,513,451
Basic and diluted earnings per equity share of Rs 100 each (a/b)	Rs.	19.64	13.10

As there is no potential ordinary shares that would dilute current earning of equity holders, basic EPS and diluted EPS are equal for the period presented.

5.16. Unpaid Dividends

As at the reporting date, unpaid dividend over five years amounts to as follows.

Amount in NPR. '000

PARTICULARS	AS AT 16 JULY 2023	AS AT 16 JULY 2022
Not collected for more than 5 years	40,754	-
Not collected up to 5 years	52,151	56,848
Total	92,905	56,848

5.17. Non-performing assets

The Bank's non-performing assets ratio stood at 2.91% as at balance sheet date. The total non-performing assets as at balance sheet date is NPR 7,217,713 and loan loss provision related to non-performing assets calculated as per NRB directives is NPR 4,525,227 which is 62.70% of NPA. Also, the total loan loss provision to NPA is 114.66%.

Amount in NPR '000

PARTICULARS	THIS YEAR	PREVIOUS YEAR	CHANGE	
			AMOUNT	%
Performing Loan	248,414,861	131,392,874	117,021,987	89%
Pass Loans	231,695,090	125,098,157	106,596,933	85%
Watch list Loans	16,719,772	6,294,717	10,425,055	166%
Non-performing Loans	7,442,856	1,175,726	6,267,130	533%
Restructured/ Rescheduled Loans	192,137	26,460	165,677	626%
Substandard Loans	2,175,928	411,878	1,764,050	428%
Doubtful Loans	2,130,863	346,320	1,784,543	515%
Loss Loans	2,943,928	391,068	2,552,860	653%
Gross Loans and Advances	255,857,718	132,568,600	123,289,118	93%

5.18. Loans Written Off

The Bank has written off loans amounting total NPR 240,376,287 during the year FY 2079-80. The amount has been presented as non-operating expense under schedule 4.40 in Statement of Profit of Loss. The details of loans written off during the year are as follows:

SN	Name of Borrower	Written Off Amount (NPR)	Types of Security	Basis of valuation of collateral	Recovery Action	Reason for Write Off
1	Abhinna Bishwokarma	2,169,501	Real Estate	Approved Valuator	35 days notice published, blacklisted	No security coverage
2	Alliance Management Service Ltd	65,082,225	Hypothecation over Stock and Assets	Internal Valuation	35 days notice published, blacklisted	No security coverage
3	Bhairab Darshan Group Pvt. Ltd.	30,333,249	Real Estate, Hypothecation over Stock and Assets	Approved Valuator	35 days notice published, blacklisted	No security coverage
4	Bhairab Darshan Traders Pvt. Ltd.	16,479,386	Real Estate, Hypothecation over Stock and Assets	Approved Valuator	35 days notice published, blacklisted	No security coverage
5	Binda Rijal	4,611,618	Real Estate	Approved Valuator	35 days notice published, blacklisted	No security coverage
6	Bishnu Prasad Shiwakoti	12,230,648	Real Estate, Vehicles	Approved Valuator	35 days notice published, blacklisted	No security coverage
7	Chitra Kumari Thapa	220,653	Hypothecation over Stock and Assets	Internal Valuation	35 days notice published	No security coverage
8	Chote/Chandramaya Sarki	752,711	Hypothecation over Stock and Assets	Internal Valuation	35 days notice published	No security coverage
9	Dilip Kumar Shrestha	3,913,193	Vehicles	As per Invoice	35 days notice published, blacklisted	No security coverage
10	Dinesh Kumar Shrestha	4,318,486	Real Estate	Approved Valuator	35 days notice published, blacklisted	No security coverage
11	Gokarna Singh Budhathoki	313,271	Hypothecation over Stock and Assets	Internal Valuation	35 days notice published	No security coverage
12	Harka Bdr /Uma Devi Sarki	754,865	Hypothecation over Stock and Assets	Internal Valuation	35 days notice published	No security coverage
13	Highway Oil Suppliers	10,003,000	Real Estate, Hypothecation over Stock and Assets	Approved Valuator	35 days notice published, blacklisted	No security coverage
14	Ishwor Pyakurel	64,597	Hypothecation over Stock and Assets	Internal Valuation	35 days notice published	No security coverage
15	Jaiswal Fruit Center	504,894	Vehicles	As per Invoice	35 days notice published	No security coverage
16	Januka Mudvari	252,980	Real Estate	Approved Valuator	35 days notice published	No security coverage
17	Jaya Guru Enterprises	1,929,212	Real Estate, Hypothecation over Stock and Assets	Approved Valuator	35 days notice published, blacklisted	No security coverage
18	Kailash Kumar Dewan	244,820	-	-	35 days notice published	No security coverage
19	Kamala Kuwar	67,771	Hypothecation over Stock and Assets	Internal Valuation	35 days notice published	No security coverage
20	Kanchha/Sabita Tamang	273,025	Real Estate	Approved Valuator	35 days notice published	No security coverage
21	Lal Bahadur Shah	755,439	Hypothecation over Stock and Assets	Internal Valuation	35 days notice published	No security coverage
22	New Jay Laxmi Gahana	61,081,243	Real Estate, Hypothecation over Stock and Assets	Approved Valuator	35 days notice published	No security coverage
23	Rajesh Raj Verma/ Dr Sujay Raj Verma	8,473,004	Real Estate	Approved Valuator	35 days notice published, blacklisted	No security coverage
24	Santosh Raj Bhatta	63,427	-	-	35 days notice published	No security coverage
25	Subash Khadka	5,713,283	Vehicles	As per Invoice	35 days notice published, blacklisted	No security coverage
26	Sunil Rijal	2,018,840	Real Estate	Approved Valuator	35 days notice published, blacklisted	No security coverage
27	Surya Bahadur Karki	6,216,641	Real Estate	Approved Valuator	35 days notice published, blacklisted	No security coverage
28	Tara Bahadur Sarki	768,865	Hypothecation over Stock and Assets	Internal Valuation	35 days notice published	No security coverage
29	Yam Bdr / Sitadevi Sarki	765,440	Hypothecation over Stock and Assets	Internal Valuation	35 days notice published	No security coverage
Total		240,376,287				

5.19. Concentration of Deposits, Loans & Advances and Contingents

Amount in NPR Million

PARTICULARS	LOANS & ADVANCES AND BILLS PURCHASED		DEPOSITS & BORROWINGS		NON-FUNDED	
	255,587	Previous Year	255,587	Previous Year	255,587	Previous Year
Total Amount Outstanding	255,587	132,568	300,310	139,945	118,223	68,441
Highest Exposure of a Single Unit	2,123	2,915	6,653	2,998	6,695	6,514
Concentration of exposure	0.83%	2.20%	2.22%	2.14%	5.66%	9.52%

5.20. Principal Financial Indicators

PARTICULARS	INDICATORS	F. Y. 2075/2076	F. Y. 2076/2077	F. Y. 2077/2078	F. Y. 2078/2079	F. Y. 2079/2080
1. Percentage of Net Profit/Gross Income	%	36.93%	30.64%	30.46%	28.41%	30.93%
2. Earnings Per Share	NPR	17.82	14.39	14.73	13.10	19.64
3. Market Value per Share	NPR	226.00	209.00	395.00	199.00	173.00
4. Price Earning Ratio	Ratio	12.68	14.53	26.81	15.19	8.81
5. Dividend on share capital (Bonus share + Cash dividend)	%	15.00%	11.50%	11.50%	-	7.37%
6. Cash Dividend on share capital	%	5.00%	2.50%	3.50%	-	0.37%
7. Interest Income/Loans & Advances and Investments	%	11.72%	11.06%	8.50%	9.64%	8.32%
8. Employee Expenses/Total Operating Expenses	%	46.91%	48.02%	54.23%	52.49%	50.65%
9. Interest Expenses on Total Deposits and Borrowings	%	7.33%	6.99%	5.20%	6.86%	5.88%
10. Exchange Fluctuation Gain/Total Income	%	8.41%	7.39%	6.60%	5.10%	2.93%
11. Staff Bonus/ Total Staff Expenses	%	28.14%	21.89%	18.68%	17.20%	21.88%
12. Net Profit/Loans & Advances	%	2.30%	1.69%	1.59%	1.25%	1.18%
13. Net Profit/ Total Assets	%	1.66%	1.20%	1.12%	0.93%	0.85%
14. Total Credit/Deposit	%	95.30%	91.53%	94.66%	95.12%	86.27%
15. Total Operating Expenses/Total Assets	%	1.97%	1.79%	1.74%	1.61%	1.14%
16. Adequacy of Capital Fund on Risk Weighttag Assets						
a. Core Capital	%	11.01%	10.26%	9.49%	9.05%	10.04%
b. Supplementary Capital	%	0.82%	2.76%	2.66%	3.70%	3.17%
c. Total Capital Fund	%	11.83%	13.02%	12.15%	12.75%	13.21%
17. Liquidity (CRR)	%	5.59%	8.29%	8.29%	4.65%	4.19%
18. Non-Performing Loans/Total Loans	%	1.11%	1.04%	0.75%	0.89%	2.91%
19. Weighted Average Interest Rate Spread	%	4.40%	4.07%	2.60%	3.06%	3.32%
20. Base Rate	%	10.31%	9.23%	7.08%	9.99%	10.75%
21. LCY Interest Spread (Calculated as per NRB Directive)	%	4.37%	3.94%	3.42%	3.94%	4.42%
22. Net Worth Per Share	NPR	141.81	142.42	157.98	146.66	176.39
23. Total Employees	Number	1,018	1,101	1,283	1,402	2,712

5.21. Reserve

5.21.1. General Reserve

The movement in general reserve during the year is as follows:

Amount in NPR '000

Opening Balance	2,451,321
Transfer as per BAFIA from Net Profit	457,047
Transfer from OCI	6,640
Transfer from merger	2,974,649
Closing balance	5,889,658

As required by Section 44 of Banks and Financial Institutions Act, 2073 (BAFIA), 20% of the current year's net profit amounting to NPR 457,047,774 (Previous Year NPR 302,690,577) has been transferred to General Reserve. As per the circular 4/078/79 issued by NRB, 20% of the gain accounted in OCI amounting to NPR 6,640,390 (Previous Year NPR 58,553,330) has been transferred to General reserve. Further, General Reserve of erstwhile Sunrise Bank Ltd as of 13th July, 2023 amounting NPR 2,974,648,994 has been transferred upon merger.

5.21.2. Exchange Fluctuation Reserve

As per Section 45 of the Banks and Financial Institutions Act 2073, a bank or financial institution carrying on foreign exchange business shall make necessary accounts adjustments in the profit and loss account of the revaluation profits earned as a result of fluctuations in the exchange rates of foreign currencies, other than the Indian currency, every year at the end of the same fiscal year. While making such accounts adjustment in the profit and loss account, if revaluation earning has been made in any fiscal year, at 25% per cent of such profits shall be credited to the exchange equalization fund. The bank during the FY has transferred NPR 657,953 to the exchange equalization reserve. Further, Exchange Fluctuation Reserve of erstwhile Sunrise Bank Ltd as of 13th July, 2023 amounting NPR 44,803,084 has been transferred upon merger. The movement during FY in the exchange equalization reserve is as follows:

Amount in NPR '000

Opening Balance	32,151
Add: Transfer during the period	658
Add: Trasfer from merger	44,803
Closing balance	77,612

5.21.3. Debenture Redemption Reserve

As per the Clause 5 of NRB directive 16, licensed institutions are required to maintain a capital redemption reserve in respect of debenture liability. Accordingly, the Bank has transferred NPR 444.44 Million to Debenture Redemption Reserve for 10% Laxmi Bank Debentures, 2086 and 8.5% Laxmi Bank Debentures, 2088. Further, Debenture Redemption Reserve of erstwhile Sunrise Bank Ltd as of 13th July, 2023 amounting NPR 2,500 Mio has been transferred upon merger. The movement during FY in the debenture redemption reserve is as follows:

Amount in NPR '000

Opening Balance	444,444
Add: Transfer during the period	444,444
Add: Trasfer from merger	2,500,000
Closing balance	3,388,888

5.21.4. Regulatory Reserve

The Bank has transferred NPR 208,266,160 for interest receivable and NPR 225,403,256 for deferred tax asset on Profit and Loss from retained earnings to regulatory reserve during the FY 2079-80. Further, Regulatory Reserve of erstwhile Sunrise Bank Ltd as of 13th July, 2023 amounting NPR 2,032,071,010 has been transferred upon merger. The closing balance of Regulatory reserve as on Ashad end 2080 is NPR 2,894,257,793.

Amount in NPR Million

FY	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
2074/75	139.34	-	-	37.49	-	-	-	8.26	-	185.09
2075/76	(30.78)	-	-	(0.16)	-	-	-	5.41	-	(25.53)
2076/77	230.98	-	-	31.33	-	-	-	(2.47)	-	259.84
2077/78	(19.67)	-	-	(1.91)	-	-	-	(11.20)	-	(32.79)
2078/79	64.21	-	-	(22.30)	-	-	-	-	-	41.91
2079/80	208.26	-	-	-	225.40	-	-	-	-	433.66
Merger transfer	960.84	-	-	1,071.23	-	-	-	-	-	2,032.07
Total	1,553.18	-	-	1,115.68	225.40	-	-	-	-	2,894.26

5.21.5. Investment Adjustment Reserve

The Bank's Investment Adjustment Reserve comprises of NPR 3,000,000 towards investment in unlisted shares of Banking, Finance and Insurance Institute of Nepal. There hasn't been any movement in Investment Adjustment Reserve during the year. During the year, AFS investments are marked to market on a regular basis and the difference is adjusted through profit and loss and OCI reserve.

5.21.6. Corporate Social Responsibility

As per the NRB directive no. 6.16 on the Corporate Social Responsibility, the Bank has allocated 1% of the net profit of current fiscal year for CSR activities. CSR expenses NPR 9,617,062 incurred during the year has been charged to Statement of Profit and Loss Account and the corresponding amount has been transferred from CSR Reserve to Retained Earnings. Further, CSR Reserve of erstwhile Sunrise Bank Ltd as of 13th July, 2023 amounting NPR 13,835,487 has been transferred upon merger. The movement during FY in the CSR reserve is as follows:

Amount in NPR '000

Opening Balance	15,212
Allocation for FY 2080-81 (1% of Net Profit)	22,852
Expense during the year	(9,617)
Transfer from merger	13,835
Closing balance	42,282

The Bank's CSR activities are allocated at provinces and targeted sectors as mandated by Directive 6 issued by Nepal Rastra Bank. The usage of CSR fund during the year is as follows:

Province	Education	Financial Literacy	Health and Sanitation	Marginalized Segment	Social Development Projects	Total
Koshi	554,357	305,501	288,571	79,300	259,046	1,486,776
Madesh	667,857	279,498	213,571	-	304,626	1,465,553
Bagmati	487,495	272,238	88,571	235,000	354,626	1,437,930
Gandaki	711,245	327,935	317,521	25,000	307,126	1,688,828
Lumbini	495,256	272,833	408,571	-	301,826	1,478,487
Karnali	392,857	315,973	88,571	-	244,626	1,042,028
Sudur Paschim	392,857	291,406	88,571	-	244,626	1,017,461
Total	3,701,925	2,065,383	1,493,950	339,300	2,016,505	9,617,062

5.21.7. Employees Training Fund

As per NRB Directive No. 6, the Bank is required to spend at least 3% of total personnel expenses in training and skills development of its employees. Any deficit expenses on the minimum amount as above should be transferred to Employees Training Fund. The Bank has transferred NPR 4,126,125 from Employees Training Fund to Retained Earnings during the FY 2079/80. Additionally, Employee Training Fund of erstwhile Sunrise Bank Ltd as of 13th July, 2023 amounting NPR 5,967,023 has been transferred upon merger. The movement during FY in the employee training fund is as follows:

Amount in NPR '000

Opening Balance	8,865
Surplus amount transferred to Retained Earning	(4,126)
Transfer from merger	5,967
Closing balance	10,705

5.21.8. Fair Value Reserve

The Bank has revalued its investments at fair value through other comprehensive income and created fair value reserves towards gains arising thereof. During the FY 2079-80, the Bank has transferred net amount NPR 435,905,743 to the reserve. Similarly, NPR 33,201,952 towards net gain on sale of investmet recognized through OCI has been transferred to Retained Earning and General Reserve. Further, Fair Value Reserve of erstwhile Sunrise Bank Ltd as of 13th July, 2023 amounting NPR 450,580,739 has been transferred upon merger. The details of these reserves is as below:

Amount in NPR '000

Opening Balance	784,664
Transfer to Reserve	435,905
Trasnfer to Retained Earnings and General Reserve	(33,202)
Transfer from merger	450,590
Closing balance	1,637,949

5.21.9. Asset Revaluation Reserve

The Bank has transferred property, plant and equipment of erstwhile Sunrise Bank Limited upon merger at revalued amount. The net revaluation amount, after adjustment for applicable taxes, amounting NPR 330,759,521 has been presented as Asset Revaluation Reserve under Sch 4.27.



Laxmi Sunrise

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