



लक्ष्मी सनराइज बैंक लिमिटेड  
Laxmi Sunrise Bank Limited

# 24<sup>TH</sup> Annual Report

2023/24

लक्ष्यमा संग-संगै



## 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 2081 (15 July 2024), 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 2080 to 31 Ashad 2081 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 2081 (15 July 2024), 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's 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) Goodwill on merger and Acquisition*

Key Audit Matter	How our audit addresses the key audit matter
Following the merger with Sunrise Bank Limited in FY 2079.80, the bank has recorded goodwill. The bank is required to annually test the amount of goodwill for impairment, which is complex, highly judgmental, and based on several assumptions and indicators which are affected by expected future market or economic conditions.	Our approach regarding recognition and impairment of goodwill on business combination is based on NFRS 3 and it includes reviewing impairment testing of goodwill including the assumptions and other indicators taken by the bank.

##### *b) Information Technology ('IT') systems and controls impacting financial reporting in relation to the Bank*

Key Audit Matter	How our audit addresses the key audit matter
The IT environment of the Bank is complex and involves a large number of independent IT systems used in the operations of the Bank for processing and recording a large volume of transactions at numerous locations.	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.

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The accuracy and reliability of the financial reporting process depend on the IT systems and the related control environment, including:

- IT general controls over user access management and change management across applications, networks, databases, and operating systems.
- IT application controls

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.

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.

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 part of our audit procedure.

Where deficiencies were identified, we tested compensating controls or performed alternate procedures.

*c) Identification and provisioning for non-performing for non-performing assets ('NPAs') in relation to the Bank Total Loans and Advances (Net of Provision) as at 31 Ashad 2081: NPR 255,400 million; Provision for NPA as at 31 Ashad 2081: NPR 12,284 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 addresses the key audit matter
<p>The Nepal Rastra Bank ("NRB") guidelines on the recognition of Interest Income and Unified Directives prescribes 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 we were not limited to, the following:</p> <ul style="list-style-type: none"> <li>• We understood the process &amp; controls, and tested the design and operating effectiveness of key controls, including IT-based controls, focusing on the following: <ul style="list-style-type: none"> <li>a) Approval of new lending facilities against the Bank's credit policies and the performance of annual loan assessments.</li> <li>b) Controls over the monitoring of credit quality which amongst other things included, the monitoring of overdue reports drawing power, limits, pending security creation.</li> <li>c) Identification and classification of NPAs in line with NRB's circular, the impairment requirement as per carve out on NFRS 9 provided by the Bank and certain qualitative aspects; and</li> <li>d) Assessment of adequacy of NPA provisions being the higher of NRB norms and carve out on NFRS 9 provided by ICAN.</li> </ul> </li> <li>• 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 NPA's.</li> <li>• 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.</li> <li>• 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.</li> <li>• As per our review of the impairment calculation, we noted that the impairment is calculated higher of the following prescribed method. <ul style="list-style-type: none"> <li>i. NRB Regulations;</li> <li>ii. NFRS Pronouncement with specific reference to Carve out on NFRS-9 provided by ICAN.</li> </ul> </li> </ul>

## Other Matters

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.

## 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.

## 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

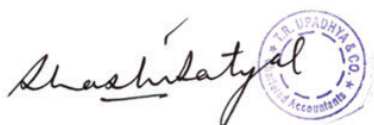
## Report on the Other Legal and Regulatory Requirements

We have obtained information and explanations asked for, which, to the best of our knowledge and belief, were necessary for the purpose of our audit. In our opinion, the consolidated statement of financial position as at 15 July 2024 (31 Ashad 2081), the consolidated statement of profit or loss, the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies have prepared in the format prescribed by the Nepal Rastra Bank Unified Directives No. 4 and in accordance with the requirements of the Companies Act, 2063 and Section 59 of the Banks and Financial Institution Act, 2073 and are in agreement with the books of account maintained by the Bank; and proper books of account as required by law including relevant records relating to the preparation of the aforesaid financial statements have been kept so far as it appears from our examination of those books and records of the Bank.

In our opinion, the returns received from the branches were sufficient for the purpose of the audit though these statements were independently not audited.

In our opinion, so far as appeared from our examination of the books, the Bank has maintained adequate capital funds and adequate provisions for possible impairment of assets in accordance with the directives of Nepal Rastra Bank.

To the best of our information and according to explanations given to us and so far appeared from our examination of the books of account of the Bank, we have not come across cases where the Board of Directors or any employees of the Bank have acted contrary to the provisions of law relating to the accounts, or committed any misappropriation or caused loss or damage to the Bank and violated any directives of Nepal Rastra Bank or acted in a manner to jeopardize the interest and security of the Bank, its depositors and investors.



Shashi Satyal  
Partner

PKF T R Upadhyaya & Co.  
Chartered Accountants

124 Lal Colony Marg, Lal Durbar, Kathmandu, Nepal

Date: 29 November 2024

UDIN No: 241202CA00008YwvtvT

## Consolidated Statement of Financial Position

As on 31 Ashadh 2081 (15 July 2024)

Amount in NPR

Particulars	Note	Group		Bank	
		15 July 2024	16 July 2023	15 July 2024	16 July 2023
Assets					
Cash and cash equivalent	4.1	15,584,507,150	18,969,801,242	15,047,811,674	18,187,735,432
Due from Nepal Rastra Bank	4.2	15,540,618,414	20,708,423,048	15,510,635,414	20,677,440,048
Placement with Bank and Financial Institutions	4.3	6,095,097,066	738,700,000	6,185,698,763	788,700,000
Derivative financial instruments	4.4	5,190,188,038	1,899,978,992	5,190,188,038	1,899,978,992
Other trading assets	4.5	-	68,190,000	-	68,190,000
Loan and advances to B/FIs	4.6	5,586,718,754	5,591,762,552	7,992,354,863	7,687,484,996
Loans and advances to customers	4.7	253,998,257,898	253,801,003,824	247,408,112,400	247,870,137,673
Investment securities	4.8	87,308,680,997	53,514,666,905	87,110,568,876	53,360,547,659
Current tax assets	4.9	114,232,807	217,535,424	129,712,230	189,286,986
Investment in subsidiaries	4.10	-	-	893,167,928	893,167,928
Investment in associates	4.11	-	-	-	-
Investment property	4.12	1,563,131,696	1,275,163,202	1,563,131,696	1,275,163,202
Property and equipment	4.13	4,634,115,369	4,925,959,438	4,562,523,618	4,864,929,807
Goodwill and Intangible assets	4.14	606,798,964	532,525,892	602,063,672	523,745,251
Deferred tax assets	4.15	-	-	-	-
Other assets	4.16	3,948,709,246	3,513,807,216	3,765,922,817	3,379,265,215
Total Assets		400,171,056,395	365,757,517,737	395,961,891,988	361,665,773,188

Particulars	Note	15 July 2024	16 July 2023	15 July 2024	16 July 2023
<b>Liabilities</b>					
Due to Bank and Financial Institutions	4.17	5,476,080,934	4,969,003,023	4,468,970,749	4,067,001,556
Due to Nepal Rastra Bank	4.18	-	-	-	-
Derivative financial instruments	4.19	5,179,641,688	1,896,707,957	5,179,641,688	1,896,707,957
Deposits from customers	4.20	330,472,557,828	297,744,870,039	328,931,512,100	296,243,475,431
Borrowing	4.21	3,980,636,946	5,080,623,999	3,980,636,946	5,080,623,999
Current Tax liabilities	4.9	-	-	-	-
Provisions	4.22	-	-	-	-
Deferred tax liabilities	4.15	260,514,912	216,955,992	298,015,141	242,700,360
Other liabilities	4.23	6,607,654,067	8,978,086,450	5,601,678,617	7,910,332,412
Debt securities issued	4.24	7,000,000,000	8,000,000,000	7,000,000,000	8,000,000,000
Subordinated Liabilities	4.25	-	-	-	-
<b>Total liabilities</b>		<b>358,977,086,375</b>	<b>326,886,247,460</b>	<b>355,460,455,242</b>	<b>323,440,841,715</b>

<b>Equity</b>					
Share capital	4.26	23,187,154,510	21,670,237,860	23,187,154,510	21,670,237,860
Share premium		-	-	-	-
Retained earnings		1,235,036,063	2,068,104,636	1,241,675,276	1,728,331,728
Reserves	4.27	16,546,216,077	14,922,232,232	16,072,606,961	14,826,361,885
<b>Total equity attributable to equity holders</b>		<b>40,968,406,651</b>	<b>38,660,574,728</b>	<b>40,501,436,746</b>	<b>38,224,931,472.83</b>
Non-controlling interest		225,563,370	210,695,549	-	-
<b>Total equity</b>		<b>41,193,970,021</b>	<b>38,871,270,277</b>	<b>40,501,436,746</b>	<b>38,224,931,473</b>
<b>Total liabilities and equity</b>		<b>400,171,056,395</b>	<b>365,757,517,737</b>	<b>395,961,891,988</b>	<b>361,665,773,188</b>
Contingent liabilities and commitment	4.28	116,968,526,752	118,340,567,777	116,968,526,752	118,339,627,253
Net assets value per share		176.69	178.40	174.67	176.39

Piyush Raj Aryal  
Chief Financial Officer

Ajaya Bikram Shah  
Chief Executive Officer

Raman Nepal  
Chairman

Directors  
Manoj Kumar Bhattarai  
Dinesh Paudyal  
Swati Roongta  
Bidya Basnyat

As per our report of even date

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

Date : November 29, 2024  
Place : Kathmandu

## Consolidated Statement of Profit or Loss

For the year ended 31 Ashadh 2081 (15 July 2024)

Amount in NPR

Particulars	Note	Group		Bank	
		Current Year	Previous Year	Current Year	Previous Year
Interest income	4.29	36,667,505,466	19,791,422,730	35,924,613,707	19,066,469,766
Interest expense	4.30	23,823,353,911	13,699,092,484	23,560,745,625	13,379,778,995
<b>Net interest income</b>		<b>12,844,151,555</b>	<b>6,092,330,246</b>	<b>12,363,868,082</b>	<b>5,686,690,771</b>
Fee and commission income	4.31	2,722,114,453	1,360,302,416	2,454,502,507	1,214,350,589
Fee and commission expense	4.32	465,648,614	227,413,897	465,648,614	230,927,297
<b>Net fee and commission income</b>		<b>2,256,465,839</b>	<b>1,132,888,519</b>	<b>1,988,853,893</b>	<b>983,423,292</b>
<b>Net interest, fee and commission income</b>		<b>15,100,617,394</b>	<b>7,225,218,765</b>	<b>14,352,721,975</b>	<b>6,670,114,063</b>
Net trading income	4.33	262,957,924	214,107,234	262,957,924	214,107,234
Other operating income	4.34	245,822,098	512,071,556	299,303,066	504,774,045
<b>Total operating income</b>		<b>15,609,397,415</b>	<b>7,951,397,555</b>	<b>14,914,982,965</b>	<b>7,388,995,342</b>
Impairment charge/(reversal) for loans and other losses	4.35	3,565,546,528	1,163,399,015	3,588,060,084	1,060,699,532
<b>Net operating income</b>		<b>12,043,850,887</b>	<b>6,787,998,540</b>	<b>11,326,922,881</b>	<b>6,328,295,810</b>
<b>Operating expense</b>					
Personnel expenses	4.36	5,373,168,211	2,271,905,999	4,950,852,206	1,884,059,366
Other operating expenses	4.37	1,439,896,885	905,292,109	1,352,021,726	821,753,267
Depreciation & Amortisation	4.38	650,874,470	371,365,528	622,026,230	346,446,931
<b>Operating Profit</b>		<b>4,579,911,322</b>	<b>3,239,434,905</b>	<b>4,402,022,720</b>	<b>3,276,036,247</b>
Non operating income	4.39	212,366,447	8,558,732	212,172,590	8,374,214
Non operating expense	4.40	309,506,933	240,376,287	309,506,933	240,376,287
<b>Profit before income tax</b>		<b>4,482,770,836</b>	<b>3,007,617,349</b>	<b>4,304,688,377</b>	<b>3,044,034,173</b>
Income tax expense	4.41	1,500,252,884	786,830,804	1,384,309,398	758,795,333
Current Tax		1,286,341,248	940,585,327	1,203,553,698	921,718,815
Deferred Tax		213,911,636	(153,754,522)	180,755,700	(162,923,482)
<b>Profit for the period</b>		<b>2,982,517,952</b>	<b>2,220,786,545</b>	<b>2,920,378,979</b>	<b>2,285,238,841</b>
<b>Profit attributable to:</b>					
Equity holders of the Bank		2,973,035,449	2,170,830,838	2,920,378,979	2,285,238,841
Non-controlling interest		9,482,503	49,955,707	-	-
<b>Profit for the period</b>		<b>2,982,517,952</b>	<b>2,220,786,545</b>	<b>2,920,378,979</b>	<b>2,285,238,841</b>
<b>Earnings per share</b>					
Basic earnings per share		12.86	14.57	12.59	13.10
Diluted earnings per share		12.86	14.57	12.59	13.10

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Chief Financial Officer

Ajaya Bikram Shah  
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Swati Roongta  
Bidya Basnyat

As per our report of even date

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

Date : November 29, 2024  
Place : Kathmandu

# Consolidated Statement of Other Comprehensive Income

For the year ended 31 Ashadh 2081 (15 July 2024)

Amount in NPR

Particulars	Note	Group		Bank	
		Current Year	Previous Year	Current Year	Previous Year
<b>Profit for the year</b>		<b>2,982,517,952</b>	<b>2,220,786,545</b>	<b>2,920,378,979</b>	<b>2,285,238,841</b>
Other comprehensive income, net of income tax					
<b>a) Items that will not be reclassified to profit or loss</b>					
Gains/ (losses) from investments in equity instruments measured at fair value		(193,056,279)	622,918,180	(193,717,518)	622,722,490
Gains/ (losses) on revaluation					
Actuarial gains/ (losses) on defined benefit plans		(225,338,578)	6,578,000	(224,418,878)	(3,802,758)
Income Tax relating to above items		125,518,457	(188,848,854)	125,440,919	(171,446,512)
Net other comprehensive income that will not be reclassified to profit or loss		(292,876,400)	440,647,326	(292,695,477)	447,473,220
<b>b) Items that are or may be reclassified to profit or loss</b>					
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		-	-	-	-
<b>Net other comprehensive income that are or may be reclassified to profit or loss</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>c) Share of other comprehensive income of associate accounted as per equited method</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other comprehensive income for the period, net of income tax</b>		<b>(292,876,400)</b>	<b>440,647,326</b>	<b>(292,695,477)</b>	<b>447,473,220</b>
<b>Total comprehensive income for the period</b>		<b>2,689,641,552</b>	<b>2,661,433,871</b>	<b>2,627,683,502</b>	<b>2,732,712,061</b>
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Bank		2,680,159,050	2,693,429,180	2,627,683,502	2,732,712,061
Non-controlling interest		9,482,503	(31,995,309)	-	-
<b>Total comprehensive income for the period</b>		<b>2,689,641,552</b>	<b>2,661,433,871</b>	<b>2,627,683,502</b>	<b>2,732,712,061</b>

Piyush Raj Aryal  
Chief Financial Officer

Ajaya Bikram Shah  
Chief Executive Officer

Raman Nepal  
Chairman

As per our report of even date

Directors  
Manoj Kumar Bhattarai  
Dinesh Paudyal  
Swati Roongta  
Bidya Basnyat

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

Date : November 29, 2024  
Place : Kathmandu

## Consolidated Statement of changes in equity

For the year ended 31 Ashadh 2081 (15 July 2024)

Amount in NPR

Group												
Particulars	Attributable to equity holders of the Bank											
	Share Capital	Share premi-um	General reserve	Exchange Equalisation Reserve	Regulatory reserve	Fair Value Reserve	Revaluation Reserve	Retained earning	Other reserve	Total	Non-con-trolling interest	Total equity
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)	-	(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

Group												
Attributable to equity holders of the Bank												
Particulars	Share Capital	Share pre-premium	General reserve	Exchange Equalisation Reserve	Regulatory reserve	Fair Value Reserve	Revaluation Reserve	Retained earning	Other reserve	Total	Non-controlling Interest	Total equity
Balance at Shrawan 1, 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
Adjustment/Restatement	-	-	-	-	-	-	-	(271,340,511)	-	(271,340,511)	5,385,318	(265,955,193)
Adjusted/Restated balance at Shrawan 1, 2080	21,670,237,859	-	6,016,965,930	77,611,894	2,906,890,273	1,637,792,608	330,759,521	1,796,764,125	3,952,212,007	38,389,234,217	216,080,867	38,605,315,084
Comprehensive income for the year	-	-	-	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	-	2,973,035,449	-	2,973,035,449	9,482,503	2,982,517,952
Other comprehensive income, net of tax	-	-	-	-	-	-	-	-	-	-	-	-
Remeasurements of defined benefit liability (assets)	-	-	-	-	-	-	-	-	(157,737,005)	(157,737,005)	-	(157,737,005)
Fair value reserve (Investment in equity instrument):	-	-	-	-	-	-	-	-	-	-	-	-
Net change in fair value	-	-	-	-	-	(135,139,395)	-	-	-	(135,139,395)	-	(135,139,395)
Net amount transferred to profit or loss	-	-	-	-	-	(210,418)	-	210,418	-	-	-	-
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	-	-	-	-	-	(135,349,813)	-	2,973,245,868	(157,737,005)	2,680,159,050	9,482,503	2,689,641,552
Transfer to reserve during the year	-	-	623,258,327	13,966,959	1,111,027,847	503,557	-	(1,961,405,282)	194,499,694	(18,148,899)	-	(18,148,899)
Transfer from reserve during the year	-	-	-	-	-	-	-	26,185,720	(26,185,720)	-	-	-
Transactions with owners, directly recognised in equity	-	-	-	-	-	-	-	-	-	-	-	-
Right share issued	-	-	-	-	-	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-	-	-	-	-	-	-
Dividends to equity holders	-	-	-	-	-	-	-	-	-	-	-	-
Bonus shares issued	1,516,916,650	-	-	-	-	-	-	(1,516,916,650)	-	-	-	-
Cash dividend paid	-	-	-	-	-	-	-	(82,837,718)	-	(82,837,717)	-	(82,837,717)
Total contributions by and distributions	1,516,916,650	-	623,258,327	13,966,959	1,111,027,847	(134,846,257)	-	(561,728,062)	10,576,969	2,579,172,434	9,482,503	2,588,654,936
Balance at Ashadh end 2081	23,187,154,509	-	6,640,224,257	91,578,853	4,017,918,120	1,502,946,351	330,759,521	1,235,036,063	3,962,788,976	40,968,406,651	225,563,370	41,193,970,021



Bank										
Attributable to equity holders of the Bank										
Particulars	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	-	2,451,321,291	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										
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 2080	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

Bank										
Attributable to equity holders of the Bank										
Particulars	Share Capital	Share premi- um	General reserve	Exchange Equalisation Reserve	Regulatory reserve	Fair Value Reserve	Revaluation Reserve	Retained earning	Other reserve	Total
Balance at Shrawan 1, 2080	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
Adjustment/Restatement								(271,340,511)	-	(271,340,511)
<b>Adjusted/Restated balance at Shrawan 1, 2080</b>	<b>21,670,237,859</b>	<b>-</b>	<b>5,889,658,444</b>	<b>77,611,894</b>	<b>2,894,257,793</b>	<b>1,637,949,019</b>	<b>330,759,521</b>	<b>1,456,991,217</b>	<b>3,996,125,214</b>	<b>37,953,590,962</b>
Comprehensive income for the year										
<b>Profit for the year</b>								<b>2,920,378,979</b>		<b>2,920,378,979</b>
<b>Other comprehensive income, net of tax</b>										-
Remeasurements of defined benefit liability (assets)									(157,093,215)	(157,093,215)
Fair value reserve (Investment in equity instrument):										-
Net change in fair value						(135,602,262)				(135,602,262)
Net amount transferred to profit or loss						(210,418)		210,418		-
Net gain (loss) on revaluation										-
<b>Cash flow hedges:</b>										-
Effective portion of changes in fair value										-
Net Amount reclassified to profit or loss										-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(135,812,681)</b>	<b>-</b>	<b>2,920,589,398</b>	<b>(157,093,215)</b>	<b>2,627,683,502</b>
Transfer to reserve during the year			584,128,400	13,966,959	993,645,702	(52,605)		(1,565,336,691)	(26,351,766)	-
Transfer from reserve during the year			-	-	-	-		26,185,720	(26,185,720)	-
<b>Transactions with owners, directly recognised in equity</b>										-
Share based payments									-	-
Dividends to equity holders										-
Bonus shares issued	1,516,916,650							(1,516,916,650)		-
Cash dividend paid								(79,837,718)		(79,837,718)
<b>Total contributions by and distributions</b>	<b>1,516,916,650</b>	<b>-</b>	<b>584,128,400</b>	<b>13,966,959</b>	<b>993,645,702</b>	<b>(135,865,285)</b>	<b>-</b>	<b>(215,315,941)</b>	<b>(209,630,701)</b>	<b>2,547,845,784</b>
<b>Balance at Ashadh end 2081</b>	<b>23,187,154,509</b>	<b>-</b>	<b>6,473,786,845</b>	<b>91,578,853</b>	<b>3,887,903,496</b>	<b>1,502,083,734</b>	<b>330,759,521</b>	<b>1,241,675,276</b>	<b>3,786,494,513</b>	<b>40,501,436,746</b>

Piyush Raj Aryal  
Chief Financial Officer

Date : November 29, 2024  
Place : Kathmandu

Alaya Bikram Shah  
Chief Executive Officer

Raman Nepal  
Chairman

Directors  
Manoj Kumar Bhattarai  
Dinesh Paudyal  
Swati Roongta  
Bidya Basnyat

As per our report of even date  
Shashi Satyal  
Partner  
for PKF T R Upadhyaya & Co.  
Chartered Accountants

## Consolidated Statement of cash flows

For the year ended 15 July 2024

Amount in NPR

Particulars	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Interest received	32,464,132,057	15,332,288,616	31,818,751,110	14,762,374,032
Fees and other income received	2,722,114,453	1,360,302,416	2,454,502,507	1,214,350,589
Dividend received	-	-	-	-
Receipts from other operating activities	846,431,958	(259,242,027)	888,961,164	(161,968,366)
Interest paid	(23,499,991,653)	(14,114,764,307)	(23,237,383,367)	(12,224,107,172)
Commission and fees paid	(465,648,614)	(227,413,897)	(465,648,614)	(230,927,297)
Cash payment to employees	(5,222,340,651)	(2,356,803,975)	(4,810,779,516)	(1,782,241,523)
Other expense paid	(2,180,564,260)	(1,978,453,301)	(2,379,967,873)	(1,889,191,923)
<b>Operating cash flows before changes in operating assets and liabilities</b>	<b>4,664,133,289</b>	<b>(2,244,086,475)</b>	<b>4,268,435,411</b>	<b>(311,711,660)</b>
<b>(Increase)/Decrease in operating assets</b>				
Due from Nepal Rastra Bank	5,167,804,634	(14,333,270,027)	5,166,804,634	(14,337,270,027)
Placement with bank and financial institutions	(5,356,397,066)	(695,090,000)	(5,396,998,763)	(788,700,000)
Other trading assets	68,190,000	(58,100,000)	68,190,000	(58,100,000)
Loan and advances to bank and financial institutions	5,043,799	(2,484,685,550)	(300,538,670)	(1,754,239,406)
Loans and advances to customers	(2,443,159,783)	(117,073,204,343)	(1,908,236,001)	(118,807,417,848)
Other assets	(3,885,766,153)	(2,899,612,135)	(3,925,183,585)	(3,368,941,730)
<b>Increase/(Decrease) in operating liabilities</b>				
Due to bank and financial institutions	507,077,910	2,245,737,496	401,969,193	2,884,661,586
Due to Nepal Rastra Bank	-	(2,569,072,960)	-	(2,569,072,960)
Deposit from customers	32,727,687,788	155,969,815,334	32,688,036,669	156,991,080,279
Borrowings	(1,099,987,053)	(1,352,482,000)	(1,099,987,053)	(1,352,482,000)
Other liabilities	1,220,729,527	36,605,819,263	1,305,018,845	28,974,178,475
<b>Net cash flow from operating activities before tax paid</b>	<b>31,575,356,893</b>	<b>51,111,768,602</b>	<b>31,267,510,680</b>	<b>45,501,984,710</b>
Income taxes paid	(1,500,252,884)	(6,659,525,453)	(1,384,309,398)	(820,010,569)
<b>Net cash flow from operating activities</b>	<b>30,075,104,009</b>	<b>44,452,243,149</b>	<b>29,883,201,282</b>	<b>44,681,974,141</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of investment securities	(34,177,291,977)	(35,710,033,139)	(34,133,960,342)	(34,735,066,090)
Receipts from sale of investment securities	190,221,607	318,535,768	190,221,607	318,520,806
Purchase of property and equipment	(372,927,475)	(389,847,912)	(51,378,058)	(2,780,824,795)
Receipt from the sale of property and equipment	35,281,579	3,358,697	35,317,569	1,361,001
Purchase of intangible assets	(116,568,228)	(484,552,147)	(116,745,368)	(26,991,151)
Receipt from the sale of intangible assets	-	-	-	-
Purchase of investment properties	(500,636,864)	(1,204,627,629)	(500,636,864)	(1,204,627,629)
Receipt from the sale of investment properties	221,843,166	-	221,843,166	-
Interest received	3,177,745,826	977,004,046	3,177,745,826	971,598,270
Dividend received	208,841,828	144,345,760	265,611,405	137,052,435
<b>Net cash used in investing activities</b>	<b>(31,333,490,538)</b>	<b>(36,345,816,556)</b>	<b>(30,911,981,057)</b>	<b>(37,318,977,153)</b>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Receipt from issue of debt securities	-	-	-	-
Repayment of debt securities	(1,000,000,000)	-	(1,000,000,000)	-
Receipt from issue of subordinated liabilities	-	-	-	-
Repayment of subordinated liabilities	-	-	-	-
Receipt from issue of shares	-	-	-	-
Dividends paid	(82,837,718)	(51,241,890)	(79,837,718)	-
Interest paid	(759,965,753)	(370,000,000)	(759,965,753)	(370,000,000)
Other receipt/payment	(284,104,092)	-	(271,340,511)	-
<b>Net cash from financing activities</b>	<b>(2,126,907,564)</b>	<b>(421,241,890)</b>	<b>(2,111,143,982)</b>	<b>(370,000,000)</b>
Net increase (decrease) in cash and cash equivalents	(3,385,294,092)	7,685,184,704	(3,139,923,757)	6,992,996,988
Cash and cash equivalents at Shrawan 1, 2080	18,969,801,242	11,284,616,538	18,187,735,432	11,194,738,443
Effect of exchange rate fluctuations on cash and cash equivalents held	-	-	-	-
<b>Cash and cash equivalents at Ashadh end 2081</b>	<b>15,584,507,150</b>	<b>18,969,801,242</b>	<b>15,047,811,674</b>	<b>18,187,735,432</b>

**Piyush Raj Aryal**  
Chief Financial Officer

**Ajaya Bikram Shah**  
Chief Executive Officer

**Raman Nepal**  
Chairman

Directors  
**Manoj Kumar Bhattarai**  
**Dinesh Paudyal**  
**Swati Roongta**  
**Bidya Basnyat**

As per our report of even date

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

Date : November 29, 2024  
Place : Kathmandu

## Statement of distributable profit or loss

For the year ended 31 Ashadh 2081 (15 July 2024)  
(As per NRB Regulation)

Amount in NPR

Particulars	Bank	
	Current Year	Previous Year
<b>Net profit or (loss) as per statement of profit or loss</b>	2,920,378,979	2,285,238,841
<b>Appropriations:</b>		
a. General reserve	584,128,400	457,047,768
b. Foreign exchange fluctuation fund	13,966,959	657,953
c. Capital redemption reserve	(55,555,556)	444,444,444
d. Corporate social responsibility fund	4,403,236	13,235,326
e. Employees' training fund	(1,385,166)	(4,126,125)
f. Investment Adjustment Reserve	-	-
g. Fair Value Reserve	(263,023)	(26,561,561)
<b>Profit or (loss) before regulatory adjustment</b>	2,375,084,129	1,400,541,035
<b>Regulatory adjustment :</b>		
a. Interest receivable (-)/previous accrued interest received (+)	(849,590,303)	(208,266,160)
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 (+)	(181,420,151)	-
e. Deferred tax assets recognised (-)/ reversal (+)	99,331,385	(225,403,256)
f. Goodwill recognised (-)/ impairment of Goodwill (+)	-	-
g. Bargain purchase gain recognised (-)/resersal (+)	-	-
h. Acturial loss recognised (-)/reversal (+)	(61,966,634)	-
i. Other (+/-)	-	-
Adjustments (+/-) from Merger	-	(439,343,413)
<b>Net profit for the year ended 31 Ashadh 2080 available for distribution</b>	1,381,438,427	527,528,206
Opening Retained Earnings as on 1 Shrawan 2080	1,728,331,728	1,200,803,522
Adjustment (+/-)	(271,340,511)	-
<b>Distribution</b>		
Bonus Share Issued	(1,516,916,650)	-
Cash Dividend Paid	(79,837,718)	-
<b>Total Distributable profit/(loss) as on 31 Ashadh 2081</b>	1,241,675,276	1,728,331,728
Annualised Distributable Profit/Loss per share	5.36%	7.98%

## 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 254 branches across 59 districts, 28 extension counters, 319 ATM's, over 2,500 remittance agents and 128 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 three subsidiaries namely Laxmi Sunrise Capital Limited, Laxmi Laghubitta Bittiya Sanstha Limited and Sunrise Securities Limited.

- Laxmi Sunrise Capital Limited (LSCL) is a wholly owned subsidiary of the Bank formed after merger of Laxmi Capital Markets Limited and Sunrise Capital Limited 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 has obtained license from the Securities Board of Nepal and Nepal Stock Exchange 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 15 July 2024 (31 Ashad 2081).

### 1.2. "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, 2080.

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 management certified financial statements of Laxmi Sunrise Capital Ltd (LSCL), 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, 2080.

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 2080/81. 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	31 Ashad 2080	16 July 2023
Comparative reporting period	1 Shrawan 2079- 31 Ashad 2080	17 July 2022-16 July 2023
NFRS SFP* Date	31 Ashad 2081	15 July 2024
NFRS reporting period	1 Shrawan 2080- 31 Ashad 2081	17 July 2023-15 July 2024

\*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 Rostra 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 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 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 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 2023-24 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.

## **b. 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 acquiree 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.

## **c. 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.

## **d. 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.

## **e. 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.

## **f. 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 recognize 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

though 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 though 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 1.2% 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.

The total provision as per NRB directive and NAS 39 is as below:

Particulars	FY 2080/81	FY 2079/80
Provision as per NRB Directive	12,283,584,958.20	8,695,524,874.47
Provision as per NAS 39	5,142,505,254.85	2,407,299,232.96

### *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

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.

## 3.9 Investment Property/Non-Current Assets Held for Sale Investment Property

### 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 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.

## 4.1 Cash and cash equivalent

Amount in NPR

Particulars	Group		Bank	
	15-Jul-24	16-Jul-23	15-Jul-24	16-Jul-23
Cash in hand	4,530,967,975	4,657,228,631	4,525,611,341	4,648,919,883
Balances with B/FIs	2,223,182,235	6,220,871,314	1,691,843,394	5,447,114,251
Money at call and short notice	-	-	-	-
Other	8,830,356,940	8,091,701,297	8,830,356,940	8,091,701,297
<b>Total</b>	<b>15,584,507,150</b>	<b>18,969,801,242</b>	<b>15,047,811,674</b>	<b>18,187,735,432</b>

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	
	15-Jul-24	16-Jul-23	15-Jul-24	16-Jul-23
Statutory balances with NRB	14,896,419,065	20,333,275,977	14,866,436,065	20,302,292,977
Securities purchased under resale agreement	-	-	-	-
Deposit Auction with NRB	-	-	-	-
Other deposit and receivable from NRB	644,199,349	375,147,071	644,199,349	375,147,071
<b>Total</b>	<b>15,540,618,414</b>	<b>20,708,423,048</b>	<b>15,510,635,414</b>	<b>20,677,440,048</b>

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	
	15-Jul-24	16-Jul-23	15-Jul-24	16-Jul-23
Placement with domestic B/FIs	6,095,097,066	738,700,000	6,185,698,763	788,700,000
Placement with foreign B/FIs	-	-	-	-
Less: Allowances for impairment	-	-	-	-
<b>Total</b>	<b>6,095,097,066</b>	<b>738,700,000</b>	<b>6,185,698,763</b>	<b>788,700,000</b>

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	
	15-Jul-24	16-Jul-23	15-Jul-24	16-Jul-23
<b>Held for trading</b>	-	-	-	-
Interest rate swap	-	-	-	-
Currency swap	-	-	-	-
Forward exchange contract	-	-	-	-
Others	-	-	-	-
<b>Held for risk management</b>	<b>5,190,188,038</b>	<b>1,899,978,992</b>	<b>5,190,188,038</b>	<b>1,899,978,992</b>
Interest rate swap	-	-	-	-
Currency swap	-	-	-	-
Forward exchange contract	5,190,188,038	1,899,978,992	5,190,188,038	1,899,978,992
Other	-	-	-	-
<b>Total</b>	<b>5,190,188,038</b>	<b>1,899,978,992</b>	<b>5,190,188,038</b>	<b>1,899,978,992</b>

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	
	15-Jul-24	16-Jul-23	15-Jul-24	16-Jul-23
Treasury bills	-	-	-	-
Government bonds	-	68,190,000	-	68,190,000
NRB Bonds	-	-	-	-
Domestic Corporate bonds	-	-	-	-
Equities	-	-	-	-
Other	-	-	-	-
<b>Total</b>	-	<b>68,190,000</b>	-	<b>68,190,000</b>
Pledged			-	
Non-pledged	-	68,190,000	-	68,190,000

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	
	15-Jul-24	16-Jul-23	15-Jul-24	16-Jul-23
Loans to microfinance institutions	5,683,641,159	5,665,387,925	8,089,277,268	7,788,738,597
Other	-	-	-	-
Less: Allowances for impairment	(96,922,405)	(73,625,373)	(96,922,405)	(101,253,602)
<b>Total</b>	<b>5,586,718,754</b>	<b>5,591,762,552</b>	<b>7,992,354,863</b>	<b>7,687,484,996</b>

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	
	15-Jul-24	16-Jul-23	15-Jul-24	16-Jul-23
Balance at the end of Previous Year	73,625,373	40,435,521	101,253,602	78,348,728
Impairment loss for the year:	23,297,032	33,189,851	(4,331,197)	22,904,874
Charge for the year	23,297,032	33,189,851	(4,331,197)	22,904,874
Recoveries/reversal	-	-	-	-
Amount written off	-	-	-	-
<b>Balance at the end of this year</b>	<b>96,922,405</b>	<b>73,625,373</b>	<b>96,922,405</b>	<b>101,253,602</b>

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	
	15-Jul-24	16-Jul-23	15-Jul-24	16-Jul-23
Loan and advances measured at amortized cost	266,599,491,163	262,830,850,446	259,594,774,953	256,464,408,946
Less: Impairment allowances	(12,601,233,266)	(9,029,846,622)	(12,186,662,553)	(8,594,271,273)
Collective impairment	(5,146,829,108)	(4,667,126,180)	(4,771,176,924)	(4,347,855,553)
Individual impairment	(7,454,404,157)	(4,362,720,441)	(7,415,485,629)	(4,246,415,720)
<b>Net amount</b>	<b>253,998,257,898</b>	<b>253,801,003,824</b>	<b>247,408,112,400</b>	<b>247,870,137,673</b>
Loan and advances measured at FVTPL	-	-	-	-
<b>Total</b>	<b>253,998,257,898</b>	<b>253,801,003,824</b>	<b>247,408,112,400</b>	<b>247,870,137,673</b>

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 5,142,505,254.85 as of the end of FY 2079-80 and FY 2080-81 respectively.

### 4.7.1: Analysis of loan and advances - By Product

Particulars	Group		Bank	
	15-Jul-24	16-Jul-23	15-Jul-24	16-Jul-23
<b>Product</b>				
Term loans	87,920,395,371	89,872,936,075	87,920,395,371	89,872,936,075
Overdraft	22,031,508,520	25,765,130,373	22,031,508,520	25,765,130,373
Trust receipt/Import loans	4,349,915,020	5,253,418,572	4,349,915,020	5,253,418,572
Demand and other working capital loans	41,718,826,329	43,133,915,980	41,718,826,329	43,133,915,980
Personal residential loans	18,879,863,611	18,177,457,589	18,879,863,611	18,177,457,589
Real estate loans	13,952,480,704	21,160,161,939	13,952,480,704	21,160,161,939
Margin lending loans	3,389,470,268	3,297,145,046	3,389,470,268	3,297,145,046
Hire purchase loans	3,581,782,022	4,920,240,300	3,581,782,022	4,920,240,300
Deprived sector loans	9,470,415,935	15,995,629,609	9,470,415,935	15,995,629,609
Bills purchased	1,027,192,934	1,790,363,196	1,027,192,934	1,790,363,196
Staff loans	4,033,693,266	3,915,154,000	4,033,693,266	3,915,154,000
Other	50,842,854,660	25,173,832,825	44,095,292,676	18,967,034,739
<b>Sub total</b>	<b>261,198,398,639</b>	<b>258,455,385,505</b>	<b>254,450,836,655</b>	<b>252,248,587,418</b>
Interest receivable	5,401,092,524	4,375,464,941	5,143,938,298	4,215,821,528
<b>Grand total</b>	<b>266,599,491,163</b>	<b>262,830,850,446</b>	<b>259,594,774,953</b>	<b>256,464,408,946</b>

### 4.7.2: Analysis of loan and advances - By Currency

Particulars	Group		Bank	
	15-Jul-24	16-Jul-23	15-Jul-24	16-Jul-23
Nepalese rupee	264,753,989,893	261,420,174,253	257,749,273,684	255,053,732,753
Indian rupee	-	-	-	-
United State dollar	1,845,501,270	1,410,676,193	1,845,501,269.75	1,410,676,193
Great Britain pound	-	-	-	-
Euro	-	-	-	-
Japanese yen	-	-	-	-
Chinese yuan	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>266,599,491,163</b>	<b>262,830,850,446</b>	<b>259,594,774,953</b>	<b>256,464,408,946</b>

### 4.7.3: Analysis of loan and advances - By Collateral

Particulars	Group		Bank	
	15-Jul-24	16-Jul-23	15-Jul-24	16-Jul-23
<b>Secured</b>				
Movable/immovable assets	253,029,235,110	236,151,228,760	252,933,521,694	236,055,515,344
Gold and silver	699,253,963	406,859,762	699,253,963	406,859,762
Guarantee of domestic B/FIs	428,482,918	-	428,482,918	-
Government guarantee	136,673,490	136,673,490	136,673,490	136,673,490
Guarantee of international rated bank	-	-	-	-
Collateral of export document	551,890,277	-	551,890,277	-
Collateral of fixed deposit receipt	1,873,570,036	3,008,173,667	1,873,570,036	3,008,173,667
Collateral of Government securities	-	1,700,000	-	1,700,000
Counter guarantee	-	-	-	-
Personal guarantee	6,326,115,163	6,270,728,084	55,387,079	-
Other collateral	3,211,724,162	16,515,110,200	2,573,449,453	16,515,110,200
<b>Sub total</b>	<b>266,256,945,120</b>	<b>262,490,473,963</b>	<b>259,252,228,911</b>	<b>256,124,032,463</b>
Unsecured	342,546,043	340,376,483	342,546,043	340,376,483
<b>Grant Total</b>	<b>266,599,491,163</b>	<b>262,830,850,446</b>	<b>259,594,774,953</b>	<b>256,464,408,946</b>

### 4.7.4: Allowances for impairment

Particulars	Group		Bank	
	15-Jul-24	16-Jul-23	15-Jul-24	16-Jul-23
<b>Specific allowances for impairment</b>				
<b>Balance at the end of Previous Year</b>	<b>4,362,720,441</b>	<b>730,512,138</b>	<b>4,246,415,720</b>	<b>672,336,774</b>
Impairment loss for the year:	3,091,683,716	1,148,289,037	3,169,069,909	1,148,289,037
Charge for the year	3,091,683,716	1,148,289,037	3,169,069,909	1,148,289,037
Recoveries/reversal during the year				
Write-offs	-	-	-	-
Exchange rate variance on foreign currency impairment	-	-	-	-
Other movement	-	2,483,919,267	-	2,425,789,909
<b>Balance at the end of This Year</b>	<b>7,454,404,157</b>	<b>4,362,720,441</b>	<b>7,415,485,629</b>	<b>4,246,415,720</b>
<b>Collective allowances for impairment</b>				
<b>Balance at the end of Previous Year</b>	<b>4,667,126,180</b>	<b>2,305,991,970</b>	<b>4,347,855,553</b>	<b>2,064,161,827</b>
Impairment loss for the year:	479,702,928	(200,684,858)	423,321,372	(200,684,858)
Charge/(reversal) for the year	479,702,928	(200,684,858)	423,321,372	(200,684,858)
Exchange rate variance on foreign currency impairment	-	-	-	-
Other movement	-	2,561,819,068	-	2,484,378,583
<b>Balance at the end of This Year</b>	<b>5,146,829,108</b>	<b>4,667,126,180</b>	<b>4,771,176,924</b>	<b>4,347,855,553</b>
<b>Total allowances for impairment</b>	<b>12,601,233,266</b>	<b>9,029,846,622</b>	<b>12,186,662,553</b>	<b>8,594,271,273</b>

### 4.8 Investment securities

Amount in NPR

Particulars	Group		Bank	
	15-Jul-24	16-Jul-23	15-Jul-24	16-Jul-23
Investment securities measured at amortized cost	78,728,712,951	46,425,975,802	78,683,171,951	46,369,383,802
Investment in equity measured at FVTOCI	8,579,968,045	7,088,691,103	8,427,396,924	6,991,163,857
<b>Total</b>	<b>87,308,680,997</b>	<b>53,514,666,905</b>	<b>87,110,568,876</b>	<b>53,360,547,659</b>

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

Particulars	Group		Bank	
	15-Jul-24	16-Jul-23	15-Jul-24	16-Jul-23
Debt securities	1,206,767,337	1,217,818,337	1,161,226,337	1,161,226,337
Government bonds	28,700,579,945	30,613,112,642	28,700,579,945	30,613,112,642
Government treasury bills	22,817,091,697	14,595,044,823	22,817,091,697	14,595,044,823
Nepal Rastra Bank bonds	-	-	-	-
Nepal Rastra Bank deposits instruments	26,004,273,973	-	26,004,273,973	-
Other	-	-	-	-
Less: specific allowances for impairment	-	-	-	-
<b>Total</b>	<b>78,728,712,951</b>	<b>46,425,975,802</b>	<b>78,683,171,951</b>	<b>46,369,383,802</b>

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

Particulars	Group		Bank	
	15-Jul-24	16-Jul-23	15-Jul-24	16-Jul-23
Equity instruments	8,579,968,045	7,088,691,103	8,427,396,924	6,991,163,857
Quoted equity securities	7,357,449,678	6,614,735,906	7,233,820,588	6,520,389,452
Unquoted equity securities	1,222,518,367	473,955,197	1,193,576,336	470,774,405
<b>Total</b>	<b>8,579,968,045</b>	<b>7,088,691,103</b>	<b>8,427,396,924</b>	<b>6,991,163,857</b>

### 4.8.3: Information relating to investment in equities

Particulars	Group				Bank			
	15-Jul-24		16-Jul-23		15-Jul-24		16-Jul-23	
	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
<b>Investment in quoted equity</b>	<b>5,853,410,564</b>	<b>7,357,449,678</b>	<b>4,931,979,528</b>	<b>6,614,735,906</b>	<b>5,731,673,453</b>	<b>7,233,820,588</b>	<b>4,824,148,951</b>	<b>6,520,389,452</b>
<b>Himalayan Everest Insurance Ltd.</b> 1,119,875 shares of Rs. 100 each (including 901,723 units promoter shares of Rs 100 each)	122,554,989	452,572,758	122,554,989	502,330,958	122,554,989	452,572,758	122,554,989	502,330,958
<b>Himalayan Life Insurance Company Ltd.</b> 5,768,348 shares of Rs. 100 each (including 4,202,656 units promoter shares of Rs 100 each) Group: 5,770,723 shares of Rs. 100 each	502,741,120	1,609,143,668	502,705,335	1,820,471,717	501,801,807	1,608,215,043	501,344,703	1,819,267,592
<b>Sagarmatha Lumbini Insurance Co. Limited</b> 864,295 shares of Rs. 100 each (including 570,236 units promoter shares of Rs 100 each) Group: 866,200 shares of Rs. 100 each	435,623,555	422,446,614	435,637,827	434,275,336	434,382,750	421,061,679	434,382,750	433,224,496
<b>Laxmi Equity Fund</b> 24,599,587 units of Rs. 10 each	242,720,101	245,749,874	242,720,101	235,910,039	242,720,101	245,749,874	242,720,101	235,910,039
<b>Laxmi Value Fund II</b> 15,000,000 units of Rs. 10 each Group: 17,451,380 units of Rs. 10 each	174,513,800	163,113,800	120,000,000	120,000,000	150,000,000	138,600,000	120,000,000	120,000,000
<b>Laxmi Unnati Kosh</b> 12,519,050 units of Rs. 10 each	124,837,546	112,671,450	124,837,546	117,553,880	124,837,546	112,671,450	124,837,546	117,553,880
<b>Shubha Laxmi Kosh</b> 7,500,000 units of Rs. 10 each	75,000,000	77,925,000	75,000,000	75,600,000	75,000,000	77,925,000	75,000,000	75,600,000
<b>Sunrise First Mutual Fund</b> 18,000,000 units of Rs. 10 each Group: 18,161,260 units of Rs. 10 each	196,462,600	187,912,600	196,462,600	201,052,600	194,850,000	186,300,000	194,850,000	199,440,000
<b>Sunrise Focused Equity Fund</b> 21,000,000 units of Rs. 10 each Group: 23,290,900 units of Rs. 10 each	206,309,000	190,949,000	206,309,000	221,173,000	188,400,000	173,040,000	188,400,000	203,280,000
<b>Sunrise Blue Chip Fund</b> 20,250,000 units of Rs. 10 each	162,375,000	167,467,500	162,375,000	158,962,500	162,375,000	167,467,500	162,375,000	158,962,500
<b>Nabil Balance Fund -2</b> 8,000,000 units of Rs. 10 each	76,580,000	72,000,000	76,580,000	70,400,000	76,580,000	72,000,000	76,580,000	70,400,000
<b>RBB Mutual Fund - II</b> 10,000,000 units of Rs. 10 each	100,000,000	95,000,000	100,000,000	100,000,000	100,000,000	95,000,000	100,000,000	100,000,000

<b>NMB 50</b> 4,500,000 units of Rs. 10 each	45,225,000	45,180,000	45,225,000	47,250,000	45,225,000	45,180,000	45,225,000	47,250,000
<b>RBB Mutual Fund - I</b> 7,984,174 units of Rs. 10 each	71,618,041	65,150,860	71,618,041	64,512,126	71,618,041	65,150,860	71,618,041	64,512,126
<b>NIBL Samriddhi Fund II</b> 7,344,246 units of Rs. 10 each	68,411,651	60,590,030	68,411,651	66,906,081	68,411,651	60,590,030	68,411,651	66,906,081
<b>NIBL Stable Fund</b> 7,500,000 units of Rs. 10 each	75,000,000	75,000,000	-	-	75,000,000	75,000,000	-	-
<b>Siddhartha Investment Growth Scheme II</b> 3,500,000 units of Rs. 10 each	34,345,000	33,215,000	34,345,000	31,605,000	34,345,000	33,215,000	34,345,000	31,605,000
<b>NIBL GROWTH FUND</b> 8,000,000 units of Rs. 10 each	78,400,000	85,120,000	78,400,000	85,120,000	78,400,000	85,120,000	78,400,000	85,120,000
<b>Prabhu Smart Fund</b> 8,000,000 units of Rs. 10 each	75,750,000	76,880,000	75,750,000	79,200,000	75,750,000	76,880,000	75,750,000	79,200,000
<b>Siddhartha Investment Growth Scheme III</b> 3,000,000 units of Rs. 10 each	30,000,000	28,350,000	30,000,000	30,000,000	30,000,000	28,350,000	30,000,000	30,000,000
<b>Citizens Super 30</b> 5,500,000 units of Rs. 10 each	55,000,000	55,000,000	55,000,000	55,000,000	55,000,000	55,000,000	55,000,000	55,000,000
<b>Citizens Mutual Fund-1</b> 2,000,000 units of Rs. 10 each	20,000,000	19,280,000	20,000,000	18,760,000	20,000,000	19,280,000	20,000,000	18,760,000
<b>Citizens Mutual Fund-2</b> 2,500,000 units of Rs. 10 each	24,730,000	25,800,000	24,730,000	25,975,000	24,730,000	25,800,000	24,730,000	25,975,000
<b>NIC Asia Growth Fund</b> 2,000,000 units of Rs. 10 each	20,000,000	19,800,000	20,000,000	20,580,000	20,000,000	19,800,000	20,000,000	20,580,000
<b>NIC Asia Balanced Fund</b> 2,250,000 units of Rs. 10 each	22,345,000	21,600,000	22,345,000	20,992,500	22,345,000	21,600,000	22,345,000	20,992,500
<b>Kumari Equity Fund</b> 2,500,000 units of Rs. 10 each	24,685,000	24,150,000	24,685,000	25,425,000	24,685,000	24,150,000	24,685,000	25,425,000
<b>Kumari Sabal Yojana</b> 3,000,000 units of Rs. 10 each	30,000,000	30,000,000	-	-	30,000,000	30,000,000	-	-
<b>NMB Sulav Investment Fund - II</b> 7,000,000 units of Rs. 10 each	69,400,000	70,420,000	69,400,000	69,930,000	69,400,000	70,420,000	69,400,000	69,930,000
<b>Sanima Growth Fund</b> 2,000,000 units of Rs. 10 each	20,000,000	20,280,000	20,000,000	19,980,000	20,000,000	20,280,000	20,000,000	19,980,000
<b>Sanima Large Cap Fund</b> 2,000,000 units of Rs. 10 each	18,270,000	18,580,000	18,270,000	17,840,000	18,270,000	18,580,000	18,270,000	17,840,000
<b>Himalaya 80-20</b> 2,000,000 units of Rs. 10 each	20,000,000	19,980,000	-	-	20,000,000	19,980,000	-	-
<b>Mega Mutual Fund - I</b> 872,680 units of Rs. 10 each	7,784,306	6,737,090	7,784,306	6,972,713	7,784,306	6,737,090	7,784,306	6,972,713
<b>Global IME Balanced Fund-1</b> 5,000,000 units of Rs. 10 each	45,800,000	45,500,000	45,800,000	46,700,000	45,800,000	45,500,000	45,800,000	46,700,000

<b>Siddhartha Equity Fund</b> 967,748 units of Rs. 10 each	8,467,795	8,119,406	8,467,795	9,125,864	8,467,795	8,119,406	8,467,795	9,125,864
<b>NIC Asia Select Fund 30</b> 4,930,605 units of Rs. 10 each	43,438,630	47,333,808	43,438,630	44,326,139	43,438,630	47,333,808	43,438,630	44,326,139
<b>Prabhu Select Fund</b> 1,468,100 units of Rs. 10 each	13,418,434	14,372,699	13,418,434	12,992,685	13,418,434	14,372,699	13,418,434	12,992,685
<b>Nabil Balanced Fund 3</b> 16,670 units of Rs. 10 each	125,525	130,026	125,525	126,192	125,525	130,026	125,525	126,192
<b>Kumari Dhanabridhhi Yojana</b> 5,000,000 units of Rs. 10 each	48,400,000	48,350,000	48,400,000	50,200,000	48,400,000	48,350,000	48,400,000	50,200,000
<b>NIC Asia Flexi Cap Fund</b> 5,000,000 units of Rs. 10 each	47,100,000	46,250,000	47,100,000	50,850,000	47,100,000	46,250,000	47,100,000	50,850,000
<b>Sanima Equity Fund</b> 250,000 units of Rs. 10 each	2,500,000	2,727,500	2,500,000	2,950,000	2,500,000	2,727,500	2,500,000	2,950,000
<b>NMB Hybrid Fund L-1</b> 2,523,842 units of Rs. 10 each	-	-	26,020,811	27,232,255	-	-	26,020,811	27,232,255
<b>Nabil Equity Fund</b> 1,689,755 units of Rs. 10 each	-	-	16,745,472	16,238,546	-	-	16,745,472	16,238,546
<b>NIBL Pragati Fund</b> 2,054,814 units of Rs. 10 each	-	-	20,281,014	19,952,244	-	-	20,281,014	19,952,244
<b>Soaltee Hotel Ltd.</b> 1,126 shares of Rs. 10 each	560,890	522,444	560,890	546,110	560,890	522,444	560,890	546,110
<b>Chilime Hydropower Company Ltd.</b> 340,300 shares of Rs. 100 each Group: 348,657 shares of Rs. 100 each	196,719,951	177,949,457	195,562,909	185,005,854	192,947,231	174,063,452	192,947,231	182,639,007
<b>Hydroelectricity Investment and Development Company Ltd</b> 1,230,648 shares of Rs. 100 each (including 1,050,000 units promoter shares of Rs 100 each)	115,930,284	140,485,992	115,930,284	141,179,232	115,930,284	140,485,992	115,930,284	141,179,232
<b>Sanjen Jalavidhyut Company Ltd</b> 160,484 shares of Rs. 100 each	57,571,635	45,529,311	57,571,635	47,647,700	57,571,635	45,529,311	57,571,635	47,647,700
<b>Rasuwadahi Hydropower Company Ltd</b> 138,006 shares of Rs. 100 each Group: 139,506 units of Rs. 100 each	53,189,972	41,154,270	53,487,326	41,851,800	52,775,972	40,711,770	52,775,972	41,401,800
<b>Madhya Bhotekoshi Jalavidyut Company Limited</b> 75,994 shares of Rs. 100 each	25,112,789	23,368,155	25,112,789	22,425,829	25,112,789	23,368,155	25,112,789	22,425,829
<b>CEDB Hydropower Development Company Limited</b> 44,507 shares of Rs. 100 each	50,285,632	51,583,613	-	-	50,285,632	51,583,613	-	-
<b>Radhi Bidhyut Company Limited</b> 192,204 shares of Rs. 100 each Group: 197,704 shares of Rs. 100 each	51,821,528	53,024,213	-	-	50,374,542	51,549,113	-	-

<b>Mountain Energy Nepal Limited</b> 42,925 shares of Rs. 100 each Group: 48,425 shares of Rs. 100 each	28,405,155	28,909,725	-	-	25,021,520	25,626,225	-	-
<b>Swabalamban Laghubitta Bitriya Sanstha Limited</b> 402,861 units of promoter shares of Rs. 100 each	86,092,493	212,747,380	86,092,493	181,408,309	86,092,493	212,747,380	86,092,493	181,408,309
<b>Sana Kishan Bikas Bank Ltd.</b> 511 shares of Rs. 100 each Group: 512 shares of Rs. 100 each	-	501,124	-	459,391	-	500,270	-	459,391
<b>Nepal Doorsanchar Company Ltd.</b> 325,833 shares of Rs. 100 each Group: 338,236 shares of Rs. 100 each	255,143,643	286,392,470	256,690,211	307,653,128	244,224,081	275,328,885	244,224,081	295,497,948
<b>Sarbottam Cement Limited</b> 70,458 shares of Rs. 100 each	28,253,658	56,824,377	-	-	28,253,658	56,824,377	-	-
<b>Nepal Re-Insurance Company Limited</b> 2,000,000 promoter shares of Rs. 100 each Group: 2,008,257 shares of Rs. 100 each	569,399,562	703,763,386	8,648,671	5,184,440	563,601,725,00	698,000,000.00	-	-
<b>Asian Life Insurance Company Ltd</b> 277,875 shares of Rs. 100 each (including 157,006 promoter shares of Rs. 100 each)	102,870,596	124,208,755	102,708,449	128,287,966	102,870,596	124,208,755	102,708,449	128,287,966
<b>Nepal Life Insurance Company Ltd.</b> 81,644 shares of Rs. 100 each Group: 96,423 shares of Rs. 100 each	150,717,412	59,331,141	142,337,719	60,743,136	142,337,719	50,537,636	142,337,719	60,743,136
<b>National Life Insurance Company Ltd.</b> 64,292 shares of Rs. 100 each Group: 71,436 shares of Rs. 100 each	50,250,141	42,504,420	61,449,516	54,640,530	46,199,493	38,253,740	46,199,493	41,467,695
<b>Life Insurance Corporation Nepal Ltd.</b> 79,118 shares of Rs. 100 each	136,364,924	113,771,684	136,364,924	123,028,490	136,364,924	113,771,684	136,364,924	123,028,490
<b>Reliable Nepal Life Insurance Ltd.</b> 95,557 shares of Rs. 100 each	47,562,494	43,774,284	-	-	47,562,494	43,774,284	-	-
<b>Citizens Life Insurance Ltd.</b> 102,755 shares of Rs. 100 each	49,852,976	55,960,373	-	-	49,852,976	55,960,373	-	-
<b>Neco Insurance Company Ltd</b> 38,405 shares of Rs. 100 each Group: 42,357 shares of Rs. 100 each	44,452,580	35,410,452	41,441,429	34,404,480	41,212,431	32,106,580	41,212,431	34,222,696
<b>Shikhar Insurance Company Ltd</b> 53,453 shares of Rs. 100 each	74,453,080	38,646,522	74,453,080	45,167,788	74,453,080	38,646,522	74,453,080	45,167,788
<b>Prabhu Insurance Company Ltd</b> 35,648 shares of Rs. 100 each	27,470,766	29,445,247	27,470,766	26,629,055	27,470,766	29,445,247	27,470,766	26,629,055
<b>Nepal Insurance Company Ltd</b> 83,111 shares of Rs. 100 each	77,032,195	73,137,680	77,032,195	61,508,200	77,032,195	73,137,680	77,032,195	61,508,200
<b>Rastriya Beema Company Ltd</b> 5,065 shares of Rs. 100 each	97,908,467	68,326,850	97,908,467	81,541,435	97,908,467	68,326,850	97,908,467	81,541,435

<b>United Ajod Insurane Co. Ltd</b> 6,746 promoter shares of Rs. 100 each	1,646,966	4,037,481	1,646,966	1,587,315	4,037,481	1,646,966	1,587,315
<b>NLG Insurance Company Ltd.</b> 676 shares of Rs. 100 each (including 665 units promoter shares of Rs 100 each) Group: 6,736 shares of Rs. 100 each	4,939,730	5,090,142	5,223,306	5,103,362	273,048	292,319	288,540
<b>Mero Microfinance Bittiya Sanstha Ltd.</b> 2 shares of Rs. 100 each	-	-	-	661	-	-	-
<b>Ridi Hydropower Development Company Ltd.</b> 1 shares of Rs. 100 each	180	191	86	243	-	-	-
<b>First Microfinance Bittiya Sanstha Ltd.</b> 7,492 shares of Rs. 100 each	-	-	4,634,897	5,516,360	-	-	-
<b>NMB Microfinance Bittiya Sanstha Ltd.</b> 2 shares of Rs. 100 each	-	-	-	640	-	-	-
<b>Global IME Laghubitta Bittiya Sanstha Ltd.</b> 2 shares of Rs. 100 each	-	-	-	1,061	-	-	-
<b>Civil Laghubitta Bittiya Sanstha Ltd.</b> 1 shares of Rs. 100 each	-	-	-	754	-	-	-
<b>Agriculture Development Bank Ltd.</b> 1 shares of Rs. 100 each	-	-	-	234	-	-	-
<b>Prabhu Bank Ltd.</b> 3 shares of Rs. 100 each	-	-	-	488	-	-	-
<b>Global IME Bank Ltd.</b> 1 shares of Rs. 100 each	-	-	-	186	-	-	-
<b>Arun Valley Hydropower Ltd.</b> 6,480 shares of Rs. 100 each	1,127,520	1,152,792	1,717,273	826,200	-	-	-
<b>Nepal Infrastructure Bank Ltd</b> 5,390 shares of Rs. 100 each	-	-	2,468,669	1,207,360	-	-	-
<b>Manjushree Finance Ltd.</b> 3,500 shares of Rs. 100 each	-	-	2,897,166	1,925,000	-	-	-
<b>Siddhartha Premier Insurance Co. Ltd.</b> Group: 3,348 shares of Rs. 100 each	2,511,000	2,878,945	4,498,728	4,164,197	-	-	-
<b>IGI Prudential Insurance Co. Ltd.</b> 3,050 shares of Rs. 100 each	1,638,155	1,701,900	1,901,292	1,708,000	-	-	-
<b>Citizen Bank International Limited</b> 5,951 shares of Rs. 100 each	-	-	2,085,233	1,030,118	-	-	-
<b>Nabil Bank International Limited</b> 10 shares of Rs. 100 each	-	-	-	5,992	-	-	-
<b>Sunrise Bank Limited</b> 7,332 shares of Rs. 100 each	-	-	2,498,543	1,269,169	-	-	-
<b>Univeral Power Company Ltd.</b> 1,700 shares of Rs. 100 each	-	-	823,483	372,300	-	-	-

<b>Prabhu Life Insurance Limited</b> 24 shares of Rs. 100 each	-	-	-	14,088	-	-	-	-
<b>Api Power Company Ltd.</b> 1549 shares of Rs. 100 each	269,124	295,859	261,515	147,553	-	-	-	-
<b>Upper Tamakoshi Hydropower Ltd.</b> 6,000 shares of Rs. 100 each	1,029,600	1,060,200	1,757,295	1,280,400	-	-	-	-
<b>Chhimek Laghubitta Bikash Bank Ltd.</b> 5,247 shares of Rs. 100 each	4,380,720	4,722,300	4,758,328	4,998,000	-	-	-	-
<b>Deprosc Laghubitta Bittiya Sanstha Limited</b> 3,000 shares of Rs. 100 each	-	-	2,342,713	2,478,000	-	-	-	-
<b>Grameen Bikas Laghubitta Bittiya Sanstha Limited</b> 7,562 shares of Rs. 100 each	-	-	5,463,969	4,786,746	-	-	-	-
<b>Mountain Hydro Nepal Limited</b> 5,000 shares of Rs. 100 each	-	-	1,336,960	1,190,000	-	-	-	-
<b>National Hydro Power Company Limited</b> 5,000 shares of Rs. 100 each	757,500	814,500	1,394,100	1,334,250	-	-	-	-
<b>Everest Bank Limited</b> 1 shares of Rs. 100 each	505	560	439	563	-	-	-	-
<b>Miteri Development Bank Limited</b> 2 shares of Rs. 100 each	857	1,080	347	808	-	-	-	-
<b>Surya Jyoti Life Insurance Company Limited</b> 1 shares of Rs. 100 each	493	430	387	610	-	-	-	-
<b>Super Madi Hydropower Limited</b> 2,000 shares of Rs. 100 each	1,228,950	1,244,000	-	-	-	-	-	-
<b>Universal Power Company Limited</b> 1,845 shares of Rs. 100 each	374,535	380,255	-	-	-	-	-	-
<b>Hathway Investment Nepal Limited</b> 1,000 shares of Rs. 100 each	904,821	1,013,000	-	-	-	-	-	-
<b>Himalayan Distillery Limited</b> 3,180 shares of Rs. 100 each	4,731,840	4,401,120	-	-	-	-	-	-
<b>Mid Solu Hydropower Limited</b> 1,500 shares of Rs. 100 each	967,490	985,650	-	-	-	-	-	-
<b>Rapti Hydro and General Construction Limited</b> 1,020 shares of Rs. 100 each	357,405	359,550	-	-	-	-	-	-
<b>Shivam Cement Limited</b> 11,717 shares of Rs. 100 each	5,964,457	5,885,449	-	-	-	-	-	-
<b>Sun Nepal Life Insurance Limited</b> 4,214 shares of Rs. 100 each	2,022,800	2,154,618	-	-	-	-	-	-
<b>Shuvam Power Limited</b> 1,500 shares of Rs. 100 each	1,201,000	1,147,650	-	-	-	-	-	-
<b>Investment in unquoted equity</b>	<b>1,222,176,336</b>	<b>1,222,518,367</b>	<b>474,274,405</b>	<b>473,955,197</b>	<b>1,193,576,336</b>	<b>1,193,576,336</b>	<b>470,774,405</b>	<b>470,774,405</b>

<b>Credit Information Centre Ltd.</b> 246,750 shares of Rs. 100 each	16,275,308	16,275,308	16,275,308	16,275,308	16,275,308	16,275,308	16,275,308	16,275,308	16,275,308
<b>Nepal Clearing House Limited</b> 375,445 shares of Rs. 100 each	65,282,596	65,282,596	65,282,596	65,282,596	65,282,596	65,282,596	65,282,596	65,282,596	65,282,596
<b>National Banking Institute Ltd</b> 43,046 shares of Rs. 100 each	9,907,716	9,907,716	9,907,716	9,907,716	9,907,716	9,907,716	9,907,716	9,907,716	9,907,716
<b>Banking, Finance and Insurance Institute of Nepal</b> 33,000 shares of Rs. 100 each Group: 48,000 shares of Rs. 100 each	4,500,000	4,500,000	4,500,000	5,379,934	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
<b>Nepal Stock Exchange Ltd.</b> 502,864 shares of Rs. 100 each	276,308,786	276,308,786	276,308,786	276,308,786	276,308,786	276,308,786	276,308,786	276,308,786	276,308,786
<b>Aadhyaanta Fund Management Ltd</b> 1,000,000 shares of Rs. 100 each	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000
<b>Alpha Plus Vision Fund</b> 100,000 units of Rs. 1000 each	100,000,000	100,000,000	-	-	100,000,000	100,000,000	-	-	-
<b>National Equity Fund - 1</b> 150,000 units of Rs. 1000 each	150,000,000	150,000,000	-	-	150,000,000	150,000,000	-	-	-
<b>Nepal Opportunity Fund - I</b> 1,500,000 units of Rs. 1000 each	150,000,000	150,000,000	-	-	150,000,000	150,000,000	-	-	-
<b>Reliable Private Equity Fund</b> 100,000 units of Rs. 1000 each	100,000,000	100,000,000	-	-	100,000,000	100,000,000	-	-	-
<b>Laxmi Sustainable Energy Fund</b> 200,000 units of Rs. 10 each Group: 220,000 unites of Rs. 10 each	220,000,000	220,000,000	-	-	200,000,000	200,000,000	-	-	-
<b>SWIFT</b> 7 units of EUR 7,760 each	7,901,930	7,901,930	-	-	7,901,930	7,901,930	-	-	-
<b>Star Micro Insurance Company Limited</b> 74,500 shares of Rs. 100 each Group: 100,000 shares of Rs. 100 each	10,000,000	10,000,000	-	-	7,450,000	7,450,000	-	-	-
<b>Liberty Micro Finance Insurance Limited</b> 74,500 shares of Rs. 100 each Group: 100,000 shares of Rs. 100 each	10,000,000	10,000,000	-	-	7,450,000	7,450,000	-	-	-
<b>Nepal Finsoft Co. Ltd.</b> 20,000 shares of Rs. 100 each	2,000,000	2,342,031	2,000,000	800,858	-	-	-	-	-
<b>Total</b>	<b>7,075,586,899</b>	<b>8,579,968,045</b>	<b>5,406,253,934</b>	<b>7,088,691,103</b>	<b>6,925,249,789</b>	<b>8,427,396,924</b>	<b>5,294,923,357</b>	<b>6,991,163,857</b>	

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	
	15-Jul-24	16-Jul-23	15-Jul-24	16-Jul-23
<b>Current tax assets</b>	<b>13,582,150,201</b>	<b>12,082,193,951</b>	<b>13,149,571,911</b>	<b>12,005,592,969</b>
Current year income tax assets	1,499,956,250	6,659,525,453	1,143,978,942	6,969,168,174
Tax assets of prior periods	12,082,193,951	5,422,668,498	12,005,592,969	5,036,424,795
<b>Current tax liabilities</b>	<b>13,467,917,394</b>	<b>11,864,658,527</b>	<b>13,019,859,681</b>	<b>11,816,305,983</b>
Current year income tax liabilities	1,603,258,867	6,547,243,387	1,203,553,698	6,867,459,927
Tax liabilities of prior periods	11,864,658,527	5,317,415,140	11,816,305,983	4,948,846,056
<b>Total</b>	<b>114,232,807</b>	<b>217,535,424</b>	<b>129,712,230</b>	<b>189,286,986</b>

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	
	15-Jul-24	16-Jul-23
Investment in quoted subsidiaries	147,000,000	147,000,000
Investment in unquoted subsidiaries	746,167,928	746,167,928
<b>Total investment</b>	<b>893,167,928</b>	<b>893,167,928</b>
Less: Impairment allowances	-	-
<b>Net carrying amount</b>	<b>893,167,928</b>	<b>893,167,928</b>

Investment in shares of subsidiary companies are presented at cost.

### 4.10.1: Investment in quoted subsidiaries

Amount in NPR

Particulars	Bank			
	15-Jul-24		16-Jul-23	
	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
<b>Total</b>	<b>147,000,000</b>	<b>147,000,000</b>	<b>147,000,000</b>	<b>147,000,000</b>

### 4.10.2: Investment in unquoted subsidiaries

Amount in NPR

Particulars	Bank			
	15-Jul-24		16-Jul-23	
	Cost	Fair Value	Cost	Fair Value
Laxmi Sunrise Capital Ltd. 4,889,000 Shares of Rs. 100 each	546,167,928	546,167,928	546,167,928	546,167,928
Sunrise Securities Limited 2,000,000 Shares of Rs. 100 Each	200,000,000	200,000,000	200,000,000	200,000,000
<b>Total</b>	<b>746,167,928</b>	<b>746,167,928</b>	<b>746,167,928</b>	<b>746,167,928</b>

#### 4.10.3: Information relating to subsidiaries of the Bank

Particulars	Bank	
	Percentage of ownership held by the Bank	
	31 Ashadh 2081	31 Ashadh 2080
Laxmi Laghubitta Bittiya Sanstha Ltd.	70%	70%
Laxmi Sunrise Capital Ltd	100%	100%
Sunrise Securities	100%	100%

#### 4.10.4: Non controlling interest of the subsidiaries

Particulars	Group	
	Current Year	
	Laxmi Laghubitta Bittiya Sanstha Ltd	Laxmi Sunrise Capital Ltd/Sunrise Securities Limited
Equity interest held by NCI (%)	30%	0%
Profit/(loss) allocated during the year	9,482,503	-
Accumulated balances of NCI as on Ashadh end 2080	210,695,549	-
Dividend paid to NCI	-	-
Funds used	(5,385,318)	-
<b>NCI as on Ashadh end 2081</b>	<b>225,563,370</b>	<b>-</b>

Particulars	Previous Year	
	Laxmi Laghubitta Bittiya Sanstha Ltd	Laxmi Sunrise Capital Ltd/Sunrise Securities Limited
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	-
<b>NCI as on Ashadh end 2080</b>	<b>210,695,549</b>	<b>-</b>

#### 4.11 Investment in associates

Amount in NPR

Particulars	Group		Bank	
	15-Jul-24	16-Jul-23	15-Jul-24	16-Jul-23
Investment in quoted associates	-	-	-	-
Investment in unquoted associates	-	-	-	-
<b>Total investment</b>	-	-	-	-
Less: Impairment allowances	-	-	-	-
Net carrying amount	-	-	-	-

##### 4.11.1: Investment in quoted associates

Particulars	Group				Bank			
	15-Jul-24		16-Jul-23		15-Jul-24		16-Jul-23	
	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
-	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-	-	-

#### 4.11.2: Investment in unquoted associates

Particulars	Group				Bank			
	15-Jul-24		16-Jul-23		15-Jul-24		16-Jul-23	
	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
-	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-	-	-

#### 4.11.3: Information relating to associates of the Bank

Particulars	Group		Bank	
	Percentage of ownership held by the Bank		Percentage of ownership held by the Bank	
	15-Jul-24	16-Jul-23	15-Jul-24	16-Jul-23
-	-	-	-	-

#### 4.11.4: Equity value of associates

Particulars	Group	
	15-Jul-24	16-Jul-23
-	-	-
<b>Total</b>	-	-

#### 4.12 Investment properties

Particulars	Group		Bank	
	15-Jul-24	16-Jul-23	15-Jul-24	16-Jul-23
<b>Investment properties measured at fair value</b>				
Balance as on the end of Previous Year	-	-	-	-
Addition/disposal during the year	-	-	-	-
Net changes in fair value during the year	-	-	-	-
Adjustment/transfer	-	-	-	-
<b>Net amount</b>	-	-	-	-
<b>Investment properties measured at cost</b>				
Balance as on the end of Previous Year	1,275,163,202	70,535,574	1,275,163,202	70,535,574
Addition/disposal during the year	287,968,493	-	287,968,493	-
Adjustment/transfer	-	1,204,627,629	-	1,204,627,629
Accumulated depreciation	-	-	-	-
Accumulated impairment loss	-	-	-	-
<b>Net amount</b>	<b>1,563,131,696</b>	<b>1,275,163,202</b>	<b>1,563,131,696</b>	<b>1,275,163,202</b>
<b>Total</b>	<b>1,563,131,696</b>	<b>1,275,163,202</b>	<b>1,563,131,696</b>	<b>1,275,163,202</b>

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

Particulars+B4:L84	Group								Amount in NPR	
	Land	Building	Leasehold Properties	Computer & Accessories	Vehicles	Furniture & Fixture	Machinery	Equipment & Others	Total 15 July, 2024	Total 16 July, 2023
<b>Cost</b>										
As on 17 July, 2022	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	-	-	-	-	-	-	-	-	-	-
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	(281,816)
<b>Balance as on 16 July, 2023</b>	<b>1,635,038,317</b>	<b>400,497,101</b>	<b>896,672,345</b>	<b>447,775,193</b>	<b>341,514,087</b>	<b>370,611,569</b>	<b>155,914,152</b>	<b>3,195,798,042</b>	<b>7,443,820,807</b>	<b>3,374,511,622</b>
Addition during the Year	131,479,000	153,647,582	39,683,223	7,334,660	57,983,606	7,361,297	-	(36,328,467)	361,160,901	528,532,345
Acquisition	131,479,000	153,647,582	39,683,223	7,334,660	57,983,606	7,361,297	-	(36,328,467)	361,160,901	528,532,345
Capitalization	-	-	-	-	-	-	-	-	-	-
Disposal during the year	-	-	(170,606,211)	(57,361,711)	(60,520,307)	(27,084,010)	-	(35,304,888)	(350,879,126)	(62,098,469)
Adjustment/Revaluation	-	-	(3,906,422)	101,088,215	-	(180,886)	(155,914,152)	(566,877,562)	(625,790,808)	-
Merger Addition	-	-	-	-	-	-	-	-	-	3,602,875,308
<b>Balance as on 15 July, 2024</b>	<b>1,766,517,317</b>	<b>554,144,682</b>	<b>761,842,936</b>	<b>498,836,358</b>	<b>338,977,386</b>	<b>350,705,970</b>	<b>0</b>	<b>2,557,287,125</b>	<b>6,828,311,774</b>	<b>7,443,820,807</b>
<b>Depreciation and Impairment</b>										
As on 17 July, 2022	-	56,659,835	259,983,939	179,749,999	110,236,165	100,794,734	-	418,647,783	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	-
<b>Balance as on 16 July 2023</b>	<b>-</b>	<b>74,646,433</b>	<b>578,825,007</b>	<b>297,982,522</b>	<b>208,683,647</b>	<b>250,402,781</b>	<b>85,054,937</b>	<b>1,102,268,489</b>	<b>2,597,863,815</b>	<b>1,126,072,454</b>
Depreciation charge for the Year	-	12,166,880	82,821,935	59,994,491	34,690,050	31,238,902	-	376,511,207	597,423,465	331,008,935
Impairment for the year	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	(131,184,490)	(44,975,135)	(58,763,574)	(19,994,853)	-	(28,612,994)	(283,531,047)	(59,684,929)
Adjustment	-	948	(2,574,920)	46,690,199	(129,466)	190,657	(85,054,937)	(585,023,220)	(625,900,738)	-
Merger Addition	-	-	-	-	-	-	-	-	-	1,200,467,354
<b>Balance as on 15 July, 2024</b>	<b>-</b>	<b>86,814,262</b>	<b>527,887,532</b>	<b>359,692,076</b>	<b>184,480,657</b>	<b>261,837,487</b>	<b>-</b>	<b>865,143,482</b>	<b>2,285,855,495</b>	<b>2,597,863,815</b>

<b>Capital Work in Progress</b>		-	75,808,991	15,850,099	-	-	-	-	91,659,090	80,002,446
<b>Net Book Value</b>										
<b>As on 16 July, 2023</b>	<b>1,635,038,317</b>	<b>405,853,113</b>	<b>317,847,339</b>	<b>149,792,671</b>	<b>132,830,440</b>	<b>120,208,789</b>	<b>70,859,216</b>	<b>2,093,529,553</b>	<b>4,925,959,438</b>	<b>2,467,126,047</b>
<b>As on 15 July, 2024</b>	<b>1,766,517,317</b>	<b>543,139,412</b>	<b>249,805,503</b>	<b>139,144,282</b>	<b>154,496,729</b>	<b>88,868,483</b>	<b>0</b>	<b>1,692,143,643</b>	<b>4,634,115,369</b>	<b>4,925,959,438</b>
<b>Bank</b>										
<b>Particulars</b>	<b>Land</b>	<b>Building</b>	<b>Leasehold Properties</b>	<b>Computer &amp; Accessories</b>	<b>Vehicles</b>	<b>Furniture &amp; Fixture</b>	<b>Machinery</b>	<b>Equipment &amp; Others</b>	<b>Total 15 July, 2024</b>	<b>Amount in NPR Total 16 July, 2023</b>
<b>Cost</b>										
As on 17 July, 2022	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	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	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	1,089,646,196
Capitalization	-	-	-	-	-	-	-	-	-	79,443,756
Disposal during the year	-	-	(2,727,849)	(46,677,091)	(392,510)	(1,311,838)	-	(6,718,116)	(57,827,404)	(14,544,941)
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	-
<b>Balance as on 16 July, 2023</b>	<b>1,628,044,200</b>	<b>391,106,334</b>	<b>886,758,567</b>	<b>432,839,139</b>	<b>304,730,314</b>	<b>360,635,569</b>	<b>155,914,152</b>	<b>3,139,570,289</b>	<b>7,299,598,564</b>	<b>3,237,877,785</b>
Addition during the Year	131,479,000	153,647,582	39,683,223	5,034,912	51,291,806	7,048,745	-	(51,223,139)	336,962,129	523,030,356
Acquisition	131,479,000	153,647,582	39,683,223	5,034,912	51,291,806	7,048,745	-	(51,223,139)	336,962,129	523,030,356
Capitalization	-	-	-	-	-	-	-	-	-	-
Disposal during the year	-	-	(170,606,211)	(57,361,711)	(58,179,407)	(27,086,010)	-	(35,304,888)	(348,538,226)	(57,827,404)
Adjustment/Revaluation	-	-	(3,906,422)	101,088,215	-	(180,886)	(155,914,152)	(566,877,562)	(625,790,808)	-
Merger Addition	-	-	-	-	-	-	-	-	-	3,596,517,827
<b>Balance as on 15 July, 2024</b>	<b>1,759,523,200</b>	<b>544,753,916</b>	<b>751,929,158</b>	<b>481,600,555</b>	<b>297,842,713</b>	<b>340,417,417</b>	<b>0.00</b>	<b>2,486,164,700</b>	<b>6,662,231,659</b>	<b>7,299,598,564</b>
<b>Depreciation and Impairment</b>										
As on 17 July, 2022	-	54,865,419	254,842,059	171,489,190	94,065,011	94,391,225	-	391,731,578	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	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)	(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	-
<b>Balance as on 16 July, 2023</b>	<b>-</b>	<b>72,636,970</b>	<b>572,451,730</b>	<b>282,979,965</b>	<b>188,855,461</b>	<b>240,106,907</b>	<b>85,054,937</b>	<b>1,072,585,234</b>	<b>2,514,671,203</b>	<b>1,061,384,481</b>
Depreciation charge for the year	-	11,957,944	82,238,902	55,289,700	29,328,471	29,477,398	-	375,306,868	583,599,283	310,241,705
Impairment for the year	-	-	-	-	-	-	-	-	-	-

Disposals	-	(131,184,490)	(44,975,135)	(56,386,684)	(19,994,853)	-	(28,612,994)	(281,154,156)	(57,422,337)
Adjustment	-	948	(2,574,920)	46,690,199	22,073	(85,054,937)	(585,023,220)	(625,749,199)	-
Merger Addition	-	-	-	-	-	-	-	-	1,200,467,354
<b>Balance as on 15 July, 2024</b>	<b>-</b>	<b>84,595,862</b>	<b>520,931,222</b>	<b>339,984,729</b>	<b>161,819,322</b>	<b>249,780,108</b>	<b>834,255,888</b>	<b>2,191,367,131</b>	<b>2,514,671,203</b>
<b>Capital Work in Progress</b>	<b>-</b>	<b>75,808,991</b>	<b>15,850,099</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>91,659,090</b>	<b>80,002,446</b>
<b>Net Book Value</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>As on 16 July, 2023</b>	<b>1,628,044,200</b>	<b>395,056,712</b>	<b>317,721,935</b>	<b>149,859,174</b>	<b>115,874,853</b>	<b>120,528,662</b>	<b>2,066,985,055</b>	<b>4,864,929,807</b>	<b>2,394,751,784</b>
<b>As on 15 July, 2024</b>	<b>1,759,523,200</b>	<b>535,967,045</b>	<b>246,848,034</b>	<b>141,615,827</b>	<b>136,023,391</b>	<b>90,637,309</b>	<b>1,651,908,812</b>	<b>4,562,523,618</b>	<b>4,864,929,807</b>

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

Group

Amount in NPR

Particulars	Goodwill	Software		Other	Total 15 July, 2024	Total 16 July, 2023
		Purchased	Developed			
Cost						
As on 17 July, 2022	-	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	-
<b>Balance as on 16 July, 2023</b>	<b>456,121,376</b>	<b>417,229,048</b>	-	-	<b>873,350,424</b>	<b>269,232,736</b>
Addition during the Year	-	118,101,368	-	-	118,101,368	17,386,312
Acquisition	-	118,101,368	-	-	118,101,368	17,386,312
Capitalization	-	-	-	-	-	-
Disposal during the year	-	-	-	-	-	-
Adjustment/Revaluation	-	(143,753)	-	-	(143,753)	456,121,376
Merger Addition	-	-	-	-	-	130,610,000
<b>Balance as on 15 July, 2024</b>	<b>456,121,376</b>	<b>535,186,662</b>	-	-	<b>991,308,038</b>	<b>873,350,424</b>
Amortization and Impairment						
As on 17 July, 2022	-	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	183,910,771
<b>Balance as on 16 July, 2023</b>	-	<b>343,034,661</b>	-	-	<b>343,034,661</b>	<b>40,356,593</b>
Amortization charge for the Year	-	42,447,193	-	-	-	-
Impairment for the year	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-
Merger Addition	-	-	-	-	-	118,767,297
<b>Balance as on 15 July, 2024</b>	-	<b>385,481,855</b>	-	-	<b>385,481,855</b>	<b>343,034,661</b>
<b>Capital Work in Progress</b>	-	<b>972,780</b>	-	-	<b>972,780</b>	<b>2,210,130</b>
<b>Net Book Value</b>						
<b>As on 16 July, 2023</b>	<b>456,121,376</b>	<b>74,194,386</b>	-	-	<b>532,525,892</b>	<b>532,525,892</b>
<b>As on 15 July, 2024</b>	<b>456,121,376</b>	<b>149,704,807</b>	-	-	<b>606,798,964</b>	<b>532,525,892</b>

# BANK

Amount in NPR

Particulars	Goodwill	Software		Other	Total 15 July, 2024	Total 16 July, 2023
		Purchased	Developed			
Cost						
As on 17 July, 2022	-	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/Revaluation	456,121,376	-	-	-	456,121,376	-
Merger Addition		130,255,180			130,255,180	
<b>Balance as on 16 July, 2023</b>	<b>456,121,376</b>	<b>393,026,403</b>	<b>-</b>	<b>-</b>	<b>849,147,780</b>	<b>246,469,712</b>
Addition during the Year	-	117,982,718	-	-	117,982,718	32,873,485
Acquisition		117,982,718			117,982,718	32,873,485
Capitalization	-	-	-	-	-	-
Disposal during the year	-	-	-	-	-	-
Adjustment/Revaluation	-	-	-	-	-	-
Merger Addition		-			-	130,255,180
<b>Balance as on 15 July, 2024</b>	<b>456,121,376</b>	<b>511,009,121</b>	<b>-</b>	<b>-</b>	<b>967,130,497</b>	<b>246,469,712</b>
<b>Amortization and Impairment</b>						
As on 17 July, 2022	-	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	
<b>Balance as on 16 July, 2023</b>	<b>-</b>	<b>327,612,658</b>	<b>-</b>	<b>-</b>	<b>327,612,658</b>	<b>172,640,136</b>
Amortization charge for the Year	-	38,426,947	-	-	38,426,947	35,533,845
Impairment for the year	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-
Merger Addition		-			-	118,767,297
<b>Balance as on 15 July, 2024</b>	<b>-</b>	<b>366,039,605</b>	<b>-</b>	<b>-</b>	<b>366,039,605</b>	<b>172,640,136</b>
<b>Capital Work in Progress</b>						
<b>Net Book Value</b>	-	972,780	-	-	972,780	2,210,130
<b>As on 16 July, 2023</b>	<b>456,121,376</b>	<b>67,623,875</b>	<b>-</b>	<b>-</b>	<b>523,745,251</b>	<b>523,745,251</b>
<b>As on 15 July, 2024</b>	<b>456,121,376</b>	<b>145,942,296</b>	<b>-</b>	<b>-</b>	<b>602,063,672</b>	<b>523,745,251</b>

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)
<b>Deferred tax on temporary differences on following items</b>						
Loan and Advance to B/FIs	-	24,427,836	(24,427,836)	-	-	-
Loans and advances to customers	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-
Investment securities	-	451,314,343	(451,314,343)	-	450,644,141	(450,644,141)
Property & equipment	43,459,248	759,497,99	42,699,750	42,807,031	-	42,807,031
Employees' defined benefit plan	137,502,045	-	137,502,045	104,409,063	-	104,409,063
Lease liabilities	770,823	-	770,823	-	-	-
Provisions	34,254,649	-	34,254,649	5,412,905	-	5,412,905
Other temporary differences	-	-	-	-	-	-
<b>Deferred tax on temporary differences</b>	<b>215,986,766</b>	<b>476,501,678</b>	<b>(260,514,912)</b>	<b>152,628,999</b>	<b>450,644,141</b>	<b>(298,015,141)</b>
Deferred tax on carry forward of unused tax losses				-	-	-
Deferred tax due to changes in tax rate				-	-	-
<b>Net Deferred tax asset/(liabilities) as on 15 July, 2024</b>			<b>(260,514,912)</b>			<b>(298,015,141)</b>
Deferred tax (asset)/liabilities as on 17 July, 2023			216,955,992			242,700,360
<b>Origination/(Reversal) during the year</b>			<b>(43,558,920)</b>			<b>(55,314,781)</b>
Deferred tax expense/(income) recognised in profit or loss			213,911,636			180,755,700
Deferred tax expense/(income) recognised in other comprehensive income			(125,518,457)			(125,440,919)
Deferred tax expense/(income) recognised in directly in equity			-			-

Particulars	Previous Year			Previous Year		
	Deferred Tax Assets	Deferred Tax Liabilities	Net Deferred Tax Assets/ (Liabilities)	Deferred Tax Assets	Deferred Tax Liabilities	Net Deferred Tax Assets/ (Liabilities)
<b>Deferred tax on temporary differences on following items</b>						
Loan and Advance to B/FIs	-	-	-	-	-	-
Loans and advances to customers	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-
Investment securities	4,405,341	508,872,150	(504,466,809)	-	508,872,150	(508,872,150)
Property & equipment	33,686,732	233,203	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	-	-	-	-	-	-
<b>Deferred tax on temporary differences</b>	<b>292,149,361</b>	<b>509,105,353</b>	<b>(216,955,992)</b>	<b>266,171,790</b>	<b>508,872,150</b>	<b>(242,700,360)</b>
Deferred tax on carry forward of unused tax losses				-	-	-
Deferred tax due to changes in tax rate				-	-	-
<b>Net Deferred tax asset/(liabilities) as on 16 July, 2023</b>			<b>(216,955,992)</b>			<b>(242,700,360)</b>
Deferred tax (asset)/liabilities as on 17 July, 2022			74,426,277			(234,177,331)
<b>Origination/(Reversal) during the year</b>			<b>(291,382,270)</b>			<b>(8,523,029)</b>
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			-			-

## 4.16 Other assets

Amount in NPR

Particulars	Group		Bank	
	15-Jul-24	16-Jul-23	15-Jul-24	16-Jul-23
Assets held for sale	41,417,639	257,443,409	41,417,639	257,443,409
Other non banking assets	-	-	-	-
Bills receivable	-	-	-	-
Accounts receivable	426,014,094	611,731,249	250,449,067	482,255,432
Accrued income	-	-	-	-
Prepayments and deposit	267,436,480	189,195,939	260,215,080	184,129,753
Income tax deposit	46,506,947	46,506,947	46,506,947	46,506,947
Deferred employee expenditure	2,326,706,602	1,897,005,128	2,326,706,602	1,897,005,128
Other	840,627,482	511,924,544	840,627,481	511,924,544
<b>Total</b>	<b>3,948,709,246</b>	<b>3,513,807,216</b>	<b>3,765,922,817</b>	<b>3,379,265,215</b>

## 4.17 Due to Bank and Financial Institutions

Amount in NPR

Particulars	Group		Bank	
	15-Jul-24	16-Jul-23	15-Jul-24	16-Jul-23
Money market deposits	-	-	-	-
Interbank borrowing	1,007,110,185	902,001,468	-	-
Settlement and clearing accounts	-	-	-	-
Other deposits from BFIs	4,468,970,749	4,067,001,556	4,468,970,749	4,067,001,556
<b>Total</b>	<b>5,476,080,934</b>	<b>4,969,003,023</b>	<b>4,468,970,749</b>	<b>4,067,001,556</b>

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 to Nepal Rastra Bank

Amount in NPR

Particulars	Group		Bank	
	15-Jul-24	16-Jul-23	15-Jul-24	16-Jul-23
Refinance from NRB	-	-	-	-
Standing Liquidity Facility	-	-	-	-
Lender of last report facility from NRB	-	-	-	-
Securities sold under repurchase agreements	-	-	-	-
Other payable to NRB	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

Amount in NPR

Particulars	Group		Bank	
	15-Jul-24	16-Jul-23	15-Jul-24	16-Jul-23
Held for trading	-	-	-	-
Interest rate swap	-	-	-	-
Currency swap	-	-	-	-
Forward exchange contract	-	-	-	-
Others	-	-	-	-
<b>Held for risk management</b>	<b>5,179,641,688</b>	<b>1,896,707,957</b>	<b>5,179,641,688</b>	<b>1,896,707,957</b>
Interest rate swap	-	-	-	-
Currency swap	-	-	-	-

Forward exchange contract	5,179,641,688	1,896,707,957	5,179,641,688	1,896,707,957
Other	-	-	-	-
<b>Total</b>	<b>5,179,641,688</b>	<b>1,896,707,957</b>	<b>5,179,641,688</b>	<b>1,896,707,957</b>

## 4.20 Deposits from customers

Amount in NPR

Particulars	Group		Bank	
	15-Jul-24	16-Jul-23	15-Jul-24	16-Jul-23
Institutions customers:				
Term deposits	71,894,062,667	63,838,553,648	72,224,062,667	64,213,553,648
Call deposits	22,849,998,682	16,656,315,384	23,344,369,739	17,096,481,454
Current deposits	17,026,414,475	17,369,355,507	17,032,416,850	17,377,256,442
Other	1,497,868,225	2,239,904,684	1,457,436,566	2,198,747,117
Individual customers:				
Term deposits	115,198,817,697	115,198,817,697	115,198,817,697	115,198,817,697
Saving deposits	100,997,061,765	81,189,423,902	98,666,074,264	78,906,119,856
Current deposits	210,369,509	161,466,161	210,369,509	161,466,161
Other	797,964,809	1,091,033,056	797,964,809	1,091,033,056
<b>Total</b>	<b>330,472,557,828</b>	<b>297,744,870,039</b>	<b>328,931,512,100</b>	<b>296,243,475,431</b>

### 4.20.1: Currency wise analysis of deposit from customers

Amount in NPR

Particulars	Group		Bank	
	15-Jul-24	16-Jul-23	15-Jul-24	16-Jul-23
Nepalese rupee	322,874,437,128	290,347,988,836	321,333,391,401	288,846,594,228
Indian rupee	1,080,346	197,718,679	1,080,346	197,718,678.89
United State dollar	7,413,697,961	7,010,880,533	7,413,697,961	7,010,880,533
Great Britain pound	75,707,110	45,007,281	75,707,110	45,007,281
Euro	41,057,537	134,031,247	41,057,537	134,031,247
Japenese yen	27,603	-	27,603	-
Chinese yuan	57,413,497	9,228,233	57,413,497	9,228,233
Australian dollar	9,136,646	15,230	9,136,646	15,230
<b>Total</b>	<b>330,472,557,828</b>	<b>297,744,870,039</b>	<b>328,931,512,100</b>	<b>296,243,475,431</b>

## 4.21 Borrowing

Amount in NPR

Particulars	Group		Bank	
	15-Jul-24	16-Jul-23	15-Jul-24	16-Jul-23
<b>Domestic Borrowing</b>	-	-	-	-
Nepal Government	-	-	-	-
Other Institutions	-	-	-	-
Other	-	-	-	-
<b>Foreign Borrowing</b>	<b>3,980,636,946</b>	<b>5,080,623,999</b>	<b>3,980,636,946</b>	<b>5,080,623,999</b>
Foreign Bank and Financial Institutions	3,980,636,946	5,080,623,999	3,980,636,946	5,080,623,999
Multilateral Development Banks	-	-	-	-
Other Institutions	-	-	-	-
<b>Total</b>	<b>3,980,636,946</b>	<b>5,080,623,999</b>	<b>3,980,636,946</b>	<b>5,080,623,999</b>

## 4.22 Provisions

Amount in NPR

Particulars	Group		Bank	
	15-Jul-24	16-Jul-23	15-Jul-24	16-Jul-23
<b>Provisions for redundancy</b>	-	-	-	-
Provision for restructuring	-	-	-	-
Pending legal issues and tax litigation	-	-	-	-
Onerous contracts	-	-	-	-
<b>Other</b>	-	-	-	-

### 4.22.1: Movement in provision

Amount in NPR

Particulars	Group		Bank	
	15-Jul-24	16-Jul-23	15-Jul-24	16-Jul-23
<b>Balance at Shrawan 1, 2080</b>	-	-	-	-
Provisions made during the year	-	-	-	-
Provisions used during the year	-	-	-	-
Provisions reversed during the year	-	-	-	-
Unwind of discount	-	-	-	-
<b>Balance at Ashadh end, 2081</b>	-	-	-	-

## 4.23 Other liabilities

Amount in NPR

Particulars	Group		Bank	
	15-Jul-24	16-Jul-23	15-Jul-24	16-Jul-23
Liability for employees defined benefit obligations	403,218,041	405,571,683	349,205,270	370,955,211
Liability for long-service leave	(39,500,706)	287,640,315	(89,698,823)	252,604,063
Short-term employee benefits	-	-	-	-
Bills payable	34,026,585	12,919,906	34,026,585	12,919,906
Creditors and accruals	-	-	-	-
Interest payable on deposit	622,014,551	1,080,320,752	622,014,551	1,080,320,752
Interest payable on borrowing	28,010,473	6,307,768	28,010,473	6,307,768
Liabilities on deferred grant income	-	-	-	-
Unpaid Dividend	-	-	-	-
Liabilities under Finance Lease	1,601,250,278	1,955,030,301	1,601,250,278	1,942,377,599
Employee bonus payable	499,556,745.20	348,729,185	478,298,708.71	338,226,019
Other	3,459,078,100	4,881,566,540	2,578,571,575	3,906,621,094
<b>Total</b>	<b>6,607,654,067</b>	<b>8,978,086,450</b>	<b>5,601,678,617</b>	<b>7,910,332,412</b>

### 4.23.1: Defined benefit obligations

Amount in NPR

Particulars	Group		Bank	
	15-Jul-24	16-Jul-23	15-Jul-24	16-Jul-23
The amounts recognised in the statement of financial position are as follows:				
Present value of unfunded obligations	259,506,447	623,569,577	259,506,447	623,569,577
Present value of funded obligations	1,139,818,804	554,774,269	1,139,818,804	554,774,269
Total present value of obligations	1,399,325,251	1,178,343,846	1,399,325,251	1,178,343,846
Fair value of plan assets	1,139,818,804	554,774,269	1,139,818,804	554,774,269
Present value of net obligations	259,506,447	623,569,577	259,506,447	623,569,577
Recognised liability for defined benefit obligations	403,218,041	405,571,683	349,205,270	370,955,211

#### 4.23.2: Plan assets

Amount in NPR

Plan assets comprise	Group		Bank	
	15-Jul-24	16-Jul-23	15-Jul-24	16-Jul-23
Equity securities	-	-	-	-
Government bonds	-	-	-	-
Bank deposit	-	-	-	-
Other	1,139,818,804	554,774,269	1,139,818,804	554,774,269
<b>Total</b>	<b>1,139,818,804</b>	<b>554,774,269</b>	<b>1,139,818,804</b>	<b>554,774,269</b>
Actual return on plan assets	71,360,282	44,054,743	71,360,282	44,054,743

#### 4.23.3: Movement in the present value of defined benefit obligations

Amount in NPR

Particulars	Group		Bank	
	15-Jul-24	16-Jul-23	15-Jul-24	16-Jul-23
Defined benefit obligations at Shrawan 1, 2080	1,178,343,846	1,053,763,123	1,178,343,846	1,053,763,123
Actuarial Loss/ (Gain)	76,224,996	(13,230,855)	76,224,996	(13,230,855)
Benefits paid by the plan	(188,615,225)	(11,949,652)	(188,615,225)	(11,949,652)
Current service costs and interest	333,371,634	149,761,230	333,371,634	149,761,230
<b>Defined benefit obligations at Ashadh end, 2081</b>	<b>1,399,325,251</b>	<b>1,178,343,846</b>	<b>1,399,325,251</b>	<b>1,178,343,846</b>

#### 4.23.4: Movement in the fair value of plan assets

Amount in NPR

Particulars	Group		Bank	
	15-Jul-24	16-Jul-23	15-Jul-24	16-Jul-23
Fair value of plan assets at Shrawan 1, 2080	554,774,270	476,677,545	554,774,270	476,677,545
Contributions paid into the plan	501,937,895	45,991,633	501,937,895	45,991,633
Benefits paid during the year	(100,249,541)	(11,949,652)	(100,249,541)	(11,949,652)
Actuarial Gain/(Loss)	(15,401,152)	(5,315,110)	(15,401,152)	(5,315,110)
Expected return on plan assets	86,761,434	49,369,853	86,761,434	49,369,853
<b>Fair value of plan assets at Ashadh end, 2081</b>	<b>1,027,822,906</b>	<b>554,774,269</b>	<b>1,027,822,906</b>	<b>554,774,269</b>

#### 4.23.5: Amount recognised in profit or loss

Amount in NPR

Particulars	Group		Bank	
	15-Jul-24	16-Jul-23	15-Jul-24	16-Jul-23
Current service costs	224,364,182	73,194,738	224,364,182	73,194,738
Interest on obligation	22,246,018	27,196,639	22,246,018	27,196,639
Actuarial (Gain)/loss	(126,696,738)	(11,193,990)	(126,696,738)	(11,193,990)
Expected return on plan assets	(6,095,992)	(524,513)	(6,095,992)	(524,513)
<b>Total</b>	<b>113,817,470</b>	<b>88,672,874</b>	<b>113,817,470</b>	<b>88,672,874</b>

#### 4.23.6: Amount recognised in other comprehensive income

Amount in NPR

Particulars	Group		Bank	
	15-Jul-24	16-Jul-23	15-Jul-24	16-Jul-23
Actuarial (Gain)/Loss	224,418,878	3,802,758	224,418,878	3,802,758
<b>Total</b>	<b>224,418,878</b>	<b>3,802,758</b>	<b>224,418,878</b>	<b>3,802,758</b>

#### 4.23.7: Actuarial assumptions

Amount in NPR

Particulars	Group		Bank	
	15-Jul-24	16-Jul-23	15-Jul-24	16-Jul-23
Discount rate	7.50%	10.00%	7.50%	10.00%
Expected return on plan asset				
Future salary increase	7.00%	7.00%	7.00%	7.00%
Withdrawal rate	11.00%	11.00%	11.00%	11.00%

#### 4.24 Debt securities issued

Amount in NPR

Particulars	Group		Bank	
	16-Jul-23	16-Jul-23	15-Jul-24	16-Jul-23
Debt securities issued designated as at fair value through profit or loss	-	-	-	-
Debt securities issued at amortised cost	7,000,000,000	8,000,000,000	7,000,000,000	8,000,000,000
<b>Total</b>	<b>7,000,000,000</b>	<b>8,000,000,000</b>	<b>7,000,000,000</b>	<b>8,000,000,000</b>

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 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	
	16-Jul-23	16-Jul-23	15-Jul-24	16-Jul-23
Redeemable preference shares	-	-	-	-
Irredeemable cumulative preference shares (liabilities component)	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

#### 4.26 Share capital

Amount in NPR

Particulars	Group		Bank	
	15-Jul-24	16-Jul-23	15-Jul-24	16-Jul-23
Ordinary shares	23,187,154,510	21,670,237,860	23,187,154,510	21,670,237,860
Convertible preference shares (equity component only)	-	-	-	-
Irredeemable preference shares (equity component only)	-	-	-	-
Perpetual debt (equity component only)	-	-	-	-
<b>Total</b>	<b>23,187,154,510</b>	<b>21,670,237,860</b>	<b>23,187,154,510</b>	<b>21,670,237,860</b>

##### 4.26.1: Ordinary shares

Particulars	Bank	
	15-Jul-24	16-Jul-23
<b>Authorized Capital</b>		
250,000,000 Ordinary share of Rs. 100 each	25,000,000,000	22,000,000,000
<b>Issued capital</b>		
231,871,545.10 Ordinary share of Rs. 100 each	23,187,154,510	21,670,237,860
<b>Subscribed and paid up capital</b>		
231,871,545.10 Ordinary share of Rs. 100 each	23,187,154,510	21,670,237,860
<b>Total</b>	<b>23,187,154,510</b>	<b>21,670,237,860</b>

## 4.26.2: Ordinary share ownership

Particulars	Bank			
	15-Jul-24		16-Jul-23	
	Percent	Amount	Percent	Amount
<b>Domestic ownership</b>	100%	23,187,154,429	100%	21,670,237,860
Nepal Government	-	-	-	-
"A" class licensed institutions	-	-	-	-
Other licensed intitutions	-	-	-	-
Other Institutions (Promoters)	14.01%	3,247,744,258	13.82%	2,995,554,070
Public	48.95%	11,350,965,279	48.95%	10,608,378,765
Other (Promoters)	37.04%	8,588,444,892	37.22%	8,066,305,025
<b>Foreign ownership</b>	-	-	-	-
<b>Total</b>	<b>100%</b>	<b>23,187,154,429</b>	<b>100%</b>	<b>21,670,237,860</b>

### Note: Shareholders holding 0.5% or more Shares

SN	Name of Shareholder	No. of Shares	%
1	Laxmi Corp Nepal Pvt. Ltd.	18,042,841	7.78%
2	Citizen Investment Trust	10,771,797	4.65%
3	Sarika Khetan	9,669,298	4.17%
4	Sneha Khetan	9,056,904	3.91%
5	Motilal Dugar	6,427,827	2.77%
6	Malchand Dugar	5,567,957	2.40%
7	Ratan Lal Sanghai	5,542,901	2.39%
8	Gopi Krishna Sikaria	5,459,467	2.35%
9	Rajendra Kumar Khetan	5,455,945	2.35%
10	Himalayan Exim Private Ltd	4,561,468	1.97%
11	Shrawan Kumar Goyal	3,291,012	1.42%
12	Surendra Dugar	3,267,209	1.41%
13	Vivek Dugar	3,093,727	1.33%
14	MTC Investment Pvt. Ltd.	2,967,904	1.28%
15	Bachharaj Tater	2,672,714	1.15%
16	Kailash Chandra Goyal	2,308,931	1.00%
17	Rastriya Beema Sansthan (Jiwan Beema)	2,303,695	0.99%
18	Nirmala Devi Goyal	2,196,030	0.95%
19	Puja Agrawal Khetan	1,988,616	0.86%
20	Vivek Tater	1,800,373	0.78%
21	Saurav Tater	1,778,097	0.77%
22	Vishal Tater	1,778,097	0.77%
23	Srinivas Sarda	1,778,094	0.77%
24	Om Prakash Sikaria	1,764,855	0.76%
25	Nidhi Dugar	1,736,956	0.75%
26	Pooja Dugar	1,667,644	0.72%
27	Shradha Dugar	1,647,644	0.71%
28	Priyanka Agrawal	1,475,222	0.64%
29	Saroj Dugar	1,393,938	0.60%
30	Jamuna Poudyal	1,282,738	0.55%
31	Radheshyam Sarda	1,268,495	0.55%
32	Pawan Kumar Sarda	1,268,495	0.55%
33	Shiva Ratan Sharda	1,263,494	0.54%
34	Shubham Dugar	1,253,145	0.54%
35	Bhogendra Kumar Guragain	1,213,893	0.52%
36	Kavita Lohia	1,191,698	0.51%
37	Manav Agarwal	1,177,068	0.51%

## 4.27 Reserves

Amount in NPR

Particulars	Group		Bank	
	15-Jul-24	16-Jul-23	15-Jul-24	16-Jul-23
Statutory general reserve	6,640,224,257	6,016,965,930	6,473,786,844	5,889,658,444
Exchange equalisation reserve	91,578,853	77,611,894	91,578,853	77,611,894
Corporate social responsibility reserve	53,149,363	46,092,392	46,685,614	42,282,378
Capital Redemption Reserve	3,333,333,333	3,388,888,889	3,333,333,333	3,388,888,889
Regulatory reserve	4,017,918,120	2,906,890,273	3,887,903,496	2,894,257,793
Investment adjustment reserve	4,050,000	4,181,416	3,000,000	3,000,000
Capital reserve	175,187,932	(57,267,928)	-	-
Assets revaluation reserve	330,759,521	330,759,521	330,759,521	330,759,521
Fair value reserve	1,502,946,351	1,637,906,565	1,502,083,734	1,637,949,019
Dividend equalisation reserve	-	-	-	-
Actuarial gain	(77,171,179)	95,126,580	(61,966,634)	95,126,580
Special reserve	-	-	-	-
Other reserve	474,239,526	475,076,701	465,442,200	466,827,367
<b>Total</b>	<b>16,546,216,077</b>	<b>14,922,232,232</b>	<b>16,072,606,961</b>	<b>14,826,361,885</b>

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	
	15-Jul-24	16-Jul-23	15-Jul-24	16-Jul-23
Contingent liabilities	93,614,891,367	92,397,596,202	93,614,891,367	92,397,596,202
Undrawn and undisbursed facilities	22,991,974,973	25,528,427,239	22,991,974,973	25,528,427,239
Capital commitment	-	-	-	-
Lease Commitment	-	-	-	-
Litigation	361,660,412	414,544,337	361,660,412	413,603,812
<b>Total</b>	<b>116,968,526,752</b>	<b>118,340,567,777</b>	<b>116,968,526,752</b>	<b>118,339,627,253</b>

### 4.28.1: Contingent liabilities

Amount in NPR

Particulars	Group		Bank	
	15-Jul-24	16-Jul-23	15-Jul-24	16-Jul-23
Acceptance and documentary credit	38,311,951,137	35,098,109,501	38,311,951,137	35,098,109,501
Bills for collection	25,062,833,094	20,014,485,553	25,062,833,094	20,014,485,553
Forward exchange contracts	-	-	-	-
Guarantees	30,240,107,137	37,285,001,148	30,240,107,137	37,285,001,148
Underwriting commitment	-	-	-	-
Other commitments	-	-	-	-
<b>Total</b>	<b>93,614,891,367</b>	<b>92,397,596,202</b>	<b>93,614,891,367</b>	<b>92,397,596,202</b>

## 4.28.2: Undrawn and undisbursed facilities

Amount in NPR

Particulars	Group		Bank	
	15-Jul-24	16-Jul-23	15-Jul-24	16-Jul-23
Undisbursed amount of loans	13,144,018,291	15,675,930,117	13,144,018,291	15,675,930,117
Undrawn limits of overdrafts	7,751,178,298	9,852,497,122	7,751,178,298	9,852,497,122
Undrawn limits of credit cards	1,063,213,384	-	1,063,213,384	-
Undrawn limits of letter of credit	-	-	-	-
Undrawn limits of guarantee	1,033,565,000	-	1,033,565,000	-
<b>Total</b>	<b>22,991,974,973</b>	<b>25,528,427,239</b>	<b>22,991,974,973</b>	<b>25,528,427,239</b>

## 4.28.3: Capital commitments

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

Amount in NPR

Particulars	Group		Bank	
	15-Jul-24	16-Jul-23	15-Jul-24	16-Jul-23
<b>Capital commitments in relation to Property and Equipment</b>				
Approved and contracted for				
Approved but not contracted for				
<b>Sub total</b>	-	-	-	-
<b>Capital commitments in relation to Intangible assets</b>				
Approved and contracted for				
Approved but not contracted for				
<b>Sub total</b>	-	-	-	-
<b>Total</b>	-	-	-	-

## 4.28.4: Lease commitments

Amount in NPR

Particulars	Group		Bank	
	15-Jul-24	16-Jul-23	15-Jul-24	16-Jul-23
<b>Operating lease commitments</b>				
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				
<b>Sub total</b>				
<b>Finance lease commitments</b>				
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				
<b>Sub total</b>				
<b>Grand total</b>				

## 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	
	Current Year	Previous Year	Current Year	Previous Year
Cash and cash equivalent	855,355,153	402,639,060	834,786,324	418,304,772
Due from Nepal Rastra Bank	-	-	-	-
Placement with bank and financial institutions	29,071,628	28,410,859	-	-
Loan and advances to bank and financial institutions	-	-	-	-
Loans and advances to customers	31,442,111,443	18,117,249,597	30,746,015,597	17,410,431,220
Investment securities	3,177,745,826	977,004,046	3,177,745,826	971,598,270
Loan and advances to staff	1,163,221,415	266,119,169	1,166,065,960	266,135,504
Other	-	-	-	-
<b>Total interest income</b>	<b>36,667,505,466</b>	<b>19,791,422,730</b>	<b>35,924,613,707</b>	<b>19,066,469,766</b>

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	
	Current Year	Previous Year	Current Year	Previous Year
Due to bank and financial institutions	132,944,062	601,747,946	12,415,621	448,990,093
Due to Nepal Rastra Bank	-	28,303,980	-	28,303,980
Deposits from customers	22,620,940,931	12,334,758,013	22,480,463,396	12,169,730,120
Borrowing	200,175,141	314,107,882	200,175,141	314,107,882
Debt securities issued	759,965,753	370,000,000	759,965,753	370,000,000
Subordinated liabilities	-	-	-	-
Other	109,328,023	50,174,662	107,725,713	48,646,919
<b>Total interest expense</b>	<b>23,823,353,911</b>	<b>13,699,092,484</b>	<b>23,560,745,625</b>	<b>13,379,778,995</b>

## 4.31 Fees and Commission Income

Amount in NPR

Particulars	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Loan administration fees	583,349,633	433,529,147	519,463,764	381,054,832
Service fees	416,548,950	171,355,845	220,031,329	84,330,028
Consortium fees	-	-	-	-
Commitment fees	6,526,525	6,625,101	6,526,525	6,625,101
DD/TT/Swift fees	55,736,660	30,637,355	55,736,660	30,637,355
Credit card/ATM issuance and renewal fees	472,928,856	251,022,035	472,928,856	251,022,035
Prepayment and swap fees	-	-	-	-
Investment banking fees	-	-	-	-
Asset management fees	-	-	-	-
Brokerage fees	-	-	-	-
Remittance fees	12,724,840	37,015,219	12,724,840	37,015,219
Commission on letter of credit	477,091,446	170,220,724	477,091,446	170,220,724
Commission on guarantee contracts issued	514,120,784	238,501,714	514,120,784	238,501,714
Commission on share underwriting/issue	3,032,377	9,952,026	-	-
Locker rental	26,123,866	11,443,250	26,123,866	11,443,250
Other fees and commission income	153,930,517	-	149,754,437	3,500,331
<b>Total fees and Commission Income</b>	<b>2,722,114,453</b>	<b>1,360,302,416</b>	<b>2,454,502,507</b>	<b>1,214,350,589</b>

## 4.32 Fees and commission expense

Amount in NPR

Particulars	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
ATM management fees	88,977,877	101,512,934	88,977,877	101,512,934
VISA/Master card fees	226,863,044	49,527,256	226,863,044	49,527,256
Guarantee commission	-	-	-	-
Brokerage	-	-	-	-
DD/TT/Swift fees	-	-	-	-
Remittance fees and commission	-	-	-	-
Other fees and commission expense	149,807,694	76,373,707	149,807,694	79,887,107
<b>Total fees and Commission Expense</b>	<b>465,648,614</b>	<b>227,413,897</b>	<b>465,648,614</b>	<b>230,927,297</b>

## 4.33 Net trading income

Amount in NPR

Particulars	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
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	262,957,924	214,107,234	262,957,924	214,107,234
Other	-	-	-	-
<b>Net trading income</b>	<b>262,957,924</b>	<b>214,107,234</b>	<b>262,957,924</b>	<b>214,107,234</b>

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	
	Current Year	Previous Year	Current Year	Previous Year
Foreign exchange revaluation gain	55,867,834	2,631,813	55,867,834	2,631,813
Gain/(loss) on sale of investment securities	4,004,141	318,535,768	715,532	318,520,806
Fair value gain/loss on investment properties	-	-	-	-
Dividend on equity instruments	208,841,828	144,345,760	265,611,405	137,052,435
Gain/loss on sale of property and equipment	(32,066,501)	945,157	(32,066,501)	955,933
Gain/loss on sale of investment property	9,174,795	-	9,174,795	-
Operating lease income	-	-	-	-
Gain/loss on sale of gold and silver	-	-	-	-
Locker rent	-	-	-	-
Other	-	45,613,058	-	45,613,058
<b>Total</b>	<b>245,822,098</b>	<b>512,071,556</b>	<b>299,303,066</b>	<b>504,774,045</b>

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

Amount in NPR

Particulars	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Impairment charge/(reversal) on loan and advances to B/FIs	-	(27,628,229)	(4,331,197)	-
Impairment charge/(reversal) on loan and advances to customer	3,565,546,528	1,191,027,244	3,592,391,281	1,060,699,532
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	-	-	-	-
<b>Total</b>	<b>3,565,546,528</b>	<b>1,163,399,015</b>	<b>3,588,060,084</b>	<b>1,060,699,532</b>

#### 4.36 Personnel Expense

Amount in NPR

Particulars	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Salary	2,316,146,362	1,097,020,083	2,177,095,359	963,958,757
Allowances	811,425,101	239,852,346	650,457,517	79,013,548
Gratuity expense	174,460,155	100,747,002	149,942,234	88,672,874
Provident fund	136,343,336	68,527,072	122,677,230	55,344,963
Uniform	1,386,765	-	1,386,765	-
Training & development expense	78,563,417	41,616,227	71,581,550	35,162,470
Leave encashment	(14,679,567)	28,731,698	(36,124,764)	20,731,698
Medical	168,727,409	46,536,866	168,727,409	46,536,866
Insurance	54,380,375	27,182,417	54,019,182	26,437,902
Employees incentive	317,616	1,807,102	317,616	1,807,102
Cash-settled share-based payments	-	-	-	-
Pension expense	-	-	-	-
Finance expense under NFRS	914,335,112	150,725,403	913,078,145	112,532,277
Other expenses related to staff	232,205,384	124,218,361	199,395,256	115,634,890
<b>Subtotal</b>	<b>4,873,611,466</b>	<b>1,926,964,575</b>	<b>4,472,553,497</b>	<b>1,545,833,347</b>
Employees bonus	499,556,745	344,941,423	478,298,709	338,226,019
<b>Grand total</b>	<b>5,373,168,211</b>	<b>2,271,905,999</b>	<b>4,950,852,206</b>	<b>1,884,059,366</b>

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	
	Current Year	Previous Year	Current Year	Previous Year
Directors' fee	1,956,000	2,869,000	1,645,000	1,899,000
Directors' expense	1,268,859	937,278	341,085	318,193
Auditors' remuneration	3,164,000	1,808,000	2,825,000	1,243,000
Other audit related expense	611,430	724,512	-	621,500
Professional and legal expense	13,205,043	9,243,657	8,073,761	7,424,006
Office administration expense	1,367,431,549	851,437,888	1,303,609,489	779,866,237
Operating lease expense	185,136	20,087,203	-	7,565,664
Operating expense of investment properties	-	-	-	-
Corporate social responsibility expense	24,800,554	9,617,062	24,800,554	9,617,062
Onerous lease provisions	-	-	-	-
Other	27,274,315	8,567,509	10,726,837	13,198,604
<b>Total</b>	<b>1,439,896,885</b>	<b>905,292,109</b>	<b>1,352,021,726</b>	<b>821,753,267</b>

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	
	Current Year	Previous Year	Current Year	Previous Year
Water and Electricity	60,298,060	40,907,084	57,893,022	38,741,202
Repair and maintenance	47,782,069	55,116,488	46,854,767	54,321,915
a) Building	8,539,649	8,033,226	8,539,649	8,033,226
b) Vehicle	5,698,253	4,175,713	4,854,923	3,459,599
c) Computer and accessories	7,078,145	10,639,040	6,788,974	10,639,040
d) Office Equipment and Furniture	24,059,565	30,036,921	23,946,226	30,036,921
e) Others	2,406,457	2,231,588	2,724,995	2,153,128
Insurance	214,024,081	9,773,116	212,084,936	9,059,789
Postage, telex, telephone, fax	118,506,307	32,990,555	115,952,291	30,706,314
Printing and Stationery	78,526,841	26,446,821	75,337,749	23,176,772
Newspaper, books and journals	418,545	371,544	375,273	217,340
Advertisement	102,853,717	81,793,203	99,731,554	80,178,664
Donation	-	-	-	-
Security expenses	327,179,194	154,233,128	325,680,314	153,814,354
Deposit and loan guarantee premium	-	54,589,866	-	54,589,866
Travel allowance and expenses	43,572,028	89,609,105	37,544,674	83,267,205
Entertainment	5,997,403	16,218,021	5,997,403	16,218,021
Annual/ special general meeting expense	2,569,595	2,581,082	1,956,477	2,041,784
Other	365,703,709	286,807,877	324,201,029	233,533,012
a) Fixed asset revenue expense	6,825,169	8,050,698	4,199,338	5,053,587
b) IT and other subscriptions	128,398,380	107,451,001	126,498,982	103,551,994
c) Others	230,480,160	171,306,179	193,502,709	124,927,431
<b>Total</b>	<b>1,367,431,549</b>	<b>851,437,888</b>	<b>1,303,609,489</b>	<b>779,866,237</b>

### 4.38 Depreciation & Amortisation

Amount in NPR

Particulars	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Depreciation on property and equipment	608,579,313	331,008,935	583,599,283	310,241,705
Depreciation on investment property	-	-	-	-
Amortisation of intangible assets	42,295,157	40,356,593	38,426,947	36,205,226
<b>Total</b>	<b>650,874,470</b>	<b>371,365,528</b>	<b>622,026,230</b>	<b>346,446,931</b>

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	
	Current Year	Previous Year	Current Year	Previous Year
Recovery of loan written off	14,522,625	8,431,372	14,328,767	8,246,854
Other income	197,843,823	127,360	197,843,823	127,360
<b>Total</b>	<b>212,366,447</b>	<b>8,558,732</b>	<b>212,172,590</b>	<b>8,374,214</b>

#### 4.40 Non operating expense

Amount in NPR

Particulars	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Loan written off	294,013,236	240,376,287	294,013,236	240,376,287
Redundancy provision	-	-	-	-
Expense of restructuring	-	-	-	-
Other expense	15,493,697	-	15,493,697	-
<b>Total</b>	<b>309,506,933</b>	<b>240,376,287</b>	<b>309,506,933</b>	<b>240,376,287</b>

#### 4.41 Income tax expense

Amount in NPR

Particulars	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Current tax expense	1,286,341,248	940,585,327	1,203,553,698	921,718,815
Current year	1,286,328,349	940,585,327	1,203,553,698	921,718,815
Adjustments for prior years	12,899	-	-	-
Deferred tax expense	213,911,636	(153,754,522)	180,755,700	(162,923,482)
Origination and reversal of temporary differences	213,911,636	(153,754,522)	180,755,700	(162,923,482)
Changes in tax rate	-	-	-	-
Recognition of previously unrecognised tax losses	-	-	-	-
<b>Total income tax expense</b>	<b>1,500,252,884</b>	<b>786,830,804</b>	<b>1,384,309,398</b>	<b>758,795,333</b>

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	
	Current Year	Previous Year	Current Year	Previous Year
Profit before tax	4,482,770,836	3,007,617,349	4,304,688,377	3,044,034,173
Tax amount	1,344,831,251	902,285,205	1,291,406,513	913,210,252
Add: Tax effect of expenses that are not deductible for tax purpose	983,298	45,080,075	(37,851,206)	36,921,831
Less: Tax effect on exempt income	(50,019,985)	(28,431,643)	(50,001,610)	(28,413,268)
Add/less: Tax effect on other items	204,458,320	(132,102,833)	180,755,700	(162,923,482)
<b>Total income tax expense</b>	<b>1,500,252,884</b>	<b>786,830,804</b>	<b>1,384,309,398</b>	<b>758,795,333</b>
<b>Effective tax rate</b>	<b>33.47%</b>	<b>26.16%</b>	<b>32.16%</b>	<b>24.93%</b>

## 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 2 directors, Chief Credit Officer, Chief Operating Officer and Chief Risk Officer. The Committee met four times in FY 2023-24. The Committee oversees and reviews the fundamental prudential risks including credit, market, reputational, capital and liquidity, digital, 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.

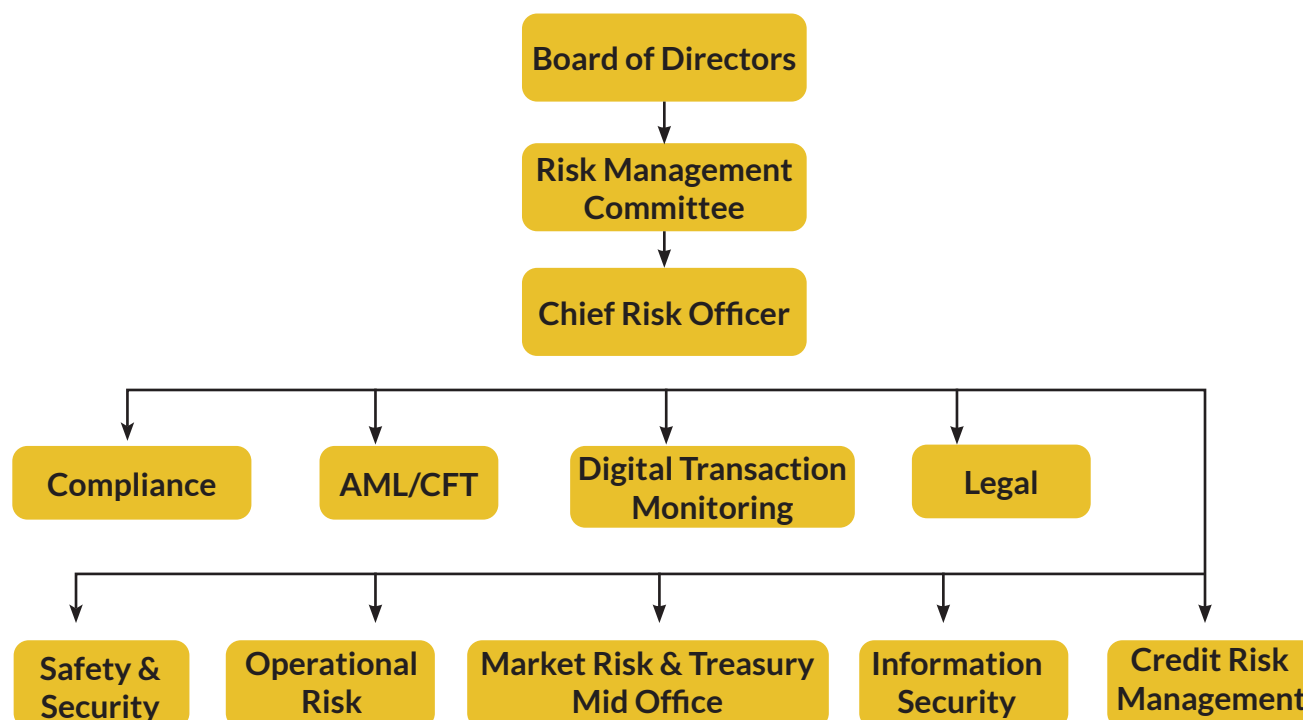
### Risk Management Framework and Organization

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, Information Security 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:-

- Formulating credit policies and guidelines in consultation with business divisions, covering collateral requirements, its valuation, credit assessment, risk grading and reporting, balancing risk with reward, 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. Tracking and limiting concentrations of exposure to counterparties, business division and industries.
- d. 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.
- e. 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.
- f. Identifying early warning signals of credit risk such as trend of overdue, NPA, first instalment defaults, etc.
- g. 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.
- h. 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
<b>Financial Assets</b>						
Assets carried at Amortized Cost	-	-	-	-	-	-
Cash and cash equivalent	15,048	-	-	-	-	15,048
Due from Nepal Rastra Bank	15,511	-	-	-	-	15,511
Placement with Bank and Financial Institutions	6,186	-	-	-	-	6,186
Loans and advances to customers	218,059	16,611	2,198	4,798	5,742	247,408
Loan and advances to B/FIs	7,992	-	-	-	-	7,992
Fair Value through Profit and Loss (FVTPL)	-	-	-	-	-	-
Derivative financial instruments.	5,190	-	-	-	-	5,190
Fair Value through Other Comprehensive Income (FVTOCI)	-	-	-	-	-	-
Investment securities	87,110	-	-	-	-	87,110
Investment in Associates	-	-	-	-	-	-
Investment in subsidiaries	893	-	-	-	-	893
<b>Total</b>	<b>355,989</b>	<b>16,611</b>	<b>2,198</b>	<b>4,798</b>	<b>5,742</b>	<b>385,338</b>

## 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 Sunrise 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
UAE Dhiram	AED	6,254	-	6,254
Australian Dollars	AUD	12,730	9,217	3,514
Baharain Dinar	BHD	25	-	25
Canadian Dollars	CAD	182	-	182
Swiss Franc	CHF	37	-	37
Chinese Yuan	CNY	57,884	57,413	471
Danish Kroner	DKK	339	-	339
European Euro	EUR	215,855	214,486	1,369
UK Pound Sterling	GBP	69,564	77,938	(8,374)
Indian Currency	INR	820,999	218,692	602,307
Japanese Yen	JPT	10,748	10,489	259
South Korean Won	KRW	5	-	5
Kuwaiti Dinar	KWD	49	-	49
Malaysian Ringgit	MYR	966	-	966
Qatari Riyal	QAR	398	-	398
Saudi Arabian Riyal	SAR	656	-	656
Singapore Dollar	SGD	313	-	313
Thai Baht	THB	278	-	278
U.S. Dollars	USD	16,972,238	16,963,826	8,412
<b>Total</b>		<b>18,169,522</b>	<b>17,552,061</b>	<b>617,461</b>

### 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:

Particulars days	1 - 90	91 - 180 days	181 - 270 days	271 - 365 days	Over 1 year	Total
Interest Sensitive Assets	131,363	31,803	37,302	15,930	196,230	412,629
Interest Sensitive Liabilities	84,045	63,176	40,305	28,558	155,321	371,406
<b>Gap (1 - 2)</b>	<b>47,317</b>	<b>(31,372)</b>	<b>(3,003)</b>	<b>(12,627)</b>	<b>40,909</b>	<b>41,223</b>
<b>Cumulative Gap</b>	<b>47,317</b>	<b>15,944</b>	<b>12,941</b>	<b>313</b>	<b>41,223</b>	<b>-</b>
Adjusted Interest Rate change (IRC)	0.25%	0.25%	0.25%	0.26%	1.00%	-
Impact on Quarterly Earnings (Cumulative Gap x IRC)	117	39	32	0.82	412	600
Accumulated Earnings Impact to date	117	156	188	189	600	-

### 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.

Particulars	1-90 Days	91-180 Days	181-365 Days	Over 1 Year	Total
<b>Assets</b>					
Cash and cash equivalent	15,048	-	-	-	15,048
Due from Nepal Rastra Bank	15,510	-	-	-	15,510
Placement with Bank and Financial Institutions	6,185	-	-	-	6,185
Derivative financial instruments	5,190	-	-	-	5,190
Other trading assets	-	-	-	-	-
Loan and advances to B/FIs	-	-	-	7,992	7,992
Loans and advances to customers	31,897	26,629	29,413	159,469	247,408
Investment securities	36,371	2,500	23,508	24,731	87,110
Investment in associates	-	-	-	-	-
Investment in subsidiaries	-	-	-	893	893
Other assets	3,765	-	-	6,799	10,564
<b>Total Assets</b>	<b>116,035</b>	<b>23,183</b>	<b>29,879</b>	<b>192,353</b>	<b>395,902</b>
<b>Liabilities</b>					
Due to Bank and Financial Institutions	4,468	-	-	-	4,468
Due to Nepal Rastra Bank	-	-	-	-	-
Derivative financial instruments	5,179	-	-	-	5,179
Deposits from customers	65,349	50,441	53,868	159,273	328,931
Borrowing	-	-	-	3,980	3,980
Debt securities issued	-	-	-	7,000	7,000
Other liabilities	5,601	-	-	298	5,899
<b>Total Liabilities</b>	<b>80,598</b>	<b>50,441</b>	<b>55,868</b>	<b>170,551</b>	<b>355,460</b>

### iv. Operational risk

Operational risk is inherent in all business activities. Whilst risks can never be eliminated, at Laxmi Sunrise 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		
S.N	Particulars	Amount
a	Paid up Capital	23,187
b	Share Premium / Capital Reserve	-
c	Proposed Bonus Shares	-
d	Statutory General Reserve	6,473
e	Retained Earnings	1,241
f	Un-audited Current Year Cumulative Profit	-
g	Capital Redemption Reserve	3,333
h	Other Free Reserves	-
i	Less: Deferred Tax Assets	-
j	Less: Intangible Assets	(145)
k	Less: Investment in equity of institutions with financial interests	(746)
l	Less: Investment in Private Equity Fund	(700)
m	Less: Purchase of land & building in excess of limit and unutilized	(25)
<b>Core (Tier-1) Capital</b>		<b>32,618</b>

##### ii. Tier 2 capital and a breakdown of its components

Amount in NPR Million		
S.N.	Particulars	Amount
A	Subordinated Term Debt	5,200
B	General Loan Loss Provision	3,815
C	Exchange Equalization Reserve	91
D	Investment Adjustment Reserve	3
<b>Supplementary (Tier-2) Capital</b>		<b>9,110</b>

### 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	10.25% Sunrise Bank 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 145.94 million have been deducted from the core capital.
- The Bank's investment in Laxmi Sunrise Capital Ltd., and Sunrise Securities Ltd being institutions with financial interest amounting to NPR 746.17 Million has been deducted from the core capital.
- The Bank's investment in private equity funds namely Alpha Plus Vision Fund, National Equity Fund – 1, Nepal Opportunity Fund- 1, Reliable Private Equity Fund, Laxmi Sustainable Energy Fund amounting to NPR 700.00 Million has been deducted from the core capital.
- Rs 25.75 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
S. N.	Particulars	Amount (NPR Millions)
A	Core Capital	32,618
B	Supplementary Capital	9,110
<b>Total Qualifying Capital (Total Capital Fund)</b>		<b>41,728</b>

## vi. Capital Adequacy Ratio

Capital Adequacy Ratio of the bank as at 15 July 2024 stood at 12.97%.

## 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 and 10.25% Sunrise Bank Debentures 2083 amounting NPR 3 Billion. 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		
S.N.	Risk Weighted Exposure	Amount
a	Risk Weighted Exposure for Credit Risk	305,249
b	Risk Weighted Exposure for Operational Risk	8,056
c	Risk Weighted Exposure for Market Risk	288
<b>Adjustments under Pillar II</b>		
d	3% of gross income to RWE	1,970
e	2% adjustment on Total RWE	6,271
<b>Total Risk Weighted Exposure</b>		<b>321,835</b>

### ii. Risk Weighted Exposures under each of 11 categories of Credit Risk

Amount in NPR Million		
S.N.	Risk Classification	RWE
a	Claims on Govt. and Central Bank	-
b	Claims on other official entities	-
c	Claims on Banks	6,346
d	Claims on Corporate and Securities Firm	141,243
e	Claims on Regulatory Retail Portfolio	38,992
f	Claims secured by Residential Properties	10,304
g	Claims secured by Commercial Real Estate	3,255
h	Past due Claims	11,295
i	High Risk Claims	26,740
j	Other Assets	19,471
k	Off balance sheet items	47,597
<b>Total</b>		<b>305,249</b>

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	4,526	-	-	4,526	0%	-
Balance With Nepal Rastra Bank	14,861	-	-	14,861	0%	-
Gold/ Silver	40	-	-	40	0%	-
Investment in Nepalese Government Securities	77,632	-	-	77,632	0%	-
All Claims on Government of Nepal	231	-	-	231	0%	-
Investment in Nepal Rastra Bank securities	-	-	-	-	0%	-
All claims on Nepal Rastra Bank	349	-	-	349	0%	-
Claims on Foreign Government and Central Bank (ECA 0-1)	-	-	-	-	0%	-
Claims on Foreign Government and Central Bank (ECA -2)	-	-	-	-	20%	-
Claims on Foreign Government and Central Bank (ECA -3)	-	-	-	-	50%	-
Claims on Foreign Government and Central Bank (ECA-4-6)	-	-	-	-	100%	-
Claims on Foreign Government and Central Bank (ECA -7)	-	-	-	-	150%	-
Claims On BIS, IMF, ECB, EC and MDB's recognized by the framework	-	-	-	-	0%	-
Claims on Other Multilateral Development Banks	-	-	-	-	100%	-
Claims on 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	10,698	-	-	10,698	20%	2,140
Claims on domestic banks that do not meet capital adequacy requirements	1	-	-	1	100%	1
Claims on foreign bank (ECA Rating 0-1)	3,069	-	-	3,069	20%	614
Claims on foreign bank (ECA Rating 2)	3,880	-	-	3,880	50%	1,940
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 and China operating with a buffer of 1% above their respective regulatory capital requirement	8,262	-	-	8,262	20%	1,652
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-)	867	-	-	867	80%	694
Claims on Domestic Corporates (Credit rating score equivalent to BBB+ & below)	57,080	-	-	57,080	100%	57,080
Claims on Domestic Corporates (Unrated)	83,518	-	49	83,469	100%	83,469
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)	52,070	-	27	51,990	75%	38,992

Claims fulfilling all criterion of regularity retail except granularity	-	-	-	-	100%	-
Claims secured by residential properties	16,121	-	0	16,121	60%	9,672
Claims not fully secured by residential properties	-	-	-	-	150%	-
Claims secured by residential properties (Overdue)	1,095	463	-	632	100%	632
Claims secured by Commercial real estate	3,256	-	-	3,256	100%	3,256
Past due claims (except for claims secured by residential properties)	14,440	6,909	-	7,530	150%	11,296
High Risk claims	12,682	-	1,954	10,728	150%	16,092
Real Estate loans for land acquisition and development (Other than mentioned in Capital Adequacy framework 2015-point 3.3(j) (1)(k) Lending against Shares(above Rs.5 Million)	1,138	-	-	1,138	125%	1,423
2,554	2,554	-	-	2,554	125%	3,193
Lending against securities (bonds)	-	-	-	-	100%	-
Lending against Shares(upto Rs.5 Million)	735	-	-	735	100%	735
Trust Receipt Loans for Trading Firms	3,079	-	-	3,079	120%	3,695
Real Estate loans for land acquisition and development (For institutions/projects registred/licensed and approved by Government of Nepal for land acquisition and development purposes)	442	-	-	442	100%	442
Personal Hirepurchase/Personal Auto Loans (upto Rs. 2.5 Million)	1,160	-	-	1,160	100%	1,160
Personal Hirepurchase/Personal Auto Loans (above Rs. 2.5 Million)	-	-	-	-	125%	-
Investments in equity and other capital instruments of institutions listed in stock exchange	6,836	-	-	6,836	100%	6,836
Investments in equity and other capital instruments of institutions not listed in the stock exchange	1,171	-	-	-	-	-
Staff loan secured by residential property	-	-	1,171	150%	1,756	-
Interest Receivable/claim on government securities	4,692	-	-	4,692	50%	2,346
Cash in transit and other cash items in the process of collection	722	-	-	722	0%	-
Other Assets	-	-	-	-	20%	-
Other Assets	18,816	10,282	-	8,534	100%	8,534
<b>TOTAL</b>	<b>405,970</b>	<b>17,654</b>	<b>2,030</b>	<b>386,286</b>		<b>257,651</b>

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-	Risk Weight (E)	Risk Weight Exposure (D *E)
Revocable Commitments	-	-	-	-	0%	-
Bills Under Collection	10,845	-	-	10,845	0%	-
Forward Exchange Contract Liabilities	4,789	-	-	4,789	10%	479
LC Commitments With Original Maturity Upto 6 months domestic counterparty	14,325	423	13,902	20%	2,780	-
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	14,974	2,466	12,508	50%	6,254	-
Foreign counterparty (ECA Rating 0-1)	-	-	-	-	20%	-

Foreign counterparty (ECA Rating 2)	-	-	-	-	50%	-
Foreign counterparty (ECA Rating 3-6)	-	-	-	-	100%	-
Foreign counterparty (ECA Rating 7)	-	-	-	-	150%	-
Bid Bond, Performance Bond and Counter guarantee domestic counterparty	27,068	1,115	25,953	40%	10,381	-
Foreign counterparty (ECA Rating 0-1)	79	-	-	79	20%	16
Foreign counterparty (ECA Rating 2)	-	-	-	-	50%	-
Foreign counterparty (ECA Rating 3-6)	-	-	-	-	100%	-
Foreign counterparty (ECA Rating 7)	-	-	-	-	150%	-
Underwriting commitments	-	-	-	-	50%	-
Lending of Bank's Securities or Posting of Securities as collateral	-	-	-	-	100%	-
Repurchase Agreements, Assets sale with recourse	-	-	-	-	100%	-
Advance Payment Guarantee	8,937	-	42	8,895	100%	8,895
Financial Guarantee	-	-	-	-	100%	-
Acceptances and Endorsements	11,152	-	1,065	10,087	100%	10,087
Unpaid portion of Partly paid shares and Securities	-	-	-	-	100%	-
Irrevocable Credit commitments (short term)	14,147	-	-	14,147	20%	2,829
Irrevocable Credit commitments (long term)	8,845	-	0	8,845	50%	4,422
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	5,202	-	-	5,202	20%	1,040
Other Contingent Liabilities	414	-	-	414	100%	414
Unpaid Guarantee Claims	-	-	-	-	200%	-
<b>TOTAL</b>	<b>120,776</b>	<b>-</b>	<b>5,111</b>	<b>115,666</b>		<b>47,598</b>
<b>Total RWE for credit Risk (A) +(B)</b>	<b>526,747</b>	<b>18,616</b>	<b>7,140</b>	<b>500,990</b>		<b>305,249</b>
<b>Adjustments under Pillar II</b>						
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)	-	-	-	-	-	-
<b>Total RWE for credit Risk (After Bank's adjustments of Pillar II)</b>	<b>526,747</b>	<b>18,616</b>	<b>7,140</b>	<b>500,990</b>		<b>305,249</b>

Particulars	As of Ashad end 2081	
	No. of Customers	Amount (NRs. In Mio)
Enhancement of Working Capital Loan by 20%	-	-
Extension for repayment of Principal and Interest up to one year (Restaurant, Party palace, etc.)	100	464.38
Extension for repayment of Principal and Interest up to two years (highly affected sector)	-	-
Extension for repayment of Principal and Interest up to two years (Hotels, Travels, Trekking, etc.)	1	5.08
Extention of repayment by reducing installment	841	1,340.39
Restructured/Rescheduled Loan with 5% LLP	782	1,891

The total outstanding extended interest on restructured loan as per NRB directive as on Asar End 2081 is NPR NPR 1,510,535,091.97.

#### d) Forbearance/Relaxation related

Particulars	As of Ashad end 2081	
	No. of Customers	Amount (NRs. In Mio)
Refinance Loan	-	-
Business Continuity Loan	-	-

Particulars	As of Ashad end 2081	
	No. of Customers	Amount (NRs. In Mio)
Subsidized Loan	6,579	79.20

### 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	2,348	2,072	192,137	163,275
Sub Standard Loans	3,653,300	899,208	2,175,928	1,642,458
Doubtful Loans	3,491,444	1,718,340	2,130,863	1,085,959
Loss	4,815,949	4,709,355	2,943,928	62,818
<b>Total NPAs</b>	<b>11,963,042</b>	<b>7,328,975</b>	<b>7,442,856</b>	<b>2,954,510</b>

### 5.3. Classification of financial assets and financial liabilities

Amount in NPR Million

Financial assets	Notes	As at 15-Jul-24		As at 16-Jul-23	
		Carrying Value	Fair Value	Carrying Value	Fair Value
<b>Assets</b>					
<b>Assets carried at Amortized Cost</b>					
Cash and cash equivalent	4.1	15,047	15,047	18,187	18,187
Due from Nepal Rastra Bank	4.2	15,510	15,510	20,677	20,677
Placement with Bank and Financial Institutions	4.3	6,185	6,185	789	789
Loans and advances to BFIs	4.6	7,992	7,992	7,687	7,687
Loans and advances to customers	4.7	247,408	247,408	247,870	247,870
		<b>292,144</b>	<b>292,144</b>	<b>295,211</b>	<b>295,211</b>
<b>Fair Value through Profit and Loss (FVTPL)</b>					
Derivative financial instruments.	4.4	5,190	5,190	1,900	1,900
<b>Fair Value through Other Comprehensive Income (FVTOCI)</b>					
Investment securities	4.8	85,608	87,110	51,664	53,360
Investment in subsidiaries	4.10	893	893	893	893
Investment in Associates	4.11	-	-	-	-
		<b>91,691</b>	<b>93,193</b>	<b>54,457</b>	<b>56,153</b>
<b>Liabilities</b>					
<b>Liabilities carried at Amortized Cost</b>					
Due to Bank and Financial Institutions	4.17	4,468	4,468	4,067	4,067
Due to Nepal Rastra Bank	4.18	-	-	-	-
Deposits from customers	4.20	328,931	328,931	296,243	296,243
Debt securities issued	4.24	7,000	7,000	8,000	8,000
		<b>340,400</b>	<b>340,400</b>	<b>308,310</b>	<b>308,310</b>
<b>Fair Value through Profit and Loss (FVTPL)</b>					
Derivative financial instruments	4.19	5,179	5,179	1,897	1,897

### 5.3.1. Fair Value of Financial Assets and Financial Liabilities

Amount in NPR Million

Financial assets	Fair value Hierarchy (Level)	As at 16 July 2024	As at 16 July 2023
<b>Fair Value through profit and loss</b>			
<b>Financial Assets</b>			
Forward exchange Contract		5,190	1,900
<b>Financial Liabilities</b>			
Forward exchange Contract		5,179	1,897
<b>Fair Value through Other Comprehensive Income</b>			
<b>Financial assets</b>			
<b>Investment securities at OCI</b>			
- Quoted equity securities	1	7,233	6,520
- Unquoted equity securities	3	1,193	470
Investment in subsidiaries		893	893
Investment in associates		-	-
<b>Total</b>		<b>9,329</b>	<b>7,883</b>
<b>Financial Instruments held at amortized cost</b>			
<b>Financial assets</b>			
Debt securities	3	1,161	1,161
Government bonds	3	28,700	30,613
Government treasury bills	3	22,817	14,595
Nepal Rastra Bank bonds	3	-	-
<b>Nepal Rastra Bank deposit instruments</b>	3	26,004	-
Loan and advances to B/FIs	3	-	-
Loans and advances to customers	3	-	-
Other		-	-
Accounts receivable		-	-
Accrued Income		-	-
<b>Total</b>		<b>78,683</b>	<b>46,369</b>
<b>Financial liabilities</b>			
Due to Bank and Financial Institutions	3	4,468	4,067
Due to Nepal Rastra Bank	3	-	-
Deposits from customers	3	328,931	296,243
Borrowing		3,980	5,080
Provisions		-	-
Other liabilities		5,899	7,910
Debt securities issued		7,000	8,000
Subordinated Liabilities		-	-
<b>Total</b>		<b>350,280</b>	<b>321,301</b>

## 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	Sudurpas-chim	Total
Revenues from external customers	4,470,172	3,470,250	26,462,731	1,559,586	1,586,041	416,456	976,141	38,941,377
Intersegment revenues	1,024,814	1,049,004	(2,405,259)	137,703	117,916	(168,712)	244,534	(0)
<b>Net Revenue</b>	<b>5,494,985</b>	<b>4,519,254</b>	<b>24,057,472</b>	<b>1,697,289</b>	<b>1,703,957</b>	<b>247,745</b>	<b>1,220,674</b>	<b>38,941,377</b>
Interest revenue	4,329,264	3,388,503	23,804,629	1,529,173	1,527,397	396,150	949,497	35,924,614
Interest expense	1,804,208	847,372	18,725,958	851,576	769,873	225,778	335,981	23,560,746
<b>Net interest revenue</b>	<b>2,525,056</b>	<b>2,541,132</b>	<b>5,078,671</b>	<b>677,597</b>	<b>757,524</b>	<b>170,372</b>	<b>613,516</b>	<b>12,363,868</b>
Depreciation and amortization	65,127	43,402	401,488	34,002	42,482	16,363	19,163	622,026
<b>Segment profit /(loss)</b>	<b>1,069,887</b>	<b>786,990</b>	<b>3,077,819</b>	<b>(51,832)</b>	<b>(626,660)</b>	<b>(41,375)</b>	<b>284,498</b>	<b>4,499,327</b>
Impairment of assets	942,297	1,454,680	(462,832)	466,496	970,732	71,616	145,071	3,588,060
<b>Segment assets</b>	<b>33,561,489</b>	<b>7,453,359</b>	<b>317,381,904</b>	<b>4,396,797</b>	<b>9,736,542</b>	<b>7,584,606</b>	<b>15,847,195</b>	<b>395,961,892</b>
<b>Segment liabilities</b>	<b>32,478,275</b>	<b>9,195,576</b>	<b>277,733,531</b>	<b>3,595,734</b>	<b>9,617,365</b>	<b>7,142,319</b>	<b>15,697,656</b>	<b>355,460,455</b>

### 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

Amount in NPR Million

<b>Total revenue for reportable segments</b>	<b>38,941</b>
Other revenues	-
Elimination of intersegment revenues	-
<b>Entity's revenue</b>	<b>38,941</b>

<b>Profit or Loss</b>	Amount in NPR Million
<b>Total profit or loss for reportable segments</b>	<b>4,304</b>
Other profit or loss	-
Elimination of intersegment profits	-
<b>Profit before income tax</b>	<b>4,304</b>

<b>Assets</b>	Amount in NPR Million
<b>Total assets for reportable segments</b>	<b>395,961</b>
Other assets	-
<b>Total assets</b>	<b>395,961</b>
Liabilities	

Amount in NPR Million

<b>Total liabilities for reportable segments</b>	<b>355,460</b>
Other liabilities	-
<b>Total liabilities</b>	<b>355,460</b>

## 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 2079/80 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 361 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:

Amount in Rs Million			
Year	Entity	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
2076/77	Laxmi Bank	Administrative Review - IRD	51,890,536
2076/77	Sunrise Bank	Administrative Review - IRD	12,096,967
<b>Total</b>			<b>361,660,412</b>

Tax returns filed under self-assessment for the FYs 2077/78, 2078/79 and 2079/80 are yet to be assessed by tax authorities.

Bank had paid tax amounting NPR 271,340,511 on capital reserve arising out of merger/ acquisition in previous years and share premium arising out of auction of right shares as per the provision mentioned in Clause 27 of Finance Act, 2080 and adjusted through opening retained earnings.

## 5.6.2 Contingent Liability

Financial assets	As at 16 July 2024	As at 16 July 2023
Acceptance and documentary credit	38,311	35,098
Bills for collection	25,062	20,014
Forward exchange contracts	-	-
Guarantees	30,240	37,285
Underwriting commitment	-	-
Other commitments	-	-
Undrawn and undisbursed facilities	22,991	25,528
Capital commitment	-	-
Lease Commitment	-	-
Litigation	361	414
Investment in associates	-	-
<b>Total</b>	<b>116,965</b>	<b>118,340</b>

## 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 Sunrise Capital Limited	Subsidiary
Laxmi Laghubitta Bittiya Sanstha Limited	Subsidiary
Sunrise Securites Limited	Subsidiary
Raman Nepal	Chairman
Dinesh Paudyal	Director
Manoj Kumar Bhattarai	Director
Swati Roongta	Director
Bidya Basnyat	Independent 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	1,047,000	1,288,000
Audit Committee Meeting Fee	234,000	286,000
Risk Management Committee Meeting Fee	130,000	117,000
Money Laundering Prevention Committee Meeting Fee	104,000	78,000
Human Resource Committee Meeting Fee	52,000	52,000
Capital Project Committee	78,000	-
Merger Committee Meeting Fee	-	78,000
Other board expenses	341,085	318,194

## 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 1,531 Mio is outstanding as of Ashadh end 2081. 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.

Particulars	This Year (NPR '000)	Previous Year (NPR '000)
<b>Salary and Allowances</b>		
CEO	15,585	14,511
Other Key Management Personnel	94,007	82,672
<b>Total</b>	<b>109,592</b>	<b>97,183</b>
<b>Other Benefits*</b>		
CEO	3,899	2,752
Other Key Management Personnel	18,731	15,651
<b>Total</b>	<b>22,630</b>	<b>18,402</b>

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 Sunrise Capital Ltd	
	This Year	Previous Year	This Year	Previous Year
Interest Expense	-	-	22,139	24,612
Interest Income	254,976	300,025	-	-
Purchase of Services	-	-	2,448	2,276
Sale of Services	479	-	1,711	1,236
Dividend received	-	10,753	57,000	17,010

Sunrise Securities Ltd		
Particulars	This Year	Previous Year
Interest Expense	-	-
Interest Income	14,594	-
Purchase of Services	-	-
Sale of Services	16	-

Details of outstanding balances between the company and its subsidiaries as on 15th July 2024 are presented below:

Amount in NPR'000

Particulars	Laxmi Laghubitta Bittiya Sanstha Ltd		Laxmi Sunrise Capital Ltd	
	This Year	Previous Year	This Year	Previous Year
Equity Investment	147,000	147,000	488,900	270,000
Deposit Liabilities	6,002	7,900	616,002	479,441
Loans to Subsidiaries	2,405,636	2,123,350	-	-
Receivable/ (Payable)	-	1,898	-	(66)

Sunrise Securities Ltd		
Particulars	This Year	Previous Year
Equity Investment	200,000	200,000
Deposit Liabilities	208,369	202,099
Loans to Subsidiaries	-	-
Receivable/ (Payable)	263	252

The bank has deputed its official as management team of Sunrise Securities Limited.

## 5.8. Merger and Acquisition

There are not merger or acquisitions transaction during the year.

## 5.9. Disclosure of material non-controlling interest

Particulars	Year ended 31 Ashadh 2081	Year ended 32 Ashadh 2080
<b>Opening Balance</b>	<b>210,695</b>	<b>249,607</b>
Profit/(loss) for the year	9,482	(31,995)
Right Share issued	-	-
Premium on Share	-	-
Cash Dividend Paid	-	(5,761)
Fund used/Restatement	5,385	(1,156)
<b>Closing NCI</b>	<b>225,563</b>	<b>210,695</b>

## 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 non-controlling interests		Accumulated non controlling interests	
		31 Ashadh 2081	31 Ashadh 2080	31 Ashadh 2081	31 Ashadh 2080
Laxmi Sunrise Capital	Nepal	-	-	-	-
Sunrise Securities	Nepal	-	-	-	-
Laxmi Laghubitta	Nepal	-	-	-	-
Bittiya Sanstha Ltd		30%	30%	225,563	210,695

## 5.10. Additional Disclosures of non-consolidated entities

The Bank has three subsidiaries as at 15 July 2024, Laxmi Sunrise Capital Limited, Laxmi Laghubitta Bittiya Sanstha and Sunrise Securities Limited which are consolidated for the year ended 15 July 2024. 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 namely Laxmi Capital Markets Limited and Sunrise Capital Limited merged to become Laxmi Sunrise Capital Limited (LS Capital Limited) after approval by their respective general meetings, Securities Board of Nepal and Office of Company's Registrar.

### 5.11.2 Proposed Dividend:

The Board of directors in its meeting dated 29 November 2024 has passed a resolution recommending for distribution of bonus shares (stock dividend) at 5% and cash dividend at 0.26% (towards tax on bonus shares) of paid up capital as at July 15, 2024. The Bank's paid up capital shall increase by NPR 1,159,357,725.48 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 2081	31 Ashadh 2080
Arun Traders	2055.03.19	2,732	2,732
Amar Adharsha Ma. Vidyalaya	2059.09.01	3,400	3,400
Shyam Sundar Chyau Kheti Udhyog	2072.03.06	3,349	3,349
Shiva Shakti Imporium	2072.03.30	5,707	5,707
Kasika Collection Center	2072.03.31	3,072	3,072
Hem B Khadka	2073.03.30	1,999	1,999
Kamala Basnet	2075.03.28	1,010	1,010
New Jay Laxmi Gahana Griha	2075.08.04	12,248	12,248
R & D Traders	2075.09.05	2,407	2,406
Bhagirath Tomato	2075.10.24	464	464
New B.M Impex	2075.11.19	7,332	7,332
Sandhaya Jewellers	2075.12.28	6,103	6,103
Subodh Retail P. Ltd	2076.01.22	100,048	100,048
Subodh Uniform Industries P. Ltd.	2076.02.08	78,609	78,609
Subodh Retail P. Ltd	2076.02.08	9,297	9,297
Subodh Uniform Industries P. Ltd.	2076.02.08	7,304	7,304
Bhupendra Bahadur Karki	2076.02.27	5,729	5,729
Samir Traders	2076.02.27	12,181	12,181
Sandhya Jewellers	2076.03.19	14,514	14,514
Auto Planet	2076.03.30	11,910	26,912
Pradip Gautam	2076.03.30	8,332	8,332
Damder Narayan Mehta	2076.03.31	5,197	5,197
Zeal Enterprises P. Ltd.	2076.08.16	45,200	45,200
Prakasheswor Trade	2076.08.19	9,596	9,596
Laxmi Satyam Tradres P. Ltd	2076.09.25	40,740	40,740
Shiva Ganga Jal Udhyog	2077.05.30	6,828	6,828
Arju Poultry Farm & Suppliers	2078.07.01	1,766	1,766
E-Net Payment Pvt.Ltd	2078.12.30	-	43,912
Surya Construction Firm Pvt. Ltd	2078.12.30	85,730	85,730
Marusin Sitaka Cons	2079.01.04	143,003	143,003
Pace Enterprises	2079.01.16	-	75,250
Gayatri Trading	2079.02.13	18,932	18,932
Raj Kumar Mandal	2079.02.13	5,160	5,160
Bhim Prasad Singh	2079.02.13	4,753	4,753
Gayatri Trading	2079.02.18	2,928	2,928
R And D Sales Center	2079.02.18	6,733	6,733
Jay Bajrang Impex Pvt.Ltd	2079.02.18	4,959	4,959
Shine Fashion Wood	2079.03.16	-	3,825
Surakshya Pashupalan	2079.03.21	4,570	4,570
Shanti Acharaya	2079.03.21	2,387	2,387
Harendra Prasad Joshi	2079.03.29	3,214	3,214
Kaliram Chaudary	2079.03.29	1,848	1,848
Karmu Lama	2079.03.31	11,360	11,360
Chandra Thapa	2079.04.02	1,556	1,556
Diamond International	2079.04.09	-	50,321
Sudeep Gai Bhaisi Farm	2079.08.18	9,400	9,400
Ganesh Itta Udhyog	2079.10.06	9,796	9,796
Naina Kumar Payangu	2079.10.06	4,709	4,709

H M N Food And Beverage Ind.	2079.10.26	8,496	8,496
Hari Prasai	2079.10.26	5,720	5,720
N.K. Traders	2079.10.26	24,286	24,286
Greatwall Exim Nepal Pvt.Ltd	2079.12.30	34,541	34,541
Bright Future Integrated Farm House Pvt. Ltd.	2080.01.05	104,815	104,815
Agrawal Saree Kurta Salwar Center	2080.01.05	10,537	10,537
Woodhill Construction	2080.01.07	9,797	9,797
Krishna Prasad Poudel	2080.01.11	4,176	4,176
S.K Suppliers	2080.01.11	11,791	11,791
Dayaram Auto Traders	2080.01.26	58,459	58,459
Binod Kharel	2080.02.17	1,920	1,920
Hotel Shangrila International	2080.02.17	1,881	1,881
Shangrila Trade Concern	2080.02.17	29,989	29,989
Om Suppliers & Traders	2080.02.24	7,406	7,406
Prasodha Enterprises	2080.03.11	-	2,602
Shree Balaji Traders	2080.03.19	-	9,829
Dilmaya Bishwakarma	2080.03.21	-	11,927
Crystal Agriculture Farming Pvt.Ltd	2080.03.31	20,569	20,569
Laxman Dhuwani Sewa	2080.10.25	15,547	-
Hari Prasad Devkota	2080.9.29	12,239	-
Bipin Devkota	2081.02.20	4,382	-
Disha Paribartan Krishi Farm	2081.02.20	7,418	-
Skipper Trade Link Pvt. Ltd.	2081.02.24	10,416	-
Pho.D. Suppliers	2081.02.25	6,720	-
Shiv Shakti Steel,Almuniyam And Grill Udhog	2081.02.29	15,438	-
Dil Kumari Shrestha	2081.02.30	6,478	-
Bishnu Kumar Shrestha	2081.02.30	2,792	-
Manakamana Sunchadi Udhog	2081.02.31	5,410	-
Jay Hanuman Traders	2081.02.31	16,294	-
Satyam Media Pvt.Ltd.	2081.03.04	15,672	-
Anita Kumari Sah	2081.03.06	12,883	-
Shree Shubham Traders	2081.03.06	18,598	-
Lama Hardware Suppliers	2081.03.06	8,094	-
Zoom Suppliers	2081.03.20	10,574	-
M/S Shreeya Fancy Store	2081.03.21	5,120	-
M/S Skipper Trade Link	2081.03.26	2,627	-
Shivashakti Hardware Pvt Ltd	2081.03.30	25,602	-
A. Bhagwati Strips Pvt Ltd	2081.03.30	44,692	-
The Mobi King Private Limited	2081.03.31	94,189	-
Anjali International	2081.03.31	38,232	-
Anjali Trade & Suppliers	2081.03.31	30,833	-
Jagadamba Business Concern Pvt.Ltd	2081.03.31	50,054	-
Manu Trading	2081.03.10	10,820	-
Manisha Ghimire	2081.03.10	5,499	-
By Dhuwani Sewa Pvt Ltd	2081.03.10	14,489	-
Bishnu Kumar Shrestha	2081.03.10	9,525	-
<b>Total</b>		<b>1,563,131</b>	<b>1,275,162</b>

### 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
<b>Presented in Statement of Financial Position</b>		
Right of Use Assets	1,456,695	1,823,656
Lease Liability	1,601,250	1,942,377
<b>Presented in Statement of Profit or Loss</b>		
Depreciation on Right of Use Assets	297,199	132,034
Interest on Lease Liabilities	107,725	53,942

### 5.14. Interest Income

Entire interest receivable (net of tax and bonus) 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 2081 and collected after year end up to 32 Shrawan 2081 amounting to NPR 961,993,282 has been deducted from the amount transferred to regulatory reserve during the FY 2023-24 after adjustment of staff bonus and taxes. Interest income excludes NPR 40,374,960 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 15-Jul-24	Year ended 16-Jul-23
Profit attributable to equity shareholders (a)	NPR'000	2,920,379	2,285,238
Weighted average of number of equity shares used in computing basic earnings per share (b)		231,871,545	116,345,140
<b>Basic and diluted earnings per equity share of Rs 100 each (a/b) Rs</b>		<b>12.59</b>	<b>19.64</b>

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.

Particulars	As at 15 July 2024	As at 16 July 2023
Not collected for more than 5 years	40,719	40,754
Not collected up to 5 years	52,151	52,151
<b>Total</b>	<b>92,870</b>	<b>92,905</b>

### 5.17. Non-performing assets

The Bank's non-performing assets ratio stood at 4.63% as at balance sheet date. The total non-performing assets as at balance sheet date is NPR 11,963,041,625 and loan loss provision related to non-performing assets calculated as per NRB directives is NPR 7,328,975,543 which is 61.26% of NPA. Also, the total loan loss provision to NPA is 102.68%.

Amount in NPR'000

Loan Category	This year Loan	This year Provision	Previous year Provision	Change	
				Loan Amount	%
<b>Performing Loan</b>	<b>246,537,174</b>	<b>4,954,609</b>	<b>248,414,861</b>	<b>-1,877,687</b>	<b>-1%</b>
Pass Loans	220,637,532	3,407,012	231,695,090	-11,057,558	-5%
Watch list Loans	25,899,641	1,547,597	16,719,772	9,179,869	55%
<b>Non-performing Loans</b>	<b>11,963,042</b>	<b>7,328,976</b>	<b>7,442,856</b>	<b>4,520,186</b>	<b>61%</b>
Restructured/ Rescheduled Loans	2,348	2,348	192,137	-189,789	-99%
Substandard Loans	3,653,300	899,208	2,175,928	1,477,372	68%
Doubtful Loans	3,491,444	1,718,064	2,130,863	1,360,581	64%
Loss Loans	4,815,949	4,709,356	2,943,928	1,872,021	64%
<b>Gross Loans and Advances</b>	<b>258,500,216</b>	<b>12,283,585</b>	<b>255,857,717</b>	<b>2,642,499</b>	<b>1%</b>

## 5.18. Loans Written Off

The Bank has written off loans amounting total NPR 294,013,236 during the year FY 2080-81. 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	Write off Amount	Type of Collateral	Basis of Valuation	Recovery Action	Reason of Write off
1	Shangrila Trade Concern	85,012,426	Land Building and vehicle	Authorized Valuator	35 days public, multiple auction notices published and blacklisted	FAC booked as NBA and vehicle could not be traced
2	Bright Future Integrated Farm House Pvt.Ltd	47,479,794	Land and Building	Authorized Valuator		No Security available
3	B. Y. Dhuwani Sewa Private Limited	25,700,185	Land Building and vehicle	Authorized Valuator		FAC booked as NBA and vehicle could not be traced
4	Shree Shubham Traders	15,348,796	Land and Building	Authorized Valuator		No Security available
5	Laxman Dhuwani Sewa	13,672,686	Land Building and vehicle	Authorized Valuator		FAC booked as NBA and vehicle could not be traced
6	Woodhill Construction Pvt.Ltd	13,438,546	Land	Authorized Valuator		No Security available
7	Satyam Media Pvt.Ltd.	11,055,465	Land	Authorized Valuator		No Security available
8	Pace Enterprises Pvt.Ltd	10,235,158	Land and Building	Authorized Valuator		No Security available
9	Jay Hanuman Traders	9,854,245	Land and Building	Authorized Valuator		No Security available
10	Dayaram Auto Traders	9,211,841	Land and Building	Authorized Valuator		No Security available
11	Shiv Shakti Steel,Almuniyam And Grill Udhyog	7,304,917	Land and Building	Authorized Valuator		No Security available
12	Crystal Agriculture Farming Pvt Ltd	6,446,164	Land	Authorized Valuator		No Security available
13	Greatwall Exim Nepal Pvt. Ltd	5,582,760	Land	Authorized Valuator		No Security available
14	Manakamana Sunchadi Udhyog	5,249,200	Land	Authorized Valuator		No Security available
15	Prasodha Enterprises	3,679,015	Land	Authorized Valuator		No Security available
16	Zoom Suppliers Pvt.Ltd	3,286,463	Land	Authorized Valuator		No Security available
17	Santosh Shrestha	3,162,529	Vehicle	Quotation		No Security available
18	Nepal Trade Channel Pvt.Ltd	2,818,596	Land and Building	Authorized Valuator		No Security available
19	Mahima Departmental Store	2,809,878	Land and Building	Authorized Valuator		No Security available
20	Om Suppliers And Traders	2,162,076	Land	Authorized Valuator		No Security available
21	Disha Paribartan Krishi Farm	2,013,179	Land	Authorized Valuator		No Security available
22	N.K. Traders	1,881,172	Land Building and vehicle	Authorized Valuator		FAC booked as NBA and vehicle could not be traced
23	Lama Hardware Suppliers	1,503,635	Land	Authorized Valuator		No Security available
24	Shreeya Fancy Stores	1,330,027	Land	Authorized Valuator		No Security available
25	Skipper Trade Link Pvt. Ltd.	1,166,687	Land and Building	Authorized Valuator		No Security available
26	Kumar Thapa Magar	994,967	Vehicle	Quotation		No Security available

27	Shree Balaji Traders	562,885	Land	Authorized Valuator	No Security available
28	Babu Ram Lama	503,370	Vehicle	Quotation	No Security available
29	Rabindra Bahadur Malla	475,724	NA	CreditCard	No Security available
30	New Laxmi Rice Mill	27,007	Land & Building	Authorized Valuator	No Security available
31	Manakamana Crusher Udhyog Pvtltd	15,594	Land and Vehicle	Authorized Valuator	No Security available
32	Distribution Mart Pvt Ltd	15,594	Land & Building	Authorized Valuator	No Security available
33	Subodh Retail Pvt. Ltd.	10,396	Land and Building, Factory, mill & machine	Authorized Valuator	No Security available
34	Surya Trade Link	2,260	Land	Authorized Valuator	No Security available

## 5.19. Concentration of Deposits, Loans & Advances and Contingents

Particulars	Loans & Advances and Bills Purchased		Deposits & Borrowings		Non-Funded	
	CY	PY	CY	PY	CY	PY
Total Amount Outstanding	258,500	255,587	334,00	300,310	116,968	118,223
Highest Exposure of a						
Single Unit	3,289	2,123	9,014	6,653	2,737	6,695
Concentration of exposure	1.27%	0.83%	2.70%	2.22%	2.34%	5.66%

\* CY= Current Year, PY = Previous Year

For the calculation of concentration, loans and advances is total loans extended to the customers except staff loans and interest accruals on loans and the deposits is total deposits from the customers excluding interest payables.

Single Obligor Limit and Sector-wise Limit (Directive No. 3) for both funded and non-funded are within the limit as prescribed by NRB directives.

## 5.20. Principal Financial Indicators

Particulars	Indicators	F. Y. 2019-20	F. Y. 2020-21	F. Y. 2021-22	F. Y. 2022-23	F. Y. 2023-24
1. Percentage of Net Profit/Gross Income	%	30.64%	30.46%	28.41%	30.93%	19.58%
2. Earnings Per Share	NPR	14.39	14.73	13.10	19.64	12.59
3. Market Value per Share	NPR	209.00	395.00	199.00	173.00	175.00
4. Price Earning Ratio	Ratio	14.53	26.81	15.19	8.81	13.89
5. Dividend on share capital (Bonus share + Cash dividend)	%	11.50%	11.50%	-	7.37%	5.26%
6. Cash Dividend on share capital	%	2.50%	3.50%	-	0.37%	0.26%
7. Interest Income/Loans & Advances and Investments	%	11.06%	8.50%	9.64%	8.32%	11.03%
8. Employee Expenses/Total Operating Expenses	%	48.02%	54.23%	52.49%	50.65%	64.59%
9. Interest Expenses on Total Deposits and Borrowings	%	6.99%	5.20%	6.86%	5.88%	7.26%
10. Exchange Fluctuation Gain/Total Income	%	7.39%	6.60%	5.10%	2.93%	2.14%
11. Staff Bonus/ Total Staff Expenses	%	21.89%	18.68%	17.20%	21.88%	10.69%
12. Net Profit/Loans & Advances	%	1.69%	1.59%	1.25%	1.18%	1.14%
13. Net Profit/ Total Assets	%	1.20%	1.12%	0.93%	0.85%	0.77%
14. Total Credit/Deposit	%	91.53%	94.66%	95.12%	86.27%	77.65%
15. Total Operating Expenses/Total Assets	%	1.79%	1.74%	1.61%	1.14%	1.83%
16. Adequacy of Capital Fund on Risk Weightage Assets						
a. Core Capital	%	10.26%	9.49%	9.05%	10.04%	10.14%
b. Supplementary Capital	%	2.76%	2.66%	3.70%	3.17%	2.83%

c. Total Capital Fund	%	13.02%	12.15%	12.75%	13.21%	12.97%
17. Liquidity (CRR)	%	8.29%	8.29%	4.65%	4.19%	4.19%
18. Non-Performing Loans/Total Loans	%	1.04%	0.75%	0.89%	2.91%	4.63%
19. Weighted Average Interest Rate Spread	%	4.07%	2.60%	3.06%	3.32%	4.00%
20. Base Rate	%	9.23%	7.08%	9.99%	10.75%	8.52%
21. LCY Interest Spread (Calculated as per NRB Directive)	%	3.94%	3.42%	3.94%	4.42%	4.00%
22. Net Worth Per Share	NPR	142.42	157.98	146.66	176.39	174.67
23. Total Employees	Number	1,101	1,283	1,402	2,712	2,776

## 5.21. Reserve

### 5.21.1. General Reserve

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

	Amount in NPR'000
<b>Opening Balance</b>	<b>5,889,658</b>
Transfer as per BAFIA from Net Profit	584,076
Transfer from OCI	52
<b>Closing balance</b>	<b>6,473,786</b>

As required by Section 44 of Banks and Financial Institutions Act, 2073 (BAFIA), 20% of the current year's net profit amounting to NPR 584,075,796 (Previous Year NPR 457,047,774) 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 52,605 (Previous Year NPR 6,640,390) has been transferred to General reserve.

### 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 13,967,959 to the exchange equalization reserve. The movement during FY in the exchange equalization reserve is as follows:

	Amount in NPR'000
<b>Opening Balance</b>	<b>77,612</b>
Add: Transfer during the period	13,967
<b>Closing balance</b>	<b>91,579</b>

### 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 944.44 Million to Debenture Redemption Reserve for 10% Laxmi Bank Debentures, 2086 and 8.5% Laxmi Bank Debentures, 2088 and 10.25% Sunrise Bank Debenture 2083. Further, NPR 1 billion reserve is transferred to retained earnings upon redemption of 10% Sunrise Debenture 2080.

Details of the outstanding debentures and Debenture Redemption Reserve (DRR) created for them is as below:

	Amount in NPR'000			
Particulars	10% Laxmi Bank Debenture 2088	8.5% Laxmi Bank Debenture 2086	10.25% Sunrise Debenture	Total
Issue Date	17-Nov-19	26-Jul-21	27-Dec-19	
Maturity Date	16-Nov-29	25-Jul-31	25-Dec-26	
Purpose	Capital	Capital	Capital	
Amount	2,000,000,000	2,000,000,000	2,000,000,000	7,000,000,000
DRR Allotted	888,888,889	444,444,444	2,000,000,000	3,333,333,333
DRR Remaining	1,111,111,111	1,555,555,556	1,000,000,000	3,666,666,667

The movement during FY in the debenture redemption reserve is as follows:

Amount in NPR'000

<b>Opening Balance</b>	<b>3,388,888</b>
Add: Transfer during the period	944,444
Less: Transfer to Retained Earnings	(1,000,000)
<b>Closing Balance</b>	<b>3,333,333</b>

#### 5.21.4. Regulatory Reserve

The Bank has transferred NPR 849,590,303 for interest receivable, NPR 181,420,151 for non banking assets and NPR 61,966,634 for Actuary loss on Profit and Loss from retained earnings to regulatory reserve and NPR 99,331, 385 for deferred tax from regulatory reserve to retained earnings during the FY 2080-81. The closing balance of Regulatory reserve as on Ashad end 2080 is NPR 3,887,903,496.

Amount in NPR Millions

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	960.84	-	-	1,071.23	-	-	-	-	-	2,032.07
2080/81	849.59	-	-	181.42	(99.33)	-	-	61.97	-	993.64
<b>Total</b>	<b>2,402.76</b>	<b>-</b>	<b>-</b>	<b>1,297.10</b>	<b>126.07</b>	<b>-</b>	<b>-</b>	<b>61.97</b>	<b>-</b>	<b>3,887.90</b>

#### 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 24,800,554 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. The movement during FY in the CSR reserve is as follows:

Amount in NPR'000

<b>Opening Balance</b>	<b>42,282</b>
Allocation for FY 2081-82 (1% of Net Profit)	29,203
Expense during the year	(24,800)
<b>Closing balance</b>	<b>46,686</b>

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:

Amount in NPR'000

Province	Child Day Care Centre	Education	Financial Literacy	Orphan & Old Age Homes	Health & Sanitation	Marginalized Segment	Social Development Projects	Sustainable Development Goals	Grand Total
Koshi	357	524	497		3,587	82	336	97	5,481
Madhesh	357	701	448		624	7	258	306	2,704
Bagmati	357	725	716	250	785	7	1,869	909	5,619
Gandaki	357	541	466		699	7	361	103	2,536
Lumbini	357	445	558		1,060	7	376	6	2,811
Karnali	357	408	443		1,647	7	184	22	3,070

Sudur Paschim	357	662	502		624	7	421	6	2,580
<b>Total</b>	<b>2,500</b>	<b>4,007</b>	<b>3,633</b>	<b>250</b>	<b>9,028</b>	<b>125</b>	<b>3,806</b>	<b>1,451</b>	<b>24,800</b>

### 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 1,385,166 from Employees Training Fund to Retained Earnings during the FY 2080/81. The movement during FY in the employee training fund is as follows:

	Amount in NPR'000
<b>Opening Balance</b>	<b>10,705</b>
Surplus amount transferred to Retained Earning	(1,385)
<b>Closing balance</b>	<b>9,320</b>

### 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 2080-81, the Bank has transferred net amount NPR 135,602,262 to the reserve. Similarly, NPR 263,023 towards net gain on sale of investment recognized through OCI has been transferred to Retained Earning and General Reserve. The details of these reserves is as below:

	Amount in NPR'000
<b>Opening Balance</b>	<b>1,637,949</b>
Transfer to Reserve	135,602
<b>Transfer to Retained Earnings and General Reserve</b>	<b>(263)</b>
<b>Closing balance</b>	<b>1,502,083</b>

### 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.

## Comparison of Unaudited and Audited Financial Statements as of FY 2023/24

Amount in NPR'000

Statement of Financial Position	As per unaudited Financial Statement	As per Audited Financial Statement	Variance		Reasons for Variance
			In amount	In %	
<b>Assets</b>					
Cash and cash equivalent	14,958,086	15,047,812	89,726	1%	Regrouping of items
Due from NRB and placements with BFIs	21,696,334	21,696,334	-	0%	
Loan and advances	258,357,597	255,400,467	(2,957,130)	-1%	Fair Value adjustment of Staff Loans, Provision Adjustment
Investments Securities	87,191,333	87,110,569	(80,764)	0%	Regrouping of items
Investment in subsidiaries and associates	893,168	893,168	-	0%	
Property and Equipment	4,930,457	4,562,524	(367,934)	-7%	Lease accounting as per NFRS 16
Goodwill and intangible assets	601,091	602,064	973	0%	Regrouping of items
Other assets	10,389,005	10,648,955	259,950	3%	Regrouping of items
<b>Total Assets</b>	<b>399,017,071</b>	<b>395,961,892</b>	<b>(3,055,179)</b>	<b>-1%</b>	
<b>Capital and Liabilities</b>					
Paid up Capital	23,187,155	23,187,155	-	0%	
Reserves and surplus	17,576,166	17,314,282	(261,884)	-1%	Cumulative impact of different adjustments
Deposits	333,400,483	333,400,483	-	0%	
Borrowings	3,980,637	3,980,637	-	0%	
Bond and Debenture	7,000,000	7,000,000	-	0%	
Other liabilities and provisions	13,872,630	11,079,335	(2,793,295)	-20%	Regrouping of items, Additional Staff Bonus
<b>Total Capital and Liabilities</b>	<b>399,017,071</b>	<b>395,961,892</b>	<b>(3,055,179)</b>	<b>-1%</b>	
<b>Statement of Profit or Loss</b>					
Interest income	35,051,911	35,924,614	872,703	2%	Amortization of Staff Loan
Interest expense	(23,453,020)	(23,560,746)	(107,726)	0%	Interest Expense on Lease Liabilities
<b>Net interest income</b>	<b>11,598,891</b>	<b>12,363,868</b>	<b>764,977</b>	<b>7%</b>	
Fee and commission income	2,454,203	2,454,503	300	0%	Income booked accounted and refund of processing fees
Fee and commission expense	(539,840)	(465,649)	74,191	-14%	Regrouping of items
<b>Net fee and commission income</b>	<b>1,914,363</b>	<b>1,988,854</b>	<b>74,491</b>	<b>4%</b>	
Other operating income	562,689	562,261	(428)	0%	Regrouping of items
<b>Total operating income</b>	<b>14,075,942</b>	<b>14,914,983</b>	<b>839,041</b>	<b>6%</b>	
Impairment charge/(reversal) for loans and other losses	(3,419,046)	(3,588,060)	(169,015)	5%	Adjustments suggested by external auditor
<b>Net operating income</b>	<b>10,656,897</b>	<b>11,326,923</b>	<b>670,026</b>	<b>6%</b>	
Personnel expenses	(4,254,680)	(4,950,852)	(696,172)	16%	Amortization of Staff Loan, Adjustment of Staff Bonus
Other operating expenses	(1,947,236)	(1,974,048)	(26,812)	1%	Lease accounting as per NFRS 16, Regrouping of Items, Provision Settlement
<b>Operating profit</b>	<b>4,454,981</b>	<b>4,402,023</b>	<b>(52,958)</b>	<b>-1%</b>	
Non operating income/expense	(184,709)	(97,334)	87,374	-47%	Regrouping of Items, Actuary adjustment
<b>Profit before tax</b>	<b>4,270,272</b>	<b>4,304,688</b>	<b>34,416</b>	<b>1%</b>	

Income tax	(1,235,733)	(1,384,309)	(148,577)	12%	Cumulative tax effect of different adjustments
<b>Profit /(loss) for the period</b>	<b>3,034,539</b>	<b>2,920,379</b>	<b>(114,160)</b>	<b>-4%</b>	
Other comprehensive income	(135,680)	(292,695)	(157,015)	116%	Adjustment as per final actuary report
Total comprehensive income	2,898,859	2,627,684	(271,176)	-9%	
<b>Distributable Profit</b>					
Net profit/(loss) as per profit or loss	3,034,539	2,920,379	(114,160)	-4%	
Add/Less: Regulatory adjustment as per NRB Directive	(1,747,361)	(1,678,704)	68,657	-4%	Adjustment for interest recovery, profit change
<b>Free profit/(loss) after regulatory adjustments</b>	<b>1,287,179</b>	<b>1,241,675</b>	<b>(45,503)</b>	<b>-4%</b>	



# Laxmi Sunrise

