



लक्ष्मी सनराइज बैंक लिमिटेड  
Laxmi Sunrise Bank Limited

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

2024/25

लक्ष्यमा सँग-सँगै

# BOARD OF DIRECTORS



**Mr. Raman Nepal**  
Chairman



**Mr. Dinesh Paudyal**  
Director



**Mr. Manoj Kumar Bhattarai**  
Director



**Ms. Swati Roongta Agarwal**  
Director



**Ms. Bidya Basnyat**  
Independent Director

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**Mr. Ajaya Bikram Shah**  
CEO

**Mr. Piyush Raj Aryal**  
Company Secretary

**INDEPENDENT AUDITOR'S REPORT**  
**The Shareholders of M/s Laxmi Sunrise Bank Limited**

**Report on the Audit of Financial Statements**

**Opinion**

We have audited the Consolidated Financial Statements of Laxmi Sunrise Bank Limited and its subsidiaries (collectively referred to as the "Group"), which comprises the Consolidated Statement of Financial Position as at Ashadh 32, 2082 (July 16, 2025), and the Consolidated Statement of Profit or Loss, Consolidated Other Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the year then ended, and Consolidated notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying Consolidated Financial Statements give a true and fair view, in all material respects, the Consolidated Financial Position of the Bank as at Ashadh 32, 2082 (July 16, 2025), and its financial performance and its cash flows for the year then ended in accordance with Nepal Financial Reporting Standards [NFRS].

**Basis for Opinion**

We conducted our audit in accordance with Nepal Standards on Auditing [NSA]. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the 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. 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 judgment, 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:

S. No.	Key Audit Matters	Auditor's Response
a)	<b>Interest Income:</b> The Bank has implemented NRB's Guidance Note on Interest Income Recognition, 2025 effective from Shrawan 2081. The guidelines require staging of loans (Stage 1, 2, 3) with different recognition methods - accrual basis for Stage 1 & 2 based on coupon interest rate and cash basis (incremental) for Stage 3 assets. The transitional arrangement involves complex quarterly tracking at account level and reconciliation between interest suspense, accrued interest, and actual collections. Given the significant system changes, manual interventions during transition, and	Our audit approach included:  a. Obtained understanding of the Bank's implementation framework and tested quarterly interest computation processes at account level  b. Verified staging classification (Stage 1, 2, 3) for sample loans based on ECL guidelines and tested stage migration reports  c. For Stage 3 assets, tested cash basis approach by tracing collections to bank statements, recalculating interest suspense movements, and verifying that



risk of misstatement in interest income, we considered this as a key audit matter.

suspense doesn't exceed accrued interest

- d. Performed reconciliation between CBS interest calculations and GL entries and verified quarterly interest income aggregation.

**b) Investment valuation, identification and impairment:**

Investment of the bank comprises of investment in government bonds, T-bills, development bonds and investment in quoted and unquoted securities. The valuation of the aforesaid securities has been done in compliance with NFRS 9 and NRB Directive number 8. The investment in the government and NRB bonds and T-bills has been done on Amortized cost and rest have been valued through Fair Value through Other Comprehensive Income. The valuation of the investment requires special attention and further in view of the significance of the amount of the investment in the financial statement the same has been considered as Key Audit Matters in our audit.

Our audit approach regarding Investment of the bank is based on the NRB Directive and NFRS issued by the Accounting Standard Board of Nepal.

For the investment valuation that are done at amortized cost, we checked the EIR and amortization schedule on test basis.

For the investment valued through OCI i.e. for quoted investment, we relied on the Last transaction price in NEPSE as on 16.07.2025. And for the unquoted investment the fair value has been determined based on latest available Net Assets Value (NAV), i.e., Level 3 valuation. Further the income and bonus have been cross verified from Demat statement of the bank wherever applicable.

**c) Impairment of Loans and Advances:**

Requirement under NFRS 9 read with (carve-out on NFRS-9 issued by ICAN dated 2082/05/09 and opted by Bank), bank shall measure impairment loss on loans and advances at the higher of:

- a) Amount derived as per norms prescribed by NRB for loan loss provisioning or;
- b) Amount determined as per para 5.5 of NFRS adopting the expected credit loss model

As per the norms prescribed by the NRB, provision at the prescribed rate shall be created on the loans and advances based on overdue status of loans and advances as well as utilization status of the facility, status of security etc. Hence, assessment of availability and accuracy of data for impairment under NRB provisioning norms is regarded as key audit matters.

Expected credit losses of loans and advances measured at amortized cost as disclosed in Note 5.19 (Notes to the Consolidated Financial Statements)

This was a key audit matter due to

Our audit approach included:

- a. Reviewing the overdue status of loans and advances by obtaining data from the system and matching the same with NRB 2.2 report.
- b. Sample credit files were reviewed for the purpose of assuring the utilization of loan & advances for the intended purpose, account movement and account turnover.
- c. Assessed the alignment of the Bank's impairment for expected credit losses computations and underlying methodology including responses to current economic conditions with its accounting policies, based on the best available information up to the date of our report.
- d. Evaluated the design, implementation and operating effectiveness of controls over estimation of expected credit losses, which included assessing the level of oversight, review and approval of impairment for expected credit losses, policies and procedures by the Board and management.
- e. Tested the completeness, accuracy and reasonableness of the underlying data

- The involvement of significant management judgements, assumptions and level of uncertainty associated with estimating future cash flows to recover such loans and advances; and
- The materiality of the reported amount of expected credit losses.

Key areas of significant judgements, assumptions and estimates made by management in the assessment of expected credit losses for loans and advances include forward-looking macroeconomic scenarios, associated weightages and considerations that indicate significant increase in credit risk. These are subject to inherently heightened levels of estimation uncertainty.

Information of such key estimates, assumptions and judgements are disclosed in Note 3.4.3.

used in the expected credit loss computations by agreeing details to relevant source documents and accounting records of the Group.

- f. Evaluated the reasonableness of credit quality assessments and related stage classifications.

In addition to the above, the following procedures were performed:

- g. For loans and advances assessed on an individual basis for impairment:
  - Tested the arithmetical accuracy of the underlying individual impairment calculations.
  - Evaluated the reasonableness of key inputs used in the impairment for expected credit losses made with economic conditions. Such evaluations were carried out considering the value and timing of cash flow forecasts particularly relating to elevated risk industries and status of recovery actions of the collaterals.
- h. For loans and advances assessed on a collective basis for impairment:
  - Tested the key inputs and the calculations used in the impairment for expected credit losses.
  - Assessed the reasonableness of judgements, assumptions and estimates used by the Management in the underlying methodology and the management overlays. Our testing included evaluating the reasonableness of forward-looking information used, economic scenarios considered, and probability weighting assigned to each scenario.
- i. Assessed the adequacy of the related financial statement disclosures set out in Disclosure 5.19 (*Notes to Consolidated Financial Statements*)

**d) Information Technology:**

IT controls with respect to recording of transactions, generating various reports in compliance with NRB guidelines and other compliances to regulators is an important part of the process. Such reporting is highly dependent on the effective working of Core Banking Software and other allied systems.

Our audit approach regarding Information Technology of the bank is based upon the Information Technology Guidelines 2012 issued by NRB and it also included:

- a. Understanding of IT process, mapping of application and control measures adopted by the bank such as users' access and authority across operating systems.

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We have considered this as key audit matter as any control lapses, validation failures, incorrect input data and wrong extraction of data may result in wrong reporting of data to the management, shareholders and regulators.

- b. Verification of the interest income and expense booking regarding loan and deposit on test basis with the CBS of the bank.
  - c. Reliance on the IT audit conducted by the bank.
  - d. Verification of the provisioning of the loan and advances based on ageing on the test check basis
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### **Emphasis Of Matter**

We draw attention to the Note 2 "Basis of preparation" of the accompanying consolidated financial statements which describes that the financial information of subsidiary Laxmi Laghubitta Bittiya Sanstha Limited and Sunrise Securities Limited included in the consolidated financial statement are solely based on management certification.

Our opinion is not modified with respect to the above matter.

### **Other Information**

Management is responsible for the preparation of other information. The other information comprises the information included in the Annual Report but does not include the consolidated Financial Statements and our auditor's report thereon.

Our opinion on the Consolidated Financial Statement 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 Consolidated Financial Statements in accordance with NFRS, 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 Consolidated 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 Responsibilities for the Audit of Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance whether the Consolidated Financial Statements as a whole are free from material misstatement, whether caused 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.

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 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 company's ability to continue as going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to related disclosures in the financial statements or, if such disclosure is inadequate, to modify our audit opinion. Our conclusions are based on the audit evidences obtained up to date of our auditor's report. However, future events or conditions may cause the Group to cease as a going concern.
- Evaluate the overall presentation, structure and content of the financial statement, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the Group's Activities to express an opinion on Financial Statements.

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.



## **Report on 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 16 July 2025 (32 Ashadh 2082), 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 been 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.

**For N.B.S.M. & Associates**

**Chartered Accountants**



CA. Durga Prasad Gnawali, FCA

Senior Partner

Date: 16<sup>th</sup> November 2025

Place: Naxal, Kathmandu, Nepal

UDIN: 251116CA00461jg4kb

## Consolidated Statement of Financial Position

As on 32 Ashad 2082 (16 July 2025)

Amount in NPR

Particulars	Note	Group		Bank	
		16-Jul-25	15-Jul-24	16-Jul-25	15-Jul-24
<b>Assets</b>					
Cash and cash equivalent	4.1	10,174,934,682	15,584,507,150	10,524,785,025	15,047,811,674
Due from Nepal Rastra Bank	4.2	16,391,416,522	15,540,618,413	16,361,433,522	15,510,635,414
Placement with Bank and Financial Institutions	4.3	9,090,598,362	6,095,097,066	8,742,467,021	6,185,698,763
Derivative financial instruments	4.4	11,138,517,100	5,190,188,038	11,138,517,100	5,190,188,038
Other trading assets	4.5	-	-	-	-
Loan and advances to B/FIs	4.6	6,191,036,942	5,586,718,754	8,233,947,995	7,992,354,863
Loans and advances to customers	4.7	280,953,120,766	253,998,257,898	274,963,657,124	247,408,112,400
Investment securities	4.8	98,663,786,196	87,308,680,997	98,415,986,685	87,110,568,876
Current tax assets	4.9	93,908,887	114,232,807	87,260,059	129,712,230
Investment in subsidiaries	4.10	-	-	893,167,928	893,167,928
Investment in associates	4.11	-	-	-	-
Investment property	4.12	2,192,012,100	1,563,131,696	2,192,012,100	1,563,131,696
Property and equipment	4.13	4,935,958,857	4,634,115,369	4,823,056,049	4,562,523,618
Goodwill and Intangible assets	4.14	596,066,132	606,798,964	592,701,665	602,063,672
Deferred tax assets	4.15	-	-	-	-
Other assets	4.16	7,403,509,666	3,948,709,246	6,618,719,515	3,765,922,817
<b>Total Assets</b>		<b>447,824,866,214</b>	<b>400,171,056,395</b>	<b>443,587,711,789</b>	<b>395,961,891,988</b>
<b>Liabilities</b>					
Due to Bank and Financial Institutions	4.17	6,055,342,313	5,476,080,934	5,529,230,355	4,468,970,749
Due to Nepal Rastra Bank	4.18	-	-	-	-
Derivative financial instruments	4.19	11,140,480,994	5,179,641,688	11,140,480,994	5,179,641,688
Deposits from customers	4.20	368,637,326,318	330,472,557,828	367,053,706,312	328,931,512,100
Borrowing	4.21	548,494,610	3,980,636,946	548,494,610	3,980,636,946
Current Tax liabilities	4.9	-	-	-	-
Provisions	4.22	-	-	-	-
Deferred tax liabilities	4.15	461,757,986	260,514,912	562,957,364	298,015,141
Other liabilities	4.23	7,847,832,325	6,607,654,067	6,368,731,199	5,601,678,617
Debt securities issued	4.24	7,000,000,000	7,000,000,000	7,000,000,000	7,000,000,000
Subordinated Liabilities	4.25	-	-	-	-
<b>Total liabilities</b>		<b>401,691,234,546</b>	<b>358,977,086,375</b>	<b>398,203,600,835</b>	<b>355,460,455,242</b>

<b>Equity</b>					
Share capital	4.26	24,346,512,235	23,187,154,510	24,346,512,235	23,187,154,510
Share premium		-	-	-	-
Retained earnings		2,992,637,672	1,235,036,063	2,964,358,257	1,241,675,276
Reserves	4.27	18,555,624,219	16,546,216,077	18,073,240,462	16,072,606,961
<b>Total equity attributable to equity holders</b>		<b>45,894,774,127</b>	<b>40,968,406,650</b>	<b>45,384,110,954</b>	<b>40,501,436,746</b>
Non-controlling interest		238,857,540	225,563,370	-	-
<b>Total equity</b>		<b>46,133,631,668</b>	<b>41,193,970,020</b>	<b>45,384,110,954</b>	<b>40,501,436,746</b>
<b>Total liabilities and equity</b>		<b>447,824,866,214</b>	<b>400,171,056,395</b>	<b>443,587,711,789</b>	<b>395,961,891,988</b>
Contingent liabilities and commitment	4.28	124,980,926,695	116,968,526,752	124,980,926,695	116,968,526,752
Net assets value per share		188.51	176.69	186.41	174.67

**Piyush Raj Aryal**  
Chief Financial Officer

**Ajaya Bikram Shah**  
Chief Executive Officer

**Raman Nepal**  
Chairman

**As per our report of even date**

Date : **November 16, 2025**  
Place : Kathmandu

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

**CA. Durga Prasad Gnawali, FCA**  
Senior Partner  
N.B.S.M. & Associates  
Chartered Accountants

## Consolidated Statement of Profit or Loss

For the year ended 32 Ashadh 2082 (16 July 2025)

Amount in NPR

Particulars	Note	Group		Bank	
		Current Year	Previous Year	Current Year	Previous Year
Interest income	4.29	29,661,641,790	36,667,505,466	28,929,621,885	35,924,613,707
Interest expense	4.30	18,311,585,755	23,823,353,911	18,077,637,572	23,560,745,625
<b>Net interest income</b>		<b>11,350,056,036</b>	<b>12,844,151,555</b>	<b>10,851,984,313</b>	<b>12,363,868,082</b>
Fee and commission income	4.31	2,968,256,346	2,722,114,453	2,707,586,530	2,454,502,507
Fee and commission expense	4.32	521,333,041	465,648,614	518,893,406	465,648,614
<b>Net fee and commission income</b>		<b>2,446,923,306</b>	<b>2,256,465,839</b>	<b>2,188,693,123</b>	<b>1,988,853,893</b>
<b>Net interest, fee and commission income</b>		<b>13,796,979,341</b>	<b>15,100,617,394</b>	<b>13,040,677,436</b>	<b>14,352,721,975</b>
Net trading income	4.33	520,241,122	262,957,924	520,241,122	262,957,924
Other operating income	4.34	554,097,505	245,822,098	599,274,289	299,303,066
<b>Total operating income</b>		<b>14,871,317,968</b>	<b>15,609,397,415</b>	<b>14,160,192,847</b>	<b>14,914,982,965</b>
Impairment charge/(reversal) for loans and other losses	4.35	1,339,305,960	3,565,546,528	1,258,008,935	3,588,060,084
<b>Net operating income</b>		<b>13,532,012,008</b>	<b>12,043,850,887</b>	<b>12,902,183,912</b>	<b>11,326,922,881</b>
<b>Operating expense</b>					
Personnel expenses	4.36	5,325,110,318	5,373,168,211	4,911,790,309	4,950,852,206
Other operating expenses	4.37	1,473,683,211	1,439,896,885	1,387,833,862	1,352,021,726
Depreciation & Amortisation	4.38	614,459,306	650,874,470	572,137,016	622,026,230
<b>Operating Profit</b>		<b>6,118,759,172</b>	<b>4,579,911,322</b>	<b>6,030,422,724</b>	<b>4,402,022,720</b>
Non operating income	4.39	100,853,479	212,366,447	100,413,902	212,172,590
Non operating expense	4.40	430,814,474	309,506,933	430,814,474	309,506,933
<b>Profit before income tax</b>		<b>5,788,798,178</b>	<b>4,482,770,836</b>	<b>5,700,022,152</b>	<b>4,304,688,377</b>
Income tax expense	4.41	1,661,980,157	1,500,252,884	1,637,977,426	1,384,309,398
Current Tax		1,832,928,281	1,286,341,248	1,750,884,479	1,203,553,698
Deferred Tax		(170,948,124)	213,911,636	(112,907,053)	180,755,700
<b>Profit for the period</b>		<b>4,126,818,021</b>	<b>2,982,517,952</b>	<b>4,062,044,726</b>	<b>2,920,378,979</b>
<b>Profit attributable to:</b>					
Equity holders of the Bank		4,112,665,763	2,973,035,449	4,062,044,726	2,920,378,979
Non-controlling interest		14,152,258	9,482,503	-	-
<b>Profit for the period</b>		<b>4,126,818,021</b>	<b>2,982,517,952</b>	<b>4,062,044,726</b>	<b>2,920,378,979</b>
<b>Earnings per share</b>					
Basic earnings per share		16.95	12.86	16.68	12.59
Diluted earnings per share		16.95	12.86	16.68	12.59

Piyush Raj Aryal  
Chief Financial Officer

Ajaya Bikram Shah  
Chief Executive Officer

Raman Nepal  
Chairman

As per our report of even date

Date : November 16, 2025  
Place : Kathmandu

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

**CA. Durga Prasad Gnawali, FCA**  
Senior Partner  
N.B.S.M. & Associates  
Chartered Accountants

## Consolidated Statement of Other Comprehensive Income

For the year ended 32 Ashadh 2082 (16 July 2025)

Amount in NPR

Particulars	Note	Group		Bank	
		Current Year	Previous Year	Current Year	Previous Year
<b>Profit for the year</b>		<b>4,126,818,021</b>	<b>2,982,517,952</b>	<b>4,062,044,726</b>	<b>2,920,378,979</b>
<b>Other comprehensive income, net of income tax</b>					
<b>a) Items that will not be reclassified to profit or loss</b>					
Gains/ (losses) from investments in equity instruments measured at fair value		1,297,038,379	(193,056,279)	1,297,179,463	(193,717,518)
Gains/ (losses) on revaluation					
Actuarial gains/ (losses) on defined benefit plans		(11,282,189)	(225,338,578)	(37,681,877)	(224,418,878)
Income Tax relating to above items		(385,726,857)	125,518,457	(377,849,276)	125,440,919
<b>Net other comprehensive income that will not be reclassified to profit or loss</b>		<b>900,029,333</b>	<b>(292,876,400)</b>	<b>881,648,310</b>	<b>(292,695,477)</b>
<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>900,029,333</b>	<b>(292,876,400)</b>	<b>881,648,310</b>	<b>(292,695,477)</b>
<b>Total comprehensive income for the period</b>		<b>5,026,847,354</b>	<b>2,689,641,552</b>	<b>4,943,693,036</b>	<b>2,627,683,502</b>
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Bank		5,012,695,096	2,680,159,050	4,943,693,036	2,627,683,502
Non-controlling interest		14,152,258	9,482,503	-	-
<b>Total comprehensive income for the period</b>		<b>5,026,847,354</b>	<b>2,689,641,552</b>	<b>4,943,693,036</b>	<b>2,627,683,502</b>

Piyush Raj Aryal  
Chief Financial Officer

Ajaya Bikram Shah  
Chief Executive Officer

Raman Nepal  
Chairman

As per our report of even date

Date : November 16, 2025  
Place : Kathmandu

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

**CA. Durga Prasad Gnawali, FCA**  
Senior Partner  
N.B.S.M. & Associates  
Chartered Accountants

## Consolidated Statement of Changes in Equity For the year ended 32 Ashadh 2082 (16 July 2025)

Amount in NPR

Particulars	Group										Total equity	
	Share Capital	Share premium	General reserve	Exchange Equalisation Reserve	Regulatory reserve	Fair Value Reserve	Revaluation Reserve	Retained earning	Other reserve	Total		Non-controlling Interest
Balance at 17 July 2023	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 17 July 2023	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	-	-	-	-	-	-	-	2,973,035,449	-	2,973,035,449	9,482,503	2,982,517,952
Profit for the year	-	-	-	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	-	-	-	(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)	-	-	-
<b>Transactions with owners, directly recognised in equity</b>	-	-	-	-	-	-	-	-	-	-	-	-
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)
<b>Total contributions by and distributions</b>	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 15 July 2024	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	3,942,788,976	40,968,406,651	225,563,370	41,193,970,021

Particulars	Attributable to equity holders of the Bank										Total equity	
	Share Capital	Share premium	General reserve	Exchange Equalisation Reserve	Regulatory reserve	Fair Value Reserve	Revaluation Reserve	Retained earning	Other reserve	Total		Non-controlling interest
	Group											
Balance at 16 July 2024	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	3,962,789,976	40,968,406,651	25,563,370	41,193,970,021
Adjustment/Restatement	-	-	-	-	-	-	-	21,778,141	(5,955,301)	15,822,840	(858,088)	14,964,752
Adjusted/Restated balance at 16 July 2024	23,187,154,509	-	6,640,224,257	91,578,853	4,017,918,120	1,502,946,351	330,759,521	1,256,814,204	3,956,833,675	40,984,229,490	224,705,282	41,208,934,773
Comprehensive income for the year	-	-	-	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	-	4,112,665,763	-	4,112,665,763	14,152,258	4,126,818,021
Other comprehensive income, net of tax	-	-	-	-	-	-	-	-	-	-	-	-
Remeasurements of defined benefit liability (assets)	-	-	-	-	-	-	-	-	(7,897,532)	(7,897,532)	-	(7,897,532)
Fair value reserve (Investment in equity instrument):	-	-	-	-	-	-	-	-	-	-	-	-
Net change in fair value	-	-	-	-	-	907,926,865	-	-	-	907,926,865	-	907,926,865
Net amount transferred to profit or loss	-	-	-	-	-	(95,409,687)	-	95,409,687	-	-	-	-
Net gain (loss) on revaluation	-	-	-	-	-	-	-	-	-	-	-	-
Cash flow hedges:	-	-	-	-	-	-	-	-	-	-	-	-
Effective portion of changes in fair value	-	-	-	-	-	-	-	-	-	-	-	-
Net Amount reclassified to profit or loss	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	-	-	-	812,517,178	-	4,208,075,450	(7,897,532)	5,012,695,096	14,152,258	5,026,847,354
Transfer to reserve during the year	-	-	844,462,874	8,598,258	(601,613,297)	2,168,487	-	(1,276,338,448)	985,450,232	37,271,893,533	-	(37,271,894)
Transfer from reserve during the year	-	-	-	-	-	-	-	28,322,756	(28,322,756)	-	-	-
<b>Transactions with owners, directly recognised in equity</b>	-	-	-	-	-	-	-	-	-	-	-	-
Right share issued	-	-	-	-	-	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-	-	-	-	-	-	-
Dividends to equity holders	-	-	-	-	-	-	-	-	-	-	-	-
Bonus shares issued	1,159,357,725	-	-	-	-	-	-	(1,159,357,725)	-	-	-	-
Cash dividend paid	-	-	-	-	-	-	-	(64,878,565)	-	(64,878,565)	-	(64,878,565)
<b>Total contributions by and distributions</b>	1,159,357,725	-	844,462,874	8,598,258	(601,613,297)	814,685,666	-	1,735,823,468	949,229,944	4,910,544,637	14,152,258	4,924,696,896
Balance at 16 July 2025	24,346,512,234	-	7,484,687,131	100,177,111	3,416,304,823	2,317,632,016	330,759,521	2,992,637,672	4,906,063,618	45,894,774,128	238,857,540	46,133,631,668

Amount in NPR

Particulars	Share Capital					Bank					Retained earning	Other reserve	Total
	Share Capital	Share premium	General reserve	Exchange equalisation reserve	Regulatory reserve	Fair Value Reserve	Revaluation Reserve	Other reserve	Total				
Balance at 17 July 2023	21,670,237,859	-	5,889,658,444	77,611,894	2,894,257,793	1,637,949,019	330,759,521	3,996,125,214	1,728,331,728	-	38,224,931,473		
Adjustment/Restatement	-	-	-	-	-	-	-	-	(271,340,511)	-	(271,340,511)		
Adjusted/Restated balance at 17 July 2023	21,670,237,859	-	5,889,658,444	77,611,894	2,894,257,793	1,637,949,019	330,759,521	3,996,125,214	1,456,991,217	-	37,953,590,962		
Comprehensive income for the year	-	-	-	-	-	-	-	-	2,920,378,979	-	2,920,378,979		
Profit for the year	-	-	-	-	-	-	-	-	-	-	-		
Other comprehensive income, net of tax	-	-	-	-	-	-	-	-	-	-	-		
Remeasurements of defined benefit liability (assets)	-	-	-	-	-	-	-	-	0	-	(157,093,215)		
Revaluations of investment in equity instrument:	-	-	-	-	-	-	-	-	-	-	-		
Fair value reserve (Investment in equity instrument):	-	-	-	-	-	-	-	-	-	-	-		
Net change in fair value	-	-	-	-	-	-	-	-	-	-	-		
Net gain (loss) on revaluation	-	-	-	-	-	-	-	-	210,418	-	(135,602,262)		
Net amount transferred to profit or loss	-	-	-	-	-	-	-	-	-	-	-		
Cash flow hedges:	-	-	-	-	-	-	-	-	-	-	-		
Effective portion of changes in fair value	-	-	-	-	-	-	-	-	-	-	-		
Net Amount reclassified to profit or loss	-	-	-	-	-	-	-	-	-	-	-		
<b>Total comprehensive income for the year</b>	-	-	-	-	-	<b>(135,812,681)</b>	-	<b>(157,093,215)</b>	<b>2,920,589,398</b>	-	<b>2,627,683,502</b>		
Transfer to reserve during the year	-	-	584,128,400	13,966,959	993,645,702	(52,605)	-	(26,351,766)	(1,565,336,691)	-	-		
Transfer from reserve during the year	-	-	-	-	-	-	-	(26,185,720)	26,185,720	-	-		
Transactions with owners, directly recognised in equity	-	-	-	-	-	-	-	-	-	-	-		
Share based payments	-	-	-	-	-	-	-	-	-	-	-		
Dividends to equity holders	-	-	-	-	-	-	-	-	-	-	-		
Bonus shares issued	1,516,916,650	-	-	-	-	-	-	-	(1,516,916,650)	-	(79,837,718)		
Cash dividend paid	-	-	-	-	-	-	-	-	(79,837,718)	-	(79,837,718)		
<b>Total contributions by and distributions</b>	<b>1,516,916,650</b>	-	<b>584,128,400</b>	<b>13,966,959</b>	<b>993,645,702</b>	<b>(135,865,285)</b>	-	<b>(209,630,701)</b>	<b>(215,315,941)</b>	-	<b>2,547,845,784</b>		
Balance at 15 July 2024	23,187,154,509	-	6,473,786,845	91,578,853	3,887,903,496	1,502,083,734	330,759,521	3,786,494,513	1,241,675,276	-	40,501,436,746		

Amount in NPR

Particulars	Share Capital					Bank					Retained earning	Other reserve	Total
	Share Capital	Share premium	General reserve	Exchange equalisation reserve	Regulatory reserve	Fair Value Reserve	Revaluation Reserve	Other reserve	Total				
Balance at 16 July 2023	23,187,154,509	-	6,473,786,845	91,578,853	3,887,903,496	1,502,083,734	330,759,521	3,786,494,513	1,241,675,276	-	40,501,436,746		
Adjustment/Restatement	-	-	-	-	-	-	-	-	-	-	-		
Adjusted/Restated balance at 16 July 2024	23,187,154,509	-	6,473,786,845	91,578,853	3,887,903,496	1,502,083,734	330,759,521	3,786,494,513	1,241,675,276	-	40,501,436,746		
Comprehensive income for the year	-	-	-	-	-	-	-	-	4,062,044,726	-	4,062,044,726		
Profit for the year	-	-	-	-	-	-	-	-	-	-	-		
Other comprehensive income, net of tax	-	-	-	-	-	-	-	-	-	-	-		
Remeasurements of defined benefit liability (assets)	-	-	-	-	-	-	-	-	-	-	-		
Fair value reserve (Investment in equity instrument):	-	-	-	-	-	-	-	-	-	-	-		
Net change in fair value	-	-	-	-	-	-	-	-	-	-	-		
Net amount transferred to profit or loss	-	-	-	-	-	-	-	-	95,409,687	-	95,409,687		
Net gain (loss) on revaluation	-	-	-	-	-	-	-	-	-	-	-		
Cash flow hedges:	-	-	-	-	-	-	-	-	-	-	-		
Effective portion of changes in fair value	-	-	-	-	-	-	-	-	-	-	-		
Net Amount reclassified to profit or loss	-	-	-	-	-	-	-	-	-	-	-		
<b>Total comprehensive income for the year</b>	-	-	-	-	-	<b>812,615,937</b>	-	<b>(26,377,314)</b>	<b>4,157,454,413</b>	-	<b>4,943,693,036</b>		
Transfer to reserve during the year	-	-	831,490,883	8,598,258	(582,436,397)	-	-	(1,242,717,635)	28,322,756	-	985,064,892		
Transfer from reserve during the year	-	-	-	-	-	-	-	(28,322,756)	-	-	(28,322,756)		
Transactions with owners, directly recognised in equity	-	-	-	-	-	-	-	-	-	-	-		
Share based payments	-	-	-	-	-	-	-	-	-	-	-		
Dividends to equity holders	-	-	-	-	-	-	-	-	-	-	-		
Bonus shares issued	1,159,357,725	-	-	-	-	-	-	-	(1,159,357,725)	-	-		
Cash dividend paid	-	-	-	-	-	-	-	-	(61,018,828)	-	(61,018,828)		
<b>Total contributions by and distributions</b>	<b>1,159,357,725</b>	-	<b>831,490,883</b>	<b>8,598,258</b>	<b>(582,436,397)</b>	<b>812,615,937</b>	-	<b>930,364,822</b>	<b>1,722,682,981</b>	-	<b>4,882,674,208</b>		
Balance at 16 July 2025	24,346,512,234	-	7,305,277,727	100,177,111	3,305,467,098	2,314,699,671	330,759,521	4,716,859,335	2,964,358,257	-	45,384,110,954		

Piyush Raj Aryal  
Chief Financial Officer

Ajaya Bikram Shah  
Chief Executive Officer

Date : November 16, 2025  
Place : Kathmandu

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

Raman Nepal  
Chairman

**CA. Durga Prasad Gnawali, FCA**  
Senior Partner  
N.B.S.M. & Associates  
Chartered Accountants

As per our report of event date

## Consolidated Statement of Cash Flows

For the year ended 32 Ashadh 2082 (16 July 2025)

Amount in NPR

Particulars	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Interest received	26,998,403,070	32,464,132,057	26,337,681,682	31,818,751,110
Fees and other income received	2,968,256,346	2,722,114,453	2,707,586,530	2,454,502,507
Dividend received	-	-	-	-
Receipts from other operating activities	147,835,113	846,431,958	485,281,997	888,961,164
Interest paid	(17,334,748,832)	(23,499,991,653)	(17,100,800,649)	(23,237,383,367)
Commission and fees paid	(521,333,041)	(465,648,614)	(518,893,406)	(465,648,614)
Cash payment to employees	(5,173,413,996)	(5,222,340,651)	(4,756,753,223)	(4,810,779,516)
Other expense paid	(2,768,281,294)	(2,180,564,260)	(2,682,802,621)	(2,379,967,873)
<b>Operating cash flows before changes in operating assets and liabilities</b>	<b>4,316,717,367</b>	<b>4,664,133,289</b>	<b>4,471,300,308</b>	<b>4,268,435,411</b>
<b>(Increase)/Decrease in operating assets</b>				
Due from Nepal Rastra Bank	(850,798,109)	5,167,804,634	(850,798,109)	5,166,804,634
Placement with bank and financial institutions	(2,995,501,297)	(5,356,397,066)	(2,556,768,258)	(5,396,998,763)
Other trading assets	-	68,190,000	-	68,190,000
Loan and advances to bank and financial institutions	(604,318,188)	5,043,799	(227,774,944)	(300,538,670)
Loans and advances to customers	(28,427,495,815)	(2,443,159,783)	(29,031,997,351)	(1,908,236,001)
Other assets	(8,928,422,492)	(3,885,766,153)	(8,665,314,263)	(3,925,183,585)
<b>Increase/(Decrease) in operating liabilities</b>				
Due to bank and financial institutions	579,261,379	507,077,910	1,060,259,606	401,969,193
Due to Nepal Rastra Bank	-	-	-	-
Deposit from customers	38,164,768,490	32,727,687,788	38,122,194,212	32,688,036,669
Borrowings	(3,432,142,336)	(1,099,987,053)	(3,432,142,336)	(1,099,987,053)
Other liabilities	6,981,762,936	1,220,729,527	6,568,995,646	1,305,018,845
<b>Net cash flow from operating activities before tax paid</b>	<b>4,803,831,937</b>	<b>31,575,356,893</b>	<b>5,457,954,512</b>	<b>31,267,510,680</b>
Income taxes paid	(1,661,980,157)	(1,500,252,884)	(1,637,977,426)	(1,384,309,398)
<b>Net cash flow from operating activities</b>	<b>3,141,851,780</b>	<b>30,075,104,009</b>	<b>3,819,977,086</b>	<b>29,883,201,282</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of investment securities	(10,881,688,406)	(34,177,291,977)	(10,831,859,931)	(34,133,960,342)
Receipts from sale of investment securities	823,621,585	190,221,607	823,621,585	190,221,607
Purchase of property and equipment	(583,036,681)	(372,927,475)	(523,847,879)	(51,378,058)
Receipt from the sale of property and equipment	3,246,630	35,281,579	3,133,926	35,317,569
Purchase of intangible assets	(33,788,484)	(116,568,228)	(33,169,620)	(116,745,368)
Receipt from the sale of intangible assets	-	-	-	-
Purchase of investment properties	(773,024,660)	(500,636,864)	(773,024,660)	(500,636,864)
Receipt from the sale of investment properties	158,562,120	221,843,166	158,562,120	221,843,166
Interest received	3,225,911,987	3,177,745,826	3,225,911,987	3,177,745,826
Dividend received	272,902,574	208,841,828	345,632,771	265,611,405
<b>Net cash used in investing activities</b>	<b>(7,787,293,336)</b>	<b>(31,333,490,538)</b>	<b>(7,605,039,702)</b>	<b>(30,911,981,057)</b>

<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
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	(64,878,565)	(82,837,718)	(61,018,828)	(79,837,718)
Interest paid	(676,945,205)	(759,965,753)	(676,945,205)	(759,965,753)
Other receipt/payment	(22,307,142)	(284,104,092)	-	(271,340,511)
<b>Net cash from financing activities</b>	<b>(764,130,912)</b>	<b>(2,126,907,564)</b>	<b>(737,964,033)</b>	<b>(2,111,143,982)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(5,409,572,468)</b>	<b>(3,385,294,092)</b>	<b>(4,523,026,649)</b>	<b>(3,139,923,757)</b>
Cash and cash equivalents at 16 July 2024	15,584,507,150	18,969,801,242	15,047,811,674	18,187,735,432
Effect of exchange rate fluctuations on cash and cash equivalents held	-	-	-	-
<b>Cash and cash equivalents at 16 July 2025</b>	<b>10,174,934,682</b>	<b>15,584,507,150</b>	<b>10,524,785,025</b>	<b>15,047,811,674</b>

**Piyush Raj Aryal**  
Chief Financial Officer

**Ajaya Bikram Shah**  
Chief Executive Officer

**Raman Nepal**  
Chairman

As per our report of even date

Date : **November 16, 2025**  
Place : Kathmandu

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

**CA. Durga Prasad Gnawali, FCA**  
Senior Partner  
N.B.S.M. & Associates  
Chartered Accountants

## Statement of Distributable Profit or Loss

For the year ended 32 Ashadh 2082 (16 July 2025)

Amount in NPR

Particulars	Bank	
	Current Year	Previous Year
<b>Net profit or (loss) as per statement of profit or loss</b>	<b>4,062,044,726</b>	<b>2,920,378,979</b>
<b>Appropriations:</b>		
a. General reserve	831,490,883	584,128,400
b. Foreign exchange fluctuation fund	8,598,258	13,966,959
c. Capital redemption reserve	944,444,444	(55,555,556)
d. Corporate social responsibility fund	14,569,539	4,403,236
e. Employees' training fund	(2,271,848)	(1,385,166)
f. Investment Adjustment Reserve	-	-
g. Fair Value Reserve	(95,409,687)	(263,023)
<b>Profit or (loss) before regulatory adjustment</b>	<b>2,360,623,137</b>	<b>2,375,084,129</b>
<b>Regulatory adjustment :</b>		
a. Interest receivable (-)/previous accrued interest received (+)	767,910,440	(849,590,303)
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 (+)	(40,605,125)	(181,420,151)
e. Deferred tax assets recognised (-)/ reversal (+)	(72,017,187)	99,331,385
f. Goodwill recognised (-)/ impairment of Goodwill (+)	-	-
g. Bargain purchase gain recognised (-)/resersal (+)	-	-
h. Acturial loss recognised (-)/reversal (+)	(26,377,314)	(61,966,634)
i. Other (+/-)	-	-
Interest Capitalized Term Loan	(46,474,417)	-
<b>Net profit for the year ended 15 July 2024 available for distribution</b>	<b>2,943,059,534</b>	<b>1,381,438,427</b>
Opening Retained Earnings as on 16 July 2024	1,241,675,276	1,728,331,728
Adjustment (+/-)	-	(271,340,511)
<b>Distribution</b>		
Bonus Share Issued	(1,159,357,725)	(1,516,916,650)
Cash Dividend Paid	(61,018,828)	(79,837,718)
<b>Total Distributable profit/(loss) as on 16 July 2025</b>	<b>2,964,358,257</b>	<b>1,241,675,276</b>
Annualised Distributable Profit/Loss per share	12.18%	5.36%

## 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, 27 extension counters, 329 ATM’s, over 2,500 remittance agents, 20 international remittance partners and 131 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.

- a. 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.
- b. 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”.
- c. 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 16 July 2025 (32 Ashad 2082).

### 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, 2081.

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

Group financial statements have been prepared by consolidating the standalone financial statements of the Bank along with audited financial statements of Laxmi Sunrise Capital Ltd (LSCL) and management certified financial statements of Sunrise Securities Limited (SSL) and 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, 2081.

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 2081/82. 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 2081	15 July 2024
Comparative reporting period	1 Shrawan 2080- 31 Ashad 2081	17 July 2023-15 July 2024
NFRS SFP* Date	32 Ashad 2082	16 July 2025
NFRS reporting period	1 Shrawan 2081- 32 Ashad 2082	16 July 2024-16 July 2025

\*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 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. Appendix A Defined terms relating to Amortised Cost:

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

*For the purpose of interest income recognition only, loss allowance shall be the allowance as per paragraph 5.5 without considering loan loss provision as per the prescribed regulatory norms of respective industry.*

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

**b. 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 to the amortised cost of a 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 between parties to the contract that are an integral part of the effective interest rate (see paragraphs B5.4.1-B5.4.3), transaction costs, and all other premiums or discounts, unless it is impracticable to determine reliably between parties to the contract that are an integral part of the effective interest rate (see paragraphs B5.4.1-B5.4.3), transaction costs, and all over 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).

**Appendix A (Defined Terms) relating to credit-adjusted effective interest rate:**

Credit adjusted effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial asset to the amortised cost of a financial asset that is a purchased or originated credit-impaired financial asset. When calculating the credit-adjusted effective interest rate, an entity shall estimate the expected cash flows by considering all contractual terms of the financial asset (for example, prepayment, extension, call and similar options) and expected credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see paragraphs B5.4.1-B5.4.3), transaction costs, and all other premiums or discounts, unless it is impracticable to determine reliably for financial assets recognized before end of fiscal year 2082.83 and/or the amount is immaterial. 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 remaining 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 an entity opts to use this carve-out, it should be disclosed in the financial statements, including its monetary impact, to the extent practicable.

**c. Para 5.4 Amortised cost measurement**

**5.4 Amortised cost measurement Financial assets Effective interest method**

5.4.1 Interest revenue shall be calculated by using the effective interest method (see Appendix A and paragraphs B5.4.1-B5.4.7). This shall be calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

(a) purchased or originated credit-impaired financial assets. For those financial assets, the entity shall apply the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition.

(b) financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the entity shall apply the effective interest rate to the amortised cost of the financial asset in subsequent reporting periods.

*For bank or other financial institutions established /licensed by appropriate government bodies, interest revenue can be recognized as per the Guidance Note issued by respective regulators.*

**Non-Optional:** This carve-out is not optional.

**d. Para 5.5 impairment read together with appendix A (Defined Terms) relating to loss allowance**

Loss allowance is the allowance for expected credit losses on financial assets measured in accordance with paragraph 4.1.2, lease receivables and contract assets, the accumulated impairment amount for financial assets measured in accordance with paragraph 4.1.2A and the provision for expected credit losses on loan commitments and financial guarantee contracts unless the entity is bank or other financial institutions established /licensed by appropriate government bodies. For such entities, loss allowance shall be higher of total amount derived as per the respective regulatory norms for loan loss provision or measured as per paragraph 5.5.

**Non- Optional:** This carve-out is not optional.

**e. Para 5.5 Impairment**

**Recognition of expected credit losses General approach**

5.5.7 If an entity has measured the loss allowance for a financial instrument at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that paragraph 5.5.3 is no longer met, the entity shall measure the loss allowance at an amount equal to 12- month expected credit losses at the current reporting date, unless the entity is bank or other financial institution established /licensed by appropriate government bodies. Such entity shall measure loss allowance in line with the Guidance Note issued by respective regulators.

**Determining significant increases in credit risk**

5.5.11 If reasonable and supportable forward-looking information is available without undue cost or effort, an entity cannot rely solely on past due information when determining whether credit risk has increased significantly since initial recognition. However, when information that is more forward-looking than past due status (either on an individual or a collective basis) is not available without undue cost or effort, an entity may use past due information to determine whether there have been significant increases in credit risk since initial recognition. Regardless of the way in which an entity assesses significant increases in credit risk, there is a rebuttable presumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due. An entity can rebut this presumption if the entity has reasonable and supportable information that is available without undue cost or effort, that demonstrates that the credit risk has not increased significantly since initial recognition even though the contractual payments are more than 30 days past due. When an entity determines that there have been significant increases in credit risk before contractual payments are more than 30 days past due, the rebuttable presumption does not apply. However, for bank or other financial institution established /licensed by appropriate government bodies, such presumption cannot be rebutted.

**Non-Optional :** This carve-out is not optional.

**f. Application guidance Definition of default:**

B5.5.36 Paragraph 5.5.9 requires that when determining whether the credit risk on a financial instrument has increased significantly, an entity shall consider the change in the risk of a default occurring since initial recognition.

B5.5.37 When defining default for the purposes of determining the risk of a default occurring, an entity shall apply a default definition that is consistent with the definition used for internal credit risk management purposes for the relevant financial instrument and consider qualitative indicators (for example, financial covenants) when appropriate. However, there is a rebuttable presumption that default does not occur later than when a financial asset is 90 days past due unless an entity has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate. The definition of default used for these purposes shall be applied consistently to all financial instruments unless information becomes available that demonstrates that another default definition is more appropriate for a particular financial instrument. However, such rebuttable presumption does not apply for bank or other financial institution established /licensed by appropriate government bodies.

**Non-Optional:** This carve-out is not optional.

## 2.7 New Standards issued 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 Bank has adopted all the standards except for application of carve-outs as mentioned in the point 2.6 above.

## 2.9 Discounting

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

## 2.10 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 acquire identifiable net assets, which are generally at fair value.

Changes in the Bank's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with

owners in their capacity as owners. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. No adjustments are made to goodwill and no gain or loss is recognized in profit or loss.

### 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.

Impairment loss for financial assets is measured through a comprehensive approach that considers both specific and general factors affecting the asset's value. Financial assets are assessed when there is evidence of impairment, such as significant credit deterioration, overdue payments, breach of loan covenants or other financial difficulties. In these cases, impairment loss is calculated by estimating the expected future cash flows, discounted at the original effective interest rate of the asset. This allows for a precise calculation of the loss based on the specific circumstances of the asset.

For assets that do not show direct signs of impairment but may be exposed to risks due to shared characteristics, the Bank applies a broader evaluation. In this approach, assets are grouped based on similarities such as type, credit risk or borrower category. The Bank uses historical data, statistical models and macroeconomic factors to estimate potential credit losses across these groups. This method is commonly applied to portfolios of smaller loans or those with similar risk profiles, such as retail or small business loans.

This combined approach ensures a holistic view of impairment, addressing both specific and general risk factors to accurately measure expected credit losses.

#### 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.

During the year FY 2081/82, The Institute of Chartered Accountants of Nepal (ICAN) and Accounting Standards Board of Nepal (ASB Nepal) has pronounced that full version of NFRS 9 containing Expected Credit Loss (ECL) to be effective from 1 Shrawan, 2081 and financial statements of Ashad end 2082 (including quarterly financials thereon) incorporates ECL reporting. In relation to the same, "NFRS 9 – Expected Credit Loss Related Guidelines, 2024 was pronounced by the Nepal Rastra Bank on Jestha 1st 2081, providing detailed guidelines for the consistent and prudent application of NFRS 9.

The methods for the calculation of Expected Credit Loss is classified into 3 broad approaches:

- 1. General approach:** These approaches are applicable to financial assets measured at amortized cost, financial assets measured at FVOCI, Loan commitments (not at FVTPL), Financial guarantee contracts (not at FVTPL). Lifetime ECL is recognized for all financial assets where the credit risk has increased significantly since initial recognition. At the reporting date, if the credit risk has not increased significantly since initial recognition, the Bank measures the loss allowance for those financial assets at an amount equal to 12- month ECL. For loan commitments and financial guarantee contracts, the date that the entity becomes party to the irrevocable commitments is considered to be the date of initial recognition for the purpose of applying the impairment requirements. The Bank recognizes in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized in accordance with Standard. Under the general approach, NFRS 9 recognizes a threestage approach to measure expected credit losses and recognize interest income.
- 2. Simplified approach applicable to certain trade receivables, contract assets and lease receivables:** Under simplified approach, the entity measures loss allowance at an amount equal to the Lifetime ECL
  - Mandatorily for the trade receivables or contract assets which do not contain the significant financing component.
  - For the trade receivables, lease receivables and other contract asset which contain a significant financing component has been applied optionally.
- 3. Specific approach for purchased or originated Credit-impaired Financial Asset:** These approaches are applicable to loan and advances swapped, purchased or exchanged by the banks and has high credit risk. The Bank is required to include the initial expected credit losses in the estimated cash flows when calculating the credit-adjusted effective interest rate for financial assets that are considered to be purchased or originated credit-impaired at initial recognition. Hence, only the cumulative changes in lifetime expected credit losses since initial recognition is recognized as a loss allowance for purchased or originated credit-impaired financial assets.

#### ECL Calculation:

The Bank measures ECL in a way that reflects an unbiased and probability-weighted amount determined by evaluating a range of possible outcomes and the reasonable and supportable information available without undue cost or effort at the reporting date, about past events, current conditions and forecast of future economic conditions. While estimating the ECLs, the Bank considers three probability-weighted scenarios (a base case, a best case and a worse case).

The calculation of ECL consists of three key components and discount factor:

- Probability of Default (PD)
- Loss Given Default (LGD)

- Exposure at Default (EAD)

$$\text{ECL} = \text{PD} * \text{LGD} * \text{EAD} * \text{Discount Factor}$$

#### Probability of default (PD)

The likelihood that a borrower will default on a loan within a specified time frame, typically expressed as a percentage.

- Derive PD based on historical default migration rates and/other data, internal and external credit rating.
- Incorporate forward looking PD information by adjusting PD to its sensitivity to changes in certain macroeconomic factors.
- Use at least five-year historical data, where available, for calculating PDs and validate any smoothing of data or inputs by Integrated Risk Management Department.
- Link the internal rating scale to external credit rating for the determination of PD with the caveat that the Bank should avoid using proxies to compute PDs.
- Compute PDs by using sovereign PD linked to external credit rating scale, on exposures denominated in foreign currencies issued by the foreign sovereigns.”

The Bank calculated through the cycle Probability of Default (TTC PDs) as per gross flow rate (for terminating loans) and net flow rate (for revolving loan) and converted those TTC PDs to forward looking by using relevant macro indicators and assets correlation using Vasicek methodology.

#### Loss given default (LGD)

LGD is the percentage of exposure that is not expected to be recovered in the event of a default.

- Develop model based on historical data, historical experience of cash recovery from defaults (including settlements), cost and time of recoveries.
- While determining loss rate or recovery rate for the purpose of calculation of loss allowance, expected cash flows from collateral realization are to be considered based on latest reliable valuations (within last 2 years).
- Any increase in valuation of collateral in comparison to valuation report is to be supported by evidence.
- Value (Net realizable value) of the collaterals shall be considered after deducting applicable realization cost and haircut.”

Loss given default (LGD) is calculated based on cure rate and recovery rate using vintage analysis.

#### Exposure at default (EAD)

The total value that a lender is exposed to at the time of default, including any outstanding principal and accrued interest.

- Forwards looking models needs to be developed for computing Credit Conversion Factor (CCF) for off-balance sheet exposures.
- In case data is not available for computing CCF, Regulatory CCF numbers to be used as provided in the guidelines.
- For closed end loans, EAD to be capped at maximum contractual period over which entity is exposed to credit risk.
- If data is not available for off balance sheet exposures, the Bank shall use Regulatory Credit Conversion Factor for the calculation of EAD for off balance sheet exposures.

Exposure of Default (EAD) is the sum of the outstanding principal, interest accrued, unutilized amount multiplied by credit conversion factor.

#### Definition of default

Includes financial assets that have objective evidence of impairment at the reporting date and includes:

- Financial assets having overdue days more than 90.
- Credit facilities classified as non-performing as per NRB prudential provisioning directive and are already impaired (defaulted) status.
- Credit impaired financial instruments with objective evidence of impairment. A financial instrument is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial instrument have occurred. Evidence that a financial instrument is credit-impaired include observable data about the

following events:

- significant financial difficulty of the issuer or the borrower;
  - a breach of contract, such as a default or past due event;
  - the lenders of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concessions that the lenders would not otherwise consider;
  - becoming probable that the borrower will enter bankruptcy or other financial re-organization;
  - disappearance of an active market for that financial instrument because of financial difficulties;
  - purchase or origination of a financial instrument at a deep discount that reflects the incurred credit losses.
  - If any, credit impaired as per the risk management practices of the Bank.
- d. The Bank considers that the borrower is unlikely to pay its credit obligations to the bank in full, without realizing security (if held). The indicators of unlikelihood to pay includes:
- The Bank puts credit obligation on non-accrued status.
  - The Bank consents to distress restructuring of credit obligation resulting in reduction in financial obligation due to material forgiveness, postponement of principal or interest.
  - The Bank has filed for debtor's bankruptcy or a similar order in respect of the borrower's credit obligation.
  - The Bank sells a part of the credit obligation at a material credit-related economic loss.
  - The debtor has sought or has been placed in bankruptcy or similar protection where this would avoid or delay repayment of the credit obligation
  - There is evidence that full repayment based on contractual terms is unlikely without the Bank's realization of collateral regardless of whether the exposure is current or past due by few days.

Interest income is calculated on actual receipt basis (cash basis) on stage 3.

#### **Staging and Significant increase in credit risk (SICR)**

Staging and SICR are primary steps before impairment modelling for identifying the risk of a borrower.

The facilities must be allocated to one of the three impairment stages by determining whether a significant increase in credit risk has occurred since initial recognition or whether the facility has defaulted.

Assessment of whether there has been a significant increase in credit risk is required to be carried out at each reporting date. An asset can move into and out of the lifetime expected credit losses categories (Stage 2 and 3) based on a predefined pattern obtained from the historical default rates or delinquency status of account across various internal rating grades, products, sectors or satisfying specified provision of NRB directives or ECL guidelines.

The assessment of whether there has been a significant increase in credit risk should be made for a specific instrument rather than for a counterparty since the quantum of change in credit risk may be different for different instruments transacted with the same party. Also, different instruments issued by the same counterparty may have had a different credit risk at initial recognition. Some of the indicators (non-exhaustive list) of significant increase in credit risk, are:

- More than 30 days past due.
- Absolute Lifetime PD is 5% or more.
- Relative Lifetime PD is increased by 100% or more.
- Risk rating (internal or external) downgraded by 2 notches since initial recognition.
- Risk rating downgraded to non-investment grade by external credit rating agency (BB+ or below) or by the Bank's internal credit rating system.
- Deterioration of relevant determinants of credit risk (e.g., future cash flows) for an individual obligor (or pool of obligors).
- Expectation of forbearance or restructuring due to financial difficulties.
- Deterioration of prospects for sector or industries within which a borrower operates.
- Borrowers affected by macro-economic conditions based on reasonable and supportable forecasts.
- Modification of terms resulting in restructuring/ rescheduling.
- Credit Quality indicators determined as per internal credit assessment of performing loans which are subject to individual monitoring and review, are weaker than that in the initial recognition.

Management decision to strengthen collateral and/or covenant requirements for credit exposures because of changes in the credit risk of those exposures since initial recognition.

#### Individual Impairment

Loans and advances to customers with significant value (Top 50 group exposure of borrowers and borrowers classified as non-performing 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.

#### Collective Impairment

Assets for which no individual impairment exist 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 based on past experience.

#### 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% 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 NFRS 9- Expected Credit Loss Related Guideline, 2024 issued by Nepal Rastra Bank, 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 NFRS 9. The total provision/Expected Credit Loss (ECL) as per NRB directive and NFRS 9 is as below:

Particulars	FY 2081/82
Provision as per NRB Directive	13,541,593,893
ECL as per NFRS 9	9,989,586,802

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.

#### 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 25,000 are charged off to revenue irrespective of their useful life in the year of purchase.

#### b. Capital Work in Progress

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

#### c. Depreciation

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

Nature of Assets	Useful Life (years)
Furniture	5
Equipment	5
Vehicles*	5
Computers	5
Building	40
Leasehold	Lower of 5 years or lease period
Right of Use Asset	Amortized over non-cancellable lease period

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

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

**d. Derecognition**

The carrying amount of Property and Equipment shall be derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from derecognition of an item of property and equipment shall be included in profit or loss when the item is derecognized (unless on a sale & lease back). The gain shall not be classified as revenue. Depreciation method, useful lives and residual value are reviewed at each reporting date and adjusted, if any.

### **3.8 Intangible Assets/ Goodwill**

#### **Goodwill**

Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired in Business Combination is recognized as goodwill. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually, or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired.

#### **Acquired Intangible Assets**

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

#### **Computer software**

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

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

Software is amortized on a straight-line basis in profit or loss over its estimated useful life, from the date that it is available for use. The estimated useful life of software for the current and comparative periods is five years. Software assets with costs less than NPR 25,000 are charged off on purchases as revenue expenditure.

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

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

#### **Investment Property**

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

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

#### **Non-Current Assets Held for Sale**

Non-current assets (such as property) and disposal groups (including both the assets and liabilities of the disposal groups) are classified as held for sale and measured at the lower of their carrying amount and fair value less cost to sell when: (i) their carrying amounts will be recovered principally through sale; (ii) they are available-for-sale in their present condition; and (iii) their sale is highly probable.

Immediately before the initial classification as held for sale, the carrying amounts of the assets (or assets and liabilities in a disposal group) are measured in accordance with the applicable accounting policies described above.

### 3.10 Income Tax

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

#### a. Current Tax

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

#### b. Deferred Tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred income tax is determined using tax rate applicable to the Bank as at the reporting date which is expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

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

### 3.11 Deposits, debts securities issued and subordinated liabilities

#### a. Deposits

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

#### b. Debt Securities Issued

It includes debentures, bonds or other debt securities issued by the Bank. Deposits, debt securities issued, and subordinated liabilities are initially measured at fair value minus incremental direct transaction costs, and subsequently measured at their amortized cost using the effective interest method, except where the Group designates liabilities at fair value through profit or loss. However, debentures issued by the bank are subordinate to the deposits from customer.

#### c. Subordinated Liabilities

Subordinated liabilities are those liabilities which at the event of winding up are subordinate to the claims of depositors, debt securities issued and other creditors. The bank does not have any of such subordinated liabilities.

### 3.12 Provisions

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

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

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

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

### 3.13 Revenue Recognition

Revenue is the gross inflow of economic benefits during the period arising from the course of the ordinary activities of an entity when those inflows result in increases in equity, other than increases relating to contributions from equity participants. Revenue is recognized to the extent it is probable that the economic benefits will flow to the Bank and the revenue can be reliably measured. Revenue is not recognized during the period in which its recoverability of income is not probable. The Bank's revenue comprises of interest income, fees and commission, foreign exchange income, cards income, remittance income, etc. and the bases of incomes recognition are as follows:

#### a. Interest Income

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

For income from loans and advances to customers, initial charges are not amortized over the life of the loans 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	
	16-Jul-25	15-Jul-24	16-Jul-25	15-Jul-24
Cash in hand	4,701,651,017	4,530,967,975	4,697,026,244	4,525,611,341
Balances with B/FIs	1,439,142,054	2,223,182,235	1,793,617,170	1,691,843,394
Money at call and short notice	-	-	-	-
Other	4,034,141,611	8,830,356,940	4,034,141,611	8,830,356,940
<b>Total</b>	<b>10,174,934,682</b>	<b>15,584,507,150</b>	<b>10,524,785,025</b>	<b>15,047,811,674</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	
	16-Jul-25	15-Jul-24	16-Jul-25	15-Jul-24
Statutory balances with NRB	15,776,289,885	14,896,419,065	15,746,306,885	14,866,436,065
Securities purchased under resale agreement	-	-	-	-
Deposit Auction with NRB	-	-	-	-
Other deposit and receivable from NRB	615,126,638	644,199,349	615,126,638	644,199,349
<b>Total</b>	<b>16,391,416,522</b>	<b>15,540,618,414</b>	<b>16,361,433,522</b>	<b>15,510,635,414</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	
	16-Jul-25	15-Jul-24	16-Jul-25	15-Jul-24
Placement with domestic B/FIs	348,131,341	-	-	-
Placement with foreign B/FIs	8,742,467,021	6,095,097,066	8,742,467,021	6,185,698,763
Less: Allowances for impairment	-	-	-	-
<b>Total</b>	<b>9,090,598,362</b>	<b>6,095,097,066</b>	<b>8,742,467,021</b>	<b>6,185,698,763</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	
	16-Jul-25	15-Jul-24	16-Jul-25	15-Jul-24
<b>Held for trading</b>	-	-	-	-
Interest rate swap	-	-	-	-
Currency swap	-	-	-	-
Forward exchange contract	-	-	-	-
Others	-	-	-	-
<b>Held for risk management</b>	<b>11,138,517,100</b>	<b>5,190,188,038</b>	<b>11,138,517,100</b>	<b>5,190,188,038</b>
Interest rate swap	-	-	-	-
Currency swap	-	-	-	-
Forward exchange contract	11,138,517,100	5,190,188,038	11,138,517,100	5,190,188,038
Other	-	-	-	-
<b>Total</b>	<b>11,138,517,100</b>	<b>5,190,188,038</b>	<b>11,138,517,100</b>	<b>5,190,188,038</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	
	16-Jul-25	15-Jul-24	16-Jul-25	15-Jul-24
Treasury bills	-	-	-	-
Government bonds	-	-	-	-
NRB Bonds	-	-	-	-
Domestic Corporate bonds	-	-	-	-
Equities	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Pledged	-	-	-	-
Non-pledged	-	-	-	-

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	
	16-Jul-25	15-Jul-24	16-Jul-25	15-Jul-24
Loans to microfinance institutions	6,274,141,158	5,683,641,159	8,317,052,211	8,089,277,268
Other	-	-	-	-
Less: Allowances for impairment	(83,104,216)	(96,922,405)	(83,104,216)	(96,922,405)
<b>Total</b>	<b>6,191,036,942</b>	<b>5,586,718,754</b>	<b>8,233,947,995</b>	<b>7,992,354,863</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. Loans to microfinance institution include accrued interest of NPR 6,630,564.95.

#### 4.6.1: Allowances for impairment

Amount in NPR

Particulars	Group		Bank	
	16-Jul-25	15-Jul-24	16-Jul-25	15-Jul-24
Balance at the end of Previous Year	96,922,405	73,625,373	96,922,405	101,253,602
Impairment loss for the year:	(13,818,188)	23,297,032	(13,818,188)	(4,331,197)
<i>Charge for the year</i>	(13,818,188)	23,297,032	(13,818,188)	(4,331,197)
<i>Recoveries/reversal</i>	-	-	-	-
Amount written off	-	-	-	-
<b>Balance at the end of this year</b>	<b>83,104,216</b>	<b>96,922,405</b>	<b>83,104,216</b>	<b>96,922,405</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	
	16-Jul-25	15-Jul-24	16-Jul-25	15-Jul-24
Loan and advances measured at amortized cost	294,952,597,052	266,599,491,163	288,422,146,801	259,594,774,953
Less: Impairment allowances	(13,999,476,286)	(12,601,233,266)	(13,458,489,677)	(12,186,662,553)
<i>Collective impairment</i>	(4,493,168,210)	(5,146,829,108)	(4,029,818,895)	(4,771,176,924)
<i>Individual impairment</i>	(9,506,308,076)	(7,454,404,157)	(9,428,670,782)	(7,415,485,629)
Net amount	280,953,120,766	253,998,257,898	274,963,657,124	247,408,112,400
Loan and advances measured at FVTPL	-	-	-	-
<b>Total</b>	<b>280,953,120,766</b>	<b>253,998,257,898</b>	<b>274,963,657,124</b>	<b>247,408,112,400</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. As per the NFRS 9- Expected Credit Loss Related Guideline, 2024 issued by Nepal Rastra Bank, 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 NFRS 9. The total provision/Expected Credit Loss (ECL) as per NRB directive is NPR 13,541,593,893 and as per NFRS 9 is NPR 9,989,586,802.

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

Amount in NPR

Particulars	Group		Bank	
	16-Jul-25	15-Jul-24	16-Jul-25	15-Jul-24
<b>Product</b>				
Long Term loans	110,253,288,781	104,045,704,266	110,253,288,781	104,045,704,266
<i>Personal</i>	16,410,146,150	16,110,932,433	16,410,146,150	16,110,932,433
<i>Business</i>	70,013,825,151	62,689,042,353	70,013,825,151	62,689,042,353
<i>Working Capital</i>	23,829,317,481	25,245,729,480	23,829,317,481	25,245,729,480
Overdraft (Personal)	3,720,668,885	4,928,320,439	3,720,668,885	4,928,320,439
Cash Credit Loan	17,933,720,403	17,103,188,081	17,933,720,403	17,103,188,081
Trust receipt/Import loans	8,439,619,706	4,349,915,020	8,439,619,706	4,349,915,020
Short Term Working Capital/ Demand Loans	54,849,661,145	41,718,826,329	54,849,661,145	41,718,826,329
Personal residential loans	18,920,180,450	18,879,863,611	18,920,180,450	18,879,863,611
Real estate loans	15,343,746,103	13,952,480,704	15,343,746,103	13,952,480,704
Margin lending loans	8,254,588,023	3,389,470,268	8,254,588,023	3,389,470,268
Hire purchase loans	3,087,295,202	3,581,782,022	3,087,295,202	3,581,782,022
Deprived sector loans	7,276,695,702	9,470,415,935	7,276,695,702	9,470,415,935
Bills purchased	57,003,905	1,027,192,934	57,003,905	1,027,192,934
Staff loans	4,966,101,094	4,033,693,266	4,966,101,094	4,033,693,266
Other	37,011,608,396	34,717,545,765	30,809,610,888	27,969,983,781
<b>Sub total</b>	<b>290,114,177,795</b>	<b>261,198,398,639</b>	<b>283,912,180,286</b>	<b>254,450,836,655</b>
Interest receivable	4,838,419,258	5,401,092,524	4,509,966,515	5,143,938,298
<b>Grand total</b>	<b>294,952,597,052</b>	<b>266,599,491,163</b>	<b>288,422,146,801</b>	<b>259,594,774,953</b>

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

Amount in NPR

Particulars	Group		Bank	
	16-Jul-25	15-Jul-24	16-Jul-25	15-Jul-24
Nepalese Rupee	289,684,138,886	264,753,989,893	283,153,688,634	257,749,273,684
Indian Rupee	-	-	-	-
United State Dollar	5,268,458,167	1,845,501,270	5,268,458,167	1,845,501,270
Great Britain Pound	-	-	-	-
Euro	-	-	-	-
Japenese Yen	-	-	-	-
Chinese Yuan	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>294,952,597,052</b>	<b>266,599,491,163</b>	<b>288,422,146,801</b>	<b>259,594,774,953</b>

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

Amount in NPR

Particulars	Group		Bank	
	16-Jul-25	15-Jul-24	16-Jul-25	15-Jul-24
<b>Secured</b>				
Movable/immovable assets	282,022,388,843	253,029,235,110	281,926,675,427	52,933,521,694
Gold and silver	743,820,691	699,253,963	743,820,691	699,253,963
Guarantee of domestic B/FIs	466,071,136	428,482,918	466,071,136	428,482,918
Government guarantee	231,198,541	136,673,490	231,198,541	136,673,490
Guarantee of international rated bank	-	-	-	-
Collateral of export document	127,114,754	551,890,277	127,114,754	551,890,277
Collateral of fixed deposit receipt	2,200,565,611	1,873,570,036	2,200,565,611	1,873,570,036
Collateral of Government securities	-	-	-	-
Counter guarantee	-	-	-	-
Personal guarantee	6,297,602,798	6,326,115,163	26,874,714	55,387,079
Other collateral	2,553,261,551	3,211,724,162	2,389,252,800	2,573,449,453
<b>Subtotal</b>	<b>294,642,023,926</b>	<b>266,256,945,120</b>	<b>288,111,573,674</b>	<b>259,252,228,911</b>
Unsecured	310,573,127	342,546,043	310,573,127	342,546,043
<b>Grant Total</b>	<b>294,952,597,052</b>	<b>266,599,491,163</b>	<b>288,422,146,801</b>	<b>259,594,774,953</b>

#### 4.7.4: Allowances for impairment

Amount in NPR

Particulars	Group		Bank	
	16-Jul-25	15-Jul-24	16-Jul-25	15-Jul-24
<b>Specific allowances for impairment</b>				
<b>Balance at the end of Previous 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>
Impairment loss for the year:	2,013,185,153	3,091,683,716	2,013,185,153	3,169,069,909
Charge for the year	2,013,185,153	3,091,683,716	2,013,185,153	3,169,069,909
Recoveries/reversal during the year	-	-	-	-
Write-offs	-	-	-	-
Exchange rate variance on foreign currency impairment	-	-	-	-
Other movement	-	-	-	-
<b>Balance at the end of This Year</b>	<b>9,467,589,310</b>	<b>7,454,404,157</b>	<b>9,428,670,782</b>	<b>7,415,485,629</b>
<b>Collective allowances for impairment</b>				
<b>Balance at the end of Previous 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>
Impairment loss for the year:	(614,942,133)	479,702,928	(741,358,030)	423,321,372
Charge/(reversal) for the year	(614,942,133)	479,702,928	(741,358,030)	423,321,372
Exchange rate variance on foreign currency impairment	-	-	-	-
Other movement	-	-	-	-
<b>Balance at the end of This Year</b>	<b>4,531,886,976</b>	<b>5,146,829,108</b>	<b>4,029,818,895</b>	<b>4,771,176,924</b>
<b>Total allowances for impairment</b>	<b>13,999,476,286</b>	<b>12,601,233,266</b>	<b>13,458,489,677</b>	<b>12,186,662,553</b>

#### 4.8 Investment securities

Amount in NPR

Particulars	Group		Bank	
	16-Jul-25	15-Jul-24	16-Jul-25	15-Jul-24
Investment securities measured at amortized cost	87,735,601,215	78,728,712,951	87,688,334,651	78,683,171,951
Investment in equity measured at FVTOCI	10,928,184,981	8,579,968,045	10,727,652,034	8,427,396,924
<b>Total</b>	<b>98,663,786,196</b>	<b>87,308,680,997</b>	<b>98,415,986,685</b>	<b>87,110,568,876</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

Amount in NPR

Particulars	Group		Bank	
	16-Jul-25	15-Jul-24	16-Jul-25	15-Jul-24
Debt securities	1,305,350,142	1,206,767,337	1,258,083,578	1,161,226,337
Government bonds	27,730,847,598	28,700,579,945	27,730,847,598	28,700,579,945
Government treasury bills	10,709,797,995	22,817,091,697	10,709,797,995	22,817,091,697
Nepal Rastra Bank bonds	-	-	-	-
Nepal Rastra Bank deposits instruments	47,989,605,479	26,004,273,973	47,989,605,479	26,004,273,973
Other	-	-	-	-
Less: specific allowances for impairment	-	-	-	-
<b>Total</b>	<b>87,735,601,215</b>	<b>78,728,712,951</b>	<b>87,688,334,651</b>	<b>78,683,171,951</b>

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

Amount in NPR

Particulars	Group		Bank	
	16-Jul-25	15-Jul-24	16-Jul-25	15-Jul-24
Equity instruments	10,928,184,981	8,579,968,045	10,727,652,034	8,427,396,924
Quoted equity securities	9,407,526,944	7,357,449,678	9,233,289,687	7,233,820,588
Unquoted equity securities	1,520,658,038	1,222,518,367	1,494,362,346	1,193,576,336
<b>Total</b>	<b>10,928,184,981</b>	<b>8,579,968,045</b>	<b>10,727,652,034</b>	<b>8,427,396,924</b>



NIBL Stable Fund 7,500,000 units of Rs. 10 each	75,000,000	74,175,000	75,000,000	75,000,000	74,175,000	75,000,000	75,000,000
Siddhartha Investment Growth Scheme II 3,500,000 units of Rs. 10 each	34,345,000	36,750,000	34,345,000	34,345,000	36,750,000	34,345,000	33,215,000
NIBL GROWTH FUND 8,000,000 units of Rs. 10 each	78,400,000	78,880,000	78,400,000	78,400,000	78,880,000	78,400,000	85,120,000
Prabhu Smart Fund 8,000,000 units of Rs. 10 each	75,750,000	91,760,000	75,750,000	75,750,000	91,760,000	75,750,000	76,880,000
Siddhartha Investment Growth Scheme III 3,000,000 units of Rs. 10 each	30,000,000	31,320,000	30,000,000	30,000,000	31,320,000	30,000,000	28,350,000
Citizens Super 30 5,500,000 units of Rs. 10 each	55,000,000	55,440,000	55,000,000	55,000,000	55,440,000	55,000,000	55,000,000
Citizens Mutual Fund-2 2,500,000 units of Rs. 10 each	24,730,000	26,700,000	24,730,000	24,730,000	26,700,000	24,730,000	25,800,000
NIC Asia Balanced Fund 2,250,000 units of Rs. 10 each	22,345,000	21,982,500	22,345,000	22,345,000	21,982,500	22,345,000	21,600,000
Kumari Equity Fund 2,500,000 units of Rs. 10 each	24,685,000	24,875,000	24,685,000	24,685,000	24,875,000	24,685,000	24,150,000
Kumari Sabal Yojana 3,000,000 units of Rs. 10 each	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000
NMB Sulav Investment Fund - II 7,000,000 units of Rs. 10 each	69,400,000	79,030,000	69,400,000	69,400,000	79,030,000	69,400,000	70,420,000
Sanima Growth Fund 2,000,000 units of Rs. 10 each	20,000,000	20,640,000	20,000,000	20,000,000	20,640,000	20,000,000	20,280,000
Sanima Large Cap Fund 2,000,000 units of Rs. 10 each	18,270,000	20,460,000	18,270,000	18,270,000	20,460,000	18,270,000	18,580,000
Himalaya 80-20 2,000,000 units of Rs. 10 each	20,000,000	23,200,000	20,000,000	20,000,000	23,200,000	20,000,000	19,980,000
Mega Mutual Fund - I 872,680 units of Rs. 10 each	7,784,306	8,360,274	7,784,306	7,784,306	8,360,274	7,784,306	6,737,090
Global IME Balanced Fund-1 5,000,000 units of Rs. 10 each	45,800,000	54,550,000	45,800,000	45,800,000	54,550,000	45,800,000	45,500,000
Siddhartha Equity Fund 967,748 units of Rs. 10 each	8,467,795	9,958,127	8,467,795	8,467,795	9,958,127	8,467,795	8,119,406
NIC Asia Select Fund 30 4,930,605 units of Rs. 10 each	43,438,630	45,805,320	43,438,630	43,438,630	45,805,320	43,438,630	47,333,808
Prabhu Select Fund 1,468,100 units of Rs. 10 each	13,418,434	16,574,849	13,418,434	13,418,434	16,574,849	13,418,434	14,372,699
Nabil Balanced fund 3 16,670 units of Rs. 10 each	125,525	166,533	125,525	125,525	166,533	125,525	130,026

Kumari Dhanabridhhi Yojana 5,000,000 units of Rs. 10 each	48,400,000	50,250,000	48,400,000	48,350,000	48,400,000	50,250,000	48,400,000	48,350,000	48,400,000	50,250,000	48,400,000	48,350,000	48,400,000	48,350,000
NIC Asia Flexi Cap Fund 5,000,000 units of Rs. 10 each	47,100,000	50,750,000	47,100,000	46,250,000	47,100,000	50,750,000	47,100,000	46,250,000	47,100,000	50,750,000	47,100,000	46,250,000	47,100,000	46,250,000
Soaltee Hotel Ltd. 289,311 shares of Rs. 10 each	149,996,250	167,100,247	560,890	522,444	149,996,250	167,100,247	560,890	522,444	149,996,250	167,100,247	560,890	522,444	149,996,250	522,444
Chilime Hydropower Company Ltd. 411,437 shares of Rs. 100 each	192,947,231	219,654,975	196,719,951	177,949,457	192,947,231	219,654,975	192,947,231	177,949,457	192,947,231	219,654,975	192,947,231	177,949,457	192,947,231	174,063,452
Hydroelectricity Investment and Development Company Ltd 1,050,000 shares of Rs. 100 each (including 1,050,000 units promoter shares of Rs 100 each)	100,000,100	221,088,000	115,930,284	140,485,992	100,000,100	221,088,000	100,000,100	140,485,992	100,000,100	221,088,000	100,000,100	140,485,992	100,000,100	140,485,992
Sanjen Jalavidhyut Company Ltd 160,484 shares of Rs. 100 each	57,571,635	50,918,364	57,571,635	45,529,311	57,571,635	50,918,364	57,571,635	45,529,311	57,571,635	50,918,364	57,571,635	45,529,311	57,571,635	45,529,311
Rasuwagadhi Hydropower Company Ltd 262,940 shares of Rs. 100 each	102,139,483	88,439,869	53,189,972	41,154,270	102,139,483	88,439,869	102,139,483	41,154,270	102,139,483	88,439,869	102,139,483	41,154,270	102,139,483	40,711,770
Madhya Bhotekoshi Jalavidyut Company Limited 75,994 shares of Rs. 100 each	25,112,789	24,017,904	25,112,789	23,368,155	25,112,789	24,017,904	25,112,789	23,368,155	25,112,789	24,017,904	25,112,789	23,368,155	25,112,789	23,368,155
Radhi Bidhyut Company Limited 157,667 shares of Rs. 100 each	90,833,130	127,748,110	51,821,528	53,024,213	90,833,130	127,748,110	90,833,130	53,024,213	90,833,130	127,748,110	90,833,130	53,024,213	90,833,130	51,549,113
Mountain Energy Nepal Limited 211,806 shares of Rs. 100 each	128,753,853	135,384,277	28,405,155	28,909,725	128,753,853	135,384,277	128,753,853	28,909,725	128,753,853	135,384,277	128,753,853	28,909,725	128,753,853	25,626,225
CEDB Hydropower Development Company Limited 38,809 shares of Rs. 100 each	104,120,820	102,532,990	50,285,632	51,583,613	104,120,820	102,532,990	104,120,820	51,583,613	104,120,820	102,532,990	104,120,820	51,583,613	104,120,820	51,583,613
Swabalamban Laghubitta Bittiya Sanstha Limited 536,040 units of promoter shares of Rs. 100 each	90,252,869	236,243,551	86,092,493	212,747,380	90,252,869	236,243,551	90,252,869	212,747,380	90,252,869	236,243,551	90,252,869	212,747,380	90,252,869	212,747,380
Nepal Doorsanchar Company Ltd. 325,833 shares of Rs. 100 each	244,224,081	285,843,516	255,143,643	286,392,470	244,224,081	285,843,516	244,224,081	286,392,470	244,224,081	285,843,516	244,224,081	286,392,470	244,224,081	275,328,885
Sarbottam Cement Limited 86,114 shares of Rs. 100 each	75,821,076	74,558,362	28,253,658	56,824,377	75,821,076	74,558,362	75,821,076	56,824,377	75,821,076	74,558,362	75,821,076	56,824,377	75,821,076	56,824,377
Nepal Re-Insurance Company Limited 2,095,000 promoter shares of Rs. 100 each	563,601,725	1,319,965,225	569,399,562	703,763,386	563,601,725	1,319,965,225	563,601,725	703,763,386	563,601,725	1,319,965,225	563,601,725	703,763,386	563,601,725	698,000,000
Asian Life Insurance Company Ltd 292,278 shares of Rs. 100 each (including 157,006 promoter shares of Rs. 100 each)	86,263,594	88,110,454	102,870,596	124,208,755	86,263,594	88,110,454	102,870,596	124,208,755	86,263,594	88,110,454	102,870,596	124,208,755	86,263,594	124,208,755
Nepal Life Insurance Company Ltd. 89,809 shares of Rs. 100 each	142,337,719	69,419,663	150,717,412	59,331,141	142,337,719	69,419,663	142,337,719	59,331,141	142,337,719	69,419,663	142,337,719	59,331,141	142,337,719	50,537,636
National Life Insurance Company Ltd. 66,873 shares of Rs. 100 each Group: 67,098 shares of Rs. 100 each	46,322,090	41,834,735	50,250,141	42,504,420	46,322,090	41,834,735	50,250,141	42,504,420	46,322,090	41,834,735	50,250,141	42,504,420	46,322,090	38,253,740
Life Insurance Corporation Nepal Ltd. 164,011 shares of Rs. 100 each	143,363,224	145,843,502	136,364,924	113,771,684	143,363,224	145,843,502	143,363,224	113,771,684	143,363,224	145,843,502	143,363,224	113,771,684	143,363,224	113,771,684

Reliable Nepal Life Insurance Ltd. 207,309 shares of Rs. 100 each	107,343,602	98,820,054	47,562,494	43,774,284	107,343,602	98,820,054	47,562,494	43,774,284
Citizens Life Insurance Ltd. 233,114 shares of Rs. 100 each	110,036,683	110,551,984	49,852,976	55,960,373	110,036,683	110,551,984	49,852,976	55,960,373
Neco Insurance Company Ltd 48,007 shares of Rs. 100 each	42,172,631	34,102,253	44,452,580	35,410,452	42,172,631	34,102,253	41,212,431	32,106,580
Shikhar Insurance Company Ltd 58,599 shares of Rs. 100 each	74,453,080	45,482,793	74,453,080	38,646,522	74,453,080	45,482,793	74,453,080	38,646,522
Prabhu Insurance Company Ltd 37,341 shares of Rs. 100 each	27,470,766	34,400,769	27,470,766	29,445,247	27,470,766	34,400,769	27,470,766	29,445,247
Nepal Insurance Company Ltd 112,019 shares of Rs. 100 each	79,922,995	72,272,418	77,032,195	73,137,680	79,922,995	72,272,418	77,032,195	73,137,680
Rastriya Beema Company Ltd 5,065 shares of Rs. 100 each	97,908,467	76,532,150	97,908,467	68,326,850	97,908,467	76,532,150	97,908,467	68,326,850
United Ajo Insurance Co. Ltd 7,420 promoter shares of Rs. 100 each	1,646,966	2,120,488	1,646,966	4,037,481	1,646,966	2,120,488	1,646,966	4,037,481
NLG Insurance Company Ltd. 1,101 shares of Rs. 100 each (including 665 units promoter shares of Rs 100 each) Group: 6,736 shares of Rs. 100 each"	334,918	437,176	4,939,730	5,090,142	334,919	436,397	292,319	273,048
Garima Sambiddhi Yojana 3,152,390 units of Rs. 10 each	31,523,900	31,366,281	-	-	31,523,900	31,366,281	-	-
MBL Equity Fund 4,000,000 units of Rs. 10 each	40,000,000	39,720,000	-	-	40,000,000	39,720,000	-	-
Muktinath Mutual Fund - 1 3,000,000 units of Rs. 10 each	30,000,000	29,700,000	-	-	30,000,000	29,700,000	-	-
NMB Hybrid Fund - L II 2,500,000 units of Rs. 10 each	25,000,000	22,650,000	-	-	25,000,000	22,650,000	-	-
Reliable Sambiddhi Yojanna 5,000,000 units of Rs. 10 each	50,000,000	49,650,000	-	-	50,000,000	49,650,000	-	-
Synergy Power Development Limited 208,644 shares of Rs. 100 each	77,407,717	87,110,956	-	-	77,407,717	87,110,956	-	-
Terhathum Power Company Limited 168,496 shares of Rs. 100 each	58,668,117	65,020,921	-	-	58,668,117	65,020,921	-	-
Himalayan Urja Bikas Company Limited 189,400 shares of Rs. 100 each	50,152,386	47,524,248	-	-	50,152,386	47,524,248	-	-
United Modi Hydropower Limited 342,989 shares of Rs. 100 each	149,592,524	198,863,413	-	-	149,592,524	198,863,413	-	-
Sanima Life Insurance Ltd. 153,945 shares of Rs. 100 each	72,080,090	63,146,700	-	-	72,080,090	63,146,700	-	-

IME Life Insurance Ltd. 26,319 shares of Rs. 100 each	-	12,159,904	-	-	-	12,159,904	-	-	-
Laxmi Equity Fund 24,599,587 units of Rs. 10 each	-	-	242,720,101	245,749,874	-	-	242,720,101	245,749,874	-
Citizens Mutual Fund-1 2,000,000 units of Rs. 10 each	-	-	20,000,000	19,280,000	-	-	20,000,000	19,280,000	-
NIC Asia Growth Fund 2,000,000 units of Rs. 10 each	-	-	20,000,000	19,800,000	-	-	20,000,000	19,800,000	-
Sanima Equity Fund 250,000 units of Rs. 10 each	-	-	2,500,000	2,727,500	-	-	2,500,000	2,727,500	-
Api Power Company Ltd. Group: 13,000 shares of Rs. 100 each	3,873,416	3,846,961	269,124	295,859	-	-	-	-	-
Everest Bank Limited Group: 1 shares of Rs. 100 each	560	702	505	560	-	-	-	-	-
Mitri Development Bank Limited Group: 18,700 shares of Rs. 100 each	13,139,084	12,868,779	857	1,080	-	-	-	-	-
Suryajyoti Life Insurance Company Limited Group: 1 shares of Rs. 100 each	430	447	493	430	-	-	-	-	-
Siddhartha Premier Insurance Co. Ltd. Group: 801 shares of Rs. 100 each	724,627	673,120	2,511,000	2,878,945	-	-	-	-	-
First Micro Finance Laghubitta Bittiya Sanstha Limited Group: 9,772 shares of Rs. 100 each	7,809,503	7,808,610	-	-	-	-	-	-	-
Garima Bikas Bank Limited Group: 29,320 shares of Rs. 100 each	13,456,935	12,559,515	-	-	-	-	-	-	-
Global IME Laghubitta Bittiya Sanstha Limited Group: 6,028 shares of Rs. 100 each	8,044,001	7,961,421	-	-	-	-	-	-	-
Himalayan Reinsurance Limited Group: 9,396 shares of Rs. 100 each	8,501,391	8,670,441	-	-	-	-	-	-	-
Peoples Hydropower Company Limited Group: 9,500 shares of Rs. 100 each	5,874,673	4,854,500	-	-	-	-	-	-	-
RSDC Laghubitta Bittiya Sanstha Limited Group: 7,280 shares of Rs. 100 each	5,262,147	5,104,663	-	-	-	-	-	-	-
Sanima GIC Insurance Limited Group: 15,543 shares of Rs. 100 each	10,193,380	9,481,075	-	-	-	-	-	-	-
Sworajgar Laghubitta Bittiya Sanstha Limited Group: 1,664 shares of Rs. 100 each	1,445,521	1,698,994	-	-	-	-	-	-	-
Salt Trading Corporation Group: 600 shares of Rs. 100 each	3,177,044	3,174,000	-	-	-	-	-	-	-
Api Power Company Ltd.	2,084,292	1,849,500	-	-	-	-	-	-	-
Arun Valley Hydropower Development Co. Ltd.	4,362,477	4,312,637	-	-	-	-	-	-	-
	13,774,325	12,159,904	-	-	-	13,774,325	12,159,904	-	-



Sana Kishan Bikas Bank Ltd. 511 shares of Rs. 100 each Group: 512 shares of Rs. 100 each	-	-	-	-	501,124	-	-	-	-	-	500,270
Ridi Hydropower Development Company Ltd. 1 shares of Rs. 100 each	-	-	180	-	191	-	-	-	-	-	-
Arun Valley Hydropower Ltd. 6,480 shares of Rs. 100 each	-	-	1,127,520	-	1,152,792	-	-	-	-	-	-
IGI Prudential Insurance Co. Ltd. 3,050 shares of Rs. 100 each	-	-	1,638,155	-	1,701,900	-	-	-	-	-	-
Upper Tamakoshi Hydropower Ltd. 6,000 shares of Rs. 100 each	-	-	1,029,600	-	1,060,200	-	-	-	-	-	-
Chhimek Laghubitta Bikash Bank Ltd. 5,247 shares of Rs. 100 each	-	-	4,380,720	-	4,722,300	-	-	-	-	-	-
National Hydro Power Company Limited 5,000 shares of Rs. 100 each	-	-	757,500	-	814,500	-	-	-	-	-	-
Super Madi Hydropower Limited 2,000 shares of Rs. 100 each	-	-	1,228,950	-	1,244,000	-	-	-	-	-	-
Universal Power Company Limited 1,845 shares of Rs. 100 each	-	-	374,535	-	380,255	-	-	-	-	-	-
Hathway Investment Nepal Limited 1,000 shares of Rs. 100 each	-	-	904,821	-	1,013,000	-	-	-	-	-	-
Himalayan Distillery Limited 3,180 shares of Rs. 100 each	-	-	4,731,840	-	4,401,120	-	-	-	-	-	-
Mid Solu Hydropower Limited 1,500 shares of Rs. 100 each	-	-	967,490	-	985,650	-	-	-	-	-	-
Rapti Hydro and General Construction Limited 1,020 shares of Rs. 100 each	-	-	357,405	-	359,550	-	-	-	-	-	-
Shivam Cement Limited 11,171 shares of Rs. 100 each	-	-	5,964,457	-	5,885,449	-	-	-	-	-	-
Sun Nepal Life Insurance Limited 4,214 shares of Rs. 100 each	-	-	2,022,800	-	2,154,618	-	-	-	-	-	-
Shuvam Power Limited 1,500 shares of Rs. 100 each	-	-	1,201,000	-	1,147,650	-	-	-	-	-	-
<b>Investment in unquoted equity</b>	<b>1,521,462,346</b>	<b>1,520,658,038</b>	<b>1,222,176,336</b>	<b>1,222,518,367</b>	<b>1,494,362,346</b>	<b>1,494,362,346</b>	<b>1,193,576,336</b>	<b>1,193,576,336</b>	<b>1,193,576,336</b>	<b>1,193,576,336</b>	<b>1,193,576,336</b>
Credit Information Centre Ltd. 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	16,275,308	16,275,308
Nepal Clearing House Limited 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	65,282,596	65,282,596

National Banking Institute Ltd 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	9,907,716
Banking, Finance and Insurance Institute of Nepal 33,000 shares of Rs 100 each	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Nepal Stock Exchange Ltd. 502,864 shares of Rs. 100 each	276,308,786	276,308,786	276,308,786	276,308,786	276,308,786	276,308,786	276,308,786	276,308,786	276,308,786	276,308,786
Aadhyanta Fund Management Ltd 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	100,000,000
Alpha Plus Vision Fund 100,000 units of Rs. 1000 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	100,000,000
National Equity Fund -1 150,000 units of Rs. 1000 each	150,000,000	150,000,000	150,000,000	150,000,000	150,000,000	150,000,000	150,000,000	150,000,000	150,000,000	150,000,000
Nepal Opportunity Fund - I 300,000 units of Rs. 1000 each	300,000,000	300,000,000	300,000,000	300,000,000	300,000,000	300,000,000	300,000,000	300,000,000	300,000,000	300,000,000
Reliable Private Equity Fund 100,000 units of Rs. 1000 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	100,000,000
Laxmi Sustainable Energy Fund 200,000 units of Rs. 10 each Group: 220,000 units of Rs. 10 each	220,000,000	220,000,000	220,000,000	220,000,000	220,000,000	220,000,000	220,000,000	220,000,000	220,000,000	220,000,000
SWIFT 7 units of EUR 7,760 each	8,687,941	8,687,941	8,687,941	8,687,941	8,687,941	8,687,941	8,687,941	8,687,941	8,687,941	8,687,941
Star Micro Insurance Company Limited 74,500 shares of Rs. 100 each Group: 100,000 shares of Rs. 100 each	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Liberty Micro Finance Insurance Limited 74,500 shares of Rs. 100 each Group: 100,000 shares of Rs. 100 each	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
NIBL Equity Partners 150,000 units of Rs. 1000 each	150,000,000	150,000,000	150,000,000	150,000,000	150,000,000	150,000,000	150,000,000	150,000,000	150,000,000	150,000,000
Nepal Finsoft Co. Ltd. Group: 20,000 shares of Rs. 100 each	2,000,000	2,000,000	2,000,000	2,342,031	2,342,031	2,342,031	2,342,031	2,342,031	2,342,031	2,342,031
<b>Total</b>	<b>8,272,293,205</b>	<b>10,928,184,981</b>	<b>7,075,586,899</b>	<b>8,579,968,045</b>	<b>8,064,624,989</b>	<b>10,727,652,034</b>	<b>6,925,249,789</b>	<b>8,427,396,924</b>	<b>8,427,396,924</b>	<b>8,427,396,924</b>

#### 4.9 Current tax assets

Amount in NPR

Particulars	Group		Bank	
	16-Jul-25	15-Jul-24	16-Jul-25	15-Jul-24
<b>Current tax assets</b>	<b>15,329,116,087</b>	<b>13,582,150,201</b>	<b>14,858,004,219</b>	<b>13,149,571,911</b>
Current year income tax assets	1,746,965,887	1,499,956,250	1,708,432,308	1,143,978,942
Tax assets of prior periods	13,582,150,201	12,082,193,951	13,149,571,911	12,005,592,969
<b>Current tax liabilities</b>	<b>15,235,207,200</b>	<b>13,467,917,394</b>	<b>14,770,744,160</b>	<b>13,019,859,681</b>
Current year income tax liabilities	1,767,289,806	1,603,258,867	1,750,884,479	1,203,553,698
Tax liabilities of prior periods	13,467,917,394	11,864,658,527	13,019,859,681	11,816,305,983
<b>Total</b>	<b>93,908,887</b>	<b>114,232,807</b>	<b>87,260,059</b>	<b>129,712,230</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.

#### 4.10 Investment in subsidiaries

Amount in NPR

Particulars	Bank	
	16-Jul-25	15-Jul-24
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			
	16-Jul-25		15-Jul-24	
	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			
	16-Jul-25		15-Jul-24	
	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

Amount in NPR

Particulars	Bank	
	Percentage of ownership held by the Bank	
	16-Jul-25	15-Jul-24
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 subsidiarie

Amount in NPR

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	14,152,258	-
Accumulated balances of NCI as on 16 July 2024	225,563,370	-
Dividend paid to NCI	-	-
Funds used	(858,088)	-
<b>NCI as on 16 July 2025</b>	<b>238,857,540</b>	<b>-</b>

Particulars	Previous Year	
	Laxmi Laghubitta Bittiya Sanstha Ltd	Laxmi Sunrise Capital Ltd/Sunrise Securities Limited
	Equity interest held by NCI (%)	30%
Profit/(loss) allocated during the year	9,482,503	-
Accumulated balances of NCI as on 17 July 2023	210,695,549	-
Dividend paid to NCI	-	-
Funds used	5,385,318	-
<b>NCI as on 15 July 2024</b>	<b>225,563,370</b>	<b>-</b>

#### 4.11 Investment in associates

Amount in NPR

Particulars	Group		Bank	
	16-Jul-25	15-Jul-24	16-Jul-25	15-Jul-24
	Investment in quoted associates	-	-	-
Investment in unquoted associates	-	-	-	-
<b>Total investment</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Less: Impairment allowances	-	-	-	-
<b>Net carrying amount</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

#### 4.11.1: Investment in quoted associates

Amount in NPR

Particulars	Group				Bank			
	16-Jul-25		15-Jul-24		16-Jul-25		15-Jul-24	
	Cost	Fair Value						
	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-	-	-

#### 4.11.2: Investment in unquoted associates

Amount in NPR

Particulars	Group				Bank			
	16-Jul-25		15-Jul-24		16-Jul-25		15-Jul-24	
	Cost	Fair Value						
	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-	-	-

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

Amount in NPR

Particulars	Group		Bank	
	Percentage of ownership held by the Bank		Percentage of ownership held by the Bank	
	16-Jul-25	15-Jul-24	16-Jul-25	15-Jul-24
	-	-	-	-
<b>Total</b>	-	-	-	-

#### 4.11.4: Equity value of associates

Amount in NPR

Particulars	Group	
	16-Jul-25	15-Jul-24
	-	-
<b>Total</b>	-	-

#### 4.12 Investment properties

Amount in NPR

Particulars	Group		Bank	
	16-Jul-25	15-Jul-24	16-Jul-25	15-Jul-24
<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	1,563,131,696	1,275,163,202	1,563,131,696	1,275,163,202
Addition/disposal during the year	628,880,405	287,968,493	628,880,405	287,968,493
Adjustment/transfer	-	-	-	-
Accumulated depreciation	-	-	-	-
Accumulated impairment loss	-	-	-	-
<b>Net amount</b>	<b>2,192,012,100</b>	<b>1,563,131,696</b>	<b>2,192,012,100</b>	<b>1,563,131,696</b>
<b>Total</b>	<b>2,192,012,100</b>	<b>1,563,131,696</b>	<b>2,192,012,100</b>	<b>1,563,131,696</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

Amount in NPR

Particulars	Group										Total as on 15 July 2024	
	Land	Building	Leasehold Properties	Computer & Accessories	Vehicles	Furniture & Fixture	Machinery	Equipment & Others	Total as on 16 July 2025			
<b>Cost</b>												
As on 16 July 2023	1,635,038,317	400,497,101	896,672,345	447,775,193	341,514,087	370,611,569	155,914,152	3,195,798,042				7,443,820,807
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)				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)				528,532,345
Capitalization	-	-	-	-	-	-	-	-				-
Disposal during the year	-	-	(170,606,211)	(57,361,711)	(60,520,307)	(27,086,010)	-	(35,304,888)				(62,098,469)
Adjustment/Revaluation	-	-	(3,906,422)	101,088,215	-	(180,886)	(155,914,152)	(566,877,562)				-
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>-</b>	<b>2,557,287,125</b>	<b>-</b>	<b>6,828,311,774</b>	<b>7,443,820,807</b>	
Addition during the Year	-	89,712,255	98,338,721	42,489,421	15,227,500	2,950,392	-	320,033,329				361,160,901
Acquisition	-	89,712,255	98,338,721	42,489,421	15,227,500	2,950,392	-	320,033,329				361,160,901
Capitalization	-	-	-	-	-	-	-	-				(350,879,126)
Disposal during the year	-	-	(23,043,575)	(14,146,343)	(4,023,939)	(6,994,133)	-	(14,509,003)				(625,790,808)
Adjustment/Revaluation	-	-	(100,000)	(2,773,630)	(16,000)	(1,564,366)	-	(2,239,529)				-
<b>Balance as on 16 July 2025</b>	<b>1,766,517,317</b>	<b>643,856,937</b>	<b>837,038,082</b>	<b>524,405,805</b>	<b>350,164,947</b>	<b>345,097,862</b>	<b>-</b>	<b>2,860,571,922</b>	<b>-</b>	<b>7,327,652,872</b>	<b>6,828,311,774</b>	
<b>Depreciation and Impairment</b>												
As on 16 July 2023	-	74,646,433	578,825,007	297,982,522	208,683,647	250,402,781	85,054,937	1,102,268,489				1,126,072,454
Depreciation charge for the Year	-	12,166,880	82,821,935	59,994,491	34,690,050	31,238,902	-	376,511,207				331,008,935
Impairment for the year	-	-	-	-	-	-	-	-				-
Disposals	-	-	(131,184,490)	(44,975,135)	(58,763,574)	(19,994,853)	-	(28,612,994)				(59,684,929)
Adjustment	-	948	(2,574,920)	46,690,199	(129,466)	190,657	(85,054,937)	(585,023,220)				-
Merger Addition	-	-	-	-	-	-	-	-				1,200,467,354
<b>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>-</b>	<b>2,285,855,495</b>	<b>2,597,863,815</b>	
Depreciation charge for the Year	-	14,172,082	80,888,468	48,509,202	36,480,510	28,310,248	-	66,987,268				597,423,465
Impairment for the year	-	-	-	-	-	-	-	-				-
Disposals	-	-	(21,774,277)	(12,302,344)	(3,332,936)	(6,142,958)	-	(13,319,064)				(283,531,047)
Adjustment	-	-	(109,284)	(2,991,915)	1,080,945	(1,138,714)	-	(2,329,835)				(625,900,738)
<b>As on 16 July 2025</b>	<b>-</b>	<b>100,986,343</b>	<b>586,892,439</b>	<b>392,907,018</b>	<b>218,709,175</b>	<b>282,866,063</b>	<b>-</b>	<b>916,481,852</b>	<b>-</b>	<b>2,498,842,891</b>	<b>2,285,855,495</b>	
Capital Work in Progress	-	103,248,876	3,900,000	-	-	-	-	-				107,148,876
<b>Net Book Value</b>												
Balance as on 15 July 2024	1,766,517,317	543,139,412	249,805,503	139,144,282	154,496,729	88,868,483	-	1,692,143,643				4,634,115,369
Balance as on 16 July 2025	1,766,517,317	646,119,469	254,045,642	131,498,787	131,455,772	62,231,800	-	1,944,090,070				4,935,958,857

Amount in NPR

Particulars	Bank										Total as on 16 July 2025	Total as on 15 July 2024		
	Land	Building	Leasehold Properties	Computer & Accessories	Vehicles	Furniture & Fixture	Machinery	Equipment & Others						
<b>Cost</b>														
As on 16 July 2023	1,628,044,200	391,106,334	886,758,567	432,839,139	304,730,314	360,635,569	155,914,152	3,139,570,289					7,299,598,564	3,237,877,785
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>-</b>	<b>2,486,164,700</b>	<b>-</b>	<b>2,486,164,700</b>	<b>6,662,231,659</b>	<b>7,299,598,564</b>	<b>6,662,231,659</b>	<b>7,299,598,564</b>
Addition during the Year	-	89,522,835	94,412,721	40,562,360	3,742,000	2,734,665	-	277,383,512					508,358,093	336,962,129
Acquisition	-	89,522,835	94,412,721	40,562,360	3,742,000	2,734,665	-	277,383,512					508,358,093	336,962,129
Capitalization	-	-	-	-	-	-	-	-					-	-
Disposal during the year	-	-	(22,259,579)	(14,146,343)	(4,017,439)	(6,994,133)	-	(14,454,334)					(61,871,828)	(348,538,226)
Adjustment/Revaluation	-	-	-	-	-	-	-	-					-	(625,790,808)
<b>Balance as on 16 July 2025</b>	<b>1,759,523,200</b>	<b>634,276,751</b>	<b>824,082,300</b>	<b>508,016,572</b>	<b>297,567,274</b>	<b>336,157,949</b>	<b>-</b>	<b>2,749,093,878</b>	<b>-</b>	<b>2,749,093,878</b>	<b>7,108,717,923</b>	<b>7,108,717,923</b>	<b>6,662,231,659</b>	<b>6,662,231,659</b>
<b>Depreciation and Impairment</b>														
As on 16 July 2023	-	72,636,969	572,451,730	282,979,965	188,855,461	240,106,907	85,054,937	1,072,585,234					2,514,671,203	1,061,384,481
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	190,657	(85,054,937)	(585,023,220)					(625,749,199)	-
Merger Addition	-	-	-	-	-	-	-	-					-	1,200,467,354
<b>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>-</b>	<b>834,255,888</b>	<b>-</b>	<b>834,255,888</b>	<b>2,191,367,131</b>	<b>2,191,367,131</b>	<b>2,514,671,203</b>	<b>2,514,671,203</b>
Depreciation charge for the year	-	13,982,662	79,280,483	44,343,769	29,800,248	26,324,626	-	63,691,189					257,422,976	583,599,283
Impairment for the year	-	-	-	-	-	-	-	-					-	-
Disposals	-	-	(20,990,281)	(12,262,344)	(3,326,436)	(6,142,958)	-	(13,257,337)					(55,979,357)	(281,154,156)
Adjustment	-	-	-	-	-	-	-	-					-	(625,749,199)
<b>As on 16 July 2025</b>	<b>-</b>	<b>98,578,523</b>	<b>579,221,425</b>	<b>372,066,153</b>	<b>188,293,134</b>	<b>269,961,776</b>	<b>-</b>	<b>884,689,740</b>	<b>-</b>	<b>884,689,740</b>	<b>2,392,810,750</b>	<b>2,392,810,750</b>	<b>2,191,367,131</b>	<b>2,191,367,131</b>
Capital Work in Progress	-	103,248,876	3,900,000	-	-	-	-	-					107,148,876	91,659,090
<b>Net Book Value</b>														
Balance as on 15 July 2024	1,759,523,200	535,967,045	246,848,034	141,615,827	136,023,391	90,637,309	-	1,651,908,812					4,578,013,404	4,562,523,618
Balance as on 16 July 2025	1,759,523,200	638,947,103	248,760,876	135,950,419	109,274,141	66,196,173	-	1,864,404,138					4,823,056,049	4,562,523,618

The cost of an item of property and equipment has been recognized as an asset, initially recognized at cost. Subsequent expenditure is capitalized if it is probable that the future economic benefits from the expenditure will flow to the bank. Ongoing repairs and maintenance to keep the assets in working condition are expensed as incurred. Any gain or loss on disposal of an item of property and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized as other income in profit or loss. Depreciation on these assets is calculated using the straight-line method to allocate their cost over their estimated useful life as per management estimate.

#### 4.14 Goodwill and Intangible Assets

Amount in NPR

Particulars	Goodwill	Group		Other	Total as on 16 July 2025	Total as on 15 July 2024
		Purchased	Developed			
<b>Cost</b>						
<b>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>
Addition during the Year	-	25,025,146	-	-	25,025,146	118,101,368
Acquisition	-	25,025,146	-	-	25,025,146	118,101,368
Capitalization	-	-	-	-	-	-
Disposal during the year	-	(3,209,200)	-	-	(3,209,200)	-
Adjustment/Revaluation	-	-	-	-	-	(143,753)
<b>Balance as on 16 July 2025</b>	<b>456,121,376</b>	<b>557,002,608</b>	-	-	<b>1,013,123,984</b>	<b>991,308,038</b>
<b>Amortization and Impairment</b>						
<b>As on 16 July 2023</b>	-	<b>343,034,661</b>	-	-	<b>343,034,661</b>	<b>183,910,771</b>
Amortization charge for the Year	-	42,447,193	-	-	42,447,193	40,356,593
Impairment for the year	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-
Merger Addition	-	-	-	-	-	118,767,297
<b>As on 15 July 2024</b>	-	<b>385,481,855</b>	-	-	<b>385,481,855</b>	<b>343,034,661</b>
Amortization charge for the Year	-	44,521,316	-	-	44,521,316	42,447,193
Impairment for the year	-	-	-	-	-	-
Disposals	-	(2,765,992)	-	-	(2,765,992)	-
Adjustment	-	11,428	-	-	11,428	-
<b>As on 16 July 2025</b>	-	<b>427,248,607</b>	-	-	<b>427,248,607</b>	<b>385,481,855</b>
Capital Work in Progress	-	10,190,755	-	-	10,190,755	972,780
<b>Net Book Value</b>						
<b>As on 15 July 2024</b>	<b>456,121,376</b>	<b>150,677,587</b>	-	-	<b>606,798,964</b>	<b>606,798,964</b>
<b>As on 16 July 2025</b>	<b>456,121,376</b>	<b>139,944,756</b>	-	-	<b>596,066,132</b>	<b>606,798,964</b>

Amount in NPR

Particulars	Bank				Total as on 16 July 2025	Total as on 15 July 2024
	Goodwill	Software		Other		
		Purchased	Developed			
<b>Cost</b>						
<b>As on 16 July 2023</b>	<b>456,121,376</b>	<b>393,026,403</b>	-	-	<b>849,147,780</b>	<b>246,469,712</b>
Addition during the Year	-	117,982,718	-	-	117,982,718	16,301,512
Acquisition	-	117,982,718	-	-	117,982,718	16,301,512
Capitalization	-	-	-	-	-	-
Disposal during the year	-	-	-	-	-	-
Adjustment/Revaluation	-	-	-	-	-	456,121,376
Merger Addition	-	-	-	-	-	130,255,180
<b>Balance as on 15 July 2024</b>	<b>456,121,376</b>	<b>511,009,121</b>	-	-	<b>967,130,497</b>	<b>849,147,780</b>
Addition during the Year	-	23,951,646	-	-	23,951,646	117,982,718
Acquisition	-	23,951,646	-	-	23,951,646	117,982,718
Capitalization	-	-	-	-	-	-
Disposal during the year	-	-	-	-	-	-
Adjustment/Revaluation	-	-	-	-	-	-
<b>Balance as on 16 July 2025</b>	<b>456,121,376</b>	<b>534,960,767</b>	-	-	<b>991,082,143</b>	<b>967,130,497</b>
<b>Amortization and Impairment</b>						
<b>As on 16 July 2023</b>	-	<b>327,612,658</b>	-	-	<b>327,612,658</b>	<b>172,640,136</b>
<b>Amortization charge for the Year</b>	-	<b>38,426,947</b>	-	-	<b>38,426,947</b>	<b>36,205,226</b>
Impairment for the year	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-
Merger Addition	-	-	-	-	-	118,767,297
<b>As on 15 July 2024</b>	-	<b>366,039,605</b>	-	-	<b>366,039,605</b>	<b>327,612,658</b>
Amortization charge for the Year	-	42,531,628	-	-	42,531,628	38,426,947
Impairment for the year	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-
<b>As on 16 July 2025</b>	-	<b>408,571,233</b>	-	-	<b>408,571,233</b>	<b>366,039,605</b>
<b>Capital Work in Progress</b>	-	<b>10,190,755</b>	-	-	<b>10,190,755</b>	<b>972,780</b>
<b>Net Book Value</b>	-	-	-	-	-	-
<b>As on 15 July 2024</b>	<b>456,121,376</b>	<b>145,942,296</b>	-	-	<b>602,063,672</b>	<b>602,063,672</b>
<b>As on 16 July 2025</b>	<b>456,121,376</b>	<b>136,580,289</b>	-	-	<b>592,701,665</b>	<b>602,063,672</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 Current Year			Bank 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	-	-	-	-	-	-
Loans and advances to customers	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-
Investment securities	2,140,580	798,908,113	(796,767,533)	-	798,908,113	(798,908,113)
Property & equipment	44,647,083	485,555	44,161,527	43,202,010	-	43,202,010
Employees' defined benefit plan	207,176,015	-	207,176,015	188,299,538	-	188,299,538
Lease liabilities	1,620,080	-	1,620,080	-	-	-
Provisions	82,051,924	-	82,051,924	4,449,201	-	4,449,201
Other temporary differences	-	-	-	-	-	-
<b>Deferred tax on temporary differences</b>	<b>337,635,683</b>	<b>799,393,669</b>	<b>(461,757,986)</b>	<b>235,950,749</b>	<b>798,908,113</b>	<b>(562,957,364)</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 2025</b>			<b>(461,757,986)</b>			<b>(562,957,364)</b>
Deferred tax (asset)/liabilities as on 15 July 2024			260,514,912			298,015,141
<b>Origination/(Reversal) during the year</b>			<b>(201,243,073)</b>			<b>(264,942,223)</b>
Deferred tax expense/(income) recognised in profit or loss			(170,948,124)			(112,907,053)
Deferred tax expense/(income) recognised in other comprehensive income			385,726,857			377,849,276
Deferred tax expense/(income) recognised in directly in equity			-			-
	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	-	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	759,498	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			(172,121,733)			(242,700,360)
<b>Origination/(Reversal) during the year</b>			<b>(88,393,179)</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			-			-

#### 4.16 Other assets

Amount in NPR

Particulars	Group		Bank	
	16-Jul-25	15-Jul-24	16-Jul-25	15-Jul-24
Assets held for sale	324,455,264	41,417,639	324,455,264	41,417,639
Other non banking assets	-	-	-	-
Bills receivable	-	-	-	-
Accounts receivable	782,922,577	426,014,094	1,732,613	2,226,663
Accrued income	-	-	-	-
Prepayments and deposit	169,961,891	267,436,480	166,361,704	260,215,080
Income tax deposit	74,915,064	46,506,947	74,915,064	46,506,947
Deferred employee expenditure	2,114,022,354	2,326,706,602	2,114,022,354	2,326,706,602
Other	3,937,232,516	840,627,482	3,937,232,516	1,088,849,885
<b>Total</b>	<b>7,403,509,666</b>	<b>3,948,709,246</b>	<b>6,618,719,515</b>	<b>3,765,922,817</b>

#### 4.17 Due to Bank and Financial Institutions

Amount in NPR

Particulars	Group		Bank	
	16-Jul-25	15-Jul-24	16-Jul-25	15-Jul-24
Money market deposits	-	-	-	-
Interbank borrowing	1,346,246,951	1,007,110,185	820,134,993	-
Settlement and clearing accounts	-	-	-	-
Other deposits from BFIs	4,709,095,362	4,468,970,749	4,709,095,362	4,468,970,749
<b>Total</b>	<b>6,055,342,313</b>	<b>5,476,080,934</b>	<b>5,529,230,355</b>	<b>4,468,970,749</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	
	16-Jul-25	15-Jul-24	16-Jul-25	15-Jul-24
Refinance from NRB	-	-	-	-
Standing Liquidity Facility	-	-	-	-
Lender of last resort 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	
	16-Jul-25	15-Jul-24	16-Jul-25	15-Jul-24
<b>Held for trading</b>	-	-	-	-
Interest rate swap	-	-	-	-
Currency swap	-	-	-	-
Forward exchange contract	-	-	-	-
Others	-	-	-	-
<b>Held for risk management</b>	<b>11,140,480,994</b>	<b>5,179,641,688</b>	<b>11,140,480,994</b>	<b>5,179,641,688</b>
Interest rate swap	-	-	-	-
Currency swap	-	-	-	-
Forward exchange contract	11,140,480,994	5,179,641,688	11,140,480,994	5,179,641,688
Other	-	-	-	-
<b>Total</b>	<b>11,140,480,994</b>	<b>5,179,641,688</b>	<b>11,140,480,994</b>	<b>5,179,641,688</b>

#### 4.20 Deposits from customers

Amount in NPR

Particulars	Group		Bank	
	16-Jul-25	15-Jul-24	16-Jul-25	15-Jul-24
<b>Institutions customers</b>				
Term deposits	64,904,924,360	71,894,062,667	65,204,924,360	72,224,062,667
Call deposits	30,371,306,851	22,849,998,682	31,086,990,941	23,344,369,739
Current deposits	18,803,196,424	17,026,414,475	18,811,574,862	17,032,416,850
Other	1,862,592,537	1,497,868,225	1,821,055,257	1,457,436,566
<b>Individual customers</b>				
Term deposits	95,436,442,213	115,198,817,697	95,436,442,213	115,198,817,697
Saving deposits	156,334,069,897	100,997,061,765	153,767,924,643	98,666,074,264
Current deposits	223,203,729	210,369,509	223,203,729	210,369,509
Other	701,590,307	797,964,809	701,590,307	797,964,809
<b>Total</b>	<b>368,637,326,318</b>	<b>330,472,557,828</b>	<b>367,053,706,312</b>	<b>328,931,512,100</b>

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

Amount in NPR

Particulars	Group		Bank	
	16-Jul-25	15-Jul-24	16-Jul-25	15-Jul-24
Nepalese rupee	362,180,624,556	322,874,437,128	360,597,004,550	321,333,391,401
Indian rupee	5,470,243	1,080,346	5,470,243	1,080,346
United State dollar	6,298,498,349	7,413,697,961	6,298,498,349	7,413,697,961
Great Britain pound	62,310,083	75,707,110	62,310,083	75,707,110
Euro	59,986,831	41,057,537	59,986,831	41,057,537
Japenese yen	6,459,819	27,603	6,459,819	27,603
Chinese yuan	23,491,323	57,413,497	23,491,323	57,413,497
Australian dollar	485,114	9,136,646	485,114	9,136,646
<b>Total</b>	<b>368,637,326,318</b>	<b>330,472,557,828</b>	<b>367,053,706,312</b>	<b>328,931,512,100</b>

## 4.21 Borrowing

Amount in NPR

Particulars	Group		Bank	
	16-Jul-25	15-Jul-24	16-Jul-25	15-Jul-24
<b>Domestic Borrowing</b>	-	-	-	-
Nepal Government	-	-	-	-
Other Institutions	-	-	-	-
Other	-	-	-	-
<b>Foreign Borrowing</b>	<b>548,494,610</b>	<b>3,980,636,946</b>	<b>548,494,610</b>	<b>3,980,636,946</b>
Foreign Bank and Financial Institutions	548,494,610	3,980,636,946	548,494,610	3,980,636,946
Multilateral Development Banks	-	-	-	-
Other Institutions	-	-	-	-
<b>Total</b>	<b>548,494,610</b>	<b>3,980,636,946</b>	<b>548,494,610</b>	<b>3,980,636,946</b>

## 4.22 Provisions

Amount in NPR

Particulars	Group		Bank	
	16-Jul-25	15-Jul-24	16-Jul-25	15-Jul-24
Provisions for redundancy	-	-	-	-
Provision for restructuring	-	-	-	-
Pending legal issues and tax litigation	-	-	-	-
Onerous contracts	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### 4.22.1: Movement in provision

Amount in NPR

Particulars	Group		Bank	
	16-Jul-25	15-Jul-24	16-Jul-25	15-Jul-24
<b>Balance at 15 July 2024</b>	-	-	-	-
Provisions made during the year	-	-	-	-
Provisions used during the year	-	-	-	-
Provisions reversed during the year	-	-	-	-
Unwind of discount	-	-	-	-
<b>Balance at 16 July 2025</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

#### 4.23 Other liabilities

Amount in NPR

Particulars	Group		Bank	
	16-Jul-25	15-Jul-24	16-Jul-25	15-Jul-24
Liability for employees defined benefit obligations	501,264,037	403,218,041	472,821,013	349,205,270
Liability for long-service leave	71,706,312	(39,500,706)	28,638,474	(89,698,823)
Short-term employee benefits	-	-	-	-
Bills payable	2,936,247	34,026,585	2,936,247	34,026,585
Creditors and accruals	-	-	-	-
Interest payable on deposit	779,979,364	622,014,551	779,979,364	622,014,551
Interest payable on borrowing	169,937,377	28,010,473	169,937,377	28,010,473
Liabilities on deferred grant income	-	-	-	-
Unpaid Dividend	-	-	-	-
Liabilities under Finance Lease	1,872,408,135	1,601,250,278	1,856,221,911	1,601,250,278
Employee bonus payable	651,253,068	499,556,745	633,335,795	478,298,709
Other	3,798,347,786	3,459,078,100	2,424,861,020	2,578,571,575
<b>Total</b>	<b>7,847,832,325</b>	<b>6,607,654,067</b>	<b>6,368,731,199</b>	<b>5,601,678,617</b>

##### 4.23.1: Defined benefit obligations

Amount in NPR

Particulars	Group		Bank	
	16-Jul-25	15-Jul-24	16-Jul-25	15-Jul-24
The amounts recognised in the statement of financial position are as follows:				
Present value of unfunded obligations	501,459,487	259,506,447	501,459,487	259,506,447
Present value of funded obligations	1,188,012,471	1,139,818,804	1,188,012,471	1,139,818,804
<b>Total present value of obligations</b>	<b>1,689,471,958</b>	<b>1,399,325,251</b>	<b>1,689,471,958</b>	<b>1,399,325,251</b>
<b>Fair value of plan assets</b>	<b>1,188,012,471</b>	<b>1,139,818,804</b>	<b>1,188,012,471</b>	<b>1,139,818,804</b>
Present value of net obligations	501,459,487	259,506,447	501,459,487	259,506,447
Recognised liability for defined benefit obligations	403,218,041	403,218,041	349,205,270	349,205,270

##### 4.23.2: Plan assets

Amount in NPR

Plan assets comprise	Group		Bank	
	16-Jul-25	15-Jul-24	16-Jul-25	15-Jul-24
Equity securities	-	-	-	-
Government bonds	-	-	-	-
Bank deposit	-	-	-	-
Other	1,188,012,471	1,139,818,804	1,188,012,471	1,139,818,804
<b>Total</b>	<b>1,188,012,471</b>	<b>1,139,818,804</b>	<b>1,188,012,471</b>	<b>1,139,818,804</b>
Actual return on plan assets	62,613,666	71,360,282	62,613,666	71,360,282

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

Amount in NPR

Particulars	Group		Bank	
	16-Jul-25	15-Jul-24	16-Jul-25	15-Jul-24
Defined benefit obligations at 15 July 2024	1,399,325,251	1,178,343,846	1,399,325,251	1,178,343,846
Actuarial Loss/ (Gain)	18,367,127	76,224,996	18,367,127	76,224,996
Benefits paid by the plan	(121,221,601)	(188,615,225)	(121,221,601)	(188,615,225)
Current service costs and interest	393,001,181	333,371,634	393,001,181	333,371,634
<b>Defined benefit obligations at 16 July 2025</b>	<b>1,689,471,958</b>	<b>1,399,325,251</b>	<b>1,689,471,958</b>	<b>1,399,325,251</b>

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

Amount in NPR

Particulars	Group		Bank	
	16-Jul-25	15-Jul-24	16-Jul-25	15-Jul-24
Fair value of plan assets at 15 July 2024	1,139,818,804	554,774,270	1,139,818,804	554,774,270
Contributions paid into the plan	106,525,571	501,937,895	106,525,571	501,937,895
Benefits paid during the year	(120,945,570)	(100,249,541)	(120,945,570)	(100,249,541)
Actuarial Gain/(Loss)	(22,331,994)	(15,401,152)	(22,331,994)	(15,401,152)
Expected return on plan assets	84,945,660	86,761,434	84,945,660	86,761,434
<b>Fair value of plan assets at 16 July 2025</b>	<b>1,188,012,471</b>	<b>1,027,822,906</b>	<b>1,188,012,471</b>	<b>1,027,822,906</b>

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

Amount in NPR

Particulars	Group		Bank	
	16-Jul-25	15-Jul-24	16-Jul-25	15-Jul-24
Current service costs	294,323,496	224,364,182	294,323,496	224,364,182
Interest on obligation	13,732,025	22,246,018	13,732,025	22,246,018
Actuarial (Gain)/loss	1,958,567	(126,696,738)	1,958,567	(126,696,738)
Expected return on plan assets	1,058,677	(6,095,992)	1,058,677	(6,095,992)
<b>Total</b>	<b>311,072,765</b>	<b>113,817,470</b>	<b>311,072,765</b>	<b>113,817,470</b>

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

Amount in NPR

Particulars	Group		Bank	
	16-Jul-25	15-Jul-24	16-Jul-25	15-Jul-24
Actuarial (Gain)/Loss	37,681,877	224,418,878	37,681,877	224,418,878
<b>Total</b>	<b>37,681,877</b>	<b>224,418,878</b>	<b>37,681,877</b>	<b>224,418,878</b>

#### 4.23.7: Actuarial assumptions

Particulars	Group		Bank	
	16-Jul-25	15-Jul-24	16-Jul-25	15-Jul-24
Discount rate	7.50%	7.50%	7.50%	7.50%
Expected return on plan asset				
Future salary increase	7.00%	7.00%	7.00%	7.00%
Withdrawal rate	7.00%	11.00%	7.00%	11.00%

#### 4.24 Debt securities issued

Amount in NPR

Particulars	Group		Bank	
	16-Jul-25	15-Jul-24	16-Jul-25	15-Jul-24
Debt securities issued designated as at fair value through profit or loss	-	-	-	-
Debt securities issued at amortised cost	7,000,000,000	7,000,000,000	7,000,000,000	7,000,000,000
<b>Total</b>	<b>7,000,000,000</b>	<b>7,000,000,000</b>	<b>7,000,000,000</b>	<b>7,000,000,000</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-25	15-Jul-24	16-Jul-25	15-Jul-24
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	
	16-Jul-25	15-Jul-24	16-Jul-25	15-Jul-24
Ordinary shares	24,346,512,235	23,187,154,510	24,346,512,235	23,187,154,510
Convertible preference shares (equity component only)	-	-	-	-
Irredeemable preference shares (equity component only)	-	-	-	-
Perpetual debt (equity component only)	-	-	-	-
<b>Total</b>	<b>24,346,512,235</b>	<b>23,187,154,510</b>	<b>24,346,512,235</b>	<b>23,187,154,510</b>

##### 4.26.1: Ordinary shares

Particulars	Bank	
	16-Jul-25	15-Jul-24
<b>Authorized Capital</b>		
250,000,000 Ordinary share of Rs. 100 each	25,000,000,000	25,000,000,000
<b>Issued capital</b>		
243,465,122.35 Ordinary share of Rs. 100 each	24,346,512,235	23,187,154,510
<b>Subscribed and paid up capital</b>		
243,465,122.35 Ordinary share of Rs. 100 each	24,346,512,235	23,187,154,510
<b>Total</b>	<b>24,346,512,235</b>	<b>23,187,154,510</b>

#### 4.26.2: Ordinary share ownership

Particulars	Bank			
	16-Jul-25		15-Jul-24	
	Percent	Amount	Percent	Amount
Domestic ownership	100%	24,346,512,235	100%	23,187,154,510
Nepal Government	-	-	-	-
"A" class licensed institutions	-	-	-	-
Other licensed intitutions	-	-	-	-
Other Institutions (Promoters)	14.01%	3,410,131,471	14.01%	3,247,744,258
Public	48.95%	11,918,513,627	48.95%	11,350,965,360
Other (Promoters)	37.04%	9,017,867,137	37.04%	8,588,444,892
Foreign ownership	-	-	-	-
<b>Total</b>	<b>100%</b>	<b>24,346,512,235</b>	<b>100%</b>	<b>23,187,154,510</b>

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

SN	Name of Shareholder	No. of Shares	%
1	Laxmi Corp Nepal Pvt. Ltd.	18,839,981	7.74%
2	Rajendra Kumar Khetan	16,297,514	6.69%
3	Citizen Investment Trust	11,310,387	4.65%
4	Sneha Khetan	10,986,278	4.51%
5	Sarika Khetan	10,152,763	4.17%
6	Motilal Dugar	6,749,218	2.77%
7	Malchand Dugar	5,846,355	2.40%
8	Ratan Lal Sanghai	5,820,045	2.39%
9	Gopi Krishna Sikaria	5,727,190	2.35%
10	Puja Agrawal Khetan	4,844,297	1.99%
11	Surendra Dugar	3,431,232	1.41%
12	Vivek Dugar	3,101,860	1.27%
13	MTC Investment Pvt. Ltd.	3,053,197	1.25%
14	Bachharaj Tater	2,802,398	1.15%
15	Rastriya Beema Sansthan (Jiwan Beema)	2,079,182	0.85%
16	Bhatbhateni Investment Company Pvt. Ltd	2,033,919	0.84%
17	Kavita Lohia	1,991,317	0.82%
18	Himalayan Exim Private Ltd	1,936,306	0.80%
19	Vivek Tater	1,886,857	0.78%
20	Saurav Tater	1,867,002	0.77%
21	Srinivas Sarda	1,866,999	0.77%
22	Vishal Tater	1,857,193	0.76%
23	Om Prakash Sikaria	1,853,098	0.76%
24	Nidhi Dugar	1,823,804	0.75%
25	Pooja Dugar	1,737,303	0.71%
26	Shradha Dugar	1,730,026	0.71%
27	Priyanka Agrawal	1,548,983	0.64%
28	Saroj Dugar	1,463,635	0.60%
29	Shubham Dugar	1,335,745	0.55%
30	Radheshyam Sarda	1,331,920	0.55%
31	Pawan Kumar Sarda	1,331,920	0.55%
32	Shiva Ratan Sharda	1,326,669	0.54%
33	Manav Agarwal	1,235,850	0.51%

## 4.27 Reserves

Amount in NPR

Particulars	Group		Bank	
	16-Jul-25	15-Jul-24	16-Jul-25	15-Jul-24
Statutory general reserve	7,484,687,131	6,640,224,257	7,305,277,727	6,473,786,844
Exchange equalisation reserve	100,177,111	91,578,853	100,177,111	91,578,853
Corporate social responsibility reserve	67,890,765	53,149,363	61,255,153	46,685,614
Capital Redemption Reserve	4,277,777,778	3,333,333,333	4,277,777,778	3,333,333,333
Regulatory reserve	3,416,304,823	4,017,918,120	3,305,467,098	3,887,903,496
Investment adjustment reserve	3,000,000	4,050,000	3,000,000	3,000,000
Capital reserve	176,284,354	175,187,932	-	-
Assets revaluation reserve	330,759,521	330,759,521	330,759,521	330,759,521
Fair value reserve	2,317,632,016	1,502,946,351	2,314,699,671	1,502,083,734
Dividend equalisation reserve	-	-	-	-
Actuarial gain	(90,612,646)	(77,171,179)	(88,343,948)	(61,966,634)
Special reserve	-	-	-	-
Other reserve	471,723,367	474,239,526	463,170,352	465,442,200
<b>Total</b>	<b>18,555,624,219</b>	<b>16,546,216,077</b>	<b>18,073,240,462</b>	<b>16,072,606,961</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	
	16-Jul-25	15-Jul-24	16-Jul-25	15-Jul-24
Contingent liabilities	100,672,665,204	93,614,891,367	100,672,665,204	93,614,891,367
Undrawn and undisbursed facilities	23,538,263,564	22,991,974,973	23,538,263,564	22,991,974,973
Capital commitment	297,529,062	-	297,529,062	-
Lease Commitment	-	-	-	-
Litigation	472,468,866	361,660,412	472,468,866	361,660,412
<b>Total</b>	<b>124,980,926,695</b>	<b>116,968,526,752</b>	<b>124,980,926,695</b>	<b>116,968,526,752</b>

#### 4.28.1: Contingent liabilities

Amount in NPR

Particulars	Group		Bank	
	16-Jul-25	15-Jul-24	16-Jul-25	15-Jul-24
Acceptance and documentary credit	43,994,238,364	38,311,951,137	43,994,238,364	38,311,951,137
Bills for collection	12,335,242,940	25,062,833,094	12,335,242,940	10,845,044,857
Forward exchange contracts	-	-	-	-
Guarantees	44,343,183,900	30,240,107,137	44,343,183,900	44,457,895,374
Underwriting commitment	-	-	-	-
Other commitments	-	-	-	-
<b>Total</b>	<b>100,672,665,204</b>	<b>93,614,891,367</b>	<b>100,672,665,204</b>	<b>93,614,891,367</b>

#### 4.28.2: Undrawn and undisbursed facilities

Amount in NPR

Particulars	Group		Bank	
	16-Jul-25	15-Jul-24	16-Jul-25	15-Jul-24
Undisbursed amount of loans	16,039,940,747	13,144,018,291	16,039,940,747	13,144,018,291
Undrawn limits of overdrafts	5,915,966,034	7,751,178,298	5,915,966,034	7,751,178,298
Undrawn limits of credit cards	1,054,436,782	1,063,213,384	1,054,436,782	1,063,213,384
Undrawn limits of letter of credit	-	-	-	-
Undrawn limits of guarantee	527,920,000	1,033,565,000	527,920,000	1,033,565,000
<b>Total</b>	<b>23,538,263,564</b>	<b>22,991,974,973</b>	<b>23,538,263,564</b>	<b>22,991,974,973</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	
	16-Jul-25	15-Jul-24	16-Jul-25	15-Jul-24
<b>Capital commitments in relation to Property and Equipment</b>				
Approved and contracted for	174,983,003	-	174,983,003	-
Approved but not contracted for	122,546,059	-	122,546,059	-
<b>Sub total</b>	<b>297,529,062</b>	<b>-</b>	<b>297,529,062</b>	<b>-</b>
<b>Capital commitments in relation to Intangible assets</b>				
Approved and contracted for	-	-	-	-
Approved but not contracted for	-	-	-	-
<b>Sub total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>297,529,062</b>	<b>-</b>	<b>297,529,062</b>	<b>-</b>

#### 4.28.4: Lease commitments

Amount in NPR

Particulars	Group		Bank	
	16-Jul-25	15-Jul-24	16-Jul-25	15-Jul-24
Operating lease commitments	-	-	-	-
Future minimum lease payments under non cancellable operating lease, where the bank is lessee	-	-	-	-
Not later than 1 year	-	-	-	-
Later than 1 year but not later than 5 years	-	-	-	-
Later than 5 years	-	-	-	-
<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	713,759,776	855,355,153	683,984,094	834,786,324
Due from Nepal Rastra Bank	-	-	-	-
Placement with bank and financial institutions	21,398,976	29,071,628	-	-
Loan and advances to bank and financial institutions	-	-	-	-
Loans and advances to customers	24,923,543,127	31,442,111,443	24,248,263,156	30,746,015,597
Investment securities	3,225,911,987	3,177,745,826	3,225,911,987	3,177,745,826
Loan and advances to staff	777,027,924	1,163,221,415	771,462,649	1,166,065,960
Other	-	-	-	-
<b>Total interest income</b>	<b>29,661,641,790</b>	<b>36,667,505,466</b>	<b>28,929,621,885</b>	<b>35,924,613,707</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	59,220,392	132,944,062	14,205,897	12,415,621
Due to Nepal Rastra Bank	-	-	-	-
Deposits from customers	17,265,547,179	22,620,940,931	17,079,769,908	22,480,463,396
Borrowing	192,759,736	200,175,141	192,759,736	200,175,141
Debt securities issued	676,945,205	759,965,753	676,945,205	759,965,753
Subordinated liabilities	-	-	-	-
Other	117,113,242	109,328,023	113,956,826	107,725,713
<b>Total interest expense</b>	<b>18,311,585,755</b>	<b>23,823,353,911</b>	<b>18,077,637,572</b>	<b>23,560,745,625</b>

### 4.31 Fees and Commission Income

Amount in NPR

Particulars	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Loan administration fees	688,949,600	473,694,436	644,058,532	409,808,568
Service fees	421,408,778	416,548,950	254,512,644	220,031,329
Consortium fees	-	-	-	-
Commitment fees	-	-	-	-
DD/TT/Swift fees	52,861,046	54,616,660	52,861,046	54,616,660
Credit card/ATM issuance and renewal fees	450,246,289	472,928,856	450,246,289	472,928,856
Prepayment and swap fees	-	-	-	-
Investment banking fees	-	-	-	-
Asset management fees	-	-	-	-
Brokerage fees	-	-	-	-
Remittance fees	9,578,816	12,724,840	9,578,816	12,724,840
Commission on letter of credit	653,596,170	537,737,694	653,596,170	537,737,694
Commission on guarantee contracts issued	421,198,527	514,120,784	421,198,527	514,120,784
Commission on share underwriting/issue	49,199,339	3,032,377	-	-
Locker rental	30,523,370	26,123,866	30,523,370	26,123,866
Other fees and commission income	190,694,411	210,585,990	191,011,135	206,409,910
<b>Total fees and Commission Income</b>	<b>2,968,256,346</b>	<b>2,722,114,453</b>	<b>2,707,586,530</b>	<b>2,454,502,507</b>

### 4.32 Fees and commission expense

Amount in NPR

Particulars	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
ATM management fees	106,512,306	88,977,877	106,512,306	88,977,877
VISA/Master card fees	232,927,106	226,863,044	232,927,106	226,863,044
Guarantee commission	-	-	-	-
Brokerage	2,439,635	-	-	-
DD/TT/Swift fees	-	-	-	-
Remittance fees and commission	-	-	-	-
Other fees and commission expense	179,453,994	149,807,694	179,453,994	149,807,694
<b>Total fees and Commission Expense</b>	<b>521,333,041</b>	<b>465,648,614</b>	<b>518,893,406</b>	<b>465,648,614</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	520,241,122	262,957,924	520,241,122	262,957,924
Other	-	-	-	-
<b>Net trading income</b>	<b>520,241,122</b>	<b>262,957,924</b>	<b>520,241,122</b>	<b>262,957,924</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 revauation gain	34,393,032	55,867,834	34,393,032	55,867,834
Gain/(loss) on sale of investment securities	234,944,007	4,004,141	207,589,167	715,532
Fair value gain/loss on investment properties	-	-	-	-
Dividend on equity instruments	272,902,574	208,841,828	345,632,771	265,611,405
Gain/loss on sale of property and equipment	(2,598,785)	(32,066,501)	(2,758,546)	(32,066,501)
Gain/loss on sale of investment property	14,417,864	9,174,795	14,417,864	9,174,795
Operating lease income	-	-	-	-
Gain/loss on sale of gold and silver	-	-	-	-
Locker rent	-	-	-	-
Other	38,812	-	-	-
<b>Total</b>	<b>554,097,505</b>	<b>245,822,098</b>	<b>599,274,289</b>	<b>299,303,066</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	-	-	(13,818,188)	-
Impairment charge/(reversal) on loan and advances to customer	1,339,305,960	3,565,546,528	1,271,827,124	3,588,060,084
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>1,339,305,960</b>	<b>3,565,546,528</b>	<b>1,258,008,935</b>	<b>3,588,060,084</b>

#### 4.36 Personnel Expense

Amount in NPR

Particulars	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Salary	1,424,000,991	2,316,146,362	1,276,398,834	1,215,538,394
Allowances	1,364,396,269	811,425,101	1,198,909,080	1,136,998,043
Gratuity expense	213,198,819	174,460,155	192,695,137	149,942,234
Provident fund	142,810,122	136,343,336	127,913,119	122,677,230
Uniform	1,327,939	1,386,765	1,327,939	1,386,765
Training & development expense	83,431,042	78,563,417	76,528,258	71,581,550
Leave encashment	174,949,441	(14,679,567)	176,445,093	(36,124,764)
Medical	172,811,253	168,727,409	172,735,053	168,727,409
Insurance	60,385,142	54,380,375	59,949,574	54,019,182
Employees incentive	1,502,718	317,616	1,502,718	317,616
Cash-settled share-based payments	-	-	-	-
Pension expense	-	-	-	-
Finance expense under NFRS	508,969,614	914,335,112	506,689,253	913,078,145
Other expenses related to staff	526,148,411	232,205,384	487,360,456	674,411,694
<b>Subtotal</b>	<b>4,673,931,761</b>	<b>4,873,611,466</b>	<b>4,278,454,514</b>	<b>4,472,553,497</b>
Employees bonus	651,178,557	499,556,745	633,335,795	478,298,709
<b>Grand total</b>	<b>5,325,110,318</b>	<b>5,373,168,211</b>	<b>4,911,790,309</b>	<b>4,950,852,206</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	2,460,000	1,956,000	2,008,000	1,645,000
Directors' expense	1,360,435	1,268,859	467,200	341,085
Auditors' remuneration	5,339,597	3,164,000	4,859,000	2,825,000
Other audit related expense	678,000	611,430	-	-
Professional and legal expense	8,520,489	13,205,043	8,088,563	8,073,761
Office administration expense	1,422,765,430	1,367,431,549	1,343,175,216	1,303,609,489
Operating lease expense	-	185,136	-	-
Operating expense of investment properties	-	-	-	-
Corporate social responsibility expense	26,050,908	24,800,554	26,050,908	24,800,554
Onerous lease provisions	-	-	-	-
Other	6,508,351	27,274,315	3,184,975	10,726,837
<b>Total</b>	<b>1,473,683,211</b>	<b>1,439,896,885</b>	<b>1,387,833,862</b>	<b>1,352,021,726</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	70,612,102	75,471,407	68,057,508	73,066,370
<b>Repair and maintenance</b>	<b>45,841,814</b>	<b>47,782,069</b>	<b>42,956,851</b>	<b>46,854,767</b>
a) Building	3,922,335	8,539,649	3,922,335	8,539,649
b) Vehicle	6,918,060	5,698,253	5,981,858	4,854,923
c) Computer and accessories	6,524,288	7,078,145	6,328,208	6,788,974
d) Office Equipment and Furniture	27,185,417	24,059,565	26,724,451	23,946,226
e) Others	1,291,714	2,406,457	-	2,724,995
Insurance	74,777,502	74,119,661	73,480,762	72,180,516
Postage, telex, telephone, fax	129,227,041	118,506,307	126,519,127	115,952,291
Printing and Stationery	49,863,196	78,526,841	45,409,029	75,337,749
Newspaper, books and journals	1,017,670	418,545	372,090	375,273
Advertisement	91,764,237	102,853,717	88,732,153	99,731,554
Donation	-	-	-	-
Security expenses	310,990,751	327,179,194	309,133,492	325,680,314
Deposit and loan guarantee premium	126,977,954	124,731,072	126,977,954	124,731,072
Travel allowance and expenses	38,334,294	43,572,028	30,988,729	37,544,674
Entertainment	7,929,333	5,997,403	7,929,333	5,997,403
Annual/ special general meeting expense	1,187,794	2,569,595	880,850	1,956,477
<b>Other</b>	<b>474,241,744</b>	<b>365,703,709</b>	<b>421,737,339</b>	<b>324,201,029</b>
a) Fixed asset revenue expense	15,951,637	6,825,169	13,171,919	4,199,338
b) IT and other subscriptions	106,276,255	128,398,380	104,753,645	126,498,982
c) Others	352,013,852	230,480,160	303,811,776	193,502,709
<b>Total</b>	<b>1,422,765,430</b>	<b>1,367,431,549</b>	<b>1,343,175,216</b>	<b>1,303,609,489</b>

#### 4.38 Depreciation & Amortisation

Amount in NPR

Particulars	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Depreciation on property and equipment	569,937,991	608,579,313	529,605,389	583,599,283
Depreciation on investment property	-	-	-	-
Amortisation of intangible assets	44,521,316	42,295,157	42,531,628	38,426,947
<b>Total</b>	<b>614,459,306</b>	<b>650,874,470</b>	<b>572,137,016</b>	<b>622,026,230</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	8,053,412	14,522,625	7,613,834	14,328,767
Other income	92,800,068	197,843,823	92,800,068	197,843,823
<b>Total</b>	<b>100,853,479</b>	<b>212,366,447</b>	<b>100,413,902</b>	<b>212,172,590</b>

#### 4.40 Non operating expense

Amount in NPR

Particulars	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Loan written off	429,346,280	294,013,236	429,346,280	294,013,236
Redundancy provision	-	-	-	-
Expense of restructuring	-	-	-	-
Other expense	1,468,194	15,493,697	1,468,194	15,493,697
<b>Total</b>	<b>430,814,474</b>	<b>309,506,933</b>	<b>430,814,474</b>	<b>309,506,933</b>

#### 4.41 Income tax expense

Amount in NPR

Particulars	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
<b>Current tax expense</b>	<b>1,832,928,281</b>	<b>1,286,341,248</b>	<b>1,750,884,479</b>	<b>1,203,553,698</b>
Current year	1,832,878,877	1,286,328,349	1,750,884,479	1,203,553,698
Adjustments for prior years	49,404	12,899	-	-
<b>Deferred tax expense</b>	<b>(170,948,124)</b>	<b>213,911,636</b>	<b>(112,907,053)</b>	<b>180,755,700</b>
Origination and reversal of temporary differences	(170,948,124)	213,911,636	(112,907,053)	180,755,700
Changes in tax rate	-	-	-	-
Recognition of previously unrecognised tax losses	-	-	-	-
<b>Total income tax expense</b>	<b>1,661,980,157</b>	<b>1,500,252,884</b>	<b>1,637,977,426</b>	<b>1,384,309,398</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	5,788,798,178	4,482,770,836	5,700,022,152	4,304,688,377
Tax amount	1,736,639,453	1,344,831,251	1,710,006,646	1,291,406,513
Add: Tax effect of expenses that are not deductible for tax purpose	141,597,312	983,298	102,762,808	(37,851,206)
Less: Tax effect on exempt income	(61,903,350)	(50,019,985)	(61,884,975)	(50,001,610)
Add/less: Tax effect on other items	(154,353,258)	204,458,320	(112,907,053)	180,755,700
<b>Total income tax expense</b>	<b>1,661,980,157</b>	<b>1,500,252,884</b>	<b>1,637,977,426</b>	<b>1,384,309,398</b>
Effective tax rate	28.71%	33.47%	28.74%	32.16%

## 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 six times in FY 2024-25. The Committee oversees and reviews key prudential risks, including Credit, Operational, Market, Reputational, Capital, Liquidity, Digital, Information security, and Cyber security risks. The Committee receives periodic reports on risk management covering portfolio trends, policies and standards, stress testing, risk profile, liquidity, and capital adequacy, etc. for its oversight. It is also authorized to request and review any information related to activities 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 operates independently of management 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, Operational Risk Management Department, Treasury Mid Office, Information Security Department, Digital Transactions Monitoring Department, Legal & Compliance Department, AML/CFT department, and Financial Control Department 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 key prudential risks management. 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 Bank's 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 line, functional heads, 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 disbursal is controlled through assigned Credit Approval Discretion (CAD) limit for various level of management hierarchy. Senior management, Risk Management Committee and the Board reviews credit portfolio and industry concentration aspects regularly and make decisions / strategies based on the need of the hour. A separate Credit department is established for overall monitoring of the credit risk, including the following.

- a. Formulating credit policies 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. Formulating and maintaining Risk Grading System which assigns 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.
- d. Tracking and limiting concentrations of exposure to counterparties, business division, product type and industries by maintaining Risk Appetite Statement of the Bank.
- e. Reviewing compliance of regulatory requirements, bank's policies, Risk Appetite, Credit authorities, etc. and reporting to concerned business division, underwriting division, management and the board for required appropriate corrective action.
- f. Reviewing and assessing credit risk such as pending reviews, expired insurance, approved credit exposures in excess of designated limits, etc.
- g. Identifying early warning signals of credit risk such as trend of overdue, NPA, first instalment defaults, booking frequency of trade force loans, etc.
- h. Stress Testing of portfolio under various challenging scenario which shall work as a crucial tool for optimizing the risk management system's performance and ensuring its reliability in the face of adverse circumstances.
- i. Providing advice, guidance and specialist skills to business divisions to promote best practice throughout the Bank in the process of managing credit risk.

Business divisions as first line of defense are also required to comply bank's credit policies and procedures, and 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.

### 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 90 days	Past due 91 to 180 days	Past due More than 180 days	Individually impaired	Total
<b>Financial Assets</b>						
<b>Assets carried at Amortized Cost</b>						
Cash and cash equivalent	10,525					10,525
Due from Nepal Rastra Bank	16,361					16,361
Placement with Bank and Financial Institutions	8,743					8,743
Loans and advances to customers	248,104	23,798	889	2,046	126	274,963
Loan and advances to B/FIs	8,233					8,233
<b>Fair Value through Profit and Loss (FVTPL)</b>						-
Derivative financial instruments.	11,138					11,138
<b>Fair Value through Other Comprehensive Income (FVTOCI)</b>						-
Investment securities	98,416					98,416
Investment in Associates	-					-
Investment in subsidiaries	893					893
<b>Total</b>	<b>402,413</b>	<b>23,798</b>	<b>889</b>	<b>2,046</b>	<b>126</b>	<b>429,272</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	3,954	-	3,954
Australian Dollars	AUD	45,394	63,403	(18,009)
Baharain Dinar	BHD	26	-	26
Canadian Dollars	CAD	1,025	-	1,025
Swiss Franc	CHF	105	-	105
Chinese Yuan	CNY	26,212	23,491	2,720
Danish Kroner	DKK	-	-	-
European Euro	EUR	66,861	60,879	5,982
UK Pound Sterling	GBP	66,452	63,444	3,008
Hongkong Dollar	HKD	72	-	72
Indian Currency	INR	945,564	413,622	531,942
Japanese Yen	JPY	18,323	40,937	(22,614)
South Korean Won	KRW	148	-	148
Kuwaiti Dinar	KWD	503	-	503
Malaysian Ringgit	MYR	2,112	-	2,112
Omani Rial	OMR	131	-	131
Qatari Riyal	QAR	1,127	-	1,127
Saudi Arabian Riyal	SAR	3,151	-	3,151
Singapore Dollar	SGD	1,732	-	1,732
Thai Baht	THB	57	-	57
U.S. Dollars	USD	18,874,231	18,590,679	283,552
<b>Total</b>		<b>20,057,181</b>	<b>19,256,456</b>	<b>800,726</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:

*Amount in NPR Million*

Particulars	1 - 90 days	91 - 180 days	181 - 270 days	271 - 365 days	Over 1 year	Total
Interest Sensitive Assets	130,835	39,789	23,149	25,032	208,709	427,515
Interest Sensitive Liabilities	58,405	46,468	30,039	25,580	214,949	375,444
<b>Gap (1 - 2)</b>	<b>72,429</b>	<b>(6,679)</b>	<b>(6,890)</b>	<b>(548)</b>	<b>(6,240)</b>	<b>52,071</b>
<b>Cumulative Gap</b>	<b>72,429</b>	<b>65,750</b>	<b>58,859</b>	<b>58,311</b>	<b>52,071</b>	
Adjusted Interest Rate Change (IRC)	0.25%	0.25%	0.25%	0.26%	1.00%	
Impact on Quarterly Earnings (Cumulative Gap x IRC)	178	162	145	151	520	1,158
Accumulated Earnings Impact to date	178	340	485	637	1,158	

## iii. Equity Price Risk

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

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

### 5.1.3 Liquidity Risk

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

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

*Amount in NPR Million*

Particulars	1-90 Days	91-180 Days	181-365 Days	Over 1 Year	Total
<b>Assets</b>					
Cash and cash equivalent	10,525	-	-	-	10,525
Due from Nepal Rastra Bank	16,361	-	-	-	16,361
Placement with Bank and Financial Institutions	8,743	-	-	-	8,743
Derivative financial instruments	11,138	-	-	-	11,138
Other trading assets	-	-	-	-	0
Loan and advances to B/FIs	-	-	-	8,233	8,233
Loans and advances to customers	20,478	36,256	33,823	184,406	274,963
Investment securities	49,117	2,500	11,469	35,330	98,416
Investment in associates	-	-	-	-	0
Investment in subsidiaries	-	-	-	893	893

Other assets	6,619	-	-	7,695	14,310
<b>Total Assets</b>	<b>122,981</b>	<b>38,756</b>	<b>45,292</b>	<b>236,558</b>	<b>443,587</b>
<b>Liabilities</b>					
Due to Bank and Financial Institutions	5,529	-	-	-	5,529
Due to Nepal Rastra Bank	-	-	-	-	-
Derivative financial instruments	11,140	-	-	-	11,140
Deposits from customers	51,592	43,065	49,038	223,358	367,053
Borrowing	-	-	-	548	548
Debt securities issued	-	-	-	7,000	7,000
Other liabilities	6,368	-	-	563	6,934
<b>Total Liabilities</b>	<b>74,632</b>	<b>43,065</b>	<b>49,038</b>	<b>231,469</b>	<b>398,204</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	24,346
b	Share Premium / Capital Reserve	-
c	Proposed Bonus Shares	-
d	Statutory General Reserve	7,305
e	Retained Earnings	2,964
f	Un-audited Current Year Cumulative Profit	-
g	Capital Redemption Reserve	4,277
h	Other Free Reserves	-
i	Less: Deferred Tax Assets	-
j	Less: Intangible Assets	(136)
k	Less: Investment in equity of institutions with financial interests	(746)
l	Less: Investment in Private Equity Fund	(1,000)
m	Less: Purchase of land & building in excess of limit and unutilized	(25)
<b>Core (Tier-1) Capital</b>		<b>36,985</b>

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

Amount in NPR Million

S.N.	Particulars	Amount
a	Subordinated Term Debt	4,200
b	General Loan Loss Provision	4,112
c	Exchange Equalization Reserve	100
d	Investment Adjustment Reserve	3
e	AIR of Pass Loan	391
f	Investment Capitalized Reserve	46
<b>Supplementary (Tier-2) Capital</b>		<b>8,853</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 136.58 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 and NIBL Equity Partners amounting to NPR 1,000.00 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**

S. N.	Particulars	Amount (NPR Millions)
A	Core Capital	36,985
B	Supplementary Capital	8,853
<b>Total Qualifying Capital (Total Capital Fund)</b>		<b>45,839</b>

**vi. Capital Adequacy Ratio**

Capital Adequacy Ratio of the bank as at 16 July 2025 stood at 12.53%.

**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	338,138
B	Risk Weighted Exposure for Operational Risk	12,558
C	Risk Weighted Exposure for Market Risk	400
<b>Adjustments under Pillar II</b>		
D	3% of gross income to RWE	4,067
E	2% adjustment on Total RWE	10,532
<b>Total Risk Weighted Exposure</b>		<b>365,697</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	6,483
D	Claims on Corporate and Securities Firm	152,699
E	Claims on Regulatory Retail Portfolio	41,461
F	Claims secured by Residential Properties	10,375
G	Claims secured by Commercial Real Estate	5,435
H	Past due Claims	15,973
I	High Risk Claims	32,369
J	Other Assets	19,847
K	Off balance sheet items	53,493
<b>Total</b>		<b>338,138</b>

**c) Total risk weighted exposure calculation table**

A. Balance Sheet Exposure		Amount in NPR Thousand				
	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	4,697,026	-	-	4,697,026	0%	-
Balance With Nepal Rastra Bank	15,746,307	-	-	15,746,307	0%	-
Gold	372,640	-	-	372,640	0%	-
Investment in Nepalese Government Securities	86,190,704	-	-	86,190,704	0%	-
All Claims on Government of Nepal	231,199	-	-	231,199	0%	-
Investment in Nepal Rastra Bank securities	-	-	-	-	0%	-
All claims on Nepal Rastra Bank	642,916	-	-	642,916	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 MIBB'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	12,964,531	-	-	12,964,531	20%	2,592,906
Claims on domestic banks that do not meet capital adequacy requirements	-	-	-	-	100%	-
Claims on foreign bank (ECA Rating 0-1)	2,924,050	-	-	2,924,050	20%	584,810
Claims on foreign bank (ECA Rating 2)	3,721,662	-	-	3,721,662	50%	1,860,831
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	7,226,913	-	-	7,226,913	20%	1,445,383
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-)	2,473,985	-	526,028	1,947,957	80%	1,558,366
Claims on Domestic Corporates (Credit rating score equivalent to BBB+ & below)	90,636,079	-	-	90,636,079	100%	90,636,079
Claims on Domestic Corporates (Unrated)	60,588,920	-	83,476	60,505,444	100%	60,505,444
Claims on Foreign Corporates (ECA 0-1)	-	-	-	-	20%	-
Claims on Foreign Corporates (ECA 2)	-	-	-	-	50%	-
Claims on Foreign Corporates (ECA 3-6)	-	-	-	-	100%	-
Claims on Foreign Corporates (ECA 7)	-	-	-	-	150%	-
Regulatory Retail Portfolio (Not Overdue)	55,298,279	-	16,708	55,281,570	75%	41,461,178
Claims fulfilling all criterion of regularity retail except granularity	-	-	-	-	100%	-
Claims secured by residential properties	15,825,015	-	-	15,825,015	60%	9,495,009
Claims not fully secured by residential properties	-	-	-	-	150%	-
Claims secured by residential properties (Overdue)	1,123,271	243,031	-	880,240	100%	880,240
Claims secured by Commercial real estate	5,435,186	-	-	5,435,186	100%	5,435,186
Past due claims (except for claims secured by residential properties)	19,823,038	9,174,325	-	10,648,714	150%	15,973,070
High Risk claims	12,948,403	-	1,764,559	11,183,844	150%	16,775,767
Real Estate loans for land acquisition and development (Other than mentioned in Capital Adequacy framework 2015-point 3.3(j)(1)(k))	953,372	-	-	953,372	125%	1,191,716
Lending against Shares (above NPR 5 Million)	-	-	-	-	125%	-
Lending against securities (bonds)	-	-	-	-	100%	-
Lending against Shares (upto NPR 5 Million)	8,225,653	-	-	8,225,653	100%	8,225,653
Trust Receipt Loans for Trading Firms	3,962,996	-	-	3,962,996	120%	4,755,596
Real Estate loans for land acquisition and development (For institutions/projects registered/licensed and approved by Government of Nepal for land acquisition and development purposes)	315,817	-	-	315,817	100%	315,817
Personal Hirepurchase/Personal Auto Loans	1,104,864	-	-	1,104,864	100%	1,104,864
Investments in equity and other capital instruments of institutions listed in stock exchange	9,395,190	-	-	9,395,190	100%	9,395,190
Investments in equity and other capital instruments of institutions not listed in the stock exchange	479,462	-	-	479,462	150%	719,194
Staff loan secured by residential property	5,014,392	-	-	5,014,392	50%	2,507,196
Interest Receivable/claim on government securities	592,164	-	-	592,164	0%	-
Cash in transit and other cash items in the process of collection	-	-	-	-	20%	-
Other Assets (as per attachment)	18,707,080	11,481,527	-	7,225,552	100%	7,225,552
<b>TOTAL</b>	<b>447,621,115</b>	<b>20,898,883</b>	<b>2,390,771</b>	<b>424,331,461</b>		<b>284,645,046</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-C)	Risk Weight (E)	Risk Weight Exposure (D*E)
Revocable Commitments	-	-	-	-	0%	-
Bills Under Collection	12,335	-	-	12,335	0%	-
Forward Exchange Contract Liabilities	10,060	-	-	10,060	10%	1,006
LC Commitments With Original Maturity Upto 6 months domestic counterparty	8,318	-	559	7,758	20%	1,552
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	23,706	-	5,139	18,568	50%	9,284
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	27,006	-	859	26,147	40%	10,459
Foreign counterparty (ECA Rating 0-1)	1	-	-	1	20%	-
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	9,476	-	27	9,449	100%	9,449
Financial Guarantee	-	-	-	-	100%	-
Acceptances and Endorsements	13,607	-	487	13,120	100%	13,120
Unpaid portion of Partly paid shares and Securities	-	-	-	-	100%	-
Irrevocable Credit commitments (short term)	16,012	-	-	16,012	20%	3,202
Irrevocable Credit commitments (long term)	7,527	-	-	7,527	50%	3,763
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	6,223	-	-	6,223	20%	1,245
Other Contingent Liabilities	414	-	-	414	100%	414
Unpaid Guarantee Claims	-	-	-	-	200%	-
<b>TOTAL</b>	<b>134,684</b>	<b>-</b>	<b>7,071</b>	<b>127,613</b>		<b>53,493</b>
<b>Total RWE for credit Risk (A) +(B)</b>	<b>582,305</b>	<b>20,898</b>	<b>9,462</b>	<b>551,944</b>		<b>338,138</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>582,305</b>	<b>20,898</b>	<b>9,462</b>	<b>551,944</b>		<b>338,138</b>

**d) Forbearance/Relaxation related**

Particulars	As of Ashad end 2082	
	No. of Customers	Amount (NPR 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	1,035	4,773.71

The total outstanding extended interest on restructured loan as per NRB directive as on Asar End 2082 is NPR 1,460,902,326.69.

Particulars	As of Ashad end 2082	
	No. of Customers	Amount (NPR In Mio)
Refinance Loan	-	-
Business Continuity Loan	-	-

Particulars	As of Ashad end 2082	
	No. of Customers	Amount (NPR 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	-
Sub Standard Loans	1,187,645	889,197	3,653,300	2,754,092
Doubtful Loans	4,112,679	2,049,863	3,491,444	1,773,380
Loss	7,193,796	126,389	4,815,949	106,594
<b>Total NPAs</b>	<b>12,494,121</b>	<b>3,065,449</b>	<b>11,963,042</b>	<b>4,634,066</b>

**5.2.3 Compliance with external requirement**

The Bank is in full compliance with the terms and conditions of the loan agreement entered with various external parties. Whether during the period it complied with any externally imposed capital requirements to which it is subject and the consequences of such non-compliance in case the institution has not complied with those requirements

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

Amount in NPR Million

Financial assets	Notes	As at 16-Jul-25		As at 15-Jul-24	
		Carrying Value	Fair value	Carrying Value	Fair Value
<b>Assets</b>					
<b>Assets carried at Amortized Cost</b>					
Cash and cash equivalent	4.1	10,524	10,524	15,047	15,047
Due from Nepal Rastra Bank	4.2	16,361	16,361	15,510	15,510
Placement with Bank and Financial Institutions	4.3	8,742	8,742	6,185	6,185
Loans and advances to BFIs	4.6	8,233	8,233	7,992	7,992
Loans and advances to customers	4.7	274,963	274,963	247,408	247,408
		<b>318,826</b>	<b>318,826</b>	<b>292,144</b>	<b>292,144</b>
<b>Fair Value through Profit and Loss (FVTPL)</b>					
Derivative financial instruments.	4.4	11,138	11,138	5,190	5,190
<b>Fair Value through Other Comprehensive Income (FVTOCI)</b>					
Investment securities	4.8	95,752	98,415	85,608	87,110
Investment in subsidiaries	4.10	893	893	893	893
Investment in Associates	4.11	-	-	-	-
		<b>91,645</b>	<b>99,309</b>	<b>86,501</b>	<b>88,003</b>
<b>Liabilities</b>					
<b>Liabilities carried at Amortized Cost</b>					
Due to Bank and Financial Institutions	4.17	5,529	5,529	4,468	4,468
Due to Nepal Rastra Bank	4.18	-	-	-	-
Deposits from customers	4.20	367,053	367,053	328,931	328,931
Debt securities issued	4.24	7,000	7,000	7,000	7,000
		<b>379,582</b>	<b>379,582</b>	<b>340,400</b>	<b>340,400</b>
<b>Fair Value through Profit and Loss (FVTPL)</b>					
Derivative financial instruments	4.19	11,140	11,140	5,179	5,179

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

Amount in NPR Million

	Fair value Hierarchy (Level)	As at 16 July 2025	As at 16 July 2024
<b>Fair Value through profit and loss</b>			
<b>Financial Assets</b>			
Forward exchange Contract		11,138	5,190
<b>Financial Liabilities</b>			
Forward exchange Contract		11,140	5,179
<b>Fair Value through Other Comprehensive Income</b>			
<b>Financial assets</b>			
<b>Investment securities at OCI</b>			
- Quoted equity securities	1	9,233	7,233
- Unquoted equity securities	3	1,494	1,193
Investment in subsidiaries		893	893

Investment in associates		-	-
<b>Total</b>		<b>11,620</b>	<b>9,319</b>
<b>Financial Instruments held at amortized cost</b>			
<b>Financial assets</b>			
Debt securities	3	1,251	1,161
Government bonds	3	27,730	28,700
Government treasury bills	3	10,709	22,817
Nepal Rastra Bank bonds	3	-	-
Nepal Rastra Bank deposit instruments	3	47,989	26,004
Loan and advances to B/FIs	3	-	-
Loans and advances to customers	3	-	-
Other		-	-
Accounts receivable		-	-
Accrued Income		-	-
<b>Total</b>		<b>87,688</b>	<b>78,683</b>
<b>Financial liabilities</b>			
Due to Bank and Financial Institutions	3	5,529	4,468
Due to Nepal Rastra Bank	3	-	-
Deposits from customers	3	367,053	328,931
Borrowing		548	3,980
Provisions		-	-
Other liabilities		6,368	5,899
Debt securities issued		7,000	7,000
Subordinated Liabilities		-	-
<b>Total</b>		<b>398,203</b>	<b>350,280</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	Sudurpaschim	Total
Revenues from external customers	3,467,902	2,558,673	23,499,988	1,174,102	1,039,697	333,136	683,225	32,756,724
Intersegment revenues	615,510	484,004	(669,455)	(130,770)	(154,876)	(214,543)	70,131	(0)
<b>Net Revenue</b>	<b>4,083,412</b>	<b>3,042,677</b>	<b>22,830,533</b>	<b>1,043,331</b>	<b>884,822</b>	<b>118,593</b>	<b>753,356</b>	<b>32,756,724</b>
Interest revenue	3,253,097	2,454,424	20,196,309	1,099,530	969,304	306,833	650,124	28,929,622
Interest expense	1,355,469	677,896	14,268,187	708,555	616,607	201,055	249,868	18,077,638
<b>Net interest revenue</b>	<b>1,897,627</b>	<b>1,776,529</b>	<b>5,928,122</b>	<b>390,975</b>	<b>352,697</b>	<b>105,777</b>	<b>400,256</b>	<b>10,851,984</b>
Depreciation and amortization	55,172	40,773	383,044	30,656	32,187	13,622	16,683	572,137
<b>Segment profit /(loss)</b>	<b>1,212,817</b>	<b>1,505,277</b>	<b>3,019,035</b>	<b>49,062</b>	<b>(39,276)</b>	<b>(12,569)</b>	<b>(34,323)</b>	<b>5,700,022</b>
Impairment of assets	147,833	(205,971)	911,434	97,171	90,283	(26,791)	244,050	1,258,009
<b>Segment assets</b>	<b>38,665,206</b>	<b>18,656,951</b>	<b>330,059,916</b>	<b>19,066,618</b>	<b>20,083,972</b>	<b>8,121,542</b>	<b>8,933,506</b>	<b>443,587,712</b>
<b>Segment liabilities</b>	<b>36,988,471</b>	<b>19,301,993</b>	<b>288,501,681</b>	<b>17,883,838</b>	<b>19,094,032</b>	<b>7,587,101</b>	<b>8,846,485</b>	<b>398,203,601</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

	<i>Amt in Rs Million</i>
<b>Total revenue for reportable segments</b>	<b>32,756</b>
Other revenues	-
Elimination of intersegment revenues	-
<b>Entity's revenue</b>	<b>32,756</b>

#### Profit or Loss

	<i>Amt in Rs Million</i>
<b>Total profit or loss for reportable segments</b>	<b>5,700</b>
Other profit or loss	-
Elimination of intersegment profits	-
<b>Profit before income tax</b>	<b>5,700</b>

#### Assets

	<i>Amt in Rs Million</i>
<b>Total assets for reportable segments</b>	<b>443,587</b>
Other assets	-
<b>Total assets</b>	<b>443,587</b>

#### Liabilities

	<i>Amt in Rs Million</i>
<b>Total liabilities for reportable segments</b>	<b>398,203</b>
Other liabilities	-
<b>Total liabilities</b>	<b>398,203</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 2080/81 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 472 Mio has been shown as contingent liability on income tax under schedule 4.28. The Bank has paid NPR 74 Mio as deposit against such claims.

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

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	Revenue Tribunal	5,207,265
2072/73	Sunrise Bank	Revenue Tribunal	1,038,665
2072/73	Narayani National Finance	Revenue Tribunal	2,254,871
2073/74	Laxmi Bank	Revenue Tribunal	17,095,394
2073/74	Sunrise Bank	Revenue Tribunal	4,106,125
2074/75	Laxmi Bank	Revenue Tribunal	92,256,398
2074/75	Sunrise Bank	Revenue Tribunal	5,382,118
2075/76	Laxmi Bank	Revenue Tribunal	67,457,321
2075/76	Sunrise Bank	Revenue Tribunal	7,841,866
2076/77	Laxmi Bank	Revenue Tribunal	51,890,536
2076/77	Sunrise Bank	Revenue Tribunal	12,096,967
2077/78	Laxmi Bank	Administrative Review - IRD	33,613,946
2077/78	Sunrise Bank	Administrative Review - IRD	15,957,221
2078/79	Laxmi Bank	Administrative Review - IRD	50,630,718
2078/79	Sunrise Bank	Administrative Review - IRD	10,606,569
<b>Total</b>			<b>472,468,865</b>

Tax returns filed under self-assessment for the FYs 2079/80 and 2080/81 are yet to be assessed by tax authorities.

### 5.6.2 Contingent Liability

Amount in NPR Million

Particulars	As at 16-Jul-25	As at 15-Jul-24
Acceptance and documentary credit	43,994	38,311
Bills for collection	12,335	10,845
Forward exchange contracts	-	-
Guarantees	44,383	44,457
Underwriting commitment	-	-
Other commitments	-	-
Undrawn and undisbursed facilities	23,538	22,991
Capital commitment	297	-
Lease Commitment	-	-
Litigation	472	361
<b>Total</b>	<b>124,980</b>	<b>116,968</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 Agarwal	Director
Bidya Basnyat	Independent Director
Ajaya 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 20,000 per meeting attended while other members of the board receive NPR 18,000 per meeting attended. In addition, the directors are reimbursed with telephone expenses of NPR 10,000 per month. Travelling expenses incurred during official travel/trainings are borne by the Bank on actual basis.

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

Particulars	This Year (NPR)	Previous Year (NPR)
Board Meeting Fee	1,180,000	1,047,000
Audit Committee Meeting Fee	320,000	234,000
Risk Management Committee Meeting Fee	196,000	130,000
Money Laundering Prevention Committee Meeting Fee	111,000	104,000
Human Resource Committee Meeting Fee	147,000	52,000
Capital Project Committee	54,000	78,000
Other board expenses	467,200	341,085

### 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 210 Mio is outstanding as of Ashadh end 2082. The same shall be regularized in line with applicable NRB guidelines.

### 5.7.3 Compensation Details for Key Management Personnel

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

Amount in NPR'000

Particulars	This Year (NPR '000)	Previous Year (NPR '000)
<b>Salary and Allowances</b>		
CEO	15,554	15,585
Other Key Management Personnel	97,375	94,007
<b>Total</b>	<b>112,939</b>	<b>109,592</b>
<b>Other Benefits*</b>		
CEO	2,629	3,899
Other Key Management Personnel	13,168	18,731
<b>Total</b>	<b>15,797</b>	<b>22,630</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	-	-	23,417	22,139
Interest Income	169,900	254,976	-	-
Purchase of Services	-	-	3,473	2,448
Sale of Services	178	479	-	1,711
Dividend received	-	-	73,335	57,000

Particulars	Sunrise Securities Ltd	
	This Year	Previous Year
Interest Expense	6,230	-
Interest Income	1,086	14,594
Purchase of Services	-	-
Sale of Services	316	16
Dividend received	6,230	-

Details of outstanding balances between the company and its subsidiaries as on 16th July 2025 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	488,900
Deposit Liabilities	8,378	6,002	923,974	616,002
Loans to Subsidiaries	2,042,911	2,405,636	-	-
Receivable/ (Payable)	-	-	-	-

Particulars	Sunrise Securities Ltd	
	This Year	Previous Year
Equity Investment	200,000	200,000
Deposit Liabilities	91,709	208,369
Loans to Subsidiaries	10,137	-
Receivable/ (Payable)	19	263

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

## 5.8. Merger and Acquisition

The Bank hasn't entered into any merger or acquisitions transaction during the year.

## 5.9. Additional Disclosures of non-consolidated entities

The Bank has three subsidiaries as at 16 July 2025, Laxmi Sunrise Capital Limited, Laxmi Laghubitta Bittiya Sanstha and Sunrise Securities Limited which are consolidated for the year ended 16 July 2025. There are no such entities that are required to be consolidated but not done during the year.

### 5.9.1 Disclosure of material non-controlling interest

Amount in Rs '000

Particulars	This year	Previous Year
<b>Opening Balance</b>	<b>225,563</b>	<b>210,695</b>
Profit/(loss) for the year	14,152	9,482
Right Share issued	-	-
Premium on Share	-	-
Cash Dividend Paid	-	-
Fund used/Restatement	(858)	5,385
<b>Closing NCI</b>	<b>238,857</b>	<b>225,563</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	
		This year	Previous Year	This year	Previous Year
Laxmi Sunrise Capital Limited	Nepal	-	-	-	-
Sunrise Securities Limited	Nepal	-	-	-	-
Laxmi Laghubitta Bittiya Sanstha Ltd	Nepal	30%	30%	238,857	225,563

## 5.10. Events after reporting date

The Bank has applied to Securities Board of Nepal (SEBON) seeking approval for issuance of subordinated term debts in the form of debentures amounting NPR 3 Billion with coupon rate of 7% p.a. for a tenure of 10 years.

There are only adjustments related to the subsequent recovery of principal and interest up to 15 Shrawan 2082 for 974 accounts, resulting in a write back of the loan loss provision amounting to NPR 1801 million. This has increased profit by NPR 1,134 million and Distributable profit by NPR 896 million after effect of Corporate Social Responsibility Reserve and General Reserve. Similarly, adjustment in LLP has been done after loan has been settled amounting to NPR 374 million which has increased profit by NPR 236 million and distributable profit by NPR 186 million after effect of Corporate Social Responsibility Reserve and General Reserve. There are no other material events that have occurred after 32 Ashad 2082 till the signing of this financial statements.

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.

### 5.10.1 Proposed Dividend:

The Board of directors in its meeting dated 16 November 2025 has passed a resolution recommending for distribution of bonus shares (stock dividend) at 10% and cash dividend at 0.53% (towards tax on bonus shares) of paid up capital as at July 16, 2025. The Bank's paid up capital shall increase by NPR 2,434,651,223.00 upon approval of the resolution from Annual General Meeting.

### 5.11. Variations between audited and unaudited Financial Statements alongwith reason for the same.

NPR in '000'

Statement of Financial Position	Unaudited	Audited	Variance		Reasons for Variance
			In amount	In %	
<b>Assets</b>					
Cash and cash equivalent	10,524,785	10,524,785	-	0%	
Due from NRB and placements with BFIs	25,103,901	25,103,901	-	0%	
Loan and advances	283,274,126	283,197,605	(76,520)	0%	Additional Provision by external auditor, NRB
Investments Securities	98,415,987	98,415,987	-	0%	
Investment in subsidiaries and associates	893,168	893,168	-	0%	
Property and Equipment	4,831,627	4,823,056	(8,571)	0%	Slight change in lease accounting
Goodwill and intangible assets	592,702	592,702	-	0%	
Other assets	20,073,614	20,036,509	(37,105)	0%	Regrouping of items
<b>Total Assets</b>	<b>443,709,908</b>	<b>443,587,712</b>	<b>(122,196)</b>	<b>0%</b>	
<b>Capital and Liabilities</b>					
Paid up Capital	24,346,512	24,346,512	-	0%	
Reserves and surplus	21,092,521	21,037,599	(54,922)	0%	Cumulative impact of different adjustments
Deposits	372,582,937	372,582,937	-	0%	
Borrowings	548,495	548,495	-	0%	
Bond and Debenture	7,000,000	7,000,000	-	0%	
Other liabilities and provisions	18,139,443	18,072,170	(67,274)	0%	Regrouping of items, staff bonus
<b>Total Capital and Liabilities</b>	<b>443,709,908</b>	<b>443,587,712</b>	<b>(122,196)</b>	<b>0%</b>	
<b>Statement of Profit or Loss</b>					
Interest income	29,455,960	28,929,622	(526,338)	-2%	Amortization of Staff Loan
Interest expense	(18,079,572)	(18,077,638)	1,934	0%	Interest Expense on Lease Liabilities adjustment
<b>Net interest income</b>	<b>11,376,389</b>	<b>10,851,984</b>	<b>(524,404)</b>	<b>-5%</b>	
Fee and commission income	2,707,587	2,707,587	-	0%	
Fee and commission expense	(518,887)	(518,893)	(6)	0%	Adjustment after year end
<b>Net fee and commission income</b>	<b>2,188,699</b>	<b>2,188,693</b>	<b>(6)</b>	<b>0%</b>	
Other operating income	1,119,515	1,119,515	-	0%	
<b>Total operating income</b>	<b>14,684,603</b>	<b>14,160,193</b>	<b>(524,410)</b>	<b>-4%</b>	

Impairment charge/(reversal) for loans and other losses	(1,180,246)	(1,258,009)	(77,763)	7%	Adjustments suggested by external auditor, NRB
<b>Net operating income</b>	<b>13,504,357</b>	<b>12,902,184</b>	<b>(602,173)</b>	<b>-4%</b>	
Personnel expenses	(5,445,744)	(4,911,790)	533,953	-10%	Amortization of Staff Loan, Adjustment of Staff Bonus
Other operating expenses	(1,959,657)	(1,959,971)	(314)	0%	Lease accounting, Regrouping of Items, Provision Settlement
<b>Operating profit</b>	<b>6,098,957</b>	<b>6,030,423</b>	<b>(68,534)</b>	<b>-1%</b>	
Non operating income/expense	(330,401)	(330,401)	-	0%	
<b>Profit before tax</b>	<b>5,768,556</b>	<b>5,700,022</b>	<b>(68,534)</b>	<b>-1%</b>	
Income tax	(1,651,589)	(1,637,977)	13,612	-1%	Cumulative tax effect of different adjustments
<b>Profit /(loss) for the period</b>	<b>4,116,967</b>	<b>4,062,045</b>	<b>(54,922)</b>	<b>-1%</b>	
Other comprehensive income	881,648	881,648	-	0%	
<b>Total comprehensive income</b>	<b>4,998,615</b>	<b>4,943,693</b>	<b>(54,922)</b>	<b>-1%</b>	
<b>Distributable Profit</b>					
Net profit/(loss) as per profit or loss	4,116,967	4,062,045	(54,922)	-1%	
Add/Less: Regulatory adjustment as per NRB Directive	(1,111,595)	(1,097,686)	13,909	-1%	Adjustment for profit change, deferred tax
<b>Free profit/(loss) after regulatory adjustments</b>	<b>3,005,372</b>	<b>2,964,358</b>	<b>(41,014)</b>	<b>-1%</b>	

## 5.12. Classification of Loans, Advances & Bill Purchase and Provisioning

The Bank's non-performing assets ratio stood at 4.35% as at balance sheet date. The total non-performing assets as at balance sheet date is NPR 12,494,120,775 and loan loss provision related to non-performing assets calculated as per NRB directives is NPR 9,428,670,782 which is 75.46% of NPA. Also, the total loan loss provision to NPA is 108.38%.

Amount in NPR '000

Loan Category	Current Year		Previous Year	
	Loan	Provision	Loan	Provision
<b>1. Performing Loan and Advances</b>	<b>274,762,380</b>	<b>4,112,923</b>	<b>246,537,174</b>	<b>4,954,609</b>
1.1 Pass Loans	249,322,449	2,529,170	220,637,532	3,407,012
1.1.1 Pass Loan (other than Restructured/Rescheduled Covid Related)	249,230,865	2,528,254	220,488,075	3,405,219
1.1.1 Pass Loan (Restructured/Rescheduled Covid Related)	91,584	916	149,458	1,793
1.2 Watchlist	25,439,930	1,583,753	25,899,641	1,547,597
<b>2. Non-performing Loan and Advances</b>	<b>12,494,121</b>	<b>9,428,671</b>	<b>11,963,041</b>	<b>7,328,976</b>
2.1 Restructured/ Rescheduled	-	-	2,348	2,348
2.2 Substandard	1,187,645	298,448	3,653,300	899,208
2.3 Doubtful	4,112,679	2,062,816	3,491,444	1,718,064
2.4 Loss	7,193,796	7,067,407	4,815,949	4,709,356
<b>3. Total Loan and Advances (1+2)</b>	<b>287,256,501</b>	<b>13,541,594</b>	<b>258,500,215</b>	<b>12,283,585</b>
4. Staff Loan	4,966,101	-	4,033,693	-
5. Accrued Interest	4,516,597	-	5,150,144	-
<b>6. Grand Total (3+4+5)</b>	<b>296,739,199</b>	<b>13,541,594</b>	<b>267,684,052</b>	<b>12,283,585</b>

### 5.13. Statement of Principal Indicators

Indicators	Unit	F. Y. 2077/78	F. Y. 2078/79	F. Y. 2079/80	F. Y. 2080/81	F. Y. 2081/82
Core Capital	NPR Bio	13.30	15.10	31.33	32.62	36.99
Supplementary Capital	NPR Bio	3.72	6.18	9.90	9.11	8.85
Total Capital Fund	NPR Bio	17.02	21.28	41.23	41.86	45.84
Risk Weighted Exposure	NPR Bio	140.09	166.91	312.16	321.84	365.70
Earnings Per Share (Average Share Outstanding)	NPR	14.73	13.10	19.64	12.59	16.68
Market Value per Share	NPR	395.00	199.00	173.00	175.00	238.74
Book Net Worth Per Share	NPR	157.98	146.66	176.39	174.67	186.41
Number of Promotor Equity Shares	Nos.	58,969,616	58,969,616	110,626,563.89	118,370,423	124,288,945
Number of Public Equity Shares	Nos.	56,543,834	56,543,834	106,075,813.95	113,501,121	119,176,177
Number of Permanent Staffs	Nos.	2,665	2,788	2,832	2,770	2,798
Price Earning Ratio	Times	26.81	15.19	8.81	13.89	14.31
Dividend (including bonus) on share capital	%	11.50%	0.00%	7.37%	5.26%	10.53%
Cash Dividend on share capital	%	3.50%	0.00%	0.37%	0.26%	0.53%
Net Profit/Gross Income	%	30.46%	28.41%	30.93%	19.58%	28.69%
Net Profit/Loans & Advances	%	1.59%	1.25%	1.18%	1.14%	1.51%
Return on Total Assets	%	1.12%	0.93%	0.85%	0.74%	0.97%
Return on Equity	%	10.21%	8.95%	8.28%	7.42%	9.46%
Interest Income/Loans & Advances	%	8.50%	9.64%	8.32%	10.49%	7.97%
Exchange Gain/Total Income	%	6.60%	5.10%	2.93%	2.14%	3.92%
Interest Expenses /Total Deposits and Borrowings	%	5.20%	6.86%	5.88%	6.92%	4.99%
Total Operating Expenses/Total Assets	%	1.74%	1.61%	1.14%	1.75%	1.64%
Staff Expenses/Total Operating Expenses	%	54.23%	52.49%	50.65%	64.59%	62.26%
Staff Bonus/ Total Staff Expenses	%	18.68%	17.20%	21.88%	10.69%	14.80%
Total Credit/Deposit	%	94.66%	95.12%	86.27%	77.65%	77.15%
Non Performing Loans/ Total Loans	%	0.75%	0.89%	2.91%	4.63%	4.35%
Net NPL	%	0.26%	0.38%	1.08%	1.79%	1.07%
Base Rate	%	7.08%	9.99%	10.75%	8.52%	6.50%
Weighted Average Interest Rate Spread	%	2.60%	3.06%	3.32%	4.00%	3.51%

### 5.14. 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.

Borrower Name	Date of assuming NBA	Amount in NPR '000	
		16 July 2025	15 July 2024
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
New Jay Laxmi Gahana Griha	2075.08.04	12,248	12,248
R & D Traders	2075.09.05	2,407	2,407
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	11,910
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
Surya Construction Firm Pvt. Ltd	2078.12.30	85,730	85,730
Marusin Sitaka Cons	2079.01.04	143,003	143,003
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
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
Chandra Thapa	2079.04.02	1,556	1,556
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	15,809	29,989
Om Suppliers & Traders	2080.02.24	7,406	7,406
Crystal Agriculture Farming Pvt.Ltd	2080.03.31	20,569	20,569
Hari Prasad Devkota	2080.09.29	12,239	12,239
Bipin Devkota	2081.02.20	4,382	4,382
Disha Paribartan Krishi Farm	2081.02.20	7,418	7,418
Skipper Trade Link Pvt. Ltd.	2081.02.24	10,416	10,416

Shiv Shakti Steel,Almuniyam And Grill Udhyog	2081.02.29	15,438	15,438
Dil Kumari Shrestha	2081.02.30	6,478	6,478
Bishnu Kumar Shrestha	2081.02.30	2,792	2,792
Manakamana Sunchadi Udhyog	2081.02.31	5,410	5,410
Jay Hanuman Traders	2081.02.31	16,294	16,294
Satyam Media Pvt.Ltd.	2081.03.04	15,672	15,672
Anita Kumari Sah	2081.03.06	12,883	12,883
Shree Shubham Traders	2081.03.06	18,598	18,598
Lama Hardware Suppliers	2081.03.06	8,094	8,094
Zoom Suppliers	2081.03.20	10,574	10,574
M/S Skipper Trade Link	2081.03.26	2,627	2,627
A. Bhagwati Strips Pvt Ltd	2081.03.30	44,692	44,692
The Mobi King Private Limited	2081.03.31	94,189	94,189
Anjali International	2081.03.31	38,232	38,232
Anjali Trade & Suppliers	2081.03.31	30,833	30,833
Jagadamba Business Concern Pvt.Ltd	2081.03.31	12,804	50,054
By Dhuwani Sewa Pvt Ltd	2081.03.10	5,219	14,489
Bishnu Kumar Shrestha	2081.03.10	9,525	9,525
Ambay Enterprises Pvt. Ltd.	2081.04.10	74,070	-
Moon Star Enterprises	2081.10.24	5,456	-
Amit Kumar Gupta	2081.10.24	11,222	-
Pranav Auto Zone Pvt Ltd	2081.10.27	15,024	-
Nepal Recondition House	2081.10.24	6,474	-
Jharana Enterprises	2081.11.02	3,806	-
Agni Iconic Pvt Ltd	2081.12.26	63,950	-
K.G.S. Suppliers	2081.12.31	19,209	-
Surya Prasad Sharma	2082.01.16	14,071	-
Kabita Sharma	2082.01.16	1,526	-
Bhesh Raj Basnet	2082.01.17	2,994	-
Gaurang Enterprises	2082.01.24	10,516	-
Akalamai Suppliers	2082.01.30	11,790	-
Kopila Rana	2082.01.31	11,120	-
Maruti Itta Udhyog	2082.01.31	17,969	-
Dikshya Jeweller	2082.02.01	3,197	-
Ashika Suppliers	2082.02.02	1,929	-
Sudip Niraula	2082.02.02	2,702	-
Milco Industries Pvt. Ltd.	2082.02.07	28,529	-
Gayatri Gahana Udhyog	2082.02.08	13,350	-
Kshitiz Hotel Pvt Ltd	2082.02.13	14,616	-
Keshari Store	2082.02.16	11,094	-
Shyamkaji Ghimire	2082.02.29	10,875	-
Sharda Electronics & Suppliers	2082.02.30	18,734	-
Alisha Emporium	2082.03.02	30,330	-
Shuvam Traders	2082.03.08	14,793	-
Satkar Kumar Shrestha	2082.03.08	7,945	-
Mina Rai	2082.03.09	21,649	-
Hari Krishna Dhungel	2082.03.12	12,351	-
R. K Suppliers	2082.03.16	28,392	-
Ajit Malla	2082.03.19	11,167	-
Shiva Prasad Acharya	2082.03.19	4,194	-
Om Infratech Pvt Ltd	2082.03.22	18,810	-
Royal Trilok Group Pvt. Ltd.	2082.03.22	10,655	-
Prakash Trading Concern	2082.03.23	20,912	-
Mahmad Pravej Alam	2082.03.26	1,798	-
M.K. Collection Pvt. Ltd.	2082.03.27	17,427	-
Bholebaba Business Pvt. Ltd.	2082.03.27	25,894	-
Alisha Emporium	2082.03.29	8,300	-
New Gajmer & Sons Sunchandi Pasal	2082.03.30	11,200	-
Khand & Pokharel Suppliers	2082.03.31	28,060	-
Fashion Hub	2082.03.31	14,003	-
Marusin Sitaka Cons	2081.11.11	59,380	-
Bibek Kumar Mishra	2082.02.02	4,106	-
Pathibhara Trade & Supplier	2082.02.05	6,623	-
Kyamin Furniture Udhyog	2082.02.07	14,420	-
Kharel Krishi Firm	2082.03.09	13,050	-
Herbochem Industries	2082.03.23	8,656	-
Man Bahadur B K	2082.03.29	4,687	-

Kamala Basnet	2075.03.28	-	1,010
Arju Poultry Farm & Suppliers	2078.07.01	-	1,766
Karmu Lama	2079.03.31	-	11,360
Laxman Dhuwani Sewa	2080.10.25	-	15,547
Pho.D. Suppliers	2081.02.25	-	6,720
M/S Shreeya Fancy Store	2081.03.21	-	5,120
Shivashakti Hardware Pvt Ltd	2081.03.30	-	25,602
Manu Trading	2081.03.10	-	10,820
Manisha Ghimire	2081.03.10	-	5,499
<b>Total</b>			<b>2,192,013 1,563,131</b>

### 5.15. 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	1,661,087	1,456,695
Lease Liability	1,856,221	1,601,250
<b>Presented in Statement of Profit or Loss</b>		
Depreciation on Right of Use Assets	264,943	297,199
Interest on Lease Liabilities	113,956	107,725

### 5.16. 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 32 Ashad 2082 and collected after year end up to 15 Shrawan 2082 amounting to NPR 711,105,644 has been deducted from the amount transferred to regulatory reserve during the FY 2024-25 after adjustment of staff bonus, taxes, general reserve and corporate social responsibility fund. Interest income excludes NPR 349,377,896 towards interest accrued on overdue loans and advances as per Guidance Note on Interest Income Recognition, 2025 issued by NRB.

### 5.17. 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.

Amount in NPR. '000

Particulars	Units	Year ended 16-Jul-25	Year ended 15-Jul-24
Profit attributable to equity shareholders (a)	NPR'000	4,062,044	2,920,379
Weighted average of number of equity shares used in computing basic earnings per share (b)		243,465,122	231,871,545
<b>Basic and diluted earnings per equity share of Rs 100 each (a/b)</b>	<b>Rs</b>	<b>16.68</b>	<b>12.59</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.

### 5.18. Unpaid Dividends

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

Amount in NPR. '000

Particulars	As at 16 July 2025	As at 15 July 2024
Not collected for more than 5 years	46,253	94,617
Not collected up to 5 years	153,805	111,315
<b>Total</b>	<b>200,258</b>	<b>205,932</b>

### 5.19. Loans & Advances to B/FIs and customers

Loans & Advances to B/FIs and Customers have been valued under amortized cost as allowed under NFRS 9. Separate Effective Interest Rate (EIR) has not been computed, and coupon interest rate is considered as EIR for the computation of Expected Credit Loss. Also, Institute of Chartered Accountants of Nepal (ICAN) have provided carve out on EIR till FY 2082/83.

Pursuant to adoption of ECL model, recognition of interest income has been based upon Guidance Note on Interest Income Recognition, 2025 issued by NRB. As per the Guidelines, Interest income for stage 3 loan of previous quarter must be recognized on a cash basis. Accordingly, the bank has derecognized NPR 349 million for FY 2081-82 regarding accrued interest which has not been received in cash.

As per NFRS 9, an entity shall assess at the end of each reporting period if there is any objective evidence that financial asset or group of financial assets measured at amortized cost is impaired.

The bank for the current financial year has assessed the impairment under para 5.5 of the NFRS 9 impairment model and the NRB Directive. The Bank, following regulatory backstop as mentioned in Clause 16 of "NFRS 9- Expected Credit Loss Related Guidelines, 2024" has recognize impairment on credit exposures as the HIGHER of total ECL calculated as per NFRS 9 and existing regulatory provisions as mentioned in Unified NRB Directives no 02. Further, Bank has applied carve out issued by ICAN and has computed impairment loss. As per the carve-out issued by ICAN as a mandatory treatment of impairment loss for banks and financial institution till FY 2082.83, impairment loss to be measured at higher of amount derived as per norms prescribed by NRB for loan loss provision and measured as per paragraph 5.5 of NFRS 9.

#### 5.19.1 Details of such impairment are as mentioned below:

Particulars	Year ended 16 July 2025	Year ended 15 July 2024	P/L Impact
Impairment (A)	9,989,586,802	5,142,505,255	-
Provision as per NRB (B)	13,541,593,893	12,283,584,958	-
Impairment to be considered (Higher of A or B)	13,541,593,893	12,283,584,958	-

Note: The Impairment for FY 2081-82 is calculated as per Expected Credit Loss model under NFRS 9, whereas for the previous FY 2080-81, it was calculated based on the Incurred Loss Model under NAS 39.

#### 5.19.2 Details of Collective and Individual Impairment:

Particulars	Expected Credit Loss (ECL)
<b>Collective Impairment</b>	
Stage 1	1,108,199,721
Stage 2	990,897,825
Stage 3	6,941,133,718
<b>Individual Impairment***</b>	
Stage 1	-
Stage 2	-
Stage 3	-
<b>Total Funded</b>	
Non-Funded Exposures**	946,491,823
<b>Total Expected Credit Loss*</b>	<b>9,989,586,802</b>

\* ECL of Investments exposure of bonds, treasury bills, interbank lending of NPR 51,816,731,218 amounting NPR 2,863,714 is included in the total expected credit loss.

\*\* Non-Funded Exposures includes Letter of Credit, Bank Guarantee, Forward Exchange Contract Liabilities and undrawn limit for short term and long-term loan with exposures of NPR 39,572,207,425.

\*\*\* Assets are tested for individual impairments but only collective impairment is calculated.

### 5.19.3 Expected Credit Loss Summary (In '000):

Financial Statement Items	Gross Carrying Amount (Stage)			ECL Provision (Stage)				
	1	2	3	Total	1	2	3	Total
Loans and advances	252,757,576	11,010,841	35,099,522	298,867,940	1,108,200	990,898	6,941,134	9,040,231
Loan Commitments	-	-	-	-	-	-	-	-
Financial guarantee contracts	-	-	-	-	-	-	-	-
Others	91,388,939	-	-	91,388,939	949,356	-	-	949,356
<b>Total</b>	<b>344,146,515</b>	<b>11,010,841</b>	<b>35,099,522</b>	<b>390,256,879</b>	<b>2,057,555</b>	<b>990,898</b>	<b>6,941,134</b>	<b>9,989,587</b>

Financial Statement Items	NRB Regulatory Provision (Stage)			Regulatory Pro. Cove. Ratio % (Stage)			ECL Coverage Ratio % (Stage)					
	1	2	3	Total	1	2	3	Total	1	2	3	Total
Loans and advances	2,529,170	1,583,753	9,428,671	13,541,594	0.44%	9.00%	19.78%	3.02%	1.01%	6.23%	75.46%	4.71%
Loan Commitments	-	-	-	-	-	-	-	-	-	-	-	-
Financial guarantee contracts	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	1.04%	-	-	1.04%	-	-	-	-
<b>Total</b>	<b>2,529,170</b>	<b>1,583,753</b>	<b>9,428,671</b>	<b>13,541,594</b>	<b>0.60%</b>	<b>9.00%</b>	<b>19.78%</b>	<b>2.56%</b>	<b>1.01%</b>	<b>6.23%</b>	<b>75.46%</b>	<b>4.71%</b>

## 5.20. Loans Written Off

The Bank has written off loans amounting total NPR 429,346,280 during the year FY 2081-82. The amount has been presented as non-operating expense under schedule 4.40 in Statement of Profit of Loss. These loans were initially approved and disbursed as per the credit policy of the Bank and are approved by the authorized personnel of the Bank and are written off in line with the Bank's Loan Writeoff Bylaws, 2080 and relevant NRB guidelines. Loans are written off when there are not adequate collateral remaining for recovery of the outstanding dues, after applying all possible and permissible recovery actions, including but not limited to servicing and publication of multiple repayment notice, auction of available collateral, blacklisting of borrowers etc. The details of loans written off during the year are as follows:

SN	Borrower's Name	Amount	Collateral	SN	Borrower's Name	Amount	Collateral
1	Kharel Krishi Farm Pvt.Ltd	17,821,948		207	Nishan Shrestha	17,849	NA
2	Milco Industries Pvt Ltd	9,490,530		208	Suman Niraula	15,709	
3	Monika Kirana Pasal	4,217,644		209	Sushil Dhungana	16,241	
4	Ashika Suppliers	2,291,986		210	Murtuja Miya	21,917	
5	Hotel S.S. And Lodge	2,009,508		211	Gita Devi Yadav	15,379	
6	Pathibhara Trade And Suppliers	1,587,293		212	Chandrama Chaudhary	15,232	
7	Gayatri Gahana Udhyog	5,703,570		213	Mira Devi Thapaliya	16,197	
8	Bibek Kumar Mishra	1,488,232		214	Indra Kumari Mandal	15,215	
9	Shyamkaji Ghimire	1,462,122		215	Salita Devi Sardar	19,515	
10	Sumitra Traders	1,063,009		216	Bir Bahadur Raut Ahir	15,019	
11	S.K.Aaditya Traders	914,920		217	Ramauti Devi	14,932	
12	Vibek General Store	909,740		218	Manoj Auto Parts	14,924	
13	Bannimasta Steel Aalmoniyam And Grill Udhyog	661,498		219	Madan Ram Mahara	14,906	
14	Diksha Jewellers	251,292	Land	220	Maya Devi Darji	14,520	
15	Jamuna Rimal	22,445		221	Rohit Kumar Chaudhary	17,989	
16	Lok Bahadur Poudel	21,360		222	Devendra Baral	26,873	
17	Lupendra Rai	14,200		223	Sonam Tshering Gurung	14,446	
18	Ekjute Construction Service Pvt Ltd	10,645		224	Lalita Devi Thakur	3,619	
19	Kalpana Baniya	8,094		225	Kiran Bajracharya	14,321	
20	Suntauli Bishwokarna	6,120		226	Hasarun Nisa Gaddi	14,311	
21	Manju Kumal	2,189		227	Mahesh Kumar Chaudhary	14,299	
22	Kyamin Furniture Udhyog	10,007,434		228	Sunita Devi Badhai	14,163	
23	Maruti Itta Udhyog	5,443,675		229	Dulari Kumari Yadav	14,125	
24	Sharda Electronics And Suppliers	25,790,450		230	Ruplal Kami	14,035	
25	Agni Iconic Pvt.Ltd	10,245,807		231	Sanju Devi	18,484	
26	The Mobi King Private Limited	128,809,419		232	Juned Hamiya	13,794	
27	Pranav Auto Zone Pvt. Ltd	10,009,759		233	Puja Kumari Thakur	17,965	
28	Akalamai Suppliers	9,886,641		234	Tej Maya Dhakal	16,495	
29	Surya Prasad Sharma	3,931,152		235	Indira Timalsina Pandit	13,780	
30	K.G.S Suppliers	2,543,585		236	Punita Kumari Thakur	13,730	
31	Debit Trade And Suppliers	2,199,879	Land & Building	237	Kanhaiya Malaha	14,982	
32	Kshitiz Hotel Pvt Ltd	6,885,553		238	Padma Merchant Co. Pvt. Ltd.	22,669	
33	Mina Rai	6,355,285		239	Bina Devi Sada	13,527	
34	Kopila Rana	4,502,800		240	Sg Complex PvtLtd	13,513	
35	Jharana Enterprises	1,494,213		241	Ashish K.C	13,183	
36	Bikram Rana	559,034		242	Gita Kumari Yadav	5,952	
37	Kumar Grill Udhyog	35,142		243	Sobita Kumari Sahani	17,809	

38	Ambay Enterprises Pvt. Ltd.	56,972,220		244	Ashish Shrestha	15,004
39	Jagadamba Business Concern Pvt.Ltd	11,261,700		245	Arun Nath/Badri Nath	12,990
40	Everest Rice Mill Pvt Ltd	1,916,601		246	Min Kumari Sapkota	12,775
41	Shakti Shrestha	445,364	Land & Vehicle	247	Ruksan Khatun	12,436
42	Shivashakti Hardware Pvt Ltd	60,623,510	Land, Building & Vehicle	248	Laxmi Prasad Luitel	12,422
43	Pho. D. Suppliers	3,457,222	Land, Building & Vehicle	249	Vagrit Mahato	13,675
44	Jit Bahadur Gole	687,950	Vehicle	250	Pramila Pakhrin	3,571
45	Sujan Dhakal	7,534		251	Mina Maya Shrestha	13,710
46	Hari Bahadur Kumal	119,855		252	Mansur Kawari	16,230
47	Raj Ram/Roshan Kumar Rauniyar	23,723		253	Anju Kumari Sharma	11,956
48	Ramchandra Pandey	10,928		254	Pramila Devi Rabidas	11,953
49	Dilli Rai	8,619		255	Rabari Devi	11,685
50	Kabi Dharala	8,516		256	Samrat Bista	12,488
51	Khilaraj Khawas	7,382		257	Manati Kumari Devi Chaudhary	12,916
52	Anil Kumar Byahut	1,125,425		258	Manki Devi Mukhiya	11,348
53	Rakesh Tiwari	1,339,673		259	Prem Chandra Yadav	12,266
54	Prasuram Mallah	28,636		260	Saukhi Chaudhary	12,635
55	Gauri Shankar Baniya	23,573		261	Gopal Ghimire	11,166
56	Tilak Bahadur Khatri	13,534		262	Tika Kumari Pokhrel	11,158
57	Ramesh Sahu	12,591		263	Faguni Kapar	11,086
58	Radhika Devi	13,986		264	Pradip Regmi	11,013
59	Raj Kumar Mandal	1,921		265	Shobha Devi Sharma	10,872
60	Dev Narayan Mahatwo	1,730		266	Girija Devi Tharuni	10,842
61	Netra Bahadur Darai	9,889		267	Shishir Mani Pradhan	11,508
62	Ram Narayan Mahato	1,273		268	Yogesh Bajracharya	10,471
63	Binod Kahar	1,195		269	Sita Bishwakarma	10,319
64	Daroga Prasad Barai	261	270	Shambhu Man Shrestha	13,778	
65	E.G. Builders	1,078,135	271	Sugrim Kurmi	10,281	
66	Bindu Ratna Tuladhar	1,056,793	Shares	272	Keshava Property PvtLtd	70,690
67	White Pigeon	292,603	NA	273	Bishwanath Sah Sonar	10,119
68	Sandipa Kumari Harijan	146,217		274	Shivsati Devi	14,129
69	Bhima Kumari Reule	143,418		275	Rahis Mohammad Pakhiya	9,654
70	Sita Gurung	140,617		276	Modern Kitchen Steel Structure Wo	24,016
71	Shajima Khatun	134,930		277	Mariam Khatun	18,183
72	Krishna Khatri Chhetri	133,804		278	Durga Bahadur Magar	13,475
73	Paras Sa Kanu	131,606		279	Rajesh Kumar Mandal	9,201
74	Sambhawati Harijan	128,547		280	Bishnu Maya Pokhrel	8,960
75	Sima Kumari Yadav	128,296		281	Faijan Shah	8,902
76	Gul Bahar Khatun	98,733		282	Kadir Ali	8,892
77	Ramawati Yadav	97,192		283	Bharat Karkee	8,664
78	Aasha Kumari Saday	96,662		284	Krishni Kumari Biswokarma	8,535
79	Bindu Devi	96,038		285	Santu Gharti	9,282

80	Bishnu Devi Gaha	90,146	286	Samjhana Thapa	8,303
81	Samjhana Gharti	92,198	287	Keshab Prasad Kafle	8,278
82	Paramhans Raut Kurmi	87,847	288	Raghav Paudel	8,248
83	Chandan Chaudhary	83,747	289	Anita Devi Sah Kanu	8,176
84	Sundarkala Devi	83,553	290	Ram Kumar Yadav	2,755
85	Durga Devi Sunar	83,350	291	Janaki Bhandari	9,893
86	Pramila Devi Das	85,284	292	Rabindra Sah Kanu	7,986
87	Urmila Devi Chamain	5,709	293	Rabi Kant Sah	7,788
88	Ramadhar Sah Teli	72,825	294	Nagina Mahara	11,928
89	Saiyara Khatun	72,773	295	Ishwari Kumari / Nogendra	7,675
90	Kamaruddin Ansari	67,907	296	Najir Ahammad Khan	7,487
91	Jayada Khatun	67,441	297	Lalita Kami	7,321
92	Meghu Sahani	58,584	298	Sajawal Prasad Yadav	7,282
93	Basdev Yadav	53,746	299	Anita Devi Pariyar	7,227
94	Nirmala Tiruwa	48,210	300	Santosh Prasad Chaudhary	10,100
95	Rita Devi	47,771	301	Ram Hirday Mahato	11,289
96	Lilan Kumari Devi	49,312	302	Punita Devi	11,761
97	Sanjay Prasad Yadav	45,032	303	Uttam Kumari Mushar	6,804
98	Bharat Hajara	43,639	304	Sagar Kumar Shakti	6,770
99	Neha Rana Rana Magar	41,767	305	Gopal Rijal	6,667
100	Karuna Tamang	36,907	306	Rita Devi Ram	6,657
101	Kanhaiya Harijan	120,618	307	Shrada Devi Bin	10,786
102	Sangita Giri K.C.	122,068	308	Janki Kumari Chaudhary	6,577
103	Abdul Baki	115,917	309	Pramala Devi Pasi	6,522
104	Lalita Devi	115,828	310	Drurbasa Suppliers	6,483
105	Sabita Kumari Mahara	112,222	311	Mantorawa Devi	6,450
106	Kaushilya Kumari Gupta	110,706	312	Nilam Devi	6,219
107	Shekh Saphrul	112,796	313	Sudama Chamaini	6,087
108	Gita Devi Malahin	109,873	314	Sandeep Satyal	6,083
109	Chakrapati Chaudhary	106,616	315	Sajjan Kumar Singh	5,963
110	Bibha Kumari Ram	104,483	316	Man Bahal Yadav	5,925
111	Shaila Devi Hajari	103,970	317	Fatma Khatun	10,015
112	Sakuntala Devi	103,821	318	Ramprit Kapar	5,816
113	Manju Devi Yadav	102,849	319	Amir Shrestha	5,727
114	Amiran Khatun	100,002	320	Bir Bahadur Hamal	5,659
115	Rajindra Khawas Tharu	24,863	321	Pratik Rijal	5,615
116	Ram Bahadur Sunar	24,733	322	Pushpa Adhikari	579
117	Bharoshi Sah Kanu	24,693	323	Dhana Parsad Bajagai	5,484
118	Rahim Shrestha	26,382	324	Nirmala Pantha Chhetri	4,835
119	Kusum Devi/Narendra Raj Pandey	24,281	325	Rebtiya Kumari	4,737
120	Shiva Kumar B.K Lamichhane	24,131	326	Anita Devi Nau Thakur	4,554
121	Namuna Bhandari	24,108	327	Sunita Bajju	4,537
122	Gita Devi Ram	24,044	328	Dipa Mainali	4,527
123	Chitra Bahadur Chhetri	23,819	329	Shiva Hari Baral	4,293
124	Marup Khan	23,795	330	Lila B.K	4,234
125	Laxmi Ghimire	23,756	331	Bishnu Pandey	4,186
126	Patwari Yadav	27,485	332	Aj Boutique And Collection	3,916
127	Niranjan Khatri	23,584	333	Punma Chamar	3,874

128	Devendra Rana	26,899	334	Raju Adhikari	3,872
129	Ramkumari Devi Kapar	27,489	335	Jasmati Badhain Verma	3,820
130	Phulmati Kumari Musahar	22,927	336	Talasi Maya Maji	3,667
131	Nitu Yadav	22,846	337	Hari K Maharjan	3,453
132	Khushbu Pariyar	24,653	338	Sabitra K.C	3,359
133	Jay Laxmi Chaudhary	22,818	339	Durga Nepali	3,213
134	Bhul Kun Debi Mochi	29,034	340	Chudamani Kafle	3,136
135	Santa Bahadur Malla	22,452	341	Sanjay Lama	3,043
136	Tika Kumari Thapa Magar	15,166	342	Bharat Kamat	2,968
137	Mahendra Prasad Jaiswar	22,330	343	S & S Collection	2,920
138	Lalita Devi Kapar	21,959	344	Sundar Devakota	2,899
139	Nitu Devi Sada	21,810	345	Dharma Adhikari	2,898
140	Amar Bahadur Thakuri	21,554	346	Mohan Krishna Kuluju	2,877
141	Sukumaya Tamang	24,902	347	Shyam Kumar Shrestha	2,860
142	Sabina Khadka	21,302	348	Gita Giri	2,840
143	Radha Kumari Yadav	21,039	349	Ganesh Kumar Newar	2,570
144	Isarail Miya	21,029	350	Bishwaraj Acharya	2,561
145	Sonamati Dhobi	21,012	351	Padam Kumari Chaulagai	2,418
146	Ram Jyoti Devi	20,993	352	Chandra Prasad Tiwari	2,339
147	Rahul Kumar Das	20,957	353	Mohan Ray Tharu	2,277
148	Dukhani Devi	20,848	354	Tulsi Prasad Pandit	239
149	Abrun Nisa Faqir	20,810	355	Najmun Khatun	1,981
150	Devi Basnet	20,635	356	Shanti Raj Bairagi	1,958
151	Rajman Kurmi	20,619	357	Yasin Miya Ansari	1,940
152	Shila Kumari Gharti Chhetri	20,554	358	Bajraguru-Bhubaneshwori J/V	4,294
153	Sashi Kala Limbu	10,860	359	Dil Kumari Dawadi	1,745
154	Mina Shrestha	20,144	360	Gopal Limbu	1,699
155	Krishna Prasad Dangal	20,052	361	Dev Kumari Mainali	1,590
156	Koshila Devi	11,003	362	Laxmi Kumari Ghimire	1,568
157	Radhika Devi Mahara	20,029	363	Bishnu Maya Baniya	1,539
158	Basdev Mushar	19,811	364	Shreeram Sapkota	1,511
159	Lakhan Paskan	24,338	365	Dal Bahadur Karki	1,503
160	Arbind Thakur	19,659	366	Santabir Bholan	1,436
161	Som Bahadur Khadka	19,610	367	Dayaram Yadav	1,289
162	Maya Tandan	19,607	368	Salma Rai	1,273
163	Ganesh Pokharel	22,959	369	Kamala Khatri	1,169
164	Dhan Bahadur B.K.	19,505	370	Tara Devi Padhya	1,155
165	Mohamd Ibrahim Khan	19,463	371	Bhuteli Mahara Chamar	1,153
166	Mukti Prasad Subedi	19,198	372	Thil Prasad Gautam	1,076
167	Hedayat Nesa	19,168	373	Shatiya Malahin	960
168	Supesh Man Shrestha	19,152	374	Tek Bahadur Newar	854
169	Dipak Darai	19,137	375	Rampadi Kumari Devi	731
170	Salina Tharu	18,991	376	Sunita Chaudhary	691
171	Rajesh Kumar Somani	18,986	377	Shiv Prasad Yadav	605
172	Rupa Kohar	18,984	378	Keywright Networks And Infra Pvt Ltd	492

173	Jagtarain Devi Domin	18,968		379	Saraswati Kumari Chaudhary	414
174	Lali B.K.	18,691		380	Jay Kishan Chaudhary	284
175	Kewal Prasad Kalawar	13,372		381	Binda Mainali	269
176	Maharun Nisa Mu	4,414		382	Shiv Shankar Prasad Chaudhary	165
177	Maharun Nisa Mu.	18,487		383	Suruj Chaudhary	118
178	Sher Bahadur Tamang	18,392		384	Chhal Maya Chapai	117
179	Rijhan Barahi	18,383		385	Kanhaiya Yadav	58
180	Bishnu Dev Mukhiya Bin	18,350		386	Dulari Devi	42
181	Sagun Joshi	21,447		387	Bimala Thapa	7
182	Gita Pariyar	18,297		388	Sataylal Raut	4,176
183	Parbati Devi Yadav	18,283		389	Khagendra Bahadur Shahi	3,018
184	Shree Narayan Mandal	24,720		390	The Ganesh Ent Pvt Ltd	30
185	Bhuma Nepali	18,074		391	Achit Chaudhary	82,376
186	Kheta Bahadur Sarki	17,983		392	Dayaram Shrestha	80,350
187	Sunita Sah	17,941		393	Kalimaya Pulami	59,020
188	Birendra Chaudhary	17,904		394	Naresh Kumar Bhujel	55,111
189	Gulesha Khatun	17,902		395	Pratina Shrestha	75,102
190	Sumintra Devi	35,743		396	Nanna Bahadur Ale	72,783
191	Mohit Narayan Yadav	17,830		397	Sanjay Kumar Phuyel	72,920
192	Sagar Devi	17,697		398	Lakshami Shrestha	96,416
193	Vijay K.C	21,030		399	Dhan Maya Shrestha	96,682
194	Tauleshwar Murau	21,895		400	Kopila Roka	147,565
195	Rita Khatri	17,316		401	Dhanesh Wagle	176,519
196	Nirajan Chaudhary	17,315		402	Rajiv Baniya	201,356
197	Sarita Lungeli	17,237		403	Nagendra Bahadur Gharti	140,798
198	Surendra Kumar K.C	17,171		404	Sita Adhikari	77,598
199	Bindrawoti Yadav	17,062		405	Bishnu Jaisi (Bhusal)	113,581
200	Dhanpati Mainaly	20,393		406	Laxmi Acharya	138,877
201	Aasha Kumari	21,168		407	Masuri Gurung	53,023
202	Shreejana Chalise	16,971		408	Ram Bahadur Yadav	152,159
203	Lila Kameni	16,927		409	Surya Prasad Sapkota	111,749
204	Suresh Mandal	20,649		410	Dhan Bahadur Bista	89,068
205	Gyan Prasad Gautam	16,128		411	Sanjay Kumar Shrestha	269,839
206	MANJU KAMI SUNAR	16,104			<b>Total</b>	<b>429,346,280</b>

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

Amount in NPR Million

Particulars	Loans & Advances and Bills Purchased		Deposits & Borrowings		Non-Funded	
	CY	PY	CY	PY	CY	PY
Total Amount Outstanding	287,256	258,500	371,762	334,000	124,683	116,968
Highest Exposure of a Single Unit	3,256	3,289	8,386	9,014	2,309	2,737
Concentration of exposure	1.13%	1.27%	2.26%	2.70%	1.85%	2.34%

\* 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.

## 5.22. Reserve

### 5.22.1. General Reserve

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

Amount in NPR '000

<b>Opening Balance</b>	<b>6,473,786</b>
Transfer as per BAFIA from Net Profit	812,408
Transfer from OCI	19,081
<b>Closing balance</b>	<b>7,305,277</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 812,408,945 (Previous Year NPR 584,075,796) 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 19,081,937 (Previous Year NPR 52,605) has been transferred to General reserve.

### 5.22.2. 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 8,598,258 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>91,578</b>
Add: Transfer during the period	8,598
<b>Closing Balance</b>	<b>100,177</b>

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

Particulars	10% Laxmi Bank Debenture 2086	8.5% Laxmi Bank Debenture 2088	10.25% Sunrise Debenture 2083	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	3,000,000,000	7,000,000,000
DRR Alloted	1,111,111,111	666,666,666	2,500,000,000	4,277,777,777
DRR Remaining	888,888,889	1,333,333,334	500,000,000	2,722,222,223

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

Amount in NPR '000

<b>Opening Balance</b>	<b>3,333,333</b>
Add: Transfer during the period	944,444
Less: Transfer to Retained Earnings	-
<b>Closing Balance</b>	<b>4,277,777</b>

#### 5.22.4. Regulatory Reserve

The Bank has transferred NPR 40,605,125 for non banking assets, 72,017,187 for deferred tax and NPR 26,377,314 for Actuary loss on Profit and Loss from retained earnings to regulatory reserve, NPR 46,474,416 for ICTR and NPR 767,910,439 for interest receivable from regulatory reserve to retained earnings during the FY 2081-82. The closing balance of Regulatory reserve as on Ashad end 2082 is NPR 3,305,467,098.

NPR in million

FY	Interest Receivable	Short loan loss provision	Short Provision for possible losses on investment	Short Provision on NBA	Deferred Tax Assets	Goodwill	Gain on Bargain Purchase	Actuarial Loss Recognized	Other (ICTR)	Total
2074/75	139.34	-	-	37.49	-	-	-	8.26	-	185.09
2075/76	(30.78)	-	-	(0.16)	-	-	-	5.41	-	(25.53)
2076/77	230.98	-	-	31.33	-	-	-	(2.47)	-	259.84
2077/78	(19.67)	-	-	(1.91)	-	-	-	(11.20)	-	(32.79)
2078/79	64.21	-	-	(22.30)	-	-	-	-	-	41.91
2079/80	208.26	-	-	-	225.40	-	-	-	-	433.66
Merger transfer	960.84	-	-	1,071.23	-	-	-	-	-	2,032.07
2080/81	849.59	-	-	181.42	(99.33)	-	-	61.97	-	993.64
2081/82	(767.91)	-	-	40.60	72.02	-	-	26.38	46.47	(582.43)
<b>Total</b>	<b>1,634.87</b>	<b>-</b>	<b>-</b>	<b>1,337.69</b>	<b>198.09</b>	<b>-</b>	<b>-</b>	<b>88.34</b>	<b>46.47</b>	<b>3,305.46</b>

#### 5.22.5. 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.

#### 5.22.6. Corporate Social Responsibility

As per the NRB directive no. 6.10.17 on the Corporate Social Responsibility, the Bank has allocated 1% of the net profit of current fiscal year for CSR activities. CSR expenses NPR 26,050,908 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>46,686</b>
Allocation for FY 2081-82 (1% of Net Profit)	40,620
Expense during the year	(26,050)
<b>Closing balance</b>	<b>61,255</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/CSR Headings	Koshi	Madhesh	Bagmati	Gandaki	Lumbini	Karnali	Sudurpashchim	Total
Education	889	964	1,900	725	739	610	936	6,763
Health	511	356	976	361	586	336	321	3,449
Humanitarian and Assistance Relief	1	101	296	1	1	1	11	415
Environment	329	525	1,151	551	514	497	457	4,024
Financial Literacy	792	901	1,235	976	722	759	834	6,219

Sustainable Development Goals	295	186	3,044	475	71	381	71	4,525
Others	66	46	241	136	46	76	46	655
<b>Total</b>	<b>2,884</b>	<b>3,079</b>	<b>8,844</b>	<b>3,226</b>	<b>2,679</b>	<b>2,661</b>	<b>2,677</b>	<b>26,051</b>

### 5.22.7. 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 2,271,848 from Employees Training Fund to Retained Earnings during the FY 2081/82 towards training expenses out of the fund during the year. The movement during FY in the employee training fund is as follows:

<b>Opening Balance</b>	<b>9,320</b>
Transfer to Retained Earning	(2,271)
<b>Closing balance</b>	<b>7,048</b>

### 5.22.8. 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 2081-82, the Bank has transferred net amount NPR 908,025,624 to the reserve. Similarly, NPR 95,409,687 towards net gain on sale of investmet recognized through OCI has been transferred to Retained Earning and General Reserve. The details of these reserves is as below:

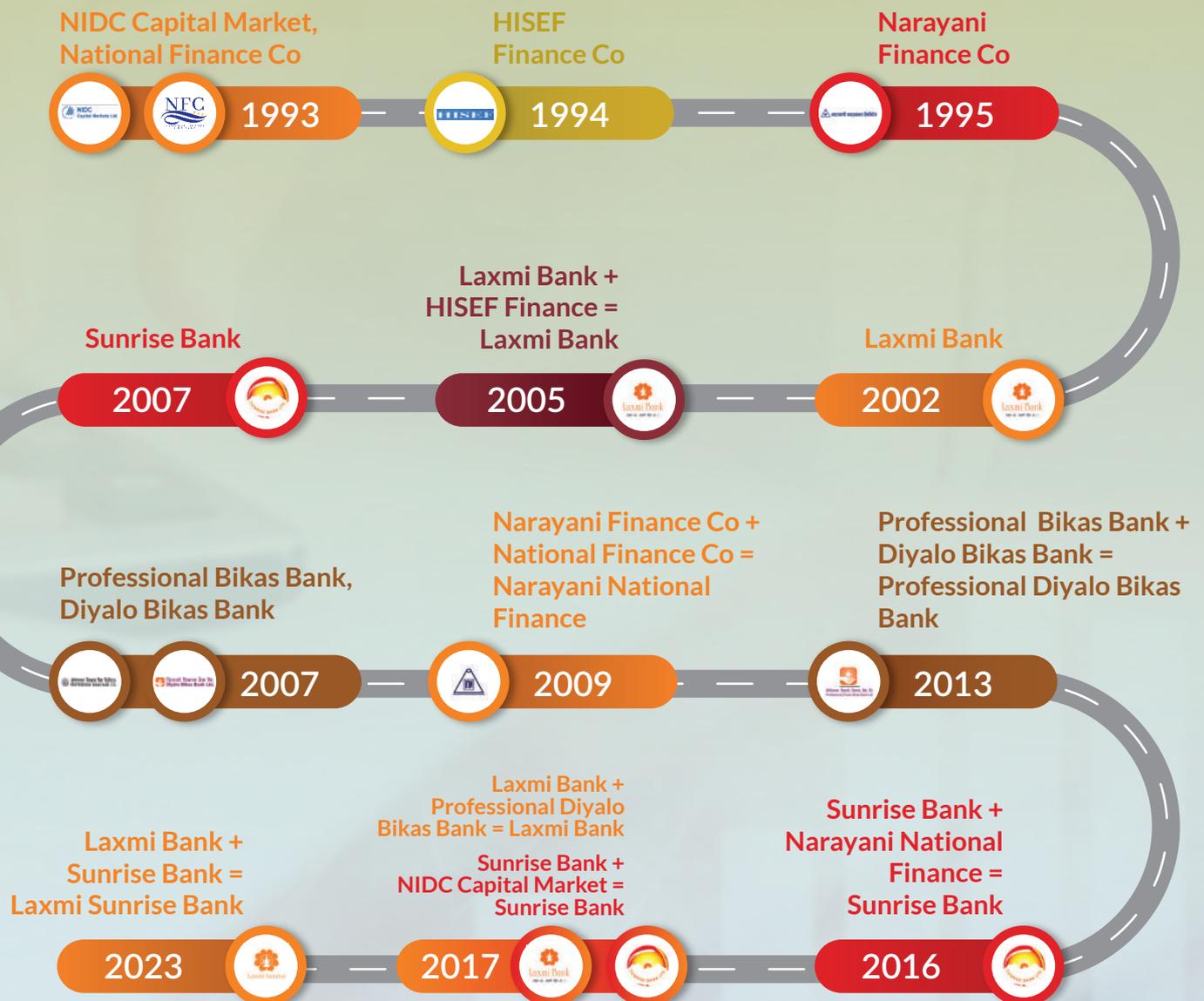
<b>Opening Balance</b>	<b>1,502,083</b>
Transfer to Reserve	908,025
Trasnfer to Retained Earnings and General Reserve	(95,409)
<b>Closing balance</b>	<b>2,314,699</b>

### 5.22.9. 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.

# A LEGACY OF GROWTH

Timeline





# Laxmi Sunrise

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