

Condensed Consolidated Statement of Financial Position

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

Amount in Rs. '000

Assets	Group		Bank	
	This Quarter Ending	Immediate Previous Year Ending	This Quarter Ending	Immediate Previous Year Ending
Cash and Cash Equivalent	28,202,997	11,284,617	28,427,915	11,194,738
Due from Nepal Rastra Bank	8,971,315	6,375,153	8,940,332	6,340,170
Placements with Bank and Financial Institutions	1,317,617	43,610	788,700	-
Derivative Financial Instruments	1,899,979	362,812	1,899,979	362,812
Other Trading Assets	126,431	10,090	68,190	10,090
Loans and Advances to B/FIs	2,611,379	3,079,449	4,736,264	5,956,150
Loans and Advances to Customers	259,765,885	134,436,552	253,695,732	126,767,903
Investment Securities	55,025,245	16,899,040	54,862,551	16,816,558
Current Tax Assets	208,510	105,253	205,140	87,579
Investment in Subsidiaries	-	-	878,308	417,000
Investment in Associates	282,676	282,676	-	1,186,201
Investment Property	1,204,628	70,536	1,204,628	70,536
Property and Equipment	4,346,714	2,467,126	4,248,895	2,394,752
Goodwill and Intangible Assets	67,189	88,330	65,414	76,838
Deferred Tax Assets	13,324	74,426	-	-
Other Assets	3,856,487	1,753,104	3,504,793	1,702,628
Total Assets	367,900,375	177,332,773	363,526,841	173,383,954
Liabilities				
Due to Bank and Financial Institutions	4,967,833	2,723,266	4,067,002	1,182,340
Due to Nepal Rastra Bank	-	2,569,073	-	2,569,073
Derivative Financial Instruments	1,896,708	363,508	1,896,708	363,508
Deposits from Customers	298,228,632	141,775,055	296,243,475	139,537,098
Borrowing	5,080,624	6,433,106	5,080,624	6,433,106
Current Tax Liabilities	67	-	-	-
Provisions	-	-	-	-
Deferred Tax Liabilities	386,843	-	391,871	234,177
Other Liabilities	11,199,369	2,380,339	10,239,225	2,123,633
Debt Securities Issued	8,000,000	4,000,000	8,000,000	4,000,000
Subordinated Liabilities	-	-	-	-
Total Liabilities	329,760,076	160,244,347	325,918,904	156,442,936
Equity				
Share Capital	21,670,238	11,551,345	21,670,238	11,551,345
Share Premium	-	-	-	-
Retained Earning	2,275,609	1,618,189	1,937,131	1,200,804
Reserves	13,986,113	3,669,286	14,000,568	4,188,869
Total Equity Attributable to Equity Holders	37,931,960	16,838,819	37,607,937	16,941,018
Non Controlling Interests	208,339	249,608	-	-
Total Equity	38,140,299	17,088,427	37,607,937	16,941,018
Total Liabilities and Equity	367,900,375	177,332,773	363,526,841	173,383,954

Condensed Consolidated Statement of Profit or Loss

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

Amount in Rs. '000

Particulars	Group				Bank			
	Current Year		Previous Year Corresponding		Current Year		Previous Year Corresponding	
	This Quarter	Up to This Quarter (YTD)	This Quarter	Up to This Quarter (YTD)	This Quarter	Up to This Quarter (YTD)	This Quarter	Up to This Quarter (YTD)
Interest Income	10,065,653	19,603,614	3,670,098	9,505,542	4,962,620	18,879,802	4,168,815	13,060,133
Interest Expenses	(7,147,913)	(13,710,621)	(2,596,540)	(6,552,820)	(3,648,741)	(13,372,676)	(2,964,263)	(9,299,763)
Net Interest Income	2,917,741	5,892,993	1,073,558	2,952,722	1,313,878	5,507,125	1,204,552	3,760,370
Fees & Commission Income	728,541	1,347,916	345,244	1,046,988	367,264	1,215,608	280,609	1,156,575
Fees & Commission Expenses	(116,152)	(224,956)	(50,064)	(145,725)	(51,663)	(224,956)	(53,737)	(199,462)
Net Fee and Commission Income	612,389	1,122,960	295,180	901,264	315,602	990,652	226,872	957,113
Net Interest, Fee and Commission Income	3,530,130	7,015,953	1,368,738	3,853,985	1,629,480	6,497,777	1,431,424	4,717,483
Net Trading Income	116,529	214,107	51,993	233,090	77,227	214,107	37,615	270,705
Other Operating Income	384,684	547,122	(106,126)	294,664	355,435	513,541	65,103	338,502
Total Operating Income	4,031,343	7,777,182	1,314,605	4,381,740	2,062,141	7,225,426	1,534,142	5,326,690
Impairment (Charge)/Reversal for Loans and other Losses	(388,743)	(1,038,899)	(419,836)	(774,346)	179,389	(915,637)	162,190	(554,169)
Net Operating Income	3,642,600	6,738,283	894,769	3,607,393	2,241,530	6,309,789	1,696,332	4,772,521
Operating Expenses								
Personnel Expenses	(1,143,739)	(2,176,863)	(410,653)	(1,314,979)	(574,378)	(1,839,888)	(526,716)	(1,610,732)
Other Operating Expenses	(317,663)	(765,174)	(215,900)	(627,429)	(39,281)	(683,895)	(101,556)	(677,868)
Depreciation & Amortisation	(267,477)	(382,742)	(55,209)	(158,851)	(201,631)	(363,252)	(180,724)	(329,802)
Operating Profit	1,913,721	3,413,505	213,007	1,506,134	1,426,240	3,422,754	887,336	2,154,119
Non Operating Income	5,519	15,686	344	786	8,857	15,270	9,688	10,457
Non Operating Expenses	(236,316)	(242,814)	(307)	(415)	(2,248)	(242,814)	(36,487)	(36,903)
Profit before Income Tax	1,682,924	3,186,377	213,044	1,506,505	1,432,850	3,195,210	860,537	2,127,674
Income Tax Expenses								
Current Tax	(521,380)	(947,839)	(116,771)	(479,981)	(436,307)	(933,322)	(206,050)	(614,221)
Deferred Tax	-	-	-	-	-	-	-	-
Profit /(Loss) for the Period	1,161,545	2,238,538	96,273	1,026,524	996,543	2,261,889	654,486	1,513,453
Condensed Consolidated Statement of Comprehensive Income								
Profit /(loss) for the Period	1,161,545	2,238,538	96,273	1,026,524	996,543	2,261,889	654,486	1,513,453
Other Comprehensive Income	163,919	196,199	(195,756)	(430,662)	342,208	196,199	(104,068)	(1,094,847)
Total Comprehensive Income	1,325,463	2,434,737	(99,483)	595,862	1,338,751	2,458,087	550,418	418,606
Basic Earning Per Share	39.13	19.24	26.41	15.49	33.57	19.44	25.78	13.88
Diluted Earning Per Share	39.13	19.24	26.41	15.49	33.57	19.44	25.78	13.88
Profit Attributable to								
Equity Holders of the Bank	1,344,364	2,453,638	(138,799)	556,546	1,338,751	2,458,087	(603,165)	(131,813)
Non-controlling Interest	(18,901)	(18,901)	39,316	39,316	-	-	-	-
Total	1,325,463	2,434,737	(99,483)	595,862	1,338,751	2,458,087	(603,165)	(131,813)

Particulars	Group				Bank			
	Current Year		Previous Year Corresponding		Current Year		Previous Year Corresponding	
	This Quarter	Up to This Quarter (YTD)	This Quarter	Up to This Quarter (YTD)	This Quarter	Up to This Quarter (YTD)	This Quarter	Up to This Quarter (YTD)
Capital Fund to RWA		13.39%		12.68%		13.43%		12.75%
Non Performing Loan (NPL) to Total Loan		3.03%		1.01%		2.81%		0.89%
Total Loan Loss Provision to Total NPL		110.20%		216.45%		114.37%		239.41%
Cost of Funds		8.58%		7.72%		8.38%		7.62%
Credit to Deposit Ratio		82.96%		92.41%		81.64%		88.99%
Base Rate		10.94%		10.70%		10.75%		9.99%
Interest Rate Spread		4.42%		4.15%		4.42%		3.94%

Notes to Interim Financial Report

- Laxmi Bank Limited and Sunrise Bank Limited merged and started joint operation as Laxmi Sunrise Bank Limited from 29th Ashadh, 2080 (14th July, 2023). The Statement of Profit and Loss represents the financial performance of erstwhile Laxmi Bank Limited from 1st Shrawan 2079 (17th July, 2022) to 28th Ashadh, 2080 (13th July, 2023) and that of Laxmi Sunrise Bank Limited from 29th Ashadh, 2080 (14th July, 2023) to 31st Ashadh, 2080 (16th July, 2023). The net retained earnings of erstwhile Sunrise Bank Limited as of 28th Ashadh, 2080 (14th July, 2023) after all appropriations have been added to the Retained Earning and shown as "Adjustments" in the Statement of Distributable Profit.
- The interim financial statements are subject to review by regulatory and statutory auditors.
- The financial statements have been prepared in accordance with the NFRS compliant financial statement format provided by Nepal Rastra Bank (NRB) and the principles and policies adopted by the bank in accordance with Nepal Financial Reporting Standards (NFRS) and certain carve-out issued by the Institute of Chartered Accountants of Nepal (ICAN).
- Assets and liabilities have been presented in their fair value wherever possible.
- Loans and advances have been presented net of impairments. Impairments have been calculated at higher of amount under Loan Loss Provisioning requirements as per NRB Directive #2 or as per NAS 39.
- Interest income on loans and advances has been calculated on accrual basis.
- Personnel expenses include employee bonus provision.
- Detailed Interim Financial Report has been published in the bank's website [www.laxmisunrise.com](http://www.laxmisunrise.com).

Related Party Disclosures

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

Statement of Distributable Profit

Particulars	Current Year Up to This Quarter	Corresponding Previous Year Up to This Quarter
Net Profit/(Loss) as per Statement of Profit or Loss	2,261,889	1,513,453
Appropriations		
a. General Reserve	(452,378)	(302,691)
b. Foreign Exchange Fluctuation Fund	(680)	(200)
c. Capital Redemption Reserve	-	-
d. Corporate Social Responsibility Fund	(13,002)	(920)
e. Employees' Training Fund	-	(8,865)
f. Debenture Redemption Reserve	(444,444)	(222,222)
g. Others	-	231,213
Profit/(Loss) before regulatory adjustment	1,351,384	1,209,768
Regulatory Adjustment		
a. Interest receivable (-)/previous accrued Interest received (+)	(451,557)	(64,205)
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 (-)/reversal (+)	-	22,307
e. Deferred tax assets recognised (-)/ reversal (+)	-	-
f. Goodwill recognised (-)/ impairment of Goodwill (+)	-	-
g. Bargain purchase gain recognised (-)/reversal (+)	-	-
h. Acturial loss recognised (-)/reversal (+)	-	-
i. Other (+/-)	-	-
Net Profit/(Loss) for the quarter end available for distribution	899,828	1,167,870
Opening Retained Earning as on Shrawan 1, 2079	1,200,804	32,934
Adjustments : Net Retained Earning of Sunrise Bank Ltd as of Ashadh 28, 2080	(163,500)	-
Distribution		
Bonus Share Issued	-	-
Cash Dividend Paid	-	-
Total Distributable Profit/(Loss) as on quarter end date	1,937,131	1,200,804
Annualised Distributable Profit/(Loss) per share	8.94%	10.40%

Disclosure as per Securities Registration and Issuance Regulation, 2073

Annexure – 14 (Sub rule 1 of rule 26)

Quarterly Details as on 16 July 2023

- Financial Highlights of Laxmi Sunrise Bank Ltd. (as per unaudited figures)**
  - Earning per Share NPR 19.44
  - Market Value per Share NPR 173.00
  - Price Earnings Ratio 8.90
  - Liquidity 26.22%
  - Return on Average Total Assets 1.23%
  - Net worth per Share NPR 173.55
- Group**
  - Group comprises of Laxmi Sunrise Bank Ltd and its Subsidiaries (Sunrise Capital Limited, Laxmi Capital Market Ltd, Laxmi Laghubitta Bittiya Sanstha Ltd and Sunrise Securities Ltd)
- Related Party Disclosure**
  - Sunrise Capital Limited, Laxmi Capital Market Ltd and Sunrise Securities Ltd are wholly owned subsidiaries of Laxmi Sunrise Bank Ltd. Laxmi Sunrise Bank Ltd. has 70% holding in Laxmi Laghubitta Bittiya Sanstha Ltd while 30% of its shares are held by the public. Sunrise Capital Limited and Laxmi Capital Market Ltd are operating Merchant Banking activities. Laxmi Laghubitta Bittiya Sanstha Ltd is a "D" class licensed financial institution. Sunrise Securities Limited is under process of obtaining stock broker license from Securities Board of Nepal.
  - The Bank held call deposits from its subsidiaries as at this quarter end. The Bank has also provided loan facility to Laxmi Laghubitta Bittiya Sanstha Ltd. The Bank has entered into Service Level Agreements with Sunrise Capital Ltd and Laxmi Capital Market Ltd for various services such as RTS. The Bank has deputed its officials as Management Team of Sunrise Capital Ltd and Laxmi Capital Market Ltd.
- Management Analysis**
  - Laxmi Bank Limited and Sunrise Bank Limited merged to become Laxmi Sunrise Bank Limited w.e.f. 14th July, 2023. The Bank believes this merger will further strengthen its strategic financial position to create sustainable value to its shareholders and stakeholders.
  - There have been changes in the Bank's reserve, income and liquidity position in line with the growth in business volumes.
  - The Bank aims to achieve its financial goals through sustainable profitability and measured growth in balance sheet size. Our business models remain robust and we continue to seek sound growth.
  - The Bank's business has been impacted by the global and domestic economic challenges. This has created adverse impact on the revenue and balance sheet growth of the Bank and the impact is expected to persist for the subsequent fiscal year(s). However, the management believes that the Bank has robust risk management process & system and adequate internal capital to absorb the effect of a short run economic downturn.
- Details relating to legal action**
  - Case filed by or against the organised institution during the quarter - There are no other major cases except those arising in normal course of banking business related to lending, income tax etc.
- Case relating to disobedience of prevailing law or commission of criminal offence filed by or against the Promoter or Director of organised institution - No such information has been received.**
- Case relating to financial crime filed against any Promoter or Director - No such information has been received.**
- Analysis of share transaction and progress of organised institution**
  - Management view on share transaction of the organized institution at securities market - Some effect of the changes in stock index has been observed in the institution's share price during this quarter. However, since price and transaction of the Bank's shares are being determined at Nepal Stock Exchange through open share market operations, management view on this is neutral.
  - Maximum, minimum and last share price of the organized institution including total transaction number of shares and days of transaction during the quarter.

Maximum Price: NPR 195.00  
Minimum Price: NPR 167.50  
Last Price: NPR 173.00  
Transaction volume: 1,774,501 shares  
Days of transaction: 62
- Problems and Challenges Internal**
  - Recruitment and retention of quality manpower
  - Increasing cost of operation
- External**
  - Lack of investment avenues
  - Limited source of deposit mobilisation
  - Susceptibility of local and global economy to sudden natural/communal disasters.
- Strategy**
  - Re-pricing of assets / liabilities as per the market conditions
  - New products and services being introduced / capitalize on existing array of services
  - Strong risk management approaches / Portfolio management
  - Identify new areas for investment
  - Reinforcement of prudent banking fundamentals
  - Digitization of services and operations.
- Corporate Governance**

Laxmi Sunrise Bank is committed to high standards of corporate governance, business integrity and professionalism in all our activities that assures all stakeholders that the Bank is being managed ethically in compliance with best practices and applicable legislation and within predetermined risk parameters, and is also adding value to and protecting their investment.
- Declaration by Chief Executive Officer on the Truthfulness and Accuracy of Information**

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