



Laxmi Bank

**ANNUAL REPORT
2014-15**



FOURTEEN YEARS OF RESPONSIBLE BANKING

Laxmi Bank was born in 2002 in the southern plains of Nepal, in one of the oldest and most vibrant industrial and commercial cities of the country – Birgunj.

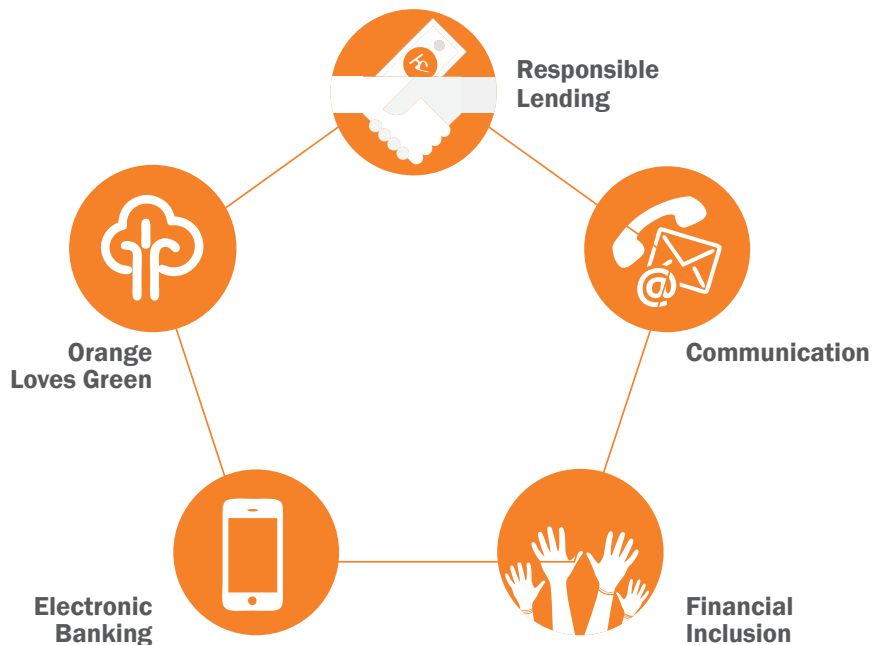
In 2005 we upgraded to a national level Bank and subsequently moved our head office to the country's capital – Kathmandu. Along the way we merged with HISEF Limited, a significant milestone in the country's corporate history as the first ever merger in Nepal.

We are listed in the Nepal Stock Exchange with over 13,000 shareholders, represented by some of the country's most respected business houses, Citizens Investment Trust (a Nepal Government undertaking) and the general public.

At Laxmi Bank we truly believe that the most meaningful contribution we can make to our society is by being good at what we do – Banking.

Embracing 'Responsible Banking' as our corporate responsibility ensures that we firmly remain on track to reach our aspiration of becoming the best managed and most respected financial institution in the country.

Our responsible banking initiatives include:



BOARD OF DIRECTORS



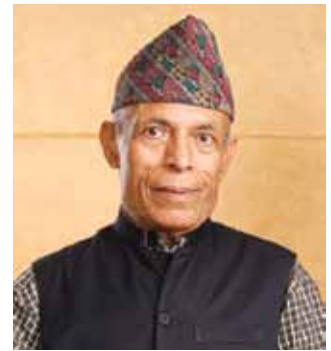
RAJENDRA KUMAR KHETAN
CHAIRMAN



DINESH POUDYAL
DIRECTOR



RATAN LAL SHANGHAI_NEW
DIRECTOR



SHAMBHU PRASAD ACHARYA
*PROFESSIONAL
DIRECTOR*



RAM KRISHNA
*EXECUTIVE DIRECTOR
CITIZEN INVESTMENT TRUST*



SWATI RUNGATA
*REPRESENTING
GENERAL PUBLIC*



BISHWA KARAN JAIN
*REPRESENTING
GENERAL PUBLIC*

RajMS & Co., Chartered Accountants

JR Bhawan - Fourth Floor
New Plaza
P.O. Box : 20189
Kathmandu, Nepal.

Tel. : 4011111 / 4011115
E-mail: admin@rajms.com
rajms@wlink.com.np

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF LAXMI BANK LTD.

We have audited the accompanying consolidated financial statements of Laxmi Bank Ltd. and its subsidiaries, which comprise the consolidated balance sheet as at July 16, 2015 (Ashad 31, 2072), the consolidated profit and loss account, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Nepal Accounting Standards. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility


Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Nepal Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Laxmi Bank Ltd. and its subsidiaries as at July 16, 2015 (Ashad 31, 2072), and their financial performance and cash flows for the year then ended in accordance with Nepal Accounting Standards so far as applicable in compliance with prevailing laws.

Date: 11 Dec. 2015
Place: Kathmandu


Rabindra Rajbhandari, MBA, FCA
Partner
RajMS & Co.,
Chartered Accountants

Consolidated Balance Sheet

as at Ashad 31, 2072 (July 16, 2015)

CAPITAL & LIABILITIES	This Year (in NPR)	Previous Year (in NPR)
1. Share Capital	2,893,183,190	2,337,965,760
2. Reserves and Surplus	1,278,395,262	849,589,662
3. Non Controlling Interest	35,689,530	30,740,685
4. Debentures & Bonds	750,000,000	750,000,000
5. Borrowings	-	-
6. Deposit Liabilities	40,154,205,418	30,529,615,973
7. Bills Payable	5,528,477	1,889,881
8. Proposed Cash Dividend	-	20,508,472
9. Income Tax Liabilities (net)	-	-
10. Other Liabilities	463,210,061	463,190,053
Total Capital and Liabilities	45,580,211,937	34,983,500,486

ASSETS	THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
1. Cash Balance	688,342,290	503,819,133
2. Balance with Nepal Rastra Bank	3,947,233,020	4,340,593,500
3. Balance with Banks/Financial Institution	317,247,637	489,680,711
4. Money at Call and Short Notice	702,088,538	738,323,016
5. Investment	6,387,795,062	4,611,980,009
6. Loans, Advances and Bills Purchase	31,163,158,572	22,804,810,860
7. Fixed Assets	548,648,538	478,265,704
8. Non Banking Assets (net)	-	-
9. Other Assets	1,825,698,280	1,016,027,553
Total Assets	45,580,211,937	34,983,500,486

PIYUSH RAJ ARYAL
CHIEF FINANCIAL OFFICER

SUDESH KHALING
CHIEF EXECUTIVE OFFICER

RAJENDRA K. KHETAN
CHAIRMAN

AS PER OUR REPORT
OF EVEN DATE

DATE: 11 DEC. 2015
PLACE - KATHMANDU

DIRECTORS

DINESH POU DYAL
RATAN LAL SANGHAI
SAMBHU PRASAD ACHARYA
RAM KRISHNA POKHAREL
SWATI ROONGTA
VISHWA KARAN JAIN

RABINDRA RAJBHANDARI
PARTNER
FOR RAJMS & CO.
CHARTERED ACCOUNTANTS

Consolidated Profit and Loss Account

For the period Shrawan 1, 2071 to Ashad 31, 2072 (July 17, 2014 to July 16, 2015)

PARTICULARS	THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
1. Interest Income	2,662,681,548	2,519,187,600
2. Interest Expenses	1,623,894,404	1,668,143,660
Net Interest Income	1,038,787,144	851,043,940
3. Commission and Discount	229,652,893	199,984,265
4. Other Operating Income	160,598,544	115,738,776
5. Exchange Income	120,381,572	120,184,980
Total Operating Income	1,549,420,153	1,286,951,960
6. Staff Expenses	314,878,457	262,034,700
7. Other Operating Expenses	345,853,947	277,823,023
8. Exchange Loss	-	-
Operating Profit before provision for Possible Loss	888,687,749	747,094,237
9. Provision for Possible Losses	245,666,529	74,438,870
Operating Profit	643,021,220	672,655,367
10. Non Operating Income /(Loss)	20,982,487	25,456,847
11. Loan Loss Provision Written Back	15,756,000	53,740,785
Profit from Regular Operations	679,759,707	751,852,999
12. Profit/(Loss) from Extra-Ordinary Activities	-	300,000
Net Profit after including all Activities	679,759,707	752,152,999
13. Provision for Staff Bonus	61,240,841	67,708,045
14. Provision for Income Tax	-	-
* Provision for Current Year's Tax	177,722,879	207,324,569
* Provision for Previous Years' Tax	221,977	-
* Deferred Tax Expense/ (Income)	4,818,344	(4,340,428)
15. Share of Non- Controlling interest in the Profit/ Loss of Subsidiary	4,948,845	-
Net Profit/Loss	430,806,820	481,460,812

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Consolidated Profit and Loss Appropriation Account

For the period Shrawan 1, 2071 to Ashad 31, 2072 (July 17, 2014 to July 16, 2015)

PARTICULARS	THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
INCOME		
1. Accumulated Profit up to Previous Year	26,767,095	13,128,114
2. Current Year's Profit	430,806,820	481,460,813
3. Exchange Fluctuation Fund	-	-
4. Share Premium Fund transferred	-	-
5. Adjustments in Retained Earnings	(1,752,640)	40,610
Total	455,821,275	494,629,537
EXPENSES		
1. Accumulated Loss up to Previous Year	-	-
2. This Year's Loss	-	-
3. General Reserve	86,538,415	95,368,781
4. Contingent Reserve	-	-
5. Institutional Development Fund	-	-
6. Dividend Equalization Fund	-	-
7. Staff Related Reserves	-	-
8. Proposed Dividend	450,000	20,771,629
9. Proposed Bonus Shares	-	389,660,960
10. Special Reserve Fund	-	-
11. Exchange Fluctuation Fund	3,344,026	4,259,468
12. Capital Redemption Reserve Fund	50,000,000	50,000,000
13. Capital Adjustment Fund	-	-
14. Investment Adjustment Reserve	28,116,529	(97,251,207)
14. Adjustments:	-	-
Deferred Tax Liability	-	-
Deferred Tax Reserve	(4,753,366)	4,312,125.46
15. Share of Non-Controlling Interest in the Profit of Subsidiary (before induction)	-	740,685
Total	163,695,605	467,862,442
16. Accumulated Profit/(Loss)	292,125,670	26,767,095

PIYUSH RAJ ARYAL
HEAD - FINANCE & TREASURY

SUDESH KHALING
CHIEF EXECUTIVE OFFICER

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AS PER OUR REPORT
OF EVEN DATE

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Consolidated Statement of Changes in Equity

Fiscal Year 2071/72

(in NPR)

PARTICULARS	SHARE CAPITAL	ACCUMULATED PROFIT/LOSS	GENERAL RESERVE	INVESTMENT ADJUSTMENT RESERVE	EXCHANGE FLUCTUATION FUND	DEBENTURE REDEMPTION FUND	DEFERRED TAX RESERVE	OTHER RESERVES & FUND	TOTAL
OPENING BALANCE AT 1 SHRAWAN 2071	2,337,965,760	26,767,094	480,736,675	5,294,189	25,304,611	300,000,000	11,055,647	431,445	3,187,555,423
ADJUSTMENTS	-	-	-	-	-	-	-	-	-
PRIOR PERIOD ADJUSTMENT (LLP - LAGHUBITTA EXCLUDED)		(1,401,155)							
PRIOR PERIOD ADJUSTMENT IN DEFERRED TAX RESERVES		(104,259)					104,259		
ADJUSTMENTS IN RETAINED EARNINGS		(247,226)							
RESTATED BALANCE	2,337,965,760	25,014,454	480,736,675	5,294,189	25,304,611	300,000,000	11,159,906	431,445	3,185,907,041
NET PROFIT FOR THE PERIOD	-	430,806,820	-	-	-	-	-	-	430,806,820
TRANSFER TO GENERAL RESERVE	-	(86,538,415)	86,538,415	-	-	-	-	-	-
CAPITAL ADJUSTMENT FUND	-	-	-	-	-	-	-	-	-
PROPOSED BONUS SHARES	-	-	-	-	-	-	-	-	-
PROPOSED CASH DIVIDEND	-	(450,000)	-	-	-	-	-	-	(450,000)
EXCHANGE FLUCTUATION FUND	-	(3,344,026)	-	-	3,344,026	-	-	-	-
BONUS PROVISION CARRIED FORWARD - FRACTIONAL SHARES	(97,160)	-	-	-	-	-	-	97,160	-
DEBENTURE REDEMPTION FUND	-	(50,000,000)	-	-	-	50,000,000	-	-	-
SHARE PREMIUM	-	-	-	-	-	-	-	-	-
INVESTMENT ADJUSTMENT RESERVE	-	(28,116,529)	-	28,116,529	-	-	-	-	-
DEFERRED TAX RESERVE	-	4,753,366	-	-	-	-	(4,753,366)	-	-
FRACTIONAL BONUS SHARES CARRIED OVER	-	-	-	-	-	-	-	-	-
NON CONTROLLING INTEREST	-	-	-	-	-	-	-	-	-
CALLS IN ADVANCE	555,314,590	-	-	-	-	-	-	-	555,314,590
CLOSING BALANCE AT 31 ASHAD 2072	2,893,183,190	292,125,670	567,275,090	33,410,718	28,648,638	350,000,000	6,406,540	528,605	4,171,578,451

Consolidated Cash Flow Statement

For the period Shrawan 1, 2071 to Ashad 31, 2072 (July 17, 2014 to July 16, 2015)

PARTICULARS	THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
(a) Cash Flow from Operating Activities	2,047,408,195	2,282,740,629
1. Cash Received	3,173,077,627	2,949,483,175
1.1 Interest Income	2,626,186,392	2,523,560,407
1.2 Commission and Discount Income	253,666,250	188,253,059
1.3 Income from Foreign Exchange transaction	120,381,572	120,184,980
1.4 Recovery of Loan Written off	-	300,000
1.5 Other Income	172,843,413	117,184,729
2. Cash Payment	2,457,673,214	2,411,953,818
2.1 Interest Expenses	1,556,577,849	1,648,235,138
2.2 Staff Expenses	377,092,207	318,865,693
2.3 Office Operating Expenses	284,534,285	231,521,631
2.4 Income Tax Paid	239,717,238	215,246,355
2.5 Other Expenses	(248,365)	(1,915,000)
Cash Flow before changes in Working Capital	715,404,414	537,529,357
(Increase) / Decrease in Current Assets	(8,425,760,024)	(3,107,129,754)
1.(Increase)/Decrease in Money at Call and Short Notice	172,187,985	(260,312,357)
2. (Increase)/Decrease in Short Term Investment	1,051,342,372	1,064,453,507
3. (Increase)/Decrease in Loans, Advances and Bills Purchase	(8,870,122,485)	(3,216,445,318)
4. (Increase)/Decrease in Other Assets	(779,167,896)	(694,825,585)
Increase / (Decrease) in Current Liabilities	9,757,763,805	4,852,341,025
1. Increase/(Decrease) in Deposits	9,489,047,145	4,553,686,933
2. Increase/(Decrease) in Certificates of Deposits	-	-
3. Increase/(Decrease) in Short Term Borrowings	295,544,197	140,115,520
4. Increase/(Decrease) in Other Liabilities	(26,827,538)	158,538,572
(b) Cash Flow from Investment Activities	(2,916,170,938)	(350,803,180)
1. (Increase)/Decrease in Long-term Investment	(2,826,722,145)	(318,058,868)
2. (Increase)/Decrease in Fixed Assets	(116,241,218)	(51,752,357)
3. Interest income from Long term Investment	18,221,385	18,134,465
4. Dividend Income	8,571,041	873,580
5. Others	-	-
(c) Cash Flow from Financing Activities	487,492,348	(63,582,748)
1. Increase/(Decrease) in Long term Borrowings (Bonds, Debentures etc)	-	-
2. Increase/(Decrease) in Share Capital & Share Premium	555,314,590	(40,610)
3. Increase/(Decrease) in Other Liabilities	(20,508,472)	-
4. Increase/(Decrease) in Refinance/facilities received from NRB	-	-
5. Interest expenses on Long term Borrowings (Bonds, Debentures etc)/ Dividend Paid	(47,313,770)	(63,542,138)
(d) Income/Loss from change in exchange rate in Cash & Bank Balance	-	-
(e) Current Year's Cash Flow from All Activities	(381,270,395)	1,868,354,700
(f) Opening Balance of Cash and Bank	5,334,093,342	3,465,738,642
(g) Closing Balance of Cash and Bank	4,952,822,947	5,334,093,342

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AS PER OUR REPORT
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Consolidated Significant Accounting Policies and Notes to Accounts

i) General Information

a. Reporting Entity

Laxmi Bank Limited ("the Bank") is a limited liability company domiciled in Nepal. The address of its registered office is in Hattisar, Nepal. The Bank has a primary listing on the Nepal Stock Exchange Limited. The Bank is running a commercial banking business in Nepal.

b. Consolidated Financial Statements

The consolidated financial statements of the Bank as of 16 July 2015 comprises of the Bank and its subsidiaries. The financial year of subsidiaries is common to that of the parent company.

ii) Statement of Compliance

The consolidated financial statements of the group and separate financial statements of the Bank have been prepared in accordance with Nepal Accounting Standards ("NAS") issued by the Nepal Accounting Standard Board except otherwise stated, Generally Accepted Accounting Principles ("GAAP"), Bank & Financial Institutions Act ("BAFIA"), presentation and other requirements of NRB Directives and in conformity with the Companies Act, 2063.

iii) Basis of Consolidation

The group's financial statements comprise of consolidation of financial statements of the Bank and its subsidiaries, Laxmi Laghubitta Bittiya Sanstha Ltd ("LLBS") and Laxmi Capital Market Ltd ("LCM").

A subsidiary is an entity that is controlled by another entity (known as the parent). Control exists when the bank has the power, directly or indirectly to govern the financial and operating policies of and enterprise from the date that control commences until the date that control ceases.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards 10 "Consolidated Financial Statements". In preparing the consolidated financial statements, the financial statements are combined line by line by adding the like items of assets, liabilities, equity, income and expenses.

All intra group transaction and balances, income and expenses and any unrealized gains/ losses arising from such inter-company transactions and balances are eliminated in full while preparing the consolidated financial statements.

iv) Previous Year's Figures

Previous year's figures are grouped or regrouped wherever necessary in order to facilitate comparison.

Notes to Accounts

1. Intra group transactions and balances

Following intra group transactions and balances are eliminated while preparing the consolidated financial statements:

Amount in NPR'000

PARTICULARS	LCM	LLBS
Balance Sheet Items		
Investment of Laxmi Bank in subsidiaries	100,000	70,000
Deposit with Laxmi Bank	24,034	5,587
Receivables from Laxmi Bank		3,258
Loan from Laxmi Bank	-	513,117
Profit and Loss Account Items		
Interest Income on Deposit with Laxmi Bank	4,747	-
Interest Expense on Loan with Laxmi Bank	-	13,845
Service Fees charged to Laxmi Bank	248	
Dividend income received by Laxmi Bank	8,550	
Loan Loss Provision on Loan to LLBS		2,955

2. Restatement of Opening balance

Following amounts were adjusted in Consolidated Statement of Change in Equity and opening balance of Retained Earning and Deferred Tax Reserve has been restated.

Amount in NPR'000

PARTICULARS	RETAINED EARNINGS	DEFERRED TAX RESERVES
Opening balance (from last year's financials)	26,767	11,056
Prior period adjustment (LLP on Laghubitta loan to be excluded from retained earning last year)	(1,401)	-
Prior period adjustment in deferred tax reserves	(104)	104
Adjustments in Retained Earnings (restatement of balance of Reserves and Surplus of LCML)	(247)	
Restated Opening Balance	25,014	11,160

3. Tax liability reconciliation

Profit as per financial statement is reconciled with taxable profit to compute tax liability as follows for the Group and separately for the Bank:

Amount in NPR'000

PARTICULARS	BANK	LCM	LLBS	GROUP
Profit before tax as per Profit & Loss Account	588,843	12,223	23,566	624,632
Add: Adjustments for				
Depreciation as per Schedule 24 considered separately	38,343	945	1,698	40,986
Equipment & furniture charged to revenue considered in depreciation	3,629		494	4,123
Leasehold amortization considered in depreciation	9,124			9,124
Software amortization considered in depreciation	10,326	156	223	10,705
Repairs and Maintenance added to the Pool as per Income Tax Act	875			875
Premium on Government Bonds amortized in this fiscal year	3,963			3,963
Donation	900			900
Less: Adjustments for				
Depreciation as per Income Tax Act	(57,924)	(1,028)	(2,718)	(61,670)
Profit on sale of fixed assets considered separately	(5,825)			(5,825)
Dividend income	(16,313)	(5)		(16,318)
Loss on disposal of investment	(17,036)			(17,036)
Taxable Profit as per Income Tax Act 2058	558,905	12,292	23,262	594,459
Corporate Income Tax (30% for Bank and LLBS and 25% for LCM)	167,671	3,073	6,978	177,723

4. Deferred Tax Liability/ (Asset)

Carrying amount of assets & liabilities where temporary differences arise as on 31 Ashad 2072 (16.07 2015) are as follows:

Amount in NPR '000

PARTICULARS	CARRYING AMOUNT	TAX BASE	NET TEMPORARY DIFFERENCE	DEFERRED TAX LIABILITY/ (ASSET) AS AT ASHAD END 2072 (@ 30% FOR BANK AND LLBS AND @ 25% FOR LCM)
Bank	300,142	321,497	(21,355)	(6,406)
Subsidiaries	14,533	13,979	553	169
Group				(6,237)
Deferred Tax Liability/ (Asset) till Ashad end 2071				(11,055)
Deferred Tax Expense/ (Income) for Current Year				4,818

Deferred Tax Asset of the Group as of 31 Ashad 2072 (16 July 2015) is NPR 6,237,303. NPR 4,818,344 has been recognized as deferred tax income in Consolidated Profit and Loss Account in the current year.

5. Non-controlling interest (NCI)

Laxmi Capital Market Ltd is a 100% subsidiary of Laxmi Bank Ltd.

The bank's effective control over its subsidiary Laxmi Laghubitta Bittiya Sanstha Ltd. is 70% while 30% is held by general public.

CALCULATION OF NON-CONTROLLING INTEREST IN LAXMI LAGHUBITTA BITTIYA SANSTHA LTD

PARTICULARS	AMOUNT IN NPR '000
Opening Balance	30,740
Share of Profit for the year @ 30%	4,949
Closing Balance	35,689

RajMS & Co., Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF LAXMI BANK LTD.

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Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Nepal Accounting Standards. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Nepal Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Laxmi Bank Ltd. as at July 16, 2015 (Ashad 31, 2072), and its financial performance and its cash flows for the year then ended in accordance with Nepal Accounting Standards so far as applicable, Company Act 2063, Bank and Financial Institution Act, 2063 and Directives of Nepal Rastra Bank.


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 balance sheet, the profit and loss account and cash flow statement, prepared in the format prescribed by Nepal Rastra Bank, are in agreement with the books of account of the Bank; and proper books of account as required by law have been kept by the Bank. In our opinion the returns from the branches are adequate for the purpose of the audit though the statements are 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 provided to us and from our examination of the books of accounts of the Bank necessary for the purpose of our audit, we have not come across cases where Board of Directors or any employees of the Bank have acted contrary to the provisions of law, 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.

Date: 11 Dec. 2015
Place: Kathmandu


Rabinra Rajbhandari, MBA, FCA
Partner
RajMS & Co.,
Chartered Accountants

Balance Sheet as at

Ashad 31, 2072 (July 16, 2015)

CAPITAL & LIABILITIES	SCHEDULE	THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
1. Share Capital	4.1	2,893,183,190	2,337,965,760
2. Reserves and Surplus	4.2	1,253,360,417	837,067,333
3. Debentures & Bonds	4.3	750,000,000	750,000,000
4. Borrowings	4.4	-	-
5. Deposit Liabilities	4.5	39,991,814,567	30,592,046,237
6. Bills Payable	4.6	5,528,477	1,889,881
7. Proposed Cash Dividend		-	20,508,472
8. Income Tax Liabilities (net)		-	-
9. Other Liabilities	4.7	446,274,103	379,683,498
Total Capital and Liabilities		45,340,160,754	34,919,161,181
ASSETS	SCHEDULE	This Year (in NPR)	Previous Year (in NPR)
1. Cash Balance	4.8	687,821,707	503,598,351
2. Balance with Nepal Rastra Bank	4.9	3,943,915,020	4,339,211,500
3. Balance with Banks/Financial Institution	4.10	302,935,653	488,386,316
4. Money at Call and Short Notice	4.11	680,504,605	721,875,000
5. Investment	4.12	6,454,363,357	4,700,417,784
6. Loans, Advances and Bills Purchase	4.13	30,971,338,037	22,723,846,799
7. Fixed Assets	4.14	501,191,496	435,358,624
8. Non Banking Assets (net)	4.15	-	-
9. Other Assets	4.16	1,798,090,879	1,006,466,807
Total Assets		45,340,160,754	34,919,161,181

CONTINGENT LIABILITIES	SCHEDULE 4.17
DIRECTORS' DECLARATION	SCHEDULE 4.29
STATEMENT OF CAPITAL FUND	SCHEDULE 4.30 (A1)
STATEMENT OF RISK WEIGHTED ASSETS AND CRM	SCHEDULE 4.30 (B, C, D, E)
PRINCIPAL INDICATORS	SCHEDULE 4.31
PRINCIPAL ACCOUNTING POLICIES	SCHEDULE 4.32
NOTES TO ACCOUNTS	SCHEDULE 4.33

SCHEDULES 4.1 TO 4.17 ARE INTEGRAL PART OF THE BALANCE SHEET.

PIYUSH RAJ ARYAL
CHIEF FINANCIAL OFFICER

SUDESH KHALING
CHIEF EXECUTIVE OFFICER

RAJENDRA K. KHETAN
CHAIRMAN

AS PER OUR REPORT
OF EVEN DATE

DATE: 11 DEC. 2015
PLACE - KATHMANDU

DIRECTORS

DINESH POU DYAL
RATAN LAL SANGHAI
SAMBHU PRASAD ACHARYA
RAM KRISHNA POKHAREL
SWATI ROONGTA
VISHWA KARAN JAIN

RABINDRA RAJBHANDARI
PARTNER
FOR RAJMS & CO.
CHARTERED ACCOUNTANTS

Profit and Loss Account

For the period Shrawan 1, 2071 to Ashad 31, 2072 (July 17, 2014 to July 16, 2015)

PARTICULARS	SCHEDULE	THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
1. Interest Income	4.18	2,577,674,000	2,489,315,283
2. Interest Expenses	4.19	1,618,131,321	1,667,026,765
Net Interest Income		959,542,680	822,288,518
3. Commission and Discount	4.20	216,288,075	194,605,671
4. Other Operating Income	4.21	151,053,433	103,898,937
5. Exchange Income	4.22	120,381,572	120,184,980
Total Operating Income		1,447,265,760	1,240,978,106
6. Staff Expenses	4.23	272,858,131	239,996,869
7. Other Operating Expenses	4.24	322,379,964	265,703,864
8. Exchange Loss	4.22	-	-
Operating Profit before provision for Possible Loss		852,027,665	735,277,374
9. Provision for Possible Losses	4.25	243,944,905	73,654,773
Operating Profit		608,082,761	661,622,601
10. Non Operating Income/(Loss)	4.26	23,888,228	25,744,242
11. Writeback of Provision for Possible Losses	4.27	15,756,000	53,740,785
Profit from Regular Operations		647,726,988	741,107,629
12. Profit/(Loss) from Extra-Ordinary Activities	4.28	-	300,000
Net Profit after including all Activities		647,726,988	741,407,629
13. Provision for Staff Bonus		58,884,272	67,400,694
14. Provision for Income Tax		-	-
* Provision for Current Year's Tax		167,671,449	203,566,831
* Provision for Previous Years' Tax		221,977	-
* Deferred Tax Expense/ (Income)		4,753,366	(4,416,384)
Net Profit/Loss		416,195,924	474,856,488

SCHEDULES 4.18 TO 4.28 ARE INTEGRAL PART OF THE PROFIT & LOSS ACCOUNT.

PIYUSH RAJ ARYAL
CHIEF FINANCIAL OFFICER

SUDESH KHALING
CHIEF EXECUTIVE OFFICER

RAJENDRA K. KHETAN
CHAIRMAN

AS PER OUR REPORT
OF EVEN DATE

DATE: 11 DEC. 2015
PLACE - KATHMANDU

DIRECTORS

DINESH POU DYAL
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SWATI ROONGTA
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RABINDRA RAJBHANDARI
PARTNER
FOR RAJMS & CO.
CHARTERED ACCOUNTANTS

Profit and Loss Appropriation Account

For the period Shrawan 1, 2071 to Ashad 31, 2072 (July 17, 2014 to July 16, 2015)

PARTICULARS	THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
INCOME		
1. Accumulated Profit up to Previous Year	14,634,297	6,302,573
2. Current Year's Profit	416,195,924	474,856,488
3. Exchange Fluctuation Fund	-	-
4. Share Premium Fund transferred	-	-
5. Adjustments in Retained Earnings		40,610
Total	430,830,221	481,199,671
EXPENSES		
1. Accumulated Loss up to Previous Year	-	-
2. This Year's Loss	-	-
3. General Reserve	83,239,185	94,971,298
4. Contingent Reserve	-	-
5. Institutional Development Fund	-	-
6. Dividend Equalization Fund	-	-
7. Staff Related Reserves	-	-
8. Proposed Dividend	-	20,508,472
9. Proposed Bonus Shares		389,660,960
10. Special Reserve Fund	-	-
11. Exchange Fluctuation Fund	3,344,026	4,259,468
12. Capital Redemption Reserve Fund	50,000,000	50,000,000
13. Capital Adjustment Fund	-	-
14. Investment Adjustment Reserve	28,116,529	(97,251,207)
15. Adjustments:	-	-
Deferred Tax Reserve	(4,753,366)	4,416,384
Total	159,946,375	466,565,374
16. Accumulated Profit/(Loss)	270,883,846	14,634,297

PIYUSH RAJ ARYAL
CHIEF FINANCIAL OFFICER

SUDESH KHALING
CHIEF EXECUTIVE OFFICER

RAJENDRA K. KHETAN
CHAIRMAN

AS PER OUR REPORT
OF EVEN DATE

DATE: 11 DEC. 2015
PLACE - KATHMANDU

DIRECTORS

DINESH POU DYAL
RATAN LAL SANGHAI
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RABINDRA RAJBHANDARI
PARTNER
FOR RAJMS & CO.
CHARTERED ACCOUNTANTS

Statement of Changes in Equity

Fiscal Year 2071/72

(in NPR)

PARTICULARS	SHARE CAPITAL	ACCUMULATED PROFIT/ LOSS	GENERAL RESERVE	INVESTMENT ADJUSTMENT RESERVE	EXCHANGE FLUCTUATION FUND	DEBENTURE REDEMPTION FUND	DEFERRED TAX RESERVE	OTHER RESERVES & FUND	TOTAL AMOUNT
CLOSING BALANCE AT 31 ASHAD 2071	2,337,965,760	14,634,297	480,242,885	5,294,189	25,304,611	300,000,000	11,159,906	431,445	3,175,033,094
Adjustments									
Adjustments in Retained Earnings	-	-	-	-	-	-	-	-	-
Restated Balance	2,337,965,760	14,634,297	480,242,885	5,294,189	25,304,611	300,000,000	11,159,906	431,445	3,175,033,094
Net profit for the period	-	416,195,924	-	-	-	-	-	-	416,195,924
Transfer to General Reserve	-	(83,239,185)	83,239,185	-	-	-	-	-	-
Capital Adjustment Fund	-	-	-	-	-	-	-	-	-
Proposed Bonus Shares	-	-	-	-	-	-	-	-	-
Proposed Cash Dividend	-	-	-	-	-	-	-	-	-
Exchange Fluctuation Fund	-	(3,344,026)	-	-	3,344,026	-	-	-	-
Fractional shares adjustments	(97,160)	-	-	-	-	-	-	97,160	-
Debenture Redemption Fund	-	(50,000,000)	-	-	-	50,000,000	-	-	-
Share Premium	-	-	-	-	-	-	-	-	-
Investment Adjustment Reserve	-	(28,116,529)	-	28,116,529	-	-	-	-	-
Deferred Tax Reserve	-	4,753,366	-	-	-	-	(4,753,366)	-	-
Calls in Advance	555,314,590	-	-	-	-	-	-	-	555,314,590
Closing Balance at 31 Ashad 2072	2,893,183,190	270,883,846	563,482,070	33,410,718	28,648,638	350,000,000	6,406,540	528,605	4,146,543,608

Cash Flow Statement

For the period Shrawan 1, 2071 to Ashad 31, 2072 (July 17, 2014 to July 16, 2015)

PARTICULARS	THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
(a) Cash Flow from Operating Activities	2,025,054,038	2,284,546,705
1. Cash Received	3,062,745,136	2,905,346,036
1.1 Interest Income	2,550,502,101	2,497,536,938
1.2 Commission and Discount Income	240,301,432	182,874,465
1.3 Income from Foreign Exchange transaction	120,381,572	120,184,980
1.4 Recovery of Loan Written off	-	300,000
1.5 Other Income	151,560,031	104,449,653
2. Cash Payment	2,385,288,075	2,378,294,577
2.1 Interest Expenses	1,553,746,402	1,647,610,774
2.2 Staff Expenses	340,258,825	300,047,009
2.3 Office Operating Expenses	258,594,470	216,519,655
2.4 Income Tax Paid	232,688,378	214,117,140
2.5 Other Expenses	-	-
Cash Flow before changes in Working Capital	677,457,060	527,051,460
(Increase) / Decrease in Current Assets	(8,093,408,253)	(2,916,141,987)
1.(Increase)/Decrease in Money at Call and Short Notice	41,370,395	(278,545,888)
2. (Increase)/Decrease in Short Term Investment	1,081,342,372	1,064,453,507
3. (Increase)/Decrease in Loans, Advances and Bills Purchase	(8,461,464,749)	(2,996,200,423)
4. (Increase)/Decrease in Other Assets	(754,656,272)	(705,849,183)
Increase / (Decrease) in Current Liabilities	9,441,005,230	4,673,637,232
1. Increase/(Decrease) in Deposits	9,399,768,330	4,631,448,083
2. Increase/(Decrease) in Certificates of Deposits	-	-
3. Increase/(Decrease) in Short Term Borrowings	-	-
4. Increase/(Decrease) in Other Liabilities	41,236,900	42,189,149
(b) Cash Flow from Investment Activities	(2,909,520,171)	(355,172,510)
1. (Increase)/Decrease in Long-term Investment	(2,834,852,665)	(328,619,084)
2. (Increase)/Decrease in Fixed Assets	(107,474,523)	(43,012,362)
3. Interest income from Long term Investment	15,685,975	10,585,356
4. Dividend Income	17,121,041	5,873,580
5. Others	-	-
(c) Cash Flow from Financing Activities	487,942,348	(63,319,590)
1. Increase/(Decrease) in Long term Borrowings (Bonds, Debentures etc)	-	-
2. Increase/(Decrease) in Share Capital & Share Premium/ Reserves	555,314,590	(40,610)
3. Increase/(Decrease) in Other Liabilities	(20,508,472)	-
4. Increase/(Decrease) in Refinance/facilities received from NRB	-	-
5. Interest expenses on Long term Borrowings (Bonds, Debentures etc)	(46,863,770)	(63,278,980)
(d) Income/Loss from change in exchange rate in Cash & Bank Balance	-	-
(e) Current Year's Cash Flow from All Activities	(396,523,786)	1,866,054,604
(f) Opening Balance of Cash and Bank	5,331,196,166	3,465,141,560
(g) Closing Balance of Cash and Bank	4,934,672,381	5,331,196,164

PIYUSH RAJ ARYAL
CHIEF FINANCIAL OFFICER

SUDESH KHALING
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RAJENDRA K. KHETAN
CHAIRMAN

AS PER OUR REPORT
OF EVEN DATE

DATE: 11 DEC. 2015
PLACE - KATHMANDU

DIRECTORS

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CHARTERED ACCOUNTANTS

SHARE CAPITAL AND OWNERSHIP

As at Ashad 31, 2072 (July 16, 2015)

PARTICULARS	THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
1. Share Capital		
1.1 Authorized Capital	5,000,000,000	3,000,000,000
a) 50,000,000 Ordinary Shares of NPR 100.00 each	5,000,000,000	3,000,000,000
b)Non-redeemable Preference Shares of NPR....each		
c)Redeemable Preference Shares of NPR....each		
1.2 Issued Capital	3,039,229,200	1,948,304,800
a) 30,392,292 Ordinary Shares of NPR 100.00 each	3,039,229,200	1,948,304,800
b)Non-redeemable Preference Shares of NPR....each		
c)Redeemable Preference Shares of NPR....each		
1.3 Paid Up Capital	2,337,868,600	1,948,304,800
a) 23,378,686 Ordinary Shares of NPR 100.00 each	2,337,868,600	1,948,304,800
b)Non-redeemable Preference Shares of NPR....each		
c)Redeemable Preference Shares of NPR....each		
1.4 Proposed Bonus Share	-	389,660,960
1.5 Calls in Advance	555,314,590	-
Total (1.3 + 1.4 + 1.5)	2,893,183,190	2,337,965,760

SHARE OWNERSHIP

As at Ashad 31, 2072 (July 16, 2015)

PARTICULARS	%	THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)	%
(A) Local Ownership	100.00	2,337,868,600	1,948,304,800	100.00
1.1 Government of Nepal				
1.2 "Ka" Class Licensed Institution				
1.3 Other Licensed Institution				
1.4 Other Organisations (Promoters)	30.39	710,592,000	592,072,400	30.39
1.5 General Public	35.53	830,703,300	692,334,100	35.53
1.6 Others (Promoters)	34.07	796,573,300	663,898,300	34.07
(B) Foreign Ownership				
Total	100.00	2,337,868,600	1,948,304,800	100.00

SHARE CAPITAL & OWNERSHIP

LIST OF SHAREHOLDERS HOLDING MORE THAN 0.5% OF SHARE CAPITAL

Schedule 4.1

S. NO.	NAME	THIS YEAR	
		AMOUNT (IN NPR)	%
1	HIMALAYAN EXIM PVT. LTD.	288,741,200	12.35
2	SARIKA KHETAN	240,276,000	10.28
3	CITIZEN INVESTMENT TRUST	210,872,900	9.02
4	RATAN LAL SHANGAI	208,994,200	8.94
5	MTC INVESTMENT PVT. LTD.	187,868,600	8.04
6	GOPI KRISHNA SIKARIA	143,777,000	6.15
7	P.A. INVESTMENT PVT.LTD.	129,646,500	5.55
8	PRIME HOLDING PVT.LTD.	57,605,400	2.46
9	AMIT GUPTA AGRAWAL	49,724,700	2.13
10	MADHUSUDAN AGRAWAL	38,213,300	1.63
11	RASTRIYA BEEMA SANSATHAN(JIWAN BEEMA)	33,109,700	1.42
12	ANJALI SARWAGI	33,096,300	1.42
13	MUTUAL TRADING CO. PVT. LTD.	23,004,300	0.98
14	RAJENDRA KUMAR KHETAN	23,042,600	0.99
15	SABITA DEVI RUNGTA	19,170,200	0.82
16	SUNIL KUMAR BANSAL	16,402,500	0.70
17	DEEPAK KUMAR MALHOTRA	16,056,300	0.69
18	SNEHA KHETAN	13,860,700	0.59
19	RABI KUMAR GUPTA	13,361,000	0.57
20	PASHUPATI KATHA MILLS	11,746,400	0.50

RESERVES FUNDS

As at Ashad 31, 2072 (July 16, 2015)

Schedule 4.2

PARTICULARS	THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
1. General Reserve Fund	563,482,070	480,242,885
2. Capital Reserve Fund	-	-
a. Share Premium	-	-
3. Capital Redemption Reserve	350,000,000	300,000,000
a. Laxmi Bank Debenture 2072	350,000,000	
4. Capital Adjustment Fund	-	-
5. Other Reserves & Funds	40,345,864	16,885,540
a. Contingent Reserve	-	-
b. Institutional Development Fund	-	-
c. Dividend Equalization Fund	-	-
d. Special Reserve Fund	-	-
e. Assets Revaluation Reserve	-	-
f. Deferred Tax Reserve	6,406,540	11,159,906
g. Other Free Reserves	-	-
h. Investent Adjustment Reserve	33,410,718	5,294,189
i. Others (Fractional Bonus Share carried forward)	528,605	431,445
6. Accumulated Profit/Loss	270,883,846	14,634,297
7. Exchange Fluctuation Fund	28,648,638	25,304,611
Total	1,253,360,417	837,067,333

DEBENTURES AND BONDS

As at Ashad 31, 2072 (July 16, 2015)

Schedule 4.3

PARTICULARS	THIS YEAR	(IN NPR)	PREVIOUS YEAR (IN NPR)
1. 8.5% Debentures 2072 of NPR 1000 each	350,000,000		350,000,000
Issued on 25th November 2008 and maturity on 24 November 2015 A.D.			
(Outstanding balance of Redemption Reserve NPR 350,000,000)			
2. 8% Debentures 2076 of NPR 1000 each	400,000,000		400,000,000
Issued on 5th February 2013 and maturity on 4 February 2020 A.D.			
		-	-
3.% Bond/Debentures of NPR.....each		-	-
Issued on and matured on			
(Outstanding balance of Redemption Reserve NPR...)			
Total (1+2+3)	750,000,000		750,000,000

BORROWINGS

As at Ashad 31, 2072 (July 16, 2015)

Schedule 4.4

PARTICULARS	THIS YEAR	(IN NPR)	PREVIOUS YEAR (IN NPR)
A. Local	-	-	
1. Government of Nepal		-	-
2. Nepal Rastra Bank		-	-
3. Repo Obligations		-	-
4. Inter Bank and Financial Institutions		-	-
5. Other Organized Institutions		-	-
6. Others		-	-
Total	-	-	
B. Foreign	-	-	
1. Banks		-	-
2. Others		-	-
Total	-	-	
Total (A+B)	-	-	

DEPOSIT LIABILITY

As at Ashad 31, 2072 (July 16, 2015)

Schedule 4.5

PARTICULARS	THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
1. Non-Interest bearing accounts		
A. Current Deposits	2,975,152,796	1,128,001,235
1. Local Currency	2,106,731,791	991,977,764
1.1 Government of Nepal	158,611,451	36,334,010
1.2 "Ka" Class Licensed Institutions	17,274,807	7,343,843
1.3 Other Licensed Institutions	43,494,593	76,145,117
1.4 Other Organized Institutions	1,804,650,040	785,483,759
1.5 Individuals	82,700,901	86,671,036
1.6 Others		
2. Foreign Currency	868,421,005	136,023,470
2.1 Government of Nepal		6,812,620
2.2 "Ka" Class Licensed Institutions		
2.3 Other Licensed Financial Institutions		
2.4 Other Organized Institutions	868,318,971	129,106,868
2.5 Individuals	102,033	103,982
2.6 Others		
B. Margin Deposits	338,154,135	375,637,016
1. Employees Guarantee	-	-
2. Guarantee Margin	147,446,942	139,030,977
3. Margin on Letter of Credit	190,707,193	236,606,039
C. Others	9,475,166	253,800,476
1. Local Currency	9,475,166	253,800,476
1.1 Financial Institutions	-	-
1.2 Other Organized Institutions	9,475,166	253,800,476
1.3 Individual	-	-
2. Foreign Currency	-	-
2.1 Financial Institutions	-	-
2.2 Other Organized Institutions	-	-
2.3 Individual	-	-
Total of Non-Interest Bearing Accounts	3,322,782,097	1,757,438,726

DEPOSIT LIABILITY

As at Ashad 31, 2072 (July 16, 2015)

Schedule 4.5 (a)

PARTICULARS	THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
2. Interest Bearing Accounts		
A. Saving Deposits	8,123,031,288	6,314,932,889
1. Local Currency	7,940,610,299	6,144,180,753
1.1 Organizations/ Institutions	22,840,309	808,041,901
1.2 Individual	7,917,769,991	5,336,138,852
1.3 Others		
2. Foreign Currency	182,420,989	170,752,136
2.1 Organizations/ Institutions	2,293,056	3,154,176
2.2 Individual	180,127,932	167,597,960
2.3 Others		
B. Fixed Deposits	17,287,256,051	14,709,354,607
1. Local Currency		12,862,584,297
1.1 Organizations/ Institutions	11,311,983,755	11,510,102,658
1.2 Individual	4,000,327,729	1,352,481,639
1.3 Others		
2. Foreign Currency	1,974,944,567	1,846,770,310
2.1 Organizations/ Institutions	1,568,744,567	1,844,845,310
2.2 Individual	406,200,000	1,925,000
2.3 Others	-	-
C. Call Deposits	11,258,745,130	7,810,320,015
1. Local Currency	10,206,333,208	6,676,808,746
1.1 "Ka" Class Licensed Institutions	504,445	504,445
1.2 Other Licensed Financial Institutions	2,725,120,700	1,580,774,741
1.3 Other Organized Institutions	5,589,663,970	3,824,142,364
1.4 Individual	1,891,044,094	1,271,387,196
1.5 Others		
2. Foreign Currency	1,052,411,922	1,133,511,269
2.1 "Ka" Class Licensed Institutions	-	-
2.2 Other Licensed Institutions		
2.3 Other Organized Institutions	871,122,226	957,061,943
2.4 Individual	181,289,696	176,449,326
2.5 Others		
D. Certificate of Deposit	-	-
1. Organized Institution	-	-
2. Individual	-	-
3. Others	-	-
Total of Interest Bearing Accounts	36,669,032,470	28,834,607,511
Total Deposit (1+2)	39,991,814,567	30,592,046,237

Bills Payable

As at Ashad 31, 2072 (July 16, 2015)

Schedule 4.6

PARTICULARS	THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
1. Local Currency	5,528,477	1,889,881
2. Foreign Currency	-	-
Total	5,528,477	1,889,881

OTHER LIABILITIES

As at Ashad 31, 2072 (July 16, 2015)

Schedule 4.7

PARTICULARS	THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
1. Pension/Gratuity Fund	-	-
2. Employees Provident Fund	-	-
3. Employees Welfare Fund	-	-
4. Provision for Staff Bonus	58,884,272	67,400,694
5. Interest Payable on Deposits	144,575,538	142,017,880
6. Interest Payable on Borrowings	-	-
7. Interest Payable on Debentures	22,814,599	7,851,107
8. Unearned Discount and Commission	51,194,478	31,206,905
9. Sundry Creditors	149,424,734	117,116,470
10. Branch Account	-	-
11. Deferred Tax Liability	-	-
12. Unpaid Dividend	9,194,729	11,746,354
13. Others	10,185,752	2,344,088
(a) Audit Fee Payable	652,575	652,575
(b) Remittance Payable	637,840	637,840
(c) Others	8,895,337	1,053,673
Total	446,274,103	379,683,498

CASH BALANCE

As at Ashad 31, 2072 (July 16, 2015)

Schedule 4.8

PARTICULARS	THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
1. Local Currency (Including Coins)	665,728,752	496,132,920
2. Foreign Currency	22,092,955	7,465,430
Total	687,821,707	503,598,351

Balance With Nepal Rastra Bank

As at Ashad 31, 2072 (July 16, 2015)

Schedule 4.9

PARTICULARS	LOCAL CURRENCY	FOREIGN CURRENCY (IN EQUIVALENT NPR)			THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
		INR	CONVERTIBLE	TOTAL		
1. Nepal Rastra Bank	3,933,114,911	-	10,800,109	10,800,109	3,943,915,020	4,339,211,500
a. Current Account	3,933,114,911	-	10,800,109	10,800,109	3,943,915,020	4,339,211,500
b. Other Account	-	-	-	-	-	-

BALANCE WITH BANKS/ FINANCIAL INSTITUTIONS

As at Ashad 31, 2072 (July 16, 2015)

Schedule 4.10

PARTICULARS	LOCAL CURRENCY	FOREIGN CURRENCY (IN EQUIVALENT NPR)			THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
		INR	CONVERTIBLE FCY	TOTAL		
1. Local Licensed Institutions	123,907,271	-	5,015,383	5,015,383	128,922,653	78,862,744
a. Current Account	123,907,271	-	5,015,383	5,015,383	128,922,653	78,862,744
b. Other Account	-	-	-	-	-	-
2. Foreign Banks	-	45,308,272	128,704,728	174,013,000	174,013,000	409,523,572
a. Current Account	-	45,308,272	128,704,728	174,013,000	174,013,000	409,523,572
b. Other Account	-	-	-	-	-	-
Total	123,907,271	45,308,272	133,720,111	179,028,383	302,935,653	488,386,316

Money At Call And Short Notice

As at Ashad 31, 2072 (July 16, 2015)

Schedule 4.11

PARTICULARS	THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
1. Local Currency	-	-
2. Foreign Currency	680,504,605	721,875,000
TOTAL	680,504,605	721,875,000

Note: Total balance for which the confirmations are received from respective licensed institutions NPR 4,420,472,505.94 and the difference amount has been identified and are reconciled.

Investments

As at Ashad 31, 2072 (July 16, 2015)

Schedule 4.12

PARTICULARS	PURPOSE		THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
	TRADING	OTHER		
1. Government of Nepal Treasury Bills		747,385,376	747,385,376	2,798,041,520
2. Government of Nepal Saving Bonds		-	-	750,000
3. Government of Nepal Other Securities		3,101,350,000	3,101,350,000	491,350,000
4. Nepal Rastra Bank Bonds		-	-	-
5. Foreign Securities		-	-	-
6. Local Licensed Institutions		-	-	-
7. Foreign Bank	-	2,087,045,022	2,087,045,022	1,116,981,250
8. Shares of Organized Institutions		518,582,959	518,582,959	293,295,014
9. Bonds and Debentures of Organized Institutions		-	-	-
10. Other Investments		-	-	-
Total Investment	-	6,454,363,357	6,454,363,357	4,700,417,784
Provision	-	-	-	-
Net Investment	-	6,454,363,357	6,454,363,357	4,700,417,784

Investment In Shares, Debentures And Bonds

As at Ashad 31, 2072 (July 16, 2015)

Schedule 4.12 (A)

PARTICULARS	COST PRICE	MARKET PRICE	PROVISION	THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
1. Investment in Shares	518,582,959	1,030,139,038	-	518,582,959	293,295,014
1.1 Everest Insurance Company Limited					
11,711 Ordinary Shares of NPR 100 each paid (including 8,241 Bonus Shares)	2,082,000	8,783,250	-	2,082,000	2,082,000
1.2 Soaltee Hotel Limited					
40,811 Ordinary Shares of NPR 10 each paid (including 34,550 Bonus Shares)	740,809	8,864,650	-	740,809	740,809
1.3 Himalayan Distillery Limited					
(4,470 Ordinary Shares of NPR 100 each paid)	-	-	-	-	447,000
1.4 Credit Information Center (CIC) Ltd.					
51,840 Ordinary Shares of NPR 100 each paid (including 33,605 Bonus Shares)	1,823,500	N/L	-	1,823,500	1,823,500
1.5 Prime Life Insurance Company Limited					
732,240 Ordinary Shares of NPR 100 each paid (including 192,240 Bonus Shares)	54,000,000	424,333,080	-	54,000,000	54,000,000
1.6 Nepal Clearing House Limited	2,500,000	N/L	-	2,500,000	2,500,000
25,000 Ordinary Shares of NPR 100 each paid					
1.7 National Banking Institute Pvt Ltd	1,200,000	N/L	-	1,200,000	1,200,000
12,000 Ordinary Shares of NPR 100 each paid					
1.8 Laxmi Laghubitta Bittiya Sanstha Ltd	70,000,000	325,150,000	-	70,000,000	70,000,000
(700,000 Promoter Shares of NPR 100 each paid)					
1.9 Laxmi Capital Market Ltd	100,000,000	N/L	-	100,000,000	100,000,000
(1,000,000 Promoter Shares of NPR 100 each paid)					
1.10 Nepal Doorsanchar Co Ltd	20,887,903	20,580,960	-	20,887,903	20,887,903
(32,360 Ordinary Shares of NPR 100 each paid)					
1.11 Butwal Power Co Ltd	10,860,731	8,265,332	-	10,860,731	10,860,731
(13,396 Ordinary Shares of NPR 100 each paid)					-
1.12 Sana Kishan Bikash Bank Limited	4,940,999	6,188,046	-	4,940,999	4,940,999
(4,013 Ordinary Shares of NPR 100 each paid)					
1.13 Siddhartha Investment Growth Scheme	20,133,341	18,872,960	-	20,133,341	14,105,545
(1,275,200 units of NPR 10 each paid)					
1.14 NABIL Balance Fund I	41,723,687	33,471,603	-	41,723,687	9,706,527
(2,479,378 units of NPR 10 each paid)					
1.15 Chilime Hydropower Company Ltd	82,250,888	70,016,166	-	82,250,888	-
(41,602 Ordinary Shares of NPR 100 each paid)					
1.16 NMB Sulav Investment Fund I	13,049,980	13,049,980	-	13,049,980	-
(1,304,998 units of NPR 10 each paid)					
1.17 NIBL Samriddhi Fund I	17,389,120	17,563,011	-	17,389,120	-
(1,738,912 units of NPR 10 each paid)					
1.18 Laxmi Value Fund I	75,000,000	75,000,000	-	75,000,000	-
(7,500,000 units of NPR 10 each paid)					
2. Investment in Debentures and Bonds	-	-	-	-	-
2.1					
Total Investment	518,582,959	1,030,139,038	-	518,582,959	293,295,014
3. Provision for Loss					
3.1 Up to previous year	-	-	-	-	-
3.2 Increase/(Decrease) this year	-	-	-	-	-
Total Provision	-	-	-	-	-
NET INVESTMENT	518,582,959	1,030,139,038	-	518,582,959	293,295,014

Note: Nepal Clearing House Ltd, Laxmi Laghubitta Bittiya Sanstha Ltd, Prime Life Insurance Company Ltd and Everest Insurance Company Ltd have not declared and distributed dividend in the last three years.

INVESTMENTS (HELD FOR TRADING)

As at Ashad 31, 2072 (July 16, 2015)

Schedule - 4. 12 .1

PARTICULARS	COST PRICE(RS)	PREVIOUS MARKET VALUE(RS) (A)	CURRENT MARKET VALUE (RS) (B)	CURRENT YEAR PROFIT/(LOSS) (B-A) NPR	PREVIOUS YEAR PROFIT/(LOSS) (RS.) NPR	REMARKS
1. Government of Nepal - Treasury bills	-	-	-	-	-	
2. Government of Nepal - Savings Bonds	-	-	-	-	-	
3. Government of Nepal - Development Bonds	-	-	-	-	-	
4. Nepal Rastra Bank Bonds	-	-	-	-	-	
5. Foreign Securities	-	-	-	-	-	
6. Shares of Local Licensed Institutions	-	-	-	-	-	
7. Bonds & Debentures of Local Licensed Institutions	-	-	-	-	-	
8. Shares, Bonds & Debenture of Organized Institutions	-	-	-	-	-	
9. Placement	-	-	-	-	-	
10. Interbank Lending	-	-	-	-	-	
11. Other Investment	-	-	-	-	-	
Total Investment	-	-	-	-	-	

IVESTMENTS (HELD TO MATURITY)

As at Ashad 31, 2072 (July 16, 2015)

Schedule - 4. 12 .2

PARTICULARS	COST PRICE (A)	ACCUMULATED LOSS (B)	CURRENT YEAR LOSS (C)	CURRENT S YEAR PROFIT/(LOSS) NPR	PREVIOUS YEAR PROFIT/(LOSS) (RS.) NPR	REMARKS
1. Government of Nepal - Treasury bills	747,385,376	-	-	-	-	
2. Government of Nepal - Savings Bonds	-	-	-	-	-	
3. Government of Nepal - Development Bonds	3,101,350,000	-	-	-	-	
4. Nepal Rastra Bank Bonds	-	-	-	-	-	
5. Foreign Securities	-	-	-	-	-	
6. Shares of Local Licensed Institutions	-	-	-	-	-	
7. Bonds & Debentures of Local Licensed Institutions	-	-	-	-	-	
8. Shares, Bonds & Debenture of Organized Institutions	75,000,000	-	-	-	-	
9. Placement	2,087,045,022	-	-	-	-	
10. Other Investment	-	-	-	-	-	
Total Investment	6,010,780,398	-	-	-	-	

INVESTMENTS (AVAILABLE FOR SALE)

As at Ashad 31, 2072 (July 16, 2015)

Schedule - 4. 12 .3

PARTICULARS	COST PRICE(RS)	PREVIOUS MARKET VALUE(RS) (A)	CURRENT MARKET VALUE(RS) (B)	CURRENT YEAR'S ADJUSTMENT FUND (B-A) NPR	PREVIOUS YEAR PROFIT/(LOSS) (RS.) NPR	REMARKS
1. Government of Nepal - Treasury bills						
2. Government of Nepal - Savings Bonds	-					
3. Government of Nepal - Development Bonds						
4. Nepal Rastra Bank Bonds						
5. Foreign Securities						
6. Shares of Local Licensed Institutions	74,940,999		76,188,046			
7. Bonds & Debentures of Local Licensed Institutions						
8. Shares, Bonds & Debenture of Organized Institutions	368,641,959		878,950,992			
9. Placement						
10. Other Investment						
Total Investment	443,582,959		955,139,038		-	

CLASSIFICATION OF LOANS, ADVANCES AND BILLS PURCHASED & PROVISIONING

As at Ashad 31, 2072 (July 16, 2015)

Schedule 4.13

PARTICULARS	LOANS & ADVANCES				BILLS PURCHASED/DISCOUNTED			PREVIOUS YEAR (IN NPR)		
	DOMESTIC		FOREIGN	TOTAL	DOMESTIC	FOREIGN	TOTAL		THIS YEAR (IN NPR)	
	DEPRIVED SECTOR	OTHER								INSURED
1. Performing Loan	-	1,290,231,819	27,571,576,134	116,763,990	28,978,571,943	135,955,617	2,032,634,087	2,168,589,704	31,147,161,647	22,831,489,597
1.1 Pass		1,286,363,240	26,533,864,521	116,763,990	27,936,991,751	135,955,617	2,032,634,087	2,168,589,704	30,105,581,455	22,831,489,597
1.2 Watch List		3,868,578	1,037,711,613	-	1,041,580,192	-	-	-	1,041,580,192	-
2. Non-Performing Loan	-	11,222,124	399,571,743	-	410,793,867	-	-	-	410,793,867	265,001,167
2.1 Restructured / Rescheduled		-	155,900,981	-	155,900,981	-	-	-	155,900,981	104,713,028
2.2 Sub-Standard		377,121	100,087,387	-	100,464,507	-	-	-	100,464,507	32,232,066
2.3 Doubtful		-	24,115,382	-	24,115,382	-	-	-	24,115,382	61,130,553
2.4 Loss		10,845,004	119,467,992	-	130,312,996	-	-	-	130,312,996	66,925,520
A. Total Loan	-	1,301,453,943	27,971,147,877	116,763,990	29,389,365,810	135,955,617	2,032,634,087	2,168,589,704	31,557,955,514	23,096,490,765
3. Loan Loss Provision										
3.1 Pass		13,884,613	265,444,668	1,167,640	280,496,922	2,349,699	20,326,341	22,676,040	303,172,962	229,407,853
3.2 Watch List		77,372	20,946,672	-	21,024,044	-	-	-	21,024,044	-
3.3 Restructured/ Rescheduled		-	94,933,657	-	94,933,657	-	-	-	94,933,657	37,687,299
3.4 Sub-Standard		94,280	25,021,847	-	25,116,127	-	-	-	25,116,127	8,058,017
3.5 Doubtful		-	12,057,691	-	12,057,691	-	-	-	12,057,691	30,565,276
3.6 Loss		10,845,004	119,467,992	-	130,312,996	-	-	-	130,312,996	66,925,520
B. Total Provisioning	-	24,901,269	537,872,528	1,167,640	563,941,437	2,349,699	20,326,341	22,676,040	586,617,477	372,643,965
4. Provisioning up to Previous Year										
4.1 Pass		9,235,686	206,439,337	1,421,874	217,096,897	317,601	11,993,355	12,310,956	229,407,853	201,695,325
4.2 Restructured/ Rescheduled		-	37,687,299	-	37,687,299	-	-	-	37,687,299	65,770,798
4.3 Sub-Standard		-	8,058,017	-	8,058,017	-	-	-	8,058,017	6,365,722
4.4 Doubtful		-	30,565,276	-	30,565,276	-	-	-	30,565,276	28,630,294
4.5 Loss		10,862,435	56,063,086	-	66,925,520	-	-	-	66,925,520	104,008,623
C. Total Provisions up to Previous Year	-	20,098,121	338,813,014	1,421,874	360,333,009	317,601	11,993,355	12,310,956	372,643,965	406,470,763
D. Written Back this year										
E. Addition this year		4,803,148	199,059,514	(254,234)	203,608,427	2,032,098	8,332,986	10,365,084	213,973,511	19,913,987
Changes this year		4,803,148	199,059,514	(254,234)	203,608,427	2,032,098	8,332,986	10,365,084	213,973,511	(33,826,798)
Net Loan (A-B)	-	1,276,552,674	27,433,275,349	115,596,351	28,825,424,373	133,605,918	2,012,307,746	2,145,913,664	30,971,338,037	22,723,846,799

LOANS, ADVANCES AND BILLS PURCHASED SECURITY WISE

As at Ashad 31, 2072 (July 16, 2015)

Schedule 4.13 (A)

PARTICULARS	THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
A. Secured	31,557,955,514	23,096,490,765
1. Movable/Immovable Assets	31,348,034,233	22,888,316,087
2. Guarantee of Local Licensed Institutions		
3. Government Guarantee	134,633,490	134,633,490
4. Internationally Rated Bank Guarantee		
5. Export Documents		
6. Fixed Deposit Receipts	75,144,891	73,398,287
a. Own Fixed Deposit Receipts	75,144,891	73,398,287
b. Fixed Deposit Receipts of Other Licensed Institutions		
7. Government Bonds		
8. Counter Guarantee	-	
9. Personal Guarantee	142,900	142,900
10. Other Securities	-	-
B. Unsecured	-	-
Total	31,557,955,514	23,096,490,765

FIXED ASSETS

As at Ashad 31, 2072 (July 16, 2015)

PARTICULARS	ASSETS					THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
	BUILDING	VEHICLES	MACHINERY	OFFICE EQUIPMENT	OTHERS		
1. Cost Price							
a. Previous Year balance	123,244,415	46,907,114	-	210,212,282	-	380,363,812	350,787,148
b. Addition during the year		25,409,400		52,811,605		78,221,005	34,390,439
c. Revaluation/Written Back this year						-	-
d. Sold during the year		(9,824,015)		(14,840)		(9,838,855)	(4,813,775)
e. Written off during the year						-	-
Total Cost (a+b+c+d+e)	123,244,415	62,492,499	-	263,009,047	-	448,745,962	380,363,812
2. Depreciation							
a. Up to previous year	14,851,305	28,928,541	-	150,575,798	-	194,355,644	164,271,105
b. For this year	3,081,110	7,118,901		28,143,080		38,343,091	34,886,299
c. Depreciation on revaluation/Written Back						-	-
d. Adjustment/Write back of Depreciation amount		(9,769,324)		(14,840)		(9,784,164)	(4,801,759)
Total Depreciation	17,932,416	26,278,118	-	178,704,038	-	222,914,571	194,355,644
3. Book Value (WDV*) (1-2)	105,312,000	36,214,381	-	84,305,009	-	225,831,391	186,008,167
4. Land	-	-	-	-	-	168,888,334	168,888,334
5. Capital Construction (pending Capitalization)	-	-	-	-	-	87,196,666	58,613,753
6. Leasehold Assets	-	-	-	-	-	19,275,105	21,848,369
Total (3+4+5+6)	105,312,000	36,214,381	-	84,305,009	-	501,191,496	435,358,624

NON BANKING ASSETS

As at Ashad 31, 2072 (July 16, 2015)

Schedule 4.15

NAME & ADDRESS OF BORROWER OR PARTY	DATE OF ASSUMING NON BANKING ASSETS	TOTAL NON BANKING ASSETS (IN NPR)	LOSS PROVISION		NET NON BANKING ASSETS (IN NPR) BANKING ASSETS	"PREVIOUS YEAR (IN NPR)"
			%	IN NPR		
RAM KRISHNA MANANDHAR, HETAUDA	2063/01/27	25,500	100%	25,500	-	-
STAR INTERNATIONAL, KATHMANDU	2070/08/28	21,684,268	100%	21,684,268		
TEMPLE ART EXPOSITION	2071/03/05	49,084,000	100%	49,084,000		
S B CARPET	2072/02/32	17,423,000	100%	17,423,000		
NEPAL RUG & TESRING LAMA	2072/02/32	12,548,393	100%	12,548,393		
GRAND TOTAL		100,765,161		100,765,161	-	-

OTHER ASSETS

As at Ashad 31, 2072 (July 16, 2015)

Schedule 4.16

PARTICULARS	THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
1. Stationery Stock	-	-
2. Income Receivable on Investment	16,450,370	18,912,220
3. Accrued Interest on Loan	101,782,493	13,947,775
Less: Interest Suspense Account	87,834,718	
4. Commission Receivable	4,782,370	8,808,154
5. Sundry Debtors	449,452,463	-
6. Staff Loan & Advances	353,500,581	239,055,334
7. Pre Payments	11,252,765	12,750,646
8. Cash in Transit	-	-
9. Other Transit items (including Cheques)	-	-
10. Drafts Paid Without Notice	-	-
11. Expenses not Written Off	-	-
12. Branch Account Reconciliation	-	-
13. Deferred Tax Assets	6,406,540	11,159,906
14. Others	942,298,014	715,780,547
a. Software Cost (net)	55,035,360	
b. Advance against Software	-	
c. Advance tax (net)	64,794,952	
d. Remittance Receivable	2,111,263	
e. Others	820,356,440	
Total	1,798,090,879	1,006,466,807

OTHER ASSETS (Additional Statement)

As at Ashad 31, 2072 (July 16, 2015)

Schedule 4.16(A)

PARTICULARS	THIS YEAR (IN NPR)				PREVIOUS YEAR (IN NPR)
	UP TO 1 YEAR	1 TO 3 YEAR	ABOVE 3 YEARS	TOTAL	
1. Accrued Interest on Loan	98,840,969	188,276	2,753,248	101,782,493	59,933,594
2. Drafts Paid without notice	-	-	-	-	-
3. Branch Account	-	-	-	-	-
4. Agency Account	-	-	-	-	-

CONTINGENT LIABILITIES

As at Ashad 31, 2072 (July 16, 2015)

Schedule 4.17

PARTICULARS	THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
1. Claims on institution not accepted by the Institution	-	-
2. Letter of Credit (Full Amount)	5,991,115,091	9,450,875,527
a. Less than 6 months maturity	5,724,175,998	9,036,292,126
b. More than 6 months maturity	266,939,093	414,583,402
3. Rediscounted Bills	-	-
4. Unmatured Guarantees/Bonds	1,781,606,624	1,312,650,966
a. Bid Bonds	295,940,237	277,901,300
b. Performance Bonds	1,485,666,387	1,034,749,667
c. Other Guarantee/Bonds	-	-
5. Unpaid Shares in Investment	-	-
6. Outstanding Liabilities on Forward Exchange Contract	1,624,931,029	634,851,690
7. Bills under Collection	178,822,014	184,126,826
8. Acceptance & Endorsement	577,668,438	355,781,341
9. Underwriting Commitment	-	-
10. Irrevocable Loan Commitment	5,919,896,492	3,684,705,943
11. Guarantees issued against Counter Guarantee of Internationally Rated Banks	4,261,317,508	2,734,949,463
12. Advance Payment Guarantee	730,793,601	1,176,247,397
13. Financial Guarantee	2,600,000	2,500,000
14. Contingent Liabilities on Income Tax	101,611,653	81,521,315
15. Others	-	-
Total	21,170,362,450	19,618,210,468

INTEREST INCOME

For the period Shrawan 1, 2071 to Ashad 31, 2072 (July 17, 2014 to July 16, 2015)

Schedule 4.18

PARTICULARS	THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
A. On Loans, Advances and Overdraft	2,518,997,614	2,404,413,299
1. Loans & Advances	2,045,165,239	1,881,157,004
2. Overdraft	473,832,375	523,256,296
B. On Investment	26,218,689	58,304,012
1. Government of Nepal Securities	26,218,689	58,304,012
a. Treasury Bills	6,721,301	42,972,038
b. Development Bonds	19,497,388	15,331,974
c. National Saving Certificates	-	-
2. Foreign Securities	-	-
a.	-	-
b.	-	-
3. Nepal Rastra Bank Bonds	-	-
4. Debentures & Bonds	-	-
a. Financial Institutions	-	-
b. Other Institutions	-	-
5. Interest on Inter Bank Investment	-	-
a. Bank/ Financial Institutions	-	-
b. Other Institutions	-	-
C. On Agency Balances	-	-
1. Local Banks / Financial Institutions	-	-
2. Foreign Banks	-	-
D. On Money at Call and Short Notice	4,243,293	232,367
1. Local Banks/Financial Institutions	4,243,293	232,367
2. Foreign Banks	-	-
E. On Others	28,214,404	26,365,605
1. Certificate of Deposits	-	-
2. Inter-Bank / Financial Institutional Loan	-	-
3. Others	-	-
a. FCY placements	27,181,401	26,365,605
b. Deposit Collection	1,033,003	-
Total	2,577,674,000	2,489,315,283

INTEREST EXPENSES

For the period Shrawan 1, 2071 to Ashad 31, 2072 (July 17, 2014 to July 16, 2015)

Schedule 4.19

PARTICULARS	THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
A. ON DEPOSIT LIABILITIES	1,556,304,060	1,605,107,587
1. Fixed Deposits	912,521,129	1,090,965,600
1.1 Local Currency	870,240,254	1,037,860,529
1.2 Foreign Currency	42,280,875	53,105,071
2. Saving Deposits	236,130,109	208,053,023
2.1 Local Currency	233,400,506	205,992,683
2.2 Foreign Currency	2,729,603	2,060,340
3. Call Deposits	407,652,823	306,088,963
3.1 Local Currency	387,969,871	289,814,570
3.2 Foreign Currency	19,682,952	16,274,393
4. Certificate of Deposits	-	-
B. ON BORROWINGS	61,827,260	61,919,178
1. Debentures & Bonds	61,750,000	61,919,178
2. Loan from Nepal Rastra Bank	-	-
3. Inter Bank /Financial Institutions Borrowing	77,260	-
4. Other Organized Institutions	-	-
5. Other Loans	-	-
C. ON OTHERS	-	-
1.	-	-
2.	-	-
Total	1,618,131,321	1,667,026,765

COMMISSION AND DISCOUNT INCOME

For the period Shrawan 1, 2071 to Ashad 31, 2072 (July 17, 2014 to July 16, 2015)

Schedule 4.20

PARTICULARS	THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
A. Bills Purchased & Discount	55,709,909	45,535,313
1. Local	-	-
2. Foreign	55,709,909	45,535,313
B. Commission	120,244,284	115,108,669
1. Letters of Credit	41,750,511	38,673,380
2. Guarantees	64,888,975	63,780,109
3. Collection Fees	139,110	221,527
4. Remittance Fees	11,545,484	11,168,757
5. Credit Card	1,920,205	1,264,896
6. Share Underwriting/Issue	-	-
7. Government Transactions	-	-
8. E.Pra. Commission	-	-
9. Exchange Fee	-	-
C. Others	40,333,881	33,961,690
Total	216,288,075	194,605,671

OTHER OPERATING INCOME

For the period Shrawan 1, 2071 to Ashad 31, 2072 (July 17, 2014 to July 16, 2015)

Schedule 4.21

PARTICULARS	THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
1. Safe Deposit Lockers Rental	4,410,985	4,005,186
2. Issue & Renewals of Credit Cards	745,362	688,291
3. Issue & Renewals of ATM Cards	5,536,176	12,389,441
4. Telex / T. T.	8,994,132	7,223,538
5. Service Charges	89,470,749	65,083,238
6. Renewal Fees	-	-
7. Others	41,896,030	14,509,241
Total	151,053,433	103,898,937

EXCHANGE GAIN/LOSS

For the period Shrawan 1, 2071 to Ashad 31, 2072 (July 17, 2014 to July 16, 2015)

Schedule 4.22

PARTICULARS	THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
a. Revaluation Gain (Loss)	13,376,105	17,037,872
b. Trading Gain (except Exchange Fees)	107,005,467	103,147,108
Total Income (Loss)	120,381,572	120,184,980

STAFF EXPENSES

For the period Shrawan 1, 2071 to Ashad 31, 2072 (July 17, 2014 to July 16, 2015)

Schedule 4.23

PARTICULARS	THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
1. Salary	116,910,280	100,608,078
2. Allowances	103,530,571	91,068,331
3. Contribution to Provident Fund	11,215,509	9,705,223
4. Training Expenses	2,110,428	1,952,382
5. Uniform	-	-
6. Medical	8,940,047	8,583,853
7. Insurance	6,834,312	290,973
8. Pension and Gratuity	-	13,539,468
9. Others	23,316,983	14,248,561
Total	272,858,131	239,996,869

OTHER OPERATING EXPENSES

For the period Shrawan 1, 2071 to Ashad 31, 2072 (July 17, 2014 to July 16, 2015)

Schedule 4.24

PARTICULARS	THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
1. House Rent	41,409,426	38,985,932
2. Light, Electricity & Water	16,415,339	17,923,067
3. Repair & Maintenance	12,420,199	12,217,513
a. Building	8,072,217	7,260,379
b. Vehicles	873,990	1,065,492
c. Others	3,473,992	3,891,642
4. Insurance	4,373,614	8,832,946
5. Postage, Telex, Telephone & Fax	12,560,917	5,525,996
6. Office Equipment, Furniture and Maintenance	3,629,356	2,920,311
7. Travelling Allowances & Expenses	32,724,431	26,058,307
8. Printing & Stationery	10,460,189	9,661,394
9. Books & Periodicals	139,010	62,015
10. Advertisements and Business Promotion	15,500,796	8,814,917
11. Legal Expenses	523,000	406,800
12. Donations	1,000,000	-
13. Expenses relating to Board of Directors	1,159,726	1,067,875
a. Meeting Fees	924,540	842,000
b. Other Expenses	235,186	225,875
14. Annual General Meeting Expenses	476,404	735,347
15. Expenses relating to Audit	710,234	945,064
a. Audit Fees	652,575	652,575
b. Other Expenses	57,659	292,489
16. Commission on Remittances	-	-
17. Depreciation on Fixed Assets	38,343,092	34,886,297
18. Amortization of Pre-operating Expenses	-	-
19. Share Issue Expenses	2,289,738	5,475
20. Technical Services Fee Reimbursement	-	-
21. Entertainment Expenses	426,223	294,089
22. Written Off Expenses	-	-
23. Security Expenses	31,327,402	27,433,778
24. Credit Guarantee Premium	-	-
25. Commission & Discount	-	-
26. Others	96,490,866	68,926,739
(a) Subscription & Membership	31,799,810	21,624,101
(b) Computer Software Maintenance/ Amortisation	14,028,795	4,240,406
(c) Lease Hold Assets Amortisation	9,123,868	10,052,031
(d) Others	41,538,392	33,010,201
TOTAL	322,379,964	265,703,864

PROVISION FOR POSSIBLE LOSSES

For the period Shrawan 1, 2071 to Ashad 31, 2072 (July 17, 2014 to July 16, 2015)

Schedule 4.25

PARTICULARS	THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
1. Increase in Loan Loss Provision	213,973,511	19,913,987
2. Increase in Provision for Loss on Investment	-	-
3. Provision Against Non-Banking Assets	29,971,393	53,740,785
4. Provision Against Other Assets	-	-
Total	243,944,905	73,654,773

NON-OPERATING INCOME / (LOSS)

For the period Shrawan 1, 2071 to Ashad 31, 2072 (July 17, 2014 to July 16, 2015)

SCHEDULE 4.26

PARTICULARS	THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
1. Profit (Loss) on Sale of Investments	435,280	18,682,621
2. Profit (Loss) on Sale of Assets	5,825,309	(455,175)
3. Dividend	17,121,041	6,966,080
4. Subsidies received from Nepal Rastra Bank	-	-
a. Reimbursement of losses of specified branches	-	-
b. Interest Compensation	-	-
c. Exchange Counter	-	-
5. Others	506,597	550,716
a. Amortisation of Goodwill	-	-
b. Other non operating income/(Expenses)	506,597	550,716
Total Non-Operating Income (Loss)	23,888,228	25,744,242

WRITEBACK OF PROVISION FOR POSSIBLE LOSSES

FOR THE PERIOD SHRAWAN 1, 2071 TO ASHAD 31, 2072 (JULY 17, 2014 TO JULY 16, 2015)

SCHEDULE 4.27

PARTICULARS	THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
1. Loan Loss Provision Written Back	-	53,740,785
2. Provision against Non Banking Assets Written Back	15,756,000	-
3. Investment Provision Written Back	-	-
4. Provision against other Assets Written Back	-	-
Total	15,756,000	53,740,785

PROFIT/LOSS FROM EXTRA - ORDINARY ACTIVITIES

FOR THE PERIOD SHRAWAN 1, 2071 TO ASHAD 31, 2072 (JULY 17, 2014 TO JULY 16, 2015)

SCHEDULE 4.28

PARTICULARS	THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
1. Recovery of Written off Loans	-	300,000
2. Voluntary Retirement Scheme Expenses	-	-
3. Loan Write -Offs {4.28 (a)}	-	-
4. Other Expenses/Income	-	-
5. Profit on sale of NBA	-	-
Total	-	300,000

STATEMENT OF LOAN WRITTEN-OFF

For the period Shrawan 1, 2071 to Ashad 31, 2072 (July 17, 2014 to July 16, 2015)

Schedule 4.28(a)

S.NO	TYPES OF LOAN	WRITTEN OFF AMOUNT (NPR)	TYPES OF SECURITY	BASIS OF VALUATION OF COLLATERAL	NAME/ DESIGNATION OF LOAN APPROVER	INITIATIONS MADE FOR RECOVERY OF LOAN	REMARKS
1	Working Capital Loan						
2	Project Loan						
3	Fixed Capital Loan						
4	Personal Loan						
5	Other Loan						
	Total Loan	-					

STATEMENT OF LOANS AND ADVANCES TO DIRECTORS/CHIEF EXECUTIVE /PROMOTERS/EMPLOYEES AND SHAREHOLDERS

As at Ashad 31, 2072 (July 16, 2015)

Schedule 4.29

NAME OF PROMOTER/ DIRECTOR/ CHIEF EXECUTIVE	OUTSTANDING UP TO LAST YEAR		RECOVERED IN CURRENT YEAR		ADDITIONAL LENDING IN THIS YEAR	OUTSTANDING AS OF ASHAD END 2070	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST		PRINCIPAL	INTEREST
A. Directors	-	-	-	-	-	-	-
1.	-	-	-	-	-	-	-
2.	-	-	-	-	-	-	-
3.	-	-	-	-	-	-	-
B. Chief Executive	-	-	-	-	-	-	-
1.	-	-	-	-	-	-	-
2.	-	-	-	-	-	-	-
C. Promoters	-	-	-	-	-	-	-
1.	-	-	-	-	-	-	-
2.	-	-	-	-	-	-	-
3.	-	-	-	-	-	-	-
D. Employees	-	-	-	-	-	-	-
1.	-	-	-	-	-	-	-
2.	-	-	-	-	-	-	-
3.	-	-	-	-	-	-	-
E. Shareholders	-	-	-	-	-	-	-
1.	-	-	-	-	-	-	-
2.	-	-	-	-	-	-	-
3.	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-

Note: Loans provided to employees are as per the Human Resource Policy of the Bank and those provided against the security of Fixed Deposits and Gold are not presented above.

CAPITAL ADEQUACY TABLE

AS AT ASHAD 31, 2072 (JULY 16, 2015)

SCHEDULE 4.30 (A1)

1. 1 RISK WEIGHTED EXPOSURES	CURRENT YEAR AS AT ASHAD END 2072	PREVIOUS YEAR AS AT ASHAD END 2071
a Risk Weighted Exposure for Credit Risk	39,198,118	28,560,768
b Risk Weighted Exposure for Operational Risk	1,744,041	1,602,684
c Risk Weighted Exposure for Market Risk	29,841	23,233
Adjustment under Pillar II		
d 4% of TWE under supervisory review	1,638,880	603,734
e 2% of gross income under supervisory review	244,699	253,568
Total Risk Weighted Exposures (a+b+c)	42,855,580	31,043,986
1.2 CAPITAL	Current Year As at Ashad end 2072	Previous Year As at Ashad end 2071
Core Capital (Tier 1)	3,928,402	2,987,905
a Paid up Equity Share Capital	2,893,183	1,948,305
b Irredeemable Non-cumulative preference shares	-	-
c Share Premium	-	-
d Proposed Bonus Equity Shares (incl. fractional shares c/f)	529	390,092
e Statutory General Reserves	563,482	480,243
f Retained Earnings	270,884	14,634
g Unaudited current year cumulative profit	-	-
h Debenture Redemption Reserve	350,000	300,000
l Capital Adjustment Reserve	-	-
j Dividend Equalisation Reserve	-	-
k Deferred Tax Reserve	6,407	11,160
l Other Free Reserve	-	-
m Less: Goodwill	-	-
n Less: Fictitious Assets	-	-
o Less: Investment in equity in licensed Financial Institutions	-	-
p Less: Investment in equity of institutions with financial interests	(156,082)	(156,082)
q Less: Investment in equity of institutions in excess of limits	-	-
r Less: Investments arising out of underwriting commitments	-	(447)
s Less: Reciprocal crossholdings	-	-
t Less: Purchase of land & building in excess of limit and unutilized	-	-
u Less: Other Deductions	-	-
Supplementary Capital (Tier 2)	706,256	710,007
a Cumulative and/or Redeemable Preference Share		
b Subordinated Term Debt	320,000	450,000
c Hybrid Capital Instruments	-	-
d General loan loss provision	324,197	229,408
e Investment Adjustment Reserve	33,411	5,294
f Assets Revaluation Reserve	-	-
g Exchange Equalization Reserve	28,649	25,305
h Other Reserves		
Total Capital Fund (Tier I and Tier II)	4,634,659	3,697,912
1.3 CAPITAL ADEQUACY RATIOS	Current Year As at Ashad end 2072	Previous Year As at Ashad end 2071
Tier 1 Capital to Total Risk Weighted Exposures	9.17%	9.62%
Tier 1 and Tier 2 Capital to Total Risk Weighted Exposures	10.81%	11.91%

RISK WEIGHTED EXPOSURE FOR CREDIT RISK

AS AT ASHAD 31, 2072 (JULY 16, 2015)

SCHEDULE 4.30 (B)

AMOUNT IN NPR '000

A. BALANCE SHEET EXPOSURES	CURRENT YEAR						PREVIOUS YEAR	
	BOOK VALUE A	SPECIFIC PROVISION B	ELIGIBLE CRM C	NET VALUE D=A-B-C	RISK WEIGHT E	RISK WEIGHTED EXPOSURES F=D*E	NET VALUE	RISK WEIGHTED EXPOSURES
CASH BALANCE	687,822	-	-	687,822	0%	-	503,598	-
BALANCE WITH NEPAL RASTRA BANK	3,943,915	-	-	3,943,915	0%	-	4,339,211	-
GOLD	1,794,738	-	-	1,794,738	0%	-	1,398,230	-
INVESTMENT IN NEPALESE GOVERNMENT SECURITIES	3,851,350	-	-	3,851,350	0%	-	3,291,350	-
ALL CLAIMS ON GOVERNMENT OF NEPAL	134,633	-	-	134,633	0%	-	134,669	-
INVESTMENT IN NEPAL RASTRA BANK SECURITIES	-	-	-	-	0%	-	-	-
ALL CLAIMS ON NEPAL RASTRA BANK	-	-	-	-	0%	-	750	-
CLAIMS ON FOREIGN GOVERNMENT AND CENTRAL BANK (ECA	-	-	-	-	0%	-	-	-
0-1)	-	-	-	-	-	-	-	-
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	-	-	-	-	0%	-	-	-
ON MULTILATERAL DEVELOPMENT BANKS (MDB'S)	-	-	-	-	0%	-	-	-
RECOGNIZED BY THE FRAMEWORK	-	-	-	-	-	-	-	-
CLAIMS ON OTHER MULTILATERAL DEVELOPMENT BANKS	-	-	-	-	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%	-	139,210	208,815
CLAIMS ON DOMESTIC BANKS THAT MEET CAPITAL ADEQUACY	1,035,134	-	-	1,035,134	20%	207,027	650,482	130,096
REQUIREMENTS	-	-	-	-	-	-	-	-
CLAIMS ON DOMESTIC BANKS THAT DO NOT MEET CAPITAL ADEQUACY REQUIREMENTS	5,138	-	-	5,138	100%	5,138	23,996	23,996
CLAIMS ON FOREIGN BANK (ECA RATING 0-1)	961,317	-	-	961,317	20%	192,263	1,231,173	246,235
CLAIMS ON FOREIGN BANK (ECA RATING 2)	56,263	-	-	56,263	50%	28,131	18,348	9,174
CLAIMS ON FOREIGN BANK (ECA RATING 3-6)	-	-	-	-	100%	-	-	-
CLAIMS ON FOREIGN BANK (ECA RATING 7)	-	-	-	-	150%	-	-	-
CLAIMS ON FOREIGN BANKS INCORPORATED IN SAARC REGION OPERATING	1,923,983	-	-	1,923,983	20%	384,797	998,859	199,772
WITH A BUFFER OF 1% ABOVE THEIR RESPECTIVE REGULATORY CAPITAL REQUIREMENT	-	-	-	-	-	-	-	-
CLAIMS ON DOMESTIC CORPORATES	19,356,276	-	-	19,356,276	100%	19,356,276	14,110,998	14,110,998
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)	3,869,601	-	2,308	3,867,294	75%	2,900,470	2,732,713	2,049,534
CLAIMS FULFILLING ALL CRITERION OF REGULATORY RETAIL EXCEPT GRANULARITY	-	-	-	-	100%	-	-	-
CLAIMS SECURED BY RESIDENTIAL PROPERTIES	1,515,370	-	-	1,515,370	60%	909,222	982,579	589,547
CLAIMS NOT FULLY SECURED BY RESIDENTIAL PROPERTIES	-	-	-	-	150%	-	-	-
CLAIMS SECURED BY RESIDENTIAL PROPERTIES (OVERDUE)	262,428	25,759	-	236,669	100%	236,669	162,675	162,675
CLAIMS SECURED BY COMMERCIAL REAL ESTATE	394,507	-	-	394,507	100%	394,507	405,424	405,424
PAST DUE CLAIMS (EXCEPT FOR CLAIM SECURED BY RESIDENTIAL PROPERTIES)	1,082,379	236,661	0	845,718	150%	1,268,577	950,889	1,426,334

RISK WEIGHTED EXPOSURE FOR CREDIT RISK

AS AT ASHAD 31, 2072 (JULY 16, 2015)

SCHEDULE 4.30 (B)

CONT'D....

	CURRENT YEAR						PREVIOUS YEAR	
High Risk claims (Venture capital, private equity investments, personal loans and credit card receivables)	4,031,411	-	348,719	3,682,692	150%	5,524,038	2,266,113	3,399,169
Investments in equity and other capital instruments of institutions listed in the stock exchange	356,977	-	-	356,977	100%	356,977	61,243	61,243
Investments in equity of institutions not listed in the stock exchange	5,524	-	-	5,524	150%	8,285	75,524	113,285
Staff loan secured by residential property	83,277.2	-	-	83,277	60%	49,966	160,707	96,424
Interest Receivable/claim on government securities	4,351.3	-	-	4,351	0%	-	4,747	-
Cash in transit and other cash items in the process of collection	-	-	-	-	20%	-	-	-
Other Assets (as per attachment)	3,325,154	1,718,061	-	1,607,094	100%	1,607,094	579,054	579,054
TOTAL	48,681,550	1,980,481	351,027	46,350,041	-	33,429,437	35,222,542	23,811,776
B. Off Balance Sheet Exposures	Gross Book	Specific	Eligible	Net Value	Risk Weight	Risk Weighted	Net Value	Risk Weighted
	Value	Provision	CRM			Exposures		Exposures
	a	b	c	d=a-b-c	e	f=d*e	d=a-b-c	f=d*e
Revocable Commitments	-	-	-	-	0%	-	274,065	-
Bills Under Collection	158,613	-	-	158,613	0%	-	158,785	-
Forward Exchange Contract Liabilities	1,644,673	-	-	1,644,673	10%	164,467	639,206	63,921
LC Commitments With Original Maturity Up to 6 months	5,724,176	-	2,375,981	3,348,195	20%	669,639	3,412,800	682,560
domestic counterparty	-	-	-	-	-	-	-	-
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	266,939	-	111,028	155,912	50%	77,956	176,822	88,411
domestic counterparty	-	-	-	-	-	-	-	-
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	1,776,743	-	131,397	1,645,346	50%	822,673	1,214,511	607,256
foreign counterparty (ECA Rating 0-1)	645,217	-	-	645,217	20%	129,043	172,873	34,575
foreign counterparty (ECA Rating 2)	2,181,702	-	-	2,181,702	50%	1,090,851	589,997	294,999
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 (including repo/ reverse repo)	-	-	-	-	100%	-	-	-
Advance Payment Guarantee	730,794	-	15,760	715,033	100%	715,033	1,497,223	1,497,223
Financial Guarantee	2,600	-	290	2,310	100%	2,310	2,225	2,225
Acceptances and Endorsements	577,668	-	54,403	523,265	100%	523,265	337,264	337,264
Unpaid portion of Partly paid shares and Securities	-	-	-	-	100%	-	-	-
Irrevocable Credit commitments (short term)	5,919,896	-	-	5,919,896	20%	1,183,979	3,684,706	736,941
Irrevocable Credit commitments (long term)	-	-	-	-	50%	-	0	0
Claims on foreign banks incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	1,439,263	-	-	1,439,263	20%	287,853	1,610,488	322,098
Other Contingent Liabilities	101,612	-	-	101,612	100%	101,612	81,521	81,521
Unpaid Guarantee Claims	-	-	-	-	-	-	-	-
TOTAL	21,169,895	-	2,688,859	18,481,036	-	5,768,681	13,852,486	4,748,992
Total RWE for credit Risk (A) +(B)	69,851,445	1,980,481	3,039,887	64,831,077	-	39,198,118	49,075,027	28,560,768

ELIGIBLE CREDIT RISK MITIGANTS

AS AT ASHAD 31, 2072 (JULY 16, 2015)

SCHEDULE 4.30 (C)
CONT'D...

AMOUNT IN NPR '000

CREDIT EXPOSURES	DEPOSITS WITH BANK (A)	DEPOSITS WITH OTHER BANKS/FI (B)	GOLD (C)	GOVT. & NRB SECURITIES (D)	G'TEE OF GOVT. OF NEPAL (E)	SEC/G'TEE OF OTHER SOVEREIGNS (F)	G'TEE OF DOMESTIC BANKS (G)	G'TEE OF MDBS (H)	SEC/G'TEE OF FOREIGN BANKS (I)	TOTAL
foreign counterparty (ECA Rating 0-1)	-	-	-	-	-	-	-	-	-	-
foreign counterparty (ECA Rating 2)	-	-	-	-	-	-	-	-	-	-
foreign counterparty (ECA Rating 3-6)	-	-	-	-	-	-	-	-	-	-
foreign counterparty (ECA Rating 7)	-	-	-	-	-	-	-	-	-	-
LC Commitments With Original Maturity Over 6 months domestic counterparty	6,430	-	-	-	-	-	-	104,598	-	111,028
foreign counterparty (ECA Rating 0-1)	-	-	-	-	-	-	-	-	-	-
foreign counterparty (ECA Rating 2)	-	-	-	-	-	-	-	-	-	-
foreign counterparty (ECA Rating 3-6)	-	-	-	-	-	-	-	-	-	-
foreign counterparty (ECA Rating 7)	-	-	-	-	-	-	-	-	-	-
Bid Bond, Performance Bond and counter guarantee domestic counterparty	131,397	-	-	-	-	-	-	-	-	131,397
foreign counterparty (ECA Rating 0-1)	-	-	-	-	-	-	-	-	-	-
foreign counterparty (ECA Rating 2)	-	-	-	-	-	-	-	-	-	-
foreign counterparty (ECA Rating 3-6)	-	-	-	-	-	-	-	-	-	-
foreign counterparty (ECA Rating 7)	-	-	-	-	-	-	-	-	-	-
Underwriting commitments	-	-	-	-	-	-	-	-	-	-
Lending of Bank's Securities or Posting of Securities as collateral	-	-	-	-	-	-	-	-	-	-
Repurchase Agreements, Assets sale with recourse (including repo/ reverse repo)	-	-	-	-	-	-	-	-	-	-
Advance Payment Guarantee	15,760	-	-	-	-	-	-	-	-	15,760
Financial Guarantee	290	-	-	-	-	-	-	-	-	290
Acceptances and Endorsements	54,403	-	-	-	-	-	-	-	-	54,403
Unpaid portion of Party paid shares and Securities	-	-	-	-	-	-	-	-	-	-
Irrevocable Credit commitments	-	-	-	-	-	-	-	-	-	-
Other Contingent Liabilities	-	-	-	-	-	-	-	-	-	-
Total	862,827	-	-	-	-	-	-	1,826,033	-	2,688,859
Grand Total	990,381	-	223,472	-	-	-	-	1,826,033	-	3,039,887

RISK WEIGHTED EXPOSURE FOR OPERATIONAL RISK

AS AT ASHAD 31, 2072 (JULY 16, 2015)

SCHEDULE 4.30 (D)

AMOUNT IN NPR '000

PARTICULARS	CURRENT YEAR			PREVIOUS YEAR
	2013/14	2012/13	2011/12	
Net Interest Income	822,289	924,867	643,642	
Commission and Discount Income	194,606	138,641	149,818	
Other Operating Income	103,899	88,637	56,391	
Exchange Fluctuation Income	120,185	117,338	107,951	
Additional Interest Suspense during the period	(17,481)	(1,645)	38,946	
Gross income (a)	1,223,497	1,267,839	996,747	
Alfa (b)	15%	15%	15%	
Fixed Percentage of Gross Income [c=(a*b)]	183,525	190,176	149,512	
Capital Requirement for operational risk (d) (average of c)			174,404	160,268
Risk Weight (reciprocal of capital requirement of 10%) in times (e)			10	10
Equivalent Risk Weight Exposure [f=(d*e)]			1,744,041	1,602,684

RISK WEIGHTED EXPOSURE FOR MARKET RISK

AS AT ASHAD 31, 2072 (JULY 16, 2015)

SCHEDULE 4.30 (E)

AMOUNT IN NPR '000

S. NO.	CURRENCY	CURRENT YEAR			PREVIOUS YEAR RELEVANT OPEN POSITION
		OPEN POSITION (FCY)	OPEN POSITION (NPR)	RELEVANT OPEN POSITION	
1	AED	3	91	91	154
2	AUD	3	202	202	41
3	CAD	1	39	39	31
4	CHF	1	86	86	87
5	CNY	36	589	589	17
6	DKK	23	349	349	365
7	EUR	49	5,423	5,423	3,085
8	GBP	26	4,049	4,049	2,395
9	HKD	-	-	-	63
10	INR	28,011	44,841	44,841	37,200
11	JPY	434	356	356	633
12	KRW	10	1	1	-
13	MYR	2	64	64	111
14	NLG	-	-	-	-
15	NPR	(54,174)	-	-	-
16	QAR	3	71	71	-
17	SAR	26	693	693	420
18	SEK	-	-	-	-
19	SGD	1	44	44	18
20	THB	10	29	29	10
21	USD	(27)	(2,754)	2,754	1,837
	Total Open Position (a)			59,683	46,466
	Fixed Percentage (b)			5%	5%
	Capital Charge for Market Risk [c=(a*b)]			2,984	2,323
	Risk Weight (reciprocal of capital requirement of 10%) in times (d)			10	10
	Equivalent Risk Weight Exposure [e=(c*d)]			29,841	23,233

PRINCIPAL INDICATORS
(AT LEAST FOR PREVIOUS 5 YEARS)

SCHEDULE 4.31

PARTICULARS	INDICATORS	F. Y.	F. Y.	F. Y.	F. Y.	F. Y.	F. Y.	F. Y.
		2065/2066	2066/2067	2067/2068	2068/2069	2069/2070	2070/2071	2071/2072
1. Percentage of Net Profit/ Gross Income	%	35.12%	40.55%	40.34%	37.21%	33.06%	38.26%	28.76%
2. Earnings Per Share	NPR	20.70	24.12	23.25	21.55	24.78	26.07	19.42
3. Market Value per Share	NPR	1,062.00	570.00	340.00	340.00	309.00	588.00	400.00
4. Price Earning Ratio	Ratio	51.31	23.63	14.62	15.78	12.47	22.55	20.60
5. Dividend on share capital (Bonus share + Cash dividend)	%	5.26%	13.00%	15.79%	10.00%	15.00%	21.05%	0.00%
6. Cash Dividend on share capital	%	0.26%	13.00%	10.79%	10.00%	0.00%	1.05%	0.00%
7. Interest Income/Loans & Advances and Investments	%	8.76%	9.97%	12.11%	11.77%	10.34%	9.34%	7.83%
8. Employee Expenses/Total Operating Expenses	%	43.34%	46.27%	48.22%	47.78%	46.30%	47.46%	45.84%
9. Interest Expenses on Total Deposits and Borrowings	%	5.05%	6.42%	8.09%	7.86%	6.14%	6.08%	4.83%
10. Exchange Fluctuation Gain/ Total Income	%	9.48%	5.90%	6.79%	11.27%	9.24%	9.68%	8.32%
11. Staff Bonus/ Total Staff Expenses	%	23.54%	27.62%	25.49%	22.20%	22.46%	21.93%	17.75%
12. Net Profit/Loans & Advances	%	1.63%	2.32%	2.49%	2.22%	2.28%	2.20%	1.52%
13. Net Profit/ Total Assets	%	1.22%	1.66%	1.76%	1.50%	1.50%	1.47%	1.04%
14. Total Credit/Deposit	%	83.88%	81.49%	84.10%	73.13%	77.43%	75.50%	78.91%
15. Total Operating Expenses/ Total Assets	%	1.28%	1.35%	1.54%	1.57%	1.60%	1.56%	1.48%
16. Adequacy of Capital Fund on Risk Weightage Assets								
a. Core Capital	%	8.47%	11.17%	9.79%	9.52%	9.15%	9.62%	9.17%
b. Supplementary Capital	%	3.01%	2.54%	1.84%	1.50%	3.08%	2.29%	1.65%
c. Total Capital Fund	%	11.48%	13.71%	11.63%	11.02%	12.23%	11.91%	10.81%
17. Liquidity (CRR)	%	8.61%	7.24%	9.22%	19.60%	12.33%	18.28%	12.59%
18. Non Performing Loans/ Total Loans	%	0.08%	0.12%	0.90%	0.62%	1.51%	1.15%	1.30%
19. Weighted Average Interest Rate Spread	%	3.71%	3.55%	4.02%	3.91%	4.20%	3.26%	3.00%
20. Book Net worth	NPR	1,342,295,325	1,912,330,490	2,113,376,723	2,300,258,908	2,720,685,076	3,175,033,093	4,146,543,607
21. Total Shares	Number	10,980,861	16,135,205	16,135,205	16,940,811	16,940,811	19,483,048	23,378,686
22. Total Employees	Number	299	347	393	374	384	410	466

Significant Accounting Policies

Schedule 4.32

i) General Information

Laxmi Bank Limited ("the Bank") is a limited liability company domiciled in Nepal. The address of its registered office is Hattisar, Nepal. The Bank has a primary listing on the Nepal Stock Exchange Limited.

The Bank is "A" class licensed institution. The financial statements were authorized for issue by the Board of Directors.

ii) Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

iii) Statement of Compliance

The financial statements have been prepared in accordance with Nepal Accounting Standards ("NAS") issued by the Nepal Accounting Standard Board except otherwise stated, Generally Accepted Accounting Principles ("GAAP"), Bank & Financial Institutions Act (BAFIA), presentation and other requirements of NRB Directives and in conformity with the Companies Act.

iv) Basis of Preparation

The financial statements are presented in Nepalese Rupees, rounded to the nearest Rupee and are prepared on the historical cost basis. The preparation of financial statements in conformity with NAS and GAAP requires the use of certain critical accounting estimates. It also requires management to exercise judgment in process of applying the Bank's accounting policies.

v) Interest Income

Interest income on loans and advances are recognized on cash basis as per the Nepal Rastra Bank Directives although this practice is not in accordance with NAS 7 (Revenue), which prescribes that the revenue should be recognized on accrual basis. The practice followed by the Bank (as per NRB Directives) is more conservative.

Interest income on investments is accounted for on accrual basis.

vi) Commission Income

All the commission incomes are accounted for on accrual basis except for the commission income less than NPR 100,000 or having tenure of less than 1 year which is recognized on cash basis.

vii) Dividend Income

Dividends on equity shares are recognized when the right to receive dividend is established. When bonus shares are received, only numbers of shares are increased without changing the cost price of shares.

viii) Foreign Exchange Transactions

Foreign currency assets and liabilities are translated into Nepalese Rupees at the prevailing mid exchange rate ruling on the Balance Sheet date.

Income realized from the difference between buying and selling rates of Foreign Exchange is accounted for on a daily basis and shown as "Trading Gain" under "Exchange Gain" in Schedule 4.22.

Gains/ losses arising due to fluctuation in exchange rate of different foreign currencies is accounted for on a daily basis and shown as "Revaluation Gain". 25% of such revaluation gain is transferred to Exchange Fluctuation Reserve through Profit and Loss Appropriation Account as per Nepal Rastra Bank Directives.

ix) Interest Expense

Interest on deposit liabilities and borrowings are accounted for on accrual basis.

x) Loans and Advances including Bills Purchased

Loans and advances, overdrafts and bills purchased include direct finance provided to customers. These include working capital loans, overdrafts, term loans, consumer loans, supply finance and loans given

to deprived sectors. All credit exposures are classified as per NRB Directives. Loans and advances, overdrafts and bills purchased are shown net of provisions.

The amount recovered from borrowers is first applied to interest recoverable and remaining amount is applied against settlement of outstanding principal.

xi) Staff Loans

Loans and advances granted to staff are in accordance with the rules of the Bank and are shown under Other Assets as per the Nepal Rastra Bank Directives.

xii) Loan Loss Provision

The provision for possible losses for loans and advances and bills purchased are provided at the rates ranging from 1% to 100% according to the classification of such risk assets as per Nepal Rastra Bank Directives.

xiii) Write Off

Unrecoverable loan accounts graded 'Loss' in compliance with Nepal Rastra Bank Directives are written off in the books as per criteria/ policy upon approval by the Board, without prejudice to Bank's right to recovery.

Amounts recovered against loans written off in earlier years are recognized as income in the year of recovery.

xiv) Investments

Investments are classified as held for trading, held to maturity and available for sale.

a. Held for Trading

Investments that are made for the purpose of generating profit from short term fluctuations in price are classified under this category. These investments are marked to market and differences reflected in the profit and loss account.

b. Held to Maturity

The investments made with positive intent and ability of the bank to hold till maturity are classified as held to maturity investments. The held to maturity investments are valued at amortized cost i.e. the cost price less any impairments (if applicable). The impairments are charged to the profit and loss account.

c. Available for Sale

All other investments that are neither "held for trading" nor "held to maturity" are classified under this category. These investments are marked to market on a regular basis and the difference adjusted through reserves (equity).

All investments are subject to regular review as required by Nepal Rastra Bank Directives.

xv) Fixed Assets and Depreciation

a. Fixed assets are stated at cost less accumulated depreciation.

b. Assets with a value less than NPR 5,000 are charged off as a revenue expense in the year of purchase irrespective of its useful life.

c. Depreciation is charged to profit & loss account on a straight line basis over the estimated useful life of items of fixed assets. Land is not depreciated. The useful life of the assets are as follows:

NATURE OF ASSETS	USEFUL LIFE (YEARS)
Furniture	5
Equipments	5
Vehicles	5
Computers	5
Free hold premises	40

d. Fixed assets under construction, advances paid towards acquisition of fixed assets and costs of assets not ready for use before year end are shown as capital construction (pending capitalization).

xvi) Non Banking Assets

Non Banking Assets (NBA) are valued at lower of receivable amount (Principal & Interest) or fair market value of the assets acquired. Provisions for NBA are made in accordance with the Nepal Rastra Bank Directives.

xvii) Software Expenses

Acquired computer software licenses are capitalized on the basis of cost incurred to acquire and bring to use the specific software. The costs are amortized over its estimated useful life.

xviii) Amortization

Amortization is charged to Profit and Loss Account on a straight line basis over the estimated useful life of the intangible assets. Intangible assets are recognized from the date they are available for use. The estimated useful life is as follows:

Computer Software 5 years

Expenses incurred on leasehold property are amortized over the period of 5 years or initial lease period whichever is earlier on straight line basis.

xix) Employee Benefits

a. Provident fund

Provident fund is recognized at the time of contribution to the fund which is independent to the Bank.

b. Gratuity

As per HR Policy Guide of the Bank gratuity is calculated on accrual basis and funded in an approved retirement fund independent to the Bank.

xx) Stationery Stock

Stationery purchased are charged to revenue at the time of purchase as most stationeries are specific to Laxmi Bank Ltd.

xxi) Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Provision for taxation is made on the basis of the taxable profits computed for the current accounting period in accordance with the Income Tax Act, 2058.

Deferred taxes are accounted using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities, and their respective tax bases. Deferred tax assets and liabilities are measured using tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled based on the laws that have been enacted or subsequently enacted by the reporting date.

xxii) Lease

Assets held under finance leases are initially recognized as assets of the bank at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the financial statement as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets. Contingent rentals are recognized as expenses in the periods in which they are incurred.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

xxiii) Provisions, Contingent Liabilities and Contingent Assets

The Bank creates a provision when there is a present obligation as a result of past events that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a 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.

Contingent assets are not recognized in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an economic benefit will arise, the asset and related income are recognized in the period in which the change occurs.

Liabilities on account of forward contracts are reported under Contingent liabilities under subheading Outstanding Liabilities for Forward Exchange Contract. These include notional principal on outstanding forward rate agreements.

xxiv) Events After the Balance sheet date

Events after the balance sheet date are those events, favorable and unfavorable, that occur between the balance sheet date and the date when the financial statements are authorized for issue.

All material and important events that occurred after the balance sheet date have been considered and appropriate disclosures are made in Note 30.

xxv) Previous Year's Figures

Previous year's figures are regrouped wherever necessary in order to facilitate comparison.

Notes to Accounts

Schedule 4.33

1. Interest Income and Interest Suspense

Entire interest receivable on loans & advances as of year end has been transferred to interest suspense account as per NRB Directives. However interest accrued as of 31 Ashad 2072 and collected after year end upto 15 Shrawan 2072 amounting to NPR 13,947,775.07 has been recognized as income during the FY 2014-15 as per NRB Directives.

2. Provision for Staff Bonus

Provision for staff bonus amounting to NPR 58,884,272 has been computed and provided for at 10% of net profit after bonus.

3. Staff Housing Fund

As the term of service of the staff has a provision for extending housing loans to the eligible staff, a separate housing fund has not been created as prescribed by the Labor Act, 2048.

4. Gratuity Fund

Gratuity fund maintained with Laxmi Bank Retirement Fund, an approved retirement fund, has sufficient balance to cover the gratuity liability (Gratuity liability is NPR 56,193,417.69 as of 16 July 2015) calculated as per accrual liability basis in accordance with the HR Policy Guide of the Bank.

5. Calls in Advance

Calls in Advance includes NPR 555,314,590 collected in advance from promoters and shareholders upto 16 July 2015 against 30% Right Shares approved by 14th AGM of the bank and has been included under Sch 4.1 Share Capital.

6. General Reserve

As per the requirement of Nepal Rastra Bank, 20% of the current year's profit has been transferred to General Reserve.

7. Exchange Fluctuation Fund

25% of the Revaluation gain of NPR 13,376,105, amounting to NPR 3,344,026 has been transferred to Exchange Fluctuation Fund by debiting Profit and Loss Appropriation Account as per Nepal Rastra Bank Directives.

8. Investment Adjustment Reserve

Investment adjustment reserve as at 31 Ashad 2072 (16 July 2015) stands at NPR 33,410,718 comprising NPR 8,761,189 as 2% of the Portfolio of investment available for sale and NPR 24,649,529 against difference between cost and market price of investment available for sale as per Directive No 1 - Capital Adequacy Framework. During the year, NPR 28,116,529 is transferred from Profit and Loss Appropriation Account to investment adjustment reserve.

Amount in NPR'000

PARTICULARS	RESERVE AS ON 32/03/071	MOVEMENT DURING THE YEAR	RESERVE AS ON 31/03/072
Investment available for sale @ 2%	5,294	3,467	8,761
Adjustment for investment available for sale marked to market	-	24,650	24,650
Total	5,294	28,117	33,411

9. Fixed Assets

Land and building located at Hattisar is in joint ownership with Everest Insurance Company Limited, Gorkha Brewery Limited and Himalayan Snax Pvt. Limited. Laxmi Bank owns 40.34% of the total value of the property. Depreciation on building is charged on the cost of the building allocated and owned by the Bank only.

Similarly land and building located at Maharajgunj is in joint ownership with Laxmi Laghubitta Bittiya Sanstha Ltd and Laxmi Capital Market Limited. Laxmi Bank owns 83.11% of the total value of the property. Pending completion of construction works, the cost of building has been shown as Capital Work in Progress.

10. CBS Implementation Cost

Cost of Core Banking System "Finacle" including its implementation cost and costs of related hardware has been capitalized during FY 2014/15 and depreciated as per accounting policy of the bank.

11. Income Tax Issues

The tax authorities had raised an additional demand of NPR 1,661,043 on tax returns filed under self assessment by the then HISEF Finance Limited for the financial year 2057/58. The Bank had disputed the demand of tax authorities and filed an appeal with the Revenue Tribunal. Pending receipt of decision, the Bank has shown such disputed tax demand under contingent liability.

For fiscal year 2061/62 (Hisef related) Large Taxpayers' Office (LTO) has raised an additional demand of NPR 16,079,489 which the bank has disputed and filed an appeal for administrative review. The amount of demand has been disclosed as contingent liability on Income Tax under schedule 4.17. The bank has deposited NPR 3,048,000 against above demand. However, the Inland Revenue Department (IRD) has returned the file to LTO for revision citing possibility of double counting of taxable income by Large Taxpayers Office.

On the assessment of the Income Tax Returns of the bank for the fiscal years 2060/61, 2061/62 (Laxmi Bank), 2062/63, 2063/64 and 2064/65, Large Taxpayers' Office (LTO) has raised an additional demand of NPR 5,153,916.55 for 2060/61, NPR 9,618,611 for 2061/62 (Laxmi Bank), NPR 10,645,185 for 2062/63, NPR 11,569,681 for 2063/64 and NPR 16,682,304 for 2064/65 respectively. The bank has filed an appeal with the Supreme Court for review of the decision made by the Revenue Tribunal on above cases. The amount of demand has been disclosed as contingent liability on Income Tax under schedule 4.17. The bank has paid NPR 18,891,545 as deposits against above claim.

The Bank has received as additional demand of NPR 10,111,085, NPR 847,545 and NPR 19,242,794 from LTO relating to tax returns for the years 2065/66, 2066/67 and 2067/68 respectively. The Bank disputed the demand as not tenable and has filed appeals with the Revenue Tribunal for the year 2065/66. The bank has applied for administrative review to IRD against claims for the years 2066/67 and 2067/68. The amount of claim is shown as contingent liability on Income Tax under schedule 4.17. The bank has paid NPR 10,227,781 as deposit against above claim.

Pending decision no provisions have been made against these additional demands. The Bank has filed tax returns to the LTO up to the financial years 2070/71 under self assessment procedures.

12. None of the bank's borrowings are against the collateral of its own assets.

13. Investment in Share Capital of other Corporate

a. Laxmi Capital Market Ltd

In line with the guidelines of Nepal Rastra Bank, Laxmi Bank Ltd has established a merchant banking subsidiary - "Laxmi Capital Market Ltd" by investing NPR 100,000,000 as promoter share. The subsidiary has obtained license for commercial operation from SEBON on 2067/9/13 under Securities Businessperson (Merchant Banker) Rules 2007.

b. Laxmi Laghubitta Bittiya Sanstha Ltd

Laxmi Bank Ltd has opened a "D" class financial institution - Laxmi Laghubitta Bittiya Sanstha Ltd to carry out the microfinance business with investment of NPR 70,000,000 as promoter share. The subsidiary has obtained operating license from NRB on 2068/11/23. 30% Shares of the company are held by general public.

c. Laxmi Value Fund- I

Laxmi Bank Ltd has invested NPR 75,000,000 as seed capital in Laxmi Value Fund - I, a mutual fund scheme sponsored by the bank and managed by Laxmi Capital Market Ltd. The units of the fund are being traded at Nepal Stock Exchange.

14. Lien over Investments

The Bank has made placements with Standard Chartered Bank Plc (Singapore), amounting to USD 550,000 as of 16 July 2015, which was under lien as per the lien letter signed with Standard Chartered Bank Plc.

15. Advance against Bullion

The Bank has NPR 428.63 Mio outstanding for advance against stock of bullion as of 16 July 2015 and is shown under others of schedule 4.16 Other Assets.

16. Related Party Disclosure

Details of Compensation paid to key management personnel during the year:

Short term employee benefit paid to Key Management Personnel (which includes CEO, Company Secretary and all other managerial level staff) during the fiscal year amounts to NPR 82.49 Milion. In addition, they are entitled to other benefits and facility as per the Human Resource Policy of the bank and employment terms and conditions.

There is no post employment, other long term or share based payments to the employees. Employees are entitled to gratuity (as termination benefits) as per the Human Resource Policy of the bank.

Transaction with the members of Board of Directors during the year:	(in NPR)
Meeting fees	924,540
Other meeting expenses	235,186

17. Reconciliation Status

Amount in NPR'000

RECONCILIATION STATUS	TOTAL AMOUNT	UP TO 3 MONTHS	3 TO 9 MONTHS	9 MONTHS TO 1 YEAR	1 YEAR TO 3 YEARS	MORE THAN 3 YEARS
Branch Reconciliation	-	-	-	-	-	-
Agency Accounts	119,756	107,713	3,856	362	6,441	1,384

The debit and credit differences have been cumulated irrespective of their signs. Transactions related to the amounts stated in the above table are identified and have been/ will be adjusted in due course of business.

18. Lease

Finance Lease

The bank has not entered into any finance lease and does not have any obligation in respect of finance lease.

Operating Lease

The bank has entered into a lease arrangement for office premises and ATM space outside of the branch for different periods, which can be terminated by either party giving prior notice as stipulated in the contract / agreement. The future minimum lease payment under non-cancelable operating leases, where the bank is lessee is NIL. There is no rental expense under non-cancelable operating leases.

19. Summary of Loans and Advances Disbursed, Recovered and Principal & Interest Written off

PARTICULARS	AMOUNT
Loans Disbursed	92,235,064
Loans Recovered	83,780,607
Loans Written off	-
Interest written off	-

20. Summary of Changes in Deposit Liabilities

Amount in NPR'000

PARTICULARS	PREVIOUS YEAR 32/3/2071 (16/07/2014)	NET CHANGES DURING THE YEAR	CURRENT YEAR 31/3/2072 (16/07/2015)
Call Deposits	7,810,320	3,448,465	11,258,785
Current Deposits	1,128,001	1,847,152	2,975,153
Fixed Deposits	14,709,355	2,577,901	17,287,256
Saving Deposits	6,314,933	1,808,098	8,123,031
Margin & Other Deposits	629,437	(281,808)	347,629

21. Weighted Average Interest Spread

Amount in NPR'000

PARTICULARS	RATE %
Average Rate of return from loans and advances and investments	8.28%
Average Rate on deposits & borrowings	4.56%
Net Spread	3.72%

22. Summary of Concentration of Exposure

Amount in NPR'000

PARTICULARS	LOANS, ADVANCES AND BILLS PURCHASED	DEPOSITS AND BORROWINGS	CONTINGENTS
Total amount as on 16/07/2015	31,557,955	39,991,814	21,170,362
Highest exposure to a single unit/ group	842,838	1,500,000	1,907,694
Percentage of exposure to/from single unit (in %)	2.67%	3.75%	9.02%

23. Classification of Assets and Liabilities based on Maturity

Amount in NPR'000

S.N.	PARTICULARS	1-90 DAYS	91-180 DAYS	181-270 DAYS	271-365 DAYS	OVER 1 YEAR	TOTAL AMOUNT
Assets							
1	Cash Balance	687,822	-	-	-	-	687,822
2	Balance with Banks & FIs	4,072,838	-	-	-	-	4,072,838
3	Investment in Foreign Banks	245,218	-	-	-	-	245,218
4	Call Money	609,300	-	-	-	-	609,300
5	Government Securities	2,260,000	-	-	250,000	-	2,510,000
6	Nepal Rastra Bank Bonds	-	-	-	-	1,341,350	1,341,350
7	Inter Bank & FI Lending	969,995	609,300	1,117,050	-	-	2,696,345
8	Loans & Advances	12,538,201	3,718,322	1,984,487	1,327,734	11,989,211	31,557,956
9	Interest Receivable	946,739	946,739	946,739	946,739	-	3,786,955
10	Reverse Repo	-	-	-	-	-	-
11	Receivables from other Institutions under Commitment	-	-	-	-	-	-
12	Payment to be made for facilities under s.no 20	-	-	-	-	-	-
13	Others	-	-	-	-	-	-
Total Assets (A)		22,330,112	5,274,361	4,048,276	2,524,473	13,330,561	47,507,782
Liabilities							
14	Current Deposits	431,373	43,137	43,137	43,137	301,961	862,747
15	Saving Deposits	33,300	66,601	99,901	133,202	6,327,094	6,660,099
16	Fixed Deposits	3,137,144	4,489,437	2,924,809	6,123,612	354,671	17,029,673
17	Debentures	-	-	-	-	750,000	750,000
18	Borrowings:	-	-	-	-	-	-
	(a) Call/Short Notice	-	-	-	-	-	-
	(b) Inter-bank/Financial Institutions	-	-	-	-	-	-
	(c) Refinance	-	-	-	-	-	-
	(d) Others	-	-	-	-	-	-
19	Other Liabilities and Provisions	1,886,724	372,424	372,424	372,424	-	3,003,996
	(a) Sundry Creditors	1,514,301	-	-	-	-	1,514,301
	(b) Bills Payable	-	-	-	-	-	-
	(c) Interest Payable	372,424	372,424	372,424	372,424	-	1,489,696
	(d) Provisions	-	-	-	-	-	-
	(e) Others	-	-	-	-	-	-
Total Liabilities (B)		5,488,543	4,971,599	3,440,272	6,672,375	7,733,727	28,306,515
Net Financial Assets (A-B)		16,841,569	302,762	608,004	(4,147,902)	5,596,834	19,201,267
Cumulative Net Financial Assets		16,841,569	17,144,331	17,752,335	13,604,433	19,201,267	-

24. Credit Concentration

SECTORS	NUMBER	PRINCIPAL	INTEREST
1. Agricultural	498	467,170	641
2. Fishery	4	13,399	39
3. Mining	0	-	-
4. Agriculture, Forestry & Beverage Production Related	243	739,895	1,494
5. Non-food production related	544	4,082,709	20,075
6. Construction	2,386	5,616,228	26,116
7. Power, Gas and Water	20	1,079,820	15
8. Metal Prod, Machinery & Electronic Equip & assemblage	148	354,216	77
9. Transport, Communication and Public Utilities	168	947,550	3,038
10. Wholesaler & Retailer	2,754	7,683,662	18,141
11. Finance, Insurance and Real Estate	392	3,024,744	2,996
12. Hotel or Restaurant	49	389,800	3,728
13. Other Services	205	1,340,175	3,517
14. Consumption Loans	4,715	3,125,105	19,905
15. Local Government	3	134,634	692
16. Others	2,222	2,558,848	1,307
Total	14,351	31,557,956	101,782

25. Details of Gross Non Banking Assets (NPR)

PREVIOUS YEAR	ADDITION DURING THE YEAR	DISPOSAL DURING THE YEAR	BALANCE AT THE END OF THE YEAR
86,549	29,971	15,756	100,765

26. Details of Lease Hold Assets Amortization

LEASE HOLD ASSETS UP TO LAST YEAR	THIS YEAR ADDITION / DELETION (NET)	AMORTIZATION DURING THE YEAR	NET BALANCE AT THE END OF THE YEAR
21,848	6,550	9,123	19,275

27. Tax liability reconciliation

Profit as per financial statement is reconciled with Taxable profit to compute tax liability as follows:

PARTICULARS	AMOUNT
Profit before tax as per Profit & Loss Account	588,843
Add: Adjustments for	
Depreciation as per Schedule 24 considered separately	38,343
Equipment & furniture charged to revenue considered in depreciation	3,629
Leasehold amortization considered in depreciation	9,124
Software amortization considered in depreciation	10,326
Repairs and Maintenance added to the Pool as per Income Tax Act	875
Donation in excess of statutory limit	900
Premium on Government Bonds amortized in this fiscal year	3,963
Less: Adjustments for	
Depreciation as per Income Tax Act (including lease and software)	(57,924)
Profit on disposal of depreciable assets	(5,825)
Dividend income subject to final tax withholding	(16,313)
Loss on disposal of investment	(17,036)
Taxable Profit as per Income Tax Act 2058	558,905
Corporate Income Tax @ 30%	167,671

28. Deferred Tax Liability/ (Asset)

Carrying amount of Assets & Liabilities where temporary differences arise as on 31 Ashad 2072 (16 July 2015) are as follows:

PARTICULARS	CARRYING AMOUNT	TAX BASE	NET TEMPORARY DIFFERENCE
Fixed Assets	300,142	321,497	(21,355)
Net Temporary Differences	300,142	321,497	(21,355)
Deferred Tax Liability / (Asset) as at Ashad end 2072 @ 30%			(6,406)
Deferred Tax Liability / (Asset) till Ashad end 2070			(11,160)
Deferred Tax Expense / (Income) credited to Profit and Loss Account			4,753

Deferred Tax Asset as of 32 Ashad 2072 (16 July 2015) is NPR 6,406,540. NPR 4,753,366 has been recognized as deferred tax expense in Profit and Loss Account in the current year. Accordingly, deferred tax reserve has been written back by the same amount through Profit and Loss Appropriation Account.

29. Debentures

a. 8.5% Laxmi Bank Debenture, 2072

The Bank issued 350,000 unsecured debentures of NPR 1,000 each for NPR 350,000,000 on 25 November 2008 with a coupon rate of 8.5%, and tenure of 7 years. Interest on debenture is payable on semi annual basis. The bank has established a Debenture Redemption Fund for the purpose of redemption of these debentures and appropriated NPR 50,000,000 during this year towards the fund, in line with the NRB directives, from the Profit and Loss appropriation account. Total Debenture Redemption Fund as of 16 July 2015 stands at NPR 350,000,000.

b. 8% Laxmi Bank Debentures, 2076

The Bank issued 400,000 unsecured debentures of NPR 1,000 each for NPR 400,000,000 on 5 February 2013 with a coupon rate of 8%, and tenure of 7 years. Interest on debenture is payable on semi annual basis. The bank will appropriate proportionate amount for the purpose of redemption of these debentures during the last five years of maturity as per NRB directives.

30. Events After the Balance sheet date

No circumstances have arisen since the Balance Sheet date which would require adjustments to or disclosure in the Financial Statements.

STATEMENT OF LOANS AND ADVANCES OF PROMOTERS/ PROMOTER GROUP BY PLEDGING THE SHARES IN THEIR OWNERSHIP IN OTHER BANK AND FINANCIAL INSTITUTIONS AS AT ASHAD 31, 2072 (JULY 16, 2015)

SCHEDULE 4.34

S.NO	NAME OF PROMOTER/ SHAREHOLDERS UNDER PROMOTER GROUP	SHAREHOLDING		NAME OF THE LENDING BANK AND FINANCIAL INSTITUTIONS	LOAN DETAILS		REMARKS
		TOTAL NO OF SHARES	% OF TOTAL PAID UP CAPITAL		LOAN AMOUNT	NO OF SHARES PLEDGED	
1	Sunil Kumar Bansal	164,025	0.70%	Machhapuchhre Bank	48,400,000	136,687	Pledged as additional security
2	Ramesh Kumar Agrawal	19,170	0.08%	United Finance	2,800,000	18,509	
3	Amit Gupta Agrawal	497,247	2.13%	Himalayan Bank	13,996,659	167,158	
4	Anil Kumar Agrawal	57,510	0.25%	NIC Asia Bank	5,213,417	41,674	
5	Sunil Kumar Bansal	164,025	0.70%	Kumari Bank Ltd	6,651,530	27,338	
6	Narayan Bajaj	21,908	0.09%	Himalayan Bank	3,174	15,876	

COMPARISON OF UNAUDITED AND AUDITED FINANCIAL STATEMENT

AS OF FY 2014/15

SCHEDULE 4.35

AMOUNT IN NPR '000

S.N.	PARTICULARS	AS PER UNAUDITED FINANCIAL STATEMENT	AS PER AUDITED FINANCIAL STATEMENT	VARIANCE		REASONS FOR VARIANCE
				AMOUNT	IN %	
1	Total Capital and Liabilities (1.1 to 1.7)	45,801,710	45,340,161	(461,549)	-1%	
1.1	Paid Up Capital	2,337,869	2,893,183	555,315	24%	Adjustment of Calls in Advance
1.2	Reserve & Surplus	1,748,003	1,253,360	(494,642)	-28%	
1.3	Debenture & Bond	750,000	750,000	-		
1.4	Borrowings	-	-	-		
1.5	Deposits (a+b)	39,991,815	39,991,815	0	0%	
	a) Domestic Currency	35,913,616	35,913,616	-	0%	
	b) Foreign Currency	4,078,198	4,078,198	-	0%	
1.6	Income Tax Liability	-	-	-		
1.7	Other Liabilities (including Bills payable, dividend payable etc)	974,024	451,803	(522,222)	-54%	Regrouping of provisions
2	Total Assets (2.1 to 2.7)	45,801,710	45,340,161	(461,549)	-1%	
2.1	Cash & Bank Balance	5,005,877	4,934,672	(71,205)		Regrouping of Money at Call
2.2	Money at call and Short Notice	609,300	680,505	71,205		
2.3	Investments	6,454,363	6,454,363	-	0%	
2.4	Loan & Advances	31,557,956	30,971,338	(586,617)	-2%	Net of provision in Audited Financials
	a. Real Estate Loan	1,118,372	1,085,128	(33,244)	-3%	
	(i) Residential Real Estate	348,884	324,346	(24,538)	-7%	
	(ii) Business Complex & Residential Apart.Construction Loan	186,775	184,907	(1,868)	-1%	
	(iii) Income generating Commercial Complexes Loan	530,224	523,910	(6,314)	-1%	
	(iv) Other Real Estate Loan	52,489	51,965	(525)	-1%	
	b. Personal Home Loan of Rs 100 lacs or less	1,447,552	1,427,911	(19,640)	-1%	
	c. Margin Type Loan	393,192	386,668	(6,524)	-2%	
	d. Term Loan	4,858,691	4,716,215	(142,475)	-3%	
	e. Overdraft Loan/ TR Loan/ WC Loan	12,902,395	12,669,607	(232,788)	-2%	
	f. Others	10,837,753	10,685,808	(151,946)	-1%	
2.5	Fixed Assets	501,191	501,191	0	0%	
2.6	Non Banking Assets (net)	-	-	-		
2.7	Other Assets	1,673,023	1,798,091	125,068	7%	Regrouping of provisions
3	Profit & Loss Account					
3.1	Interest Income	2,577,674	2,577,674	0		
3.2	Interest Expenses	1,618,131	1,618,131	-		
A.	Net Interest Income (3.1-3.2)	959,543	959,543	0		
3.3	Fees, Commission & Discount	216,288	216,288	-		
3.4	Other Operating Income	151,053	151,053	-		
3.5	Foreign Exchange Gain & Loss	120,382	120,382	(0)		
B.	Total Operating Income (A+3.3+3.4+3.5)	1,447,266	1,447,266	0		
3.6	Staff Expenses	272,858	272,858	-		
3.7	Other Operating Expenses	322,380	322,380	-	0%	
C.	Operating Profit before Provisions (B -3.6-3.7)	852,028	852,028	0	0%	
3.8	Provision for Possible Losses	243,945	243,945	(0)		
D.	Operating Profit (C - 3.8)	608,083	608,083	0	0%	
3.9	Non Operating Income/Expenses (Net)	23,888	23,888	-	0%	
3.10	Loan Loss Provision Written Back	15,756	15,756	-		
E.	Profit from Regular Activities (D+3.9+3.10)	647,727	647,727	0	0%	
3.11	Extraordinary Income/Expenses (Net)	-	-	-	0%	
F.	Profit before Bonus and Taxes (E+3.11)	647,727	647,727	0	0%	
3.12	Provision for Staff Bonus	58,884	58,884	0	0%	
3.13	Provision for Taxes	176,875	167,671	(9,203)	-5%	Tax calculation as per Income tax act in Audited Financials
	Deferred Tax Expense/ (Income)	-	4,753	4,753		Deferred tax calculated
G.	Net Profit/ Loss (F-3.12-3.13)	411,968	416,196	4,228		

SCHEDULE 4.A
CONT'D....

Amount in NPR '000

S.N.	PARTICULARS	THIS QUARTER ENDING 31 ASHAD 2072 16-JUL-15	PREVIOUS QUARTER ENDING 30 CHAITRA 2071 13-APR-15	CORRESPONDING PREVIOUS YEAR QUARTER ENDING 32 ASHAD 2071 16-JUL-14
1	Total Capital and Liabilities (1.1 to 1.7)	45,801,710	41,881,033	34,919,161
1.1	Paid Up Capital	2,337,869	2,337,869	2,337,869
1.2	Reserve & Surplus	1,748,003	1,368,898	837,164
1.3	Debenture & Bond	750,000	750,000	750,000
1.4	Borrowings	-	-	-
1.5	Deposits (a+b)	39,991,815	36,467,661	30,592,046
	a) Domestic Currency	35,913,616	33,017,992	27,304,989
	b) Foreign Currency	4,078,198	3,449,668	3,287,057
1.6	Income Tax Liability	-	-	-
1.7	Other Liabilities	974,024	956,605	402,082
2	Total Assets (2.1 to 2.7)	45,801,710	41,881,033	34,919,161
2.1	Cash & Bank Balance	5,005,877	6,719,235	5,331,196
2.2	Money at call and Short Notice	609,300	200,000	721,875
2.3	Investments	6,454,363	3,600,872	4,700,418
2.4	Loan & Advances	31,557,956	29,977,351	22,723,847
	a. Real Estate Loan	1,118,372	1,164,716	1,257,539
	(i) Residential Real Estate	348,884	377,219	298,301
	(ii) Business Complex & Residential Apart.Construction Loan	186,775	196,876	292,591
	(iii) Income generating Commercial Complexes Loan	530,224	531,401	541,359
	(iv) Other Real Estate Loan	52,489	59,220	125,288
	b. Personal Home Loan of Rs 100 lacs or less	1,447,552	1,321,120	838,073
	c. Margin Type Loan	393,192	348,260	640,603
	d. Term Loan	4,858,691	4,693,644	3,228,006
	e. Overdraft Loan/ TR Loan/ WC Loan	12,902,395	12,811,255	9,957,774
	f. Others	10,837,753	9,638,355	6,801,953
2.5	Fixed Assets	501,191	543,874	435,359
2.6	Non Banking Assets (net)	-	-	-
2.7	Other Assets	1,673,023	839,702	1,006,467
3	Profit & Loss Account	Up to This Quarter	Up to Last Quarter	Up to Corresponding Previous Year This Quarter
3.1	Interest Income	2,577,674	1,805,990	2,489,315
3.2	Interest Expenses	1,618,131	1,147,992	1,667,027
A. Net Interest Income (3.1-3.2)		959,543	657,999	822,289
3.3	Fees, Commission & Discount	216,288	160,448	194,606
3.4	Other Operating Income	151,053	109,135	103,899
3.5	Foreign Exchange Gain & Loss	120,382	80,399	120,185
B. Total Operating Income (A+3.3+3.4+3.5)		1,447,266	1,007,981	1,240,978
3.6	Staff Expenses	272,858	202,964	239,997
3.7	Other Operating Expenses	322,380	221,000	265,704
C. Operating Profit before Provisions (B -3.6-3.7)		852,028	584,017	735,277
3.8	Provision for Possible Losses	243,945	245,250	73,655
D. Operating Profit (C -3.8)		608,083	338,767	661,623
3.9	Non Operating Income/Expenses (Net)	23,888	22,672	25,744
3.10	Loan Loss Provision Written Back	15,756	15,756	53,741
E. Profit from Regular Activities (D+3.9+3.10)		647,727	377,195	741,108
3.11	Extraordinary Income/Expenses (Net)	-	-	-
F. Profit before Bonus and Taxes (E+3.11)		647,727	377,195	741,408
3.12	Provision for Staff Bonus	58,884	34,290	67,401
3.13	Provision for Taxes	176,875	102,871	199,150
G. Net Profit/ Loss (F-3.12-3.13)		411,968	240,033	474,856

**SCHEDULE 4.A
CONT'D....**

S.N.	PARTICULARS	THIS QUARTER ENDING 31 ASHAD 2072 16-JUL-15	PREVIOUS QUARTER ENDING 30 CHAITRA 2071 13-APR-15	CORRESPONDING PREVIOUS YEAR QUARTER ENDING 32 ASHAD 2071 16-JUL-14
4	Ratios	At the End of This Quarter	At the End of Previous Quarter	At the End of Corresponding Previous Year Quarter
4.1	Capital Fund to RWA	10.87%	10.76%	11.91%
4.2	Non Performing Loan (NPL) to Total Loan	1.30%	1.33%	1.15%
4.3	Total Loan Loss Provision to Total NPL	142.80%	147.00%	140.62%
4.4	Net Interest Spread	3.72%	3.62%	3.77%
4.5	LCY Interest Spread (Calculated as per NRB Circular)	4.08%	4.02%	3.89%
4.6	CD ratio (Calculated as per NRB Directives)	7385.37%	78.25%	72.05%
4.7	Base Rate	7.90%	7.67%	8.89%
4.8	Average Yield	8.28%	8.10%	8.82%
4.9	Cost of Fund (LCY)	4.56%	4.48%	5.05%
4.10	Return on Equity (annualised)	10.57%	8.63%	15.35%
4.11	Return on Assets (annualised)	0.94%	0.76%	1.38%





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