



Laxmi Bank



2015-16
ANNUAL REPORT

BOARD OF DIRECTORS



MR. SHAMBHU P. ACHARYA
CHAIRMAN



MR. DINESH PAUDYAL
DIRECTOR



MR. SUSHIL KUMAR ARYAL
*DIRECTOR, REPRESENTING
CITIZEN INTERNATIONAL TRUST*



MS. SWATI ROONGTA
*DIPECTOR, REPRESETING
GENERAL PUBLIC*



MR. VISHWA KARAN JAIN
*DIPECTOR, REPRESETING
GENERAL PUBLIC*



MR. SUDESH KHALING
CHIEF EXECUTIVE OFFICER

FOURTEEN YEARS OF RESPONSIBLE BANKING

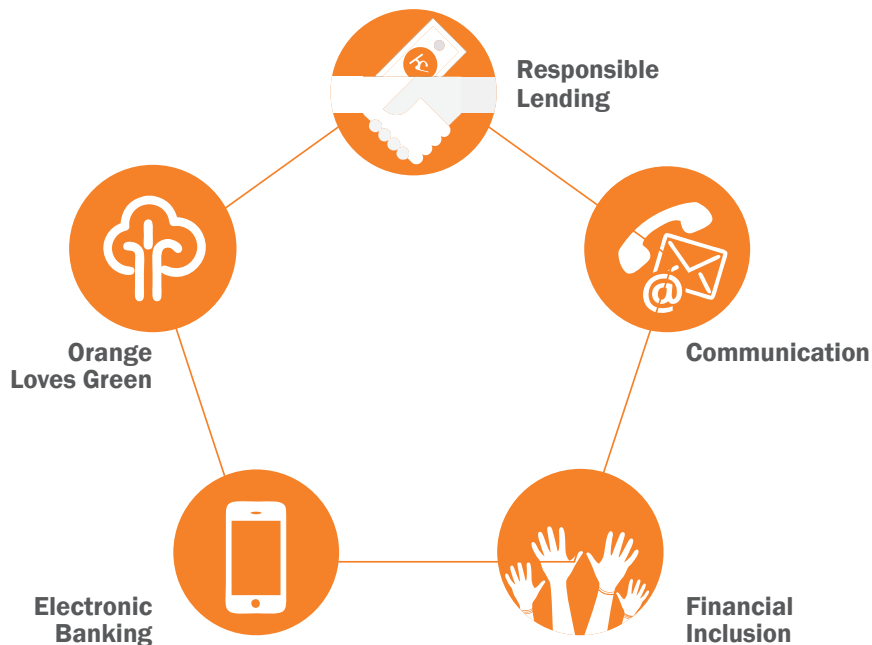
Laxmi Bank was born in 2002 in the southern plains of Nepal, in one of the oldest and most vibrant industrial and commercial cities of the country – Birgunj.

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:



INDEPENDENT AUDITOR'S REPORT
The Shareholders of Laxmi Bank Limited

Report on the Consolidated Financial Statements

We were engaged to audit the accompanying financial statements of Laxmi Bank Ltd (the "Bank") and its consolidated subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheet as at 15 July 2016, the consolidated profit and loss account, statements of changes in equity and cash flow for the period then ended, and a summary of significant accounting policies and other explanatory information prepared in accordance with Nepal Financial Reporting Standards.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Nepal Financial Reporting Standards and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. Management has prepared consolidated financial statements in accordance with regulatory provision of Nepal Rastra Bank and not in accordance with Nepal Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on conducting the audit in accordance with Nepal Standards on Auditing. Because of the matters described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the consolidated financial statements not prepared as per Nepal Financial Reporting Standards.

Basis for Disclaimer of Opinion

The applicable financial reporting framework for the Bank was changed to Nepal Financial Reporting Standards from Nepal Accounting Standards (previous Local GAAP) effective from fiscal year starting 17 July 2015. Change in financial reporting framework required transition to Nepal Financial Reporting Standards as at 17 July 2014 and presentation of at least three consolidated statements of financial position, two consolidated statements of comprehensive income, two consolidated separate income statements (if presented), two consolidated statements of cash flows and two consolidated statements of changes in equity and related notes, including comparative information. However, consolidated financial statement has not been prepared based on transitional provision of Nepal Financial Reporting Standards 1 which requires identification, restatement, presentation and disclosure of financial information based on new accounting policies as per Nepal Financial Reporting Standards.

The cumulative effect of not restating, presenting and disclosing consolidated financial information based on transitional provision of Nepal Financial Reporting Standards is uncertain and could be material and pervasive.

Disclaimer of Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence for cumulative effect of not restating financial items and making additional disclosure as required by first time adopter of NFRS to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the consolidated financial statements which have not been prepared in accordance with Nepal Financial Reporting Standards.

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, consolidated balance sheet, consolidated profit and loss account and consolidated 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 received from the branches were 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 given to us and from our examination of the books of account 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.

As disclosed in Note 9 of the Schedule 33, the Bank has not measured the investment made in shares of a listed company categorized as Available for Sale on 'Marked to Market' Basis, which in our opinion, is not in accordance with Nepal Rastra Bank Unified Directives.

Except as noted in the preceding paragraph and our opinion on the consolidated financial statements not prepared in accordance with the applicable financial reporting framework required for the fiscal year, the consolidated financial statements have been prepared, in all material respects, in accordance with financial reporting framework as per the regulatory requirement of Nepal Rastra Bank.


Shashi Satyal
Managing Partner

T R Upadhy & Co.
Chartered Accountants

Kathmandu
11 January 2017



Consolidated Balance Sheet

as at Ashad 31, 2073 (July 16, 2015)

CAPITAL & LIABILITIES	THIS YEAR (IN NPR)	Previous Year (in NPR)
1. Share Capital	4,799,889,946	2,893,183,190
2. Reserves and Surplus	925,741,301	1,278,395,262
3. Non Controlling Interest	57,423,632	35,689,530
4. Debentures & Bonds	400,000,000	750,000,000
5. Borrowings	-	-
6. Deposit Liabilities	48,513,046,267	40,154,205,418
7. Bills Payable	11,088,599	5,528,477
8. Proposed Cash Dividend	-	-
9. Income Tax Liabilities (net)	3,944,942	-
10. Other Liabilities	483,169,521	463,210,061
Total Capital and Liabilities	55,194,304,207	45,580,211,937

ASSETS	THIS YEAR (IN NPR)	Previous Year (in NPR)
1. Cash Balance	1,032,453,251	688,342,290
2. Balance with Nepal Rastra Bank	3,765,764,493	3,947,233,020
3. Balance with Banks/Financial Institution	669,183,998	317,247,637
4. Money at Call and Short Notice	58,869,102	702,088,538
5. Investment	7,362,343,629	6,387,795,062
6. Loans, Advances and Bills Purchase	40,093,190,433	31,163,158,572
7. Fixed Assets	1,054,836,507	548,648,538
8. Non Banking Assets (net)	-	-
9. Other Assets	1,157,662,795	1,825,698,280
Total Assets	55,194,304,207	45,580,211,937

PIYUSH RAJ ARYAL
CHIEF RISK OFFICER

SUDESH KHALING
CHIEF EXECUTIVE OFFICER

SAMBHU PRASAD ACHARYA
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AS PER OUR REPORT
OF EVEN DATE

DATE: 11 JAN. 2017
PLACE - KATHMANDU

DIRECTORS

DINESH POU DYAL
SUSHIL KUMAR ARYAL
SWATI ROONGTA
VISHWA KARAN JAIN

SHASHI SATYAL
MANAGING PARTNER
FOR T.R UPADHYA & CO.
CHARTERED ACCOUNTANTS

Consolidated Profit and Loss Account

For the period Shrawan 1, 2072 to Ashad 31, 2073 (July 17, 2014 to July 16, 2015)

PARTICULARS	THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
1. Interest Income	3,257,358,243	2,662,681,548
2. Interest Expenses	1,796,205,547	1,623,894,404
Net Interest Income	1,461,152,695	1,038,787,144
3. Commission and Discount	281,873,088	229,652,893
4. Other Operating Income	167,146,352	160,598,544
5. Exchange Income	145,198,062	120,381,572
Total Operating Income	2,055,370,197	1,549,420,153
6. Staff Expenses	385,933,683	314,878,457
7. Other Operating Expenses	393,503,169	345,853,947
8. Exchange Loss	-	-
Operating Profit before provision for Possible Loss	1,275,933,346	888,687,749
9. Provision for Possible Losses	201,618,999	245,666,529
Operating Profit	1,074,314,346	643,021,220
10. Non Operating Income/(Loss)	18,559,347	20,982,487
11. Loan Loss Provision Written Back	109,709,715	15,756,000
Profit from Regular Operations	1,202,583,407	679,759,707
12. Profit/(Loss) from Extra-Ordinary Activities	174,500	-
Net Profit after including all Activities	1,202,757,907	679,759,707
13. Provision for Staff Bonus	108,118,186	61,240,841
14. Provision for Income Tax	-	-
* Provision for Current Year's Tax	331,455,202	177,722,879
* Provision for Previous Years' Tax	20,639,720	221,977
* Deferred Tax Expense/ (Income)	(6,219,703)	4,818,344
15. Share of Non- Controlling interest in the Profit/ Loss of Subsidiary	18,734,102	4,948,845
NET PROFIT/LOSS	730,030,401	430,806,820

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Consolidated Profit and Loss Appropriation Account

For the period Shrawan 1, 2072 to Ashad 31, 2073 (July 17, 2014 to July 16, 2015)

PARTICULARS	THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
INCOME		
1. Accumulated Profit up to Previous Year	292,125,670	26,767,095
2. Current Year's Profit	730,030,401	430,806,820
3. Capital Redemption Reserve	350,000,000	-
4. Share Premium Fund transferred	73,998,322	-
5. Adjustments in Retained Earnings	5,055,952	(1,752,640)
Total	1,451,210,345	455,821,275
EXPENSES		
1. Accumulated Loss up to Previous Year	-	-
2. This Year's Loss	-	-
3. General Reserve	147,914,837	86,538,415
4. Contingent Reserve	-	-
5. Institutional Development Fund	-	-
6. Dividend Equalization Fund	-	-
7. Staff Related Reserves	-	-
8. Proposed Dividend	425,000	450,000
9. Proposed Bonus Shares	1,154,907,096	-
10. Special Reserve Fund	9,002,470	-
11. Exchange Fluctuation Fund	869,617	3,344,026
12. Capital Redemption Reserve Fund	80,000,000	50,000,000
13. Capital Adjustment Fund	-	-
14. Investment Adjustment Reserve	(5,982,005)	28,116,529
14. Adjustments:	-	-
Deferred Tax Liability	-	-
Deferred Tax Reserve	283,967	(4,753,365.58)
15. Share of Non-Controlling Interest in the Profit of Subsidiary (before induction)	-	-
TOTAL	1,387,420,982	163,695,605
16.ACCUMULATED PROFIT/(LOSS)	63,789,364	292,125,670

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Consolidated Statement of Changes in Equity

Fiscal Year 2072/73

(in NPR)

PARTICULARS	SHARE CAPITAL	ACCUMULATED PROFIT/LOSS	GENERAL RESERVE	SPECIAL RESERVE	INVESTMENT ADJUSTMENT RESERVE	SHARE PREMIUM	EXCHANGE FLUCTUATION FUND	DEBENTURE REDEMPTION FUND	DEFERRED TAX RESERVE	OTHER RESERVES & FUND	TOTAL AMOUNT
OPENING BALANCE AT 1 SHRAWAN 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
ADJUSTMENTS											
Capital Redemption Reserve	-	350,000,000	-	-	-	-	-	(350,000,000)	-	-	-
Adjustments in Retained Earnings	-	5,055,952	-	-	-	-	-	-	(6,406,540)	-	(1,350,588)
Restated Balance	2,893,183,190	647,181,622	567,275,090	-	33,410,718	-	28,648,638	-	-	528,605	4,170,227,863
Net profit for the period	-	730,030,401	-	-	-	-	-	-	-	-	730,030,401
Transfer to General Reserve	-	(147,914,837)	147,914,837	-	-	-	-	-	-	-	-
Capital Adjustment Fund	-	-	-	-	-	-	-	-	-	-	-
Proposed Bonus Shares	1,154,907,096	(1,154,907,096)	-	-	-	-	-	-	-	-	-
Proposed cash Dividend	-	(425,000)	-	-	-	-	-	-	-	-	(425,000)
Special Reserve Fund	-	(9,002,470)	9,002,470	-	-	-	-	-	-	-	-
Exchange Fluctuation Fund	-	(869,617)	-	-	-	-	869,617	-	-	-	-
Additional Shares Issued	146,046,010	-	-	-	-	73,998,322	-	-	-	-	220,044,332
Debenture Redemption Fund	-	(80,000,000)	-	-	-	-	-	80,000,000	-	-	-
Share Premium	-	73,998,322	-	-	-	(73,998,322)	-	-	-	-	-
Investment Adjustment Reserve	-	5,982,005	-	-	(5,982,005)	-	-	-	-	-	-
Deferred Tax Reserve	-	(283,967)	-	-	-	-	-	-	283,967	-	-
Fractional Bonus shares carried over	-	-	-	-	-	-	-	-	-	-	-
Non controlling interest	-	-	-	-	-	-	-	-	-	-	-
Calls in Advance	605,753,650	-	-	-	-	-	-	-	-	-	605,753,650
CLOSING BALANCE AT 31 ASHAD 2073	4,799,889,946	63,789,363	715,189,927	9,002,470	27,428,713	-	29,518,255	80,000,000	283,967	528,605	5,725,631,246

Consolidated Cash Flow Statement

For the period Shrawan 1, 2072 to Ashad 31, 2073 (July 17, 2014 to July 16, 2015)

PARTICULARS	THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
(A) CASH FLOW FROM OPERATING ACTIVITIES	1,517,691,296	2,047,408,195
1. CASH RECEIVED	3,776,670,898	3,173,077,627
1.1 Interest Income	3,192,044,346	2,626,186,392
1.2 Commission and Discount Income	246,484,003	253,666,250
1.3 Income from Foreign Exchange transaction	145,198,062	120,381,572
1.4 Recovery of Loan Written off	-	-
1.5 Other Income	192,944,487	172,843,413
2. CASH PAYMENT	2,877,199,283	2,457,673,214
2.1 Interest Expenses	1,765,484,203	1,556,577,849
2.2 Staff Expenses	444,817,954	377,092,207
2.3 Office Operating Expenses	321,987,757	284,534,285
2.4 Income Tax Paid	344,909,368	239,717,238
2.5 Other Expenses	-	(248,365)
CASH FLOW BEFORE CHANGES IN WORKING CAPITAL	899,471,615	715,404,414
(INCREASE) / DECREASE IN CURRENT ASSETS	(7,763,304,829)	(8,425,760,024)
1.(Increase)/Decrease in Money at Call and Short Notice	642,748,498	172,187,985
2. (Increase)/Decrease in Short Term Investment	(63,471,871)	1,051,342,372
3. (Increase)/Decrease in Loans, Advances and Bills Purchase	(9,071,765,782)	(8,870,122,485)
4. (Increase)/Decrease in Other Assets	729,184,325	(779,167,896)
INCREASE / (DECREASE) IN CURRENT LIABILITIES	8,381,524,510	9,757,763,805
1. Increase/(Decrease) in Deposits	8,358,886,781	9,489,047,145
2. Increase/(Decrease) in Certificates of Deposits	-	-
3. Increase/(Decrease) in Short Term Borrowings	-	295,544,197
4. Increase/(Decrease) in Other Liabilities	22,637,728	(26,827,538)
(B) CASH FLOW FROM INVESTMENT ACTIVITIES	(1,415,052,785)	(2,916,170,938)
1. (Increase)/Decrease in Long-term Investment	(911,076,696)	(2,826,722,145)
2. (Increase)/Decrease in Fixed Assets	(561,993,352)	(116,241,218)
3. Interest income from Long term Investment	47,999,583	18,221,385
4. Dividend Income	10,017,680	8,571,041
5. Others	-	-
(C) CASH FLOW FROM FINANCING ACTIVITIES	411,940,284	487,492,348
1. Increase/(Decrease) in Long term Borrowings (Bonds, Debentures etc)	(350,000,000)	-
2. Increase/(Decrease) in Share Capital & Share Premium	825,797,982	555,314,590
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	(63,857,698)	(47,313,770)
(D) INCOME/LOSS FROM CHANGE IN EXCHANGE RATE IN CASH & BANK BALANCE	-	-
(E) CURRENT YEAR'S CASH FLOW FROM ALL ACTIVITIES	514,578,794	(381,270,395)
(F) OPENING BALANCE OF CASH AND BANK	4,952,822,947	5,334,093,342
(G) CLOSING BALANCE OF CASH AND BANK	5,467,401,742	4,952,822,947

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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.

The financial statements have not been prepared in accordance with Nepal Financial Reporting Standards (NFRS).

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 an 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:

Particulars	Amount in NPR'000	
	LCM	LLBS
Balance Sheet Items		
Investment of Laxmi Bank in subsidiaries	100,000	70,000
Bonus Shares received from subsidiaries	-	7,000
Deposit with held by subsidiaries	33,217	5,591
Receivables from subsidiaries		3,342
Loan provided to subsidiaries	-	934,929
Profit and Loss Account Items		
Interest Expense on Deposit held by subsidiaries	1,463	-
Interest Income on Loan provided to subsidiaries	-	19,074
Service Fees paid to subsidiaries	410	
Dividend income from investment in subsidiaries	8,075	
Loan Loss Provision on Loan to LLBS		4,218

2. 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:

Particulars	Amount in NPR'000			
	Bank	LCM	LLBS	Group
Profit before tax as per Profit & Loss Account				
Add: Adjustments for				
Depreciation as per financials considered separately	41,788	1,271	2,235	45,295
Equipment & furniture charged to revenue considered in depreciation	3,404		270	3,674
Leasehold amortization considered in depreciation	9,636	-		9,636
Loss on disposal of Fixed Assets	(235)			
Software amortization considered in depreciation	13,824	257	328	14,409
Repairs and Maintenance added to the Pool as per income tax act	3,131	-		3,131
Donations	400	-	-	400
Provision for expenses	14,005		1,672	15,677
Less: Adjustments for				
Depreciation as per Income Tax Act	(66,351)	(1,469)	(3,196)	(71,016)
Dividend income	(11,434)	(26)		(11,460)
Writeback of impairment loss on investment		(319)		
Taxable Profit as per Income tax Act 2058	1,000,250	17,028	90,411	1,107,689
Corporate Income Tax @ 30%	300,075	4,257	27,123	331,455

3. Deferred Tax Liability/ (Asset)

Carrying amount of assets & liabilities where temporary differences arise as on 31 Ashad 2073 (15.07 2016) are as follows:

Particulars	Carrying Amount	Tax Base	Net Temporary Difference	Amount in NPR '000
				Deferred Tax Liability/ (Asset) as at Ashad end 2073 (@ 30% for Bank and LLBS and @ 25% for LCM)
Bank	332,113	344,662	(40,558)	(12,167)
Subsidiaries	18,481	19,450	(969)	(290)
Group	350,594	364,112	41,527	(12,457)
Deferred Tax Liability/ (Asset) till Ashad end 2072				(6,237)
Deferred Tax Expense/ (Income) for Current Year				(6,219)

Deferred Tax Asset of the Group as of 31 Ashad 2073 (15 July 2016) is NPR 12,457,006. NPR 6,219,703 has been recognized as deferred tax income in Consolidated Profit and Loss Account in the current year.

4. 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	35,689
Share of Profit for the year @ 30%	18,734
Bonus Shares issued to non-controlling holders	3,000
Closing Balance	57,423

INDEPENDENT AUDITOR'S REPORT
The Shareholders of Laxmi Bank Limited

Report on the Financial Statements

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Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence for cumulative effect of not restating financial items and making additional disclosure as required by first time adopter of Nepal Financial Reporting Standards to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements, which have not been prepared in accordance with Nepal Financial Reporting Standards.

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 the 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 received from the branches were 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 given to us and from our examination of the books of account 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 jeopardise the interest and security of the Bank, its depositors and investors.

As disclosed in Note 9 of the Schedule 33, the Bank has not measured the investment made in shares of a listed company categorized as Available for Sale on 'Marked to Market' basis, which in our opinion, is not in accordance with Nepal Rastra Bank Unified Directives.

Except as noted in the preceding paragraph and our opinion on the financial statements not prepared in accordance with the applicable financial reporting framework required for the fiscal year, the financial statements have been prepared, in all material respects, in accordance with financial reporting framework as per the regulatory requirement of Nepal Rastra Bank.



Shashi Satyal
Managing Partner



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	4,799,889,946	2,893,183,190
2. Reserves and Surplus	4.2	849,578,821	1,253,360,417
3. Debentures & Bonds	4.3	400,000,000	750,000,000
4. Borrowings	4.4	-	-
5. Deposit Liabilities	4.5	48,154,198,449	39,991,814,567
6. Bills Payable	4.6	11,088,599	5,528,477
7. Proposed Cash Dividend		-	-
8. Income Tax Liabilities (net)		3,634,548	-
9. Other Liabilities	4.7	444,774,384	446,274,103
TOTAL CAPITAL AND LIABILITIES		54,663,164,747	45,340,160,754

ASSETS	SCHEDULE	THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
1. Cash Balance	4.8	1,031,802,431	687,821,707
2. Balance with Nepal Rastra Bank	4.9	3,759,561,493	3,943,915,020
3. Balance with Banks/Financial Institution	4.10	659,506,142	302,935,653
4. Money at Call and Short Notice	4.11	33,709,145	680,504,605
5. Investment	4.12	7,422,422,118	6,454,363,357
6. Loans, Advances and Bills Purchase	4.13	39,634,249,129	30,971,338,037
7. Fixed Assets	4.14	1,023,771,428	501,191,496
8. Non Banking Assets (net)	4.15	-	-
9. Other Assets	4.16	1,098,142,860	1,798,090,879
TOTAL ASSETS		54,663,164,747	45,340,160,754

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 RISK OFFICER

SUDESH KHALING
CHIEF EXECUTIVE OFFICER

SAMBHU PRASAD ACHARYA
CHAIRMAN

AS PER OUR REPORT
OF EVEN DATE

DIRECTORS

DINESH POU DYAL
SUSHIL KUMAR ARYAL
SWATI ROONGTA
VISHWA KARAN JAIN

SHASHI SATYAL
MANAGING PARTNER
FOR T.R UPADHYA & CO.
CHARTERED ACCOUNTANTS

DATE: 11 JAN. 2017
PLACE - KATHMANDU

Profit and Loss Account

For the period Shrawan 1, 2072 to Ashad 31, 2073 (July 17, 2015 to July 15, 2016)

PARTICULARS	SCHEDULE	THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
1. Interest Income	4.18	3,072,565,479	2,577,674,000
2. Interest Expenses	4.19	1,765,421,938	1,618,131,321
Net Interest Income		1,307,143,541	959,542,680
3. Commission and Discount	4.20	231,498,217	216,288,075
4. Other Operating Income	4.21	165,054,628	151,053,433
5. Exchange Income	4.22	145,198,062	120,381,572
Total Operating Income		1,848,894,448	1,447,265,760
6. Staff Expenses	4.23	326,972,145	272,858,131
7. Other Operating Expenses	4.24	363,819,537	322,379,964
8. Exchange Loss	4.22	-	-
Operating Profit before provision for Possible Loss		1,158,102,766	852,027,665
9. Provision for Possible Losses	4.25	196,408,921	243,944,905
Operating Profit		961,693,846	608,082,761
10. Non Operating Income /(Loss)	4.26	20,030,360	23,888,228
11. Writeback of Provision for Possible Losses	4.27	109,390,510	15,756,000
Profit from Regular Operations		1,091,114,715	647,726,988
12. Profit/(Loss) from Extra-Ordinary Activities	4.28	174,500	-
Net Profit after including all Activities		1,091,289,215	647,726,988
13. Provision for Staff Bonus		99,208,110	58,884,272
14. Provision for Income Tax		-	-
* Provision for Current Year's Tax		300,074,975	167,671,449
* Provision for Previous Years' Tax		20,639,720	221,977
* Deferred Tax Expense/ (Income)		(5,760,767)	4,753,366
Net Profit/Loss		677,127,177	416,195,924

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

PIYUSH RAJ ARYAL
CHIEF RISK OFFICER

SUDESH KHALING
CHIEF EXECUTIVE OFFICER

SAMBHU PRASAD ACHARYA
CHAIRMAN

AS PER OUR REPORT
OF EVEN DATE

DIRECTORS

DATE: 11 JAN. 2017
PLACE - KATHMANDU

DINESH POU DYAL
SUSHIL KUMAR ARYAL
SWATI ROONGTA
VISHWA KARAN JAIN

SHASHI SATYAL
MANAGING PARTNER
FOR T.R UPADHYA & CO.
CHARTERED ACCOUNTANTS

Profit and Loss Appropriation Account

For the period Shrawan 1, 2073 to Ashad 31, 2073 (July 17, 2015 to July 15, 2016)

PARTICULARS	THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
INCOME		
1. Accumulated Profit up to Previous Year	270,883,846	14,634,297
2. Current Year's Profit	677,127,177	416,195,924
3. Capital Redemption Reserve	350,000,000	-
4. Share Premium Fund transferred	73,998,322	-
5. Adjustments in Retained Earnings	6,406,540	-
TOTAL	1,378,415,886	430,830,221
EXPENSES		
1. Accumulated Loss up to Previous Year	-	-
2. This Year's Loss	-	-
3. General Reserve	135,425,435	83,239,185
4. Contingent Reserve	-	-
5. Institutional Development Fund	-	-
6. Dividend Equalization Fund	-	-
7. Staff Related Reserves	-	-
8. Proposed Dividend	-	-
9. Proposed Bonus Shares	1,154,907,096	-
10. Special Reserve Fund	8,378,000	-
11. Exchange Fluctuation Fund	869,617	3,344,026
12. Capital Redemption Reserve Fund	80,000,000	50,000,000
13. Capital Adjustment Fund	-	-
14. Investment Adjustment Reserve	(5,982,005)	28,116,529
15. Adjustments:	-	-
Deferred Tax Reserve	-	(4,753,366)
TOTAL	1,373,598,143	159,946,375
16. Accumulated Profit/(Loss)	4,817,743	270,883,846

PIYUSH RAJ ARYAL
CHIEF RISK OFFICER

SUDESH KHALING
CHIEF EXECUTIVE OFFICER

SAMBHU PRASAD ACHARYA
CHAIRMAN

AS PER OUR REPORT
OF EVEN DATE

DATE: 11 DEC. 2015
PLACE - KATHMANDU

DIRECTORS

DINESH POU DYAL
SUSHIL KUMAR ARYAL
SWATI ROONGTA
VISHWA KARAN JAIN

SHASHI SATYAL
MANAGING PARTNER
FOR T.R UPADHYA & CO.
CHARTERED ACCOUNTANTS

Statement of Changes in Equity

Fiscal Year 2072/73

(in NPR)

PARTICULARS	SHARE CAPITAL	ACCUMULATED PROFIT/LOSS	GENERAL RESERVE	SPECIAL RESERVE	INVESTMENT ADJUSTMENT RESERVE	SHARE PREMIUM	EXCHANGE FLUCTUATION FUND	DEBTURE REDEMPTION FUND	DEFERRED TAX RESERVE	OTHER RESERVES & FUND	TOTAL AMOUNT
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
ADJUSTMENTS											
Capital Redemption Reserve		350,000,000						(350,000,000)			
Adjustments in Retained Earnings		6,406,540							(6,406,540)		
Restated Balance	2,893,183,190	627,290,387	563,482,070	-	33,410,718	-	28,648,638	-	-	528,605	4,146,543,608
Net profit for the period	-	677,127,177	-	-	-	-	-	-	-	-	677,127,177
Transfer to General Reserve	-	(135,425,435)	135,425,435	-	-	-	-	-	-	-	-
Capital Adjustment Fund	-	-	-	-	-	-	-	-	-	-	-
Proposed Bonus Shares	1,154,907,096	(1,154,907,096)	-	-	-	-	-	-	-	-	-
Proposed Cash Dividend	-	-	-	-	-	-	-	-	-	-	-
Special Reserve Fund	-	(8,378,000)	8,378,000	-	-	-	-	-	-	-	-
Exchange Fluctuation Fund	-	(869,617)	-	-	-	-	869,617	-	-	-	-
Additional Shares Issued	146,046,010	-	-	-	-	73,998,322	-	-	-	-	220,044,332
Debtore Redemption Fund	-	(80,000,000)	-	-	-	-	-	80,000,000	-	-	-
Share Premium	-	73,998,322	-	-	(73,998,322)	-	-	-	-	-	-
Investment Adjustment Reserve	-	5,982,005	-	-	(5,982,005)	-	-	-	-	-	-
Deferred Tax Reserve	-	-	-	-	-	-	-	-	-	-	-
Calls in Advance	605,753,650	-	-	-	-	-	-	-	-	-	605,753,650
Closing Balance at 31 Ashad 2073	4,799,889,946	4,817,743	698,907,505	8,378,000	27,428,713	-	29,518,255	80,000,000	-	528,605	5,649,468,767

Cash Flow Statement

For the Period Shrawan 1, 2072 to Ashad 31, 2073 (July 17, 2015 to July 15, 2016)

PARTICULARS	THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
(A). CASH FLOW FROM OPERATING ACTIVITIES	1,526,530,413	2,025,054,038
1. CASH RECEIVED	3,540,170,404	3,062,745,136
1.1 Interest Income	3,010,651,297	2,550,502,101
1.2 Commission and Discount Income	217,563,451	240,301,432
1.3 Income from Foreign Exchange transaction	145,198,062	120,381,572
1.4 Recovery of Loan Written off	-	-
1.5 Other Income	166,757,594	151,560,031
2. CASH PAYMENT	2,739,061,562	2,385,288,075
2.1 Interest Expenses	1,739,729,235	1,553,746,402
2.2 Staff Expenses	385,856,417	340,258,825
2.3 Office Operating Expenses	296,395,763	258,594,470
2.4 Income Tax Paid	317,080,147	232,688,378
2.5 Other Expenses	-	-
CASH FLOW BEFORE CHANGES IN WORKING CAPITAL	801,108,842	677,457,060
(INCREASE) / DECREASE IN CURRENT ASSETS	(7,454,844,856)	(8,093,408,253)
1.(Increase)/Decrease in Money at Call and Short Notice	646,795,459	41,370,395
2. (Increase)/Decrease in Short Term Investment	(62,602,971)	1,081,342,372
3. (Increase)/Decrease in Loans, Advances and Bills Purchase	(8,801,610,664)	(8,461,464,749)
4. (Increase)/Decrease in Other Assets	762,573,319	(754,656,272)
INCREASE / (DECREASE) IN CURRENT LIABILITIES	8,180,266,428	9,441,005,230
1. Increase/(Decrease) in Deposits	8,162,383,882	9,399,768,330
2. Increase/(Decrease) in Certificates of Deposits	-	-
3. Increase/(Decrease) in Short Term Borrowings	-	-
4. Increase/(Decrease) in Other Liabilities	17,882,545	41,236,900
(B) CASH FLOW FROM INVESTMENT ACTIVITIES	(1,422,273,012)	(2,909,520,171)
1. (Increase)/Decrease in Long-term Investment	(905,455,791)	(2,834,852,665)
2. (Increase)/Decrease in Fixed Assets	(573,769,364)	(107,474,523)
3. Interest income from Long term Investment	38,859,462	15,685,975
4. Dividend Income	18,092,680	17,121,041
5. Others	-	-
(C) CASH FLOW FROM FINANCING ACTIVITIES	411,940,284	487,942,348
1. Increase/(Decrease) in Long term Borrowings (Bonds, Debentures etc)	(350,000,000)	-
2. Increase/(Decrease) in Share Capital & Share Premium/ Reserves	825,797,982	555,314,590
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)	(63,857,698)	(46,863,770)
(d) Income/Loss from change in exchange rate in Cash & Bank Balance	-	-
(e) Current Year's Cash Flow from All Activities	516,197,684	(396,523,786)
(f) Opening Balance of Cash and Bank	4,934,672,380	5,331,196,166
(g) Closing Balance of Cash and Bank	5,450,870,065	4,934,672,381

PIYUSH RAJ ARYAL
CHIEF RISK OFFICER

SUDESH KHALING
CHIEF EXECUTIVE OFFICER

SAMBHU PRASAD ACHARYA
CHAIRMAN

AS PER OUR REPORT
OF EVEN DATE

DIRECTORS

DATE: 11 JAN. 2017
PLACE - KATHMANDU

DINESH POU DYAL
SUSHIL KUMAR ARYAL
SWATI ROONGTA
VISHWA KARAN JAIN

SHASHI SATYAL
MANAGING PARTNER
FOR T.R UPADHYA & CO.
CHARTERED ACCOUNTANTS

SHARE CAPITAL AND OWNERSHIP

As at Ashad 31, 2073 (July 15, 2016)

Schedule 4.1

PARTICULARS	THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
1. Share Capital		
1.1 Authorized Capital	10,000,000,000	5,000,000,000
a) 100,000,000 Ordinary Shares of NPR 100.00 each	10,000,000,000	5,000,000,000
b)Non-redeemable Preference Shares of NPR....each		
c)Redeemable Preference Shares of NPR....each		
1.2 Issued Capital	6,078,458,400	3,039,229,200
a) 60,784,584 Ordinary Shares of NPR 100.00 each	6,078,458,400	3,039,229,200
b)Non-redeemable Preference Shares of NPR....each		
c)Redeemable Preference Shares of NPR....each		
1.3 Paid Up Capital	3,039,229,200	2,337,868,600
a) 30,392,292 Ordinary Shares of NPR 100.00 each	3,039,229,200	2,337,868,600
b)Non-redeemable Preference Shares of NPR....each		
c)Redeemable Preference Shares of NPR....each		
1.4 Proposed Bonus Share	1,154,907,096	-
1.5 Calls in Advance	605,753,650	555,314,590
Total (1.3 + 1.4 + 1.5)	4,799,889,946	2,893,183,190

SHARE OWNERSHIP

As at Ashad 31, 2073 (July 15, 2016)

PARTICULARS	%	THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)	%
(A) Local Ownership	100.00	3,039,229,200	2,337,868,600	100.00
1.1 Government of Nepal				
1.2 "Ka" Class Licensed Institution				
1.3 Other Licensed Institution				
1.4 Other Organisations (Promoters)	33.08	1,005,385,500	710,592,000	30.39
1.5 General Public	35.53	1,079,914,300	830,703,300	35.53
1.6 Others (Promoters)	31.39	953,929,400	796,573,300	34.07
(B) Foreign Ownership				
Total	100.00	3,039,229,200	2,337,868,600	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	LAXMI CORP NEPAL PVT. LTD.	361,178,100	11.88%
2	SARIKA KHETAN	312,358,800	10.28%
3	HIMALAYAN EXIM PVT. LTD.	288,741,200	9.50%
4	CITIZEN INVESTMENT TRUST	274,134,800	9.02%
5	RATAN LAL SHANGAI	271,692,400	8.94%
6	MTC INVESTMENT PVT. LTD.	187,868,600	6.18%
7	GOPI KRISHNA SIKARIA	187,004,800	6.15%
8	SNEHA KHETAN	73,871,500	2.43%
9	PRIME HOLDING PVT.LTD.	58,605,400	1.93%
10	RASTRIYA BEEMA SANSATHAN(JIWAN BEEMA)	43,042,600	1.42%
11	ANJALI SARWAGI	43,025,200	1.42%
12	MADHUSUDAN AGRAWAL	42,916,900	1.41%
13	RAJENDRA KUMAR KHETAN	29,943,900	0.99%
14	MUTUAL TRADING CO. PVT. LTD.	23,004,300	0.76%
15	DEEPAK KUMAR MALHOTRA	20,873,200	0.69%
16	RABI KUMAR GUPTA	17,210,200	0.57%
17	SUNIL KUMAR BANSAL	16,402,500	0.54%
18	SABITA DEVI RUNGTA	15,510,200	0.51%
19	PASHUPATI KATHA MILLS	15,270,300	0.50%

RESERVES FUNDS

As at Ashad 31, 2073 (July 15, 2016)

Schedule 4.2

PARTICULARS	THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
1. General Reserve Fund	698,907,505	563,482,070
2. Capital Reserve Fund	-	-
a. Share Premium	-	-
3. Capital Redemption Reserve	80,000,000	350,000,000
a. Laxmi Bank Debenture 2076	80,000,000	
4. Capital Adjustment Fund	-	-
5. Other Reserves & Funds	36,335,318	40,345,864
a. Contingent Reserve	-	-
b. Institutional Development Fund	-	-
c. Dividend Equalization Fund	-	-
d. Special Reserve Fund	8,378,000	
e. Assets Revaluation Reserve	-	-
f. Deferred Tax Reserve	-	-
g. Other Free Reserves	-	-
h. Investent Adjustment Reserve	27,428,713	
i. Others (Fractional Bonus Share carried forward)	528,605	
6. Accumulated Profit/Loss	4,817,743	270,883,846
7. Exchange Fluctuation Fund	29,518,255	28,648,638
Total	849,578,821	1,253,360,417

DEBENTURES AND BONDS

As at Ashad 31, 2073 (July 15, 2016)

Schedule 4.3

PARTICULARS	THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
1. 8.5% Debentures 2072 of NPR 1000 each	-	350,000,000
Issued on 25th November 2008 and maturity on 24 November 2015		
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		
(Outstanding balance of Redemption Reserve NPR 80,000,000)		
	-	-
Total (1+2+3)	400,000,000	750,000,000

BORROWINGS

As at Ashad 31, 2073 (July 15, 2016)

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, 2073 (July 15, 2016)

Schedule 4.5

PARTICULARS	THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
1. Non-Interest bearing accounts		
A. Current Deposits	2,384,810,695	2,975,152,796
1. Local Currency	2,167,464,316	2,106,731,791
1.1 Government of Nepal	110,292,371	158,611,451
1.2 "Ka" Class Licensed Institutions	6,791,373	17,274,807
1.3 Other Licensed Institutions	72,406,127	43,494,593
1.4 Other Organized Institutions	1,849,979,779	1,804,650,040
1.5 Individuals	127,994,666	82,700,901
1.6 Others		
2. Foreign Currency	217,346,380	868,421,005
2.1 Government of Nepal	16,377,225	
2.2 "Ka" Class Licensed Institutions		
2.3 Other Licensed Financial Institutions		
2.4 Other Organized Institutions	200,720,239	868,318,971
2.5 Individuals	248,915	102,033
2.6 Others		
B. Margin Deposits	572,349,222	338,154,135
1. Employees Guarantee	-	-
2. Guarantee Margin	184,467,931	147,446,942
3. Margin on Letter of Credit	387,881,291	190,707,193
C. Others	17,938,603	9,475,166
1. Local Currency	17,938,603	9,475,166
1.1 Financial Institutions	-	-
1.2 Other Organized Institutions	17,938,603	9,475,166
1.3 Individual	-	-
2. Foreign Currency	-	-
2.1 Financial Institutions	-	-
2.2 Other Organized Institutions	-	-
2.3 Individual	-	-
TOTAL OF NON-INTEREST BEARING ACCOUNTS	2,975,098,520	3,322,782,097

DEPOSIT LIABILITY

As at Ashad 31, 2073 (July 15, 2016)

Schedule 4.5 (a)

PARTICULARS	THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
2. Interest Bearing Accounts		
A. Saving Deposits	10,678,587,175	8,123,031,288
1. Local Currency	10,466,660,027	7,940,610,299
1.1 Organizations/ Institutions	149,306,904	22,840,309
1.2 Individual	10,317,353,123	7,917,769,991
1.3 Others		
2. Foreign Currency	211,927,148	182,420,989
2.1 Organizations/ Institutions	1,187,623	2,293,056
2.2 Individual	210,739,526	180,127,932
2.3 Others		
B. Fixed Deposits	20,805,345,445	17,287,256,051
1. Local Currency	19,579,046,198	15,312,311,484
1.1 Organizations/ Institutions	14,717,775,379	11,311,983,755
1.2 Individual	4,861,270,819	4,000,327,729
1.3 Others		
2. Foreign Currency	1,226,299,247	1,974,944,567
2.1 Organizations/ Institutions	1,226,299,247	1,568,744,567
2.2 Individual		406,200,000
2.3 Others	-	-
C. Call Deposits	13,695,167,309	11,258,745,130
1. Local Currency	12,415,083,929	10,206,333,208
1.1 "Ka" Class Licensed Institutions	-	504,445
1.2 Other Licensed Financial Institutions	2,386,770,955	2,725,120,700
1.3 Other Organized Institutions	7,763,891,293	5,589,663,970
1.4 Individual	2,264,421,681	1,891,044,094
1.5 Others		
2. Foreign Currency	1,280,083,379	1,052,411,922
2.1 "Ka" Class Licensed Institutions	-	-
2.2 Other Licensed Institutions		
2.3 Other Organized Institutions	1,099,605,784	871,122,226
2.4 Individual	180,477,596	181,289,696
2.5 Others		
D. Certificate of Deposit	-	-
1. Organized Institution	-	-
2. Individual	-	-
3. Others	-	-
Total of Interest Bearing Accounts	45,179,099,929	36,669,032,470
Total Deposit (1+2)	48,154,198,449	39,991,814,567

Bills Payable

As at Ashad 31, 2073 (July 15, 2016)

Schedule 4.6

PARTICULARS	THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
1. Local Currency	11,088,599	5,528,477
2. Foreign Currency	-	-
Total	11,088,599	5,528,477

OTHER LIABILITIES

As at Ashad 31, 2073 (July 15, 2016)

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	99,208,110	58,884,272
5. Interest Payable on Deposits	126,796,279	144,575,538
6. Interest Payable on Borrowings	-	-
7. Interest Payable on Debentures	2,428,862	22,814,599
8. Unearned Discount and Commission	35,213,492	51,194,478
9. Sundry Creditors	165,160,824	149,424,734
10. Branch Account	-	-
11. Deferred Tax Liability	-	-
12. Unpaid Dividend	8,047,466	9,194,729
13. Others	7,919,349	10,185,752
(a) Audit Fee Payable	880,000	652,575
(b) Remittance Payable	637,840	637,840
(c) Others	6,401,509	8,895,337
Total	444,774,384	446,274,103

CASH BALANCE

As at Ashad 31, 2073 (July 15, 2016)

Schedule 4.8

PARTICULARS	THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
1. Local Currency (Including Coins)	1,018,711,851	665,728,752
2. Foreign Currency	13,090,580	22,092,955
Total	1,031,802,431	687,821,707

Balance With Nepal Rastra Bank

As at Ashad 31, 2073 (July 15, 2016)

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	3,744,140,604	-	15,420,889	15,420,889	3,759,561,493	3,943,915,020
a. Current Account	3,744,140,604	-	15,420,889	15,420,889	3,759,561,493	3,943,915,020
b. Other Account		-	-	-	-	-

BALANCE WITH BANKS/ FINANCIAL INSTITUTIONS

As at Ashad 31, 2073 (July 15, 2016)

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	175,107,821	-	1,873,969	1,873,969	176,981,790	128,922,653
a. Current Account	175,107,821	-	1,873,969	1,873,969	176,981,790	128,922,653
b. Other Account	-	-	-	-	-	-
2. Foreign Banks	-	48,678,837	433,845,515	482,524,352	482,524,352	174,013,000
a. Current Account	-	48,678,837	433,845,515	482,524,352	482,524,352	174,013,000
b. Other Account	-	-	-	-	-	-
Total	175,107,821	48,678,837	435,719,484	484,398,321	659,506,142	302,935,653

Note: Total balance for which the confirmations are received from respective institutions NPR 4,097,188,326 and the difference amount has been identified and are reconciled.

Money At Call And Short Notice

As at Ashad 31, 2073 (July 15, 2016)

Schedule 4.11

PARTICULARS	THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
1. Local Currency	-	-
2. Foreign Currency	33,709,145	680,504,605
TOTAL	33,709,145	680,504,605

Investments

As at Ashad 31, 2073 (July 15, 2016)

Schedule 4.12

PARTICULARS	PURPOSE		THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
	TRADING	OTHER		
1. Government of Nepal Treasury Bills		590,124,108	590,124,108	747,385,376
2. Government of Nepal Saving Bonds		-	-	-
3. Government of Nepal Other Securities		3,741,350,000	3,741,350,000	3,101,350,000
4. Nepal Rastra Bank Bonds		-	-	-
5. Foreign Securities		-	-	-
6. Local Licensed Institutions		-	-	-
7. Foreign Bank	-	2,306,909,260	2,306,909,260	2,087,045,022
8. Shares of Organized Institutions		784,038,750	784,038,750	518,582,959
9. Bonds and Debentures of Organized Institutions		-	-	-
10. Other Investments		-	-	-
Total Investment	-	7,422,422,118	7,422,422,118	6,454,363,357
Provision	-	-	-	-
Net Investment	-	7,422,422,118	7,422,422,118	6,454,363,357

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	784,038,750	2,977,961,561	-	784,038,750	518,582,959
1.1 Everest Insurance Company Limited					
149,751 Equity Shares of NPR 100 each paid (including 8,241 Bonus Shares)	96,326,696	278,536,860	-	96,326,696	2,082,000
1.2 Soaltee Hotel Limited					
211,184 Equity Shares of NPR 10 each paid (including 44,770 Bonus Shares)	58,777,046	79,194,000	-	58,777,046	740,809
1.3 Credit Information Center (CIC) Ltd.					
51,840 Equity Shares of NPR 100 each paid (including 33,605 Bonus Shares)	1,823,500	N/L	-	1,823,500	1,823,500
1.4 Prime Life Insurance Company Limited					
732,240 Equity Shares of NPR 100 each paid (including 192,240 Bonus Shares)	54,000,000	805,464,000	-	54,000,000	54,000,000
1.5 Nepal Clearing House Limited					
25,000 Equity Shares of NPR 100 each paid	2,500,000	N/L	-	2,500,000	2,500,000
1.6 National Banking Institute Pvt Ltd					
12,000 Equity Shares of NPR 100 each paid	1,200,000	N/L	-	1,200,000	1,200,000
1.7 Laxmi Laghubitta Bittiya Sanstha Ltd					
770,000 Equity Shares of NPR 100 each paid (including 70,000 Bonus Shares)	70,000,000	1,291,675,000	-	70,000,000	70,000,000
1.8 Laxmi Capital Market Ltd					
(1,000,000 Equity Shares of NPR 100 each paid)	100,000,000	N/L	-	100,000,000	100,000,000
1.9 Nepal Doorsanchar Co Ltd					
(102,360 Equity Shares of NPR 100 each paid)	66,854,254	70,526,040	-	66,854,254	20,887,903
1.10 Butwal Power Co Ltd					
(13,396 Equity Shares of NPR 100 each paid)	10,860,731	11,976,024	-	10,860,731	10,860,731
1.11 Sana Kishan Bikash Bank Limited					
(6,020 Equity Shares of NPR 100 each paid)	5,141,699	15,043,980	-	5,141,699	4,940,999
1.12 Siddhartha Investment Growth Scheme					
(2,125,200 units of NPR 10 each paid)	34,686,669	55,255,200	-	34,686,669	20,133,341
1.13 NABIL Balance Fund I					
(2,479,378 units of NPR 10 each paid)	41,723,687	54,422,347	-	41,723,687	41,723,687
1.14 Chilime Hydropower Company Ltd					
47,842 Equity Shares of NPR 100 each paid (including 6,240 Bonus Shares)	82,250,888	68,892,480	-	82,250,888	82,250,888
1.15 NMB Sulav Investment Fund I					
(1,304,998 units of NPR 10 each paid)	13,049,980	18,400,472	-	13,049,980	13,049,980
1.16 NIBL Samridhi Fund I					
(1,738,912 units of NPR 10 each paid)	17,389,120	22,953,638	-	17,389,120	17,389,120
1.17 Laxmi Value Fund I					
(7,500,000 units of NPR 10 each paid)	75,000,000	97,500,000	-	75,000,000	75,000,000
1.18 Hydroelectricity Investment and Development Company Ltd					
(144,818 units of NPR 100 each paid)	14,481,800	62,706,194	-	14,481,800	-
1.19 Global IME Samunnat Yojana -1					
(3,797,268 units of NPR 10 each paid)	37,972,680	45,415,325	-	37,972,680	-
2. Investment in Debentures and Bonds	-	-	-	-	-
2.1					
Total Investment	784,038,750	2,977,961,561	-	784,038,750	518,582,959
3. Provision for Loss					
3.1 Up to previous year	-	-	-	-	-
3.2 Increase/(Decrease) this year	-	-	-	-	-
Total Provision	-	-	-	-	-
Net Investment	784,038,750			784,038,750	518,582,959

Note: Prime Life Insurance Company Ltd and Everest Insurance Company Ltd have not declared and distributed dividend in the last three years.
50% of market price of ordinary shares is taken as market price of promoter shares.

INVESTMENTS (HELD FOR TRADING)

As at Ashad 31, 2073 (July 15, 2016)

Schedule - 4. 12 .1

PARTICULARS	COST PRICE(RS)	PREVIOUS MARKET VALUE(RS) (A)	CURRENT MARKET VALUE (RS) (B)	CURRENT YEAR PROFIT/(LOSS) (B-A)	PREVIOUS YEAR PROFIT/(LOSS) (RS.)	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, 2073 (July 15, 2016)

Schedule - 4. 12 .2

PARTICULARS	COST PRICE (A)	ACCUMULATED LOSS (B)	CURRENT YEAR LOSS (C)	CURRENT S YEAR PROFIT/(LOSS)	PREVIOUS YEAR PROFIT/(LOSS) (RS.)	REMARKS
1. Government of Nepal - Treasury bills	590,124,108	-	-	-	-	
2. Government of Nepal - Savings Bonds	-	-	-	-	-	
3. Government of Nepal - Development Bonds	3,741,350,000	-	-	-	-	
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	2,306,909,260	-	-	-	-	
10. Other Investment	-	-	-	-	-	
Total Investment	6,713,383,369					

INVESTMENTS (AVAILABLE FOR SALE)

As at Ashad 31, 2073 (July 15, 2016)

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)	PREVIOUS YEAR PROFIT/ (LOSS) (RS.)	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	75,141,699		1,306,718,980			
7. Bonds & Debentures of Local Licensed Institutions						
8. Shares, Bonds & Debenture of Organized Institutions	633,897,050		1,573,742,581			
9. Placement						
10. Other Investment						
Total Investment	709,038,750		2,880,461,561		-	

CLASSIFICATION OF LOANS, ADVANCES AND BILLS PURCHASED & PROVISIONING

Schedule 4.13

As at Ashad 31, 2073 (July 15, 2016)

PARTICULARS	LOANS & ADVANCES				BILLS PURCHASED/DISCOUNTED			THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)	
	DOMESTIC		FOREIGN		TOTAL	DOMESTIC	FOREIGN			TOTAL
	DEPRIVED SECTOR	OTHER	INSURED	UNINSURED						
1. Performing Loan	-	1,851,110,044	36,307,594,186	357,233,370	38,515,937,601	16,566,287	1,502,351,883	1,518,918,170	40,034,855,770	31,147,161,647
1.1 Pass		1,844,690,600	35,347,274,402	357,233,370	37,549,198,373	16,566,287	1,502,351,883	1,518,918,170	39,068,116,542	30,105,581,455
1.2 Watch List		-	6,419,444	-	966,739,228	-	-	-	966,739,228	1,041,580,192
2. Non-Performing Loan	-	11,700,905	313,009,503	-	324,710,408	-	-	-	324,710,408	410,793,867
2.1 Restructured / Rescheduled		-	150,803,735	-	150,803,735	-	-	-	150,803,735	155,900,981
2.2 Sub-Standard		-	32,246,975	-	32,246,975	-	-	-	32,246,975	100,464,507
2.3 Doubtful		855,901	38,619,555	-	39,475,457	-	-	-	39,475,457	24,115,382
2.4 Loss		10,845,004	91,339,237	-	102,184,241	-	-	-	102,184,241	130,312,996
A. Total Loan	-	1,862,810,949	36,620,603,689	357,233,370	38,840,648,008	16,566,287	1,502,351,883	1,518,918,170	40,359,566,178	31,557,955,514
3. Loan Loss Provision		20,611,146	366,720,774	3,572,334	390,904,254	165,663	15,023,519	15,189,182	406,093,436	303,172,962
3.1 Pass		256,778	38,412,791	-	38,669,569	-	-	-	38,669,569	21,024,044
3.2 Watch List		-	150,570,331	-	150,570,331	-	-	-	150,570,331	94,933,657
3.3 Restructured/ Rescheduled		-	8,061,744	-	8,061,744	-	-	-	8,061,744	25,116,127
3.4 Sub-Standard		427,951	19,309,778	-	19,737,728	-	-	-	19,737,728	12,057,691
3.5 Doubtful		10,845,004	91,339,237	-	102,184,241	-	-	-	102,184,241	130,312,996
3.6 Loss		-	32,140,878	3,572,334	710,127,867	165,663	15,023,519	15,189,182	725,317,049	586,617,477
B. Total Provisioning	-	32,140,878	674,414,655	3,572,334	710,127,867	165,663	15,023,519	15,189,182	725,317,049	586,617,477
4. Provisioning up to Previous Year		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
4.1 Pass		77,372	20,946,672	-	21,024,044	-	-	-	21,024,044	37,687,299
4.2 Watch List		-	94,933,657	-	94,933,657	-	-	-	94,933,657	8,058,017
4.3 Restructured/ Rescheduled		94,280	25,021,847	-	25,116,127	-	-	-	25,116,127	30,565,276
4.4 Sub-Standard		-	12,057,691	-	12,057,691	-	-	-	12,057,691	66,925,520
4.5 Doubtful		10,845,004	119,467,992	-	130,312,996	-	-	-	130,312,996	372,643,965
4.6 Loss		-	537,872,528	1,167,640	563,941,437	2,349,699	20,326,341	22,676,040	586,617,477	-
C. Total Provisions up to Previous Year	-	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
D. Written Back this year		-	-	-	-	-	-	-	-	-
E. Addition this year		-	7,239,610	136,542,127	146,186,431	(2,184,036)	(5,302,822)	(7,486,858)	138,699,572	213,973,511
Changes this year		-	7,239,610	136,542,127	146,186,431	(2,184,036)	(5,302,822)	(7,486,858)	138,699,572	213,973,511
Net Loan (A-B)	-	1,830,670,071	35,946,189,034	353,661,037	38,130,520,141	16,400,624	1,487,328,364	1,503,728,988	39,634,249,129	30,971,338,037

LOANS, ADVANCES AND BILLS PURCHASED SECURITY WISE

As at Ashad 31, 2073 (July 15, 2016)

Schedule 4.13 (A)

PARTICULARS	THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
A. Secured	40,359,566,178	31,557,955,514
1. Movable/Immovable Assets	40,085,723,158	31,348,034,233
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	63,838,002	75,144,891
a. Own Fixed Deposit Receipts	63,838,002	75,144,891
b. Fixed Deposit Receipts of Other Licensed Institutions		
7. Government Bonds	15,142,817	
8. Counter Guarantee		-
9. Personal Guarantee	60,228,711	142,900
10. Other Securities		-
B. Unsecured	-	-
Total	40,359,566,178	31,557,955,514

FIXED ASSETS

As at Ashad 31, 2073 (July 15, 2016)

Schedule 4.14

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	62,492,499	-	263,009,047	-	448,745,962	380,363,812
b. Addition during the year	3,655,655	3,562,400		44,263,986		51,482,040	78,221,005
c. Revaluation/Written Back this year						-	-
d. Sold during the year				(669,690)		(669,690)	(9,838,855)
e. Written off during the year						-	-
Total Cost (a+b+c+d+e)	126,900,070	66,054,899	-	306,603,343	-	499,558,312	448,745,962
2. Depreciation							
a. Up to previous year	17,932,416	26,278,118	-	178,704,038	-	222,914,571	194,355,644
b. For this year	3,081,110	8,208,753		30,498,584		41,788,447	38,343,091
c. Depreciation on revaluation/Written Back						-	-
d. Adjustment/Write back of Depreciation amount				(555,104)		(555,104)	(9,784,164)
Total Depreciation	21,013,526	34,486,871	-	208,647,517	-	264,147,914	222,914,571
3. Book Value (WDV*) (1-2)	105,886,544	31,568,028	-	97,955,826	-	235,410,398	225,831,391
4. Land	-	-	-	-	-	648,213,496	168,888,334
5. Capital Construction (pending Capitalization)	-	-	-	-	-	100,331,986	87,196,666
6. Leasehold Assets	-	-	-	-	-	39,815,548	19,275,105
Total (3+4+5+6)	105,886,544	31,568,028	-	97,955,826	-	1,023,771,428	501,191,496

* Written Down Value

NON BANKING ASSETS

As at Ashad 31, 2073 (July 15, 2016)

Schedule 4.15

NAME & ADDRESS OF	DATE OF ASSUMING	TOTAL NON	LOSS PROVISION		NET NON BANKING ASSETS (IN NPR)	"PREVIOUS YEAR (IN NPR)"
BORROWER OR PARTY	NON BANKING ASSETS	BANKING ASSETS (IN NPR)	%	IN NPR	BANKING ASSETS	
Temple Art Exposition	2071/03/05	49,084,000	100%	49,084,000		
Grand Total		49,084,000		49,084,000	-	-

OTHER ASSETS

As at Ashad 31, 2073 (July 15, 2016)

PARTICULARS	THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
1. Stationery Stock	-	-
2. Income Receivable on Investment	53,452,865	16,450,370
3. Accrued Interest on Loan	97,558,414	13,947,775
Less: Interest Suspense Account	97,558,414	Schedule 4.16
4. Commission Receivable	2,736,149	4,782,370
5. Sundry Debtors	-	449,452,463
6. Staff Loan & Advances	474,461,701	353,500,581
7. Pre Payments	19,255,419	11,252,765
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	12,167,308	6,406,540
14. Others	536,069,418	942,298,014
a. Software Cost (net)	42,883,070	
b. Advance tax (net)	-	
Advance Tax (Gross)	1,313,474,403	
c. Others	491,965,080	
Total	1,098,142,860	1,727,787,500

OTHER ASSETS (Additional Statement)

As at Ashad 31, 2073 (July 15, 2016)

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	82,707,797	11,760,815	3,089,803	97,558,414	101,782,493
2. Drafts Paid without notice	-	-	-	-	-
3. Branch Account	-	-	-	-	-
4. Agency Account	-	-	-	-	-

CONTINGENT LIABILITIES

As at Ashad 31, 2073 (July 15, 2016)

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)	6,850,270,869	5,991,115,091
a. Less than 6 months maturity	6,655,487,146	5,724,175,998
b. More than 6 months maturity	194,783,722	266,939,093
3. Rediscounted Bills	-	-
4. Unmatured Guarantees/Bonds	2,581,037,958	1,781,606,624
a. Bid Bonds	617,280,979	295,940,237
b. Performance Bonds	1,963,756,979	1,485,666,387
c. Other Guarantee/Bonds	-	-
5. Unpaid Shares in Investment	-	-
6. Outstanding Liabilities on Forward Exchange Contract	2,033,916,180	1,624,931,029
7. Bills under Collection	413,942,903	178,822,014
8. Acceptance & Endorsement	1,228,265,326	577,668,438
9. Underwriting Commitment	-	-
10. Irrevocable Loan Commitment	7,218,284,900	5,919,896,492
11. Guarantees issued against Counter Guarantee of Internationally Rated Banks	4,707,675,251	4,261,317,508
12. Advance Payment Guarantee	1,042,540,478	730,793,601
13. Financial Guarantee	9,600,000	2,600,000
14. Contingent Liabilities on Income Tax	26,850,622	101,611,653
15. Others	-	-
Total	26,112,384,487	21,170,362,450

INTEREST INCOME

For the period Shrawan 1, 2072 to Ashad 31, 2073 (July 17, 2015 to July 15, 2016)

Schedule 4.18

PARTICULARS	THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
A. On Loans, Advances and Overdraft	2,934,592,640	2,518,997,614
1. Loans & Advances	2,484,385,109	2,045,165,239
2. Overdraft	450,207,531	473,832,375
B. On Investment	69,831,113	26,218,689
1. Government of Nepal Securities	69,831,113	26,218,689
a. Treasury Bills	6,326,533	6,721,301
b. Development Bonds	63,504,580	19,497,388
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	350,626	4,243,293
1. Local Banks/Financial Institutions	350,626	4,243,293
2. Foreign Banks	-	-
E. On Others	67,791,100	28,214,404
1. Certificate of Deposits	-	-
2. Inter-Bank / Financial Institutional Loan	-	-
3. Others	-	-
a. FCY placements	51,001,934	27,181,401
b. Deposit Collection	16,789,166	1,033,003
Total	3,072,565,479	2,577,674,000

INTEREST EXPENSES

For the period Shrawan 1, 2072 to Ashad 31, 2073 (July 17, 2015 to July 15, 2016)

Schedule 4.19

PARTICULARS	THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
A. ON DEPOSIT LIABILITIES	1,721,949,977	1,556,304,060
1. Fixed Deposits	970,081,133	912,521,129
1.1 Local Currency	942,352,059	870,240,254
1.2 Foreign Currency	27,729,074	42,280,875
2. Saving Deposits	291,931,246	236,130,109
2.1 Local Currency	289,387,476	233,400,506
2.2 Foreign Currency	2,543,770	2,729,603
3. Call Deposits	459,937,598	407,652,823
3.1 Local Currency	439,985,289	387,969,871
3.2 Foreign Currency	19,952,309	19,682,952
4. Certificate of Deposits	-	-
B. ON BORROWINGS	43,471,961	61,827,260
1. Debentures & Bonds	42,630,208	61,750,000
2. Loan from Nepal Rastra Bank	-	-
3. Inter Bank / Financial Institutions Borrowing	841,753	77,260
4. Other Organized Institutions	-	-
5. Other Loans	-	-
C. ON OTHERS	-	-
1.	-	-
2.	-	-
Total	1,765,421,938	1,618,131,321

COMMISSION AND DISCOUNT INCOME

For the period Shrawan 1, 2072 to Ashad 31, 2073 (July 17, 2015 to July 15, 2016)

Schedule 4.20

PARTICULARS	THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
A. Bills Purchased & Discount	36,085,970	55,709,909
1. Local	-	-
2. Foreign	36,085,970	55,709,909
B. Commission	138,599,422	120,244,284
1. Letters of Credit	49,217,313	41,750,511
2. Guarantees	73,367,538	64,888,975
3. Collection Fees	168,864	139,110
4. Remittance Fees	13,560,887	11,545,484
5. Credit Card	2,284,819	1,920,205
6. Share Underwriting/Issue	-	-
7. Government Transactions	-	-
8. E.Pra. Commission	-	-
9. Exchange Fee	-	-
C. Others	56,812,825	40,333,881
Total	231,498,217	216,288,075

OTHER OPERATING INCOME

For the period Shrawan 1, 2072 to Ashad 31, 2073 (July 17, 2015 to July 15, 2016)

Schedule 4.21

PARTICULARS	THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
1. Safe Deposit Lockers Rental	4,545,934	4,410,985
2. Issue & Renewals of Credit Cards	654,613	745,362
3. Issue & Renewals of ATM Cards	6,043,917	5,536,176
4. Telex / T. T.	10,704,449	8,994,132
5. Service Charges	93,947,274	89,470,749
6. Renewal Fees	-	-
7. Others	49,158,441	41,896,030
Total	165,054,628	151,053,433

EXCHANGE GAIN/LOSS

For the period Shrawan 1, 2072 to Ashad 31, 2073 (July 17, 2015 to July 15, 2016)

Schedule 4.22

PARTICULARS	THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
a. Revaluation Gain (Loss)	3,478,469	13,376,105
b. Trading Gain (except Exchange Fees)	141,719,593	107,005,467
Total Income (Loss)	145,198,062	120,381,572

STAFF EXPENSES

For the period Shrawan 1, 2072 to Ashad 31, 2073 (July 17, 2015 to July 15, 2016)

Schedule 4.23

PARTICULARS	THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
1. Salary	124,114,310	116,910,280
2. Allowances	114,127,983	103,530,571
3. Contribution to Provident Fund	11,991,187	11,215,509
4. Training Expenses	5,016,830	2,110,428
5. Uniform	-	-
6. Medical	10,012,362	8,940,047
7. Insurance	6,701,824	6,834,312
8. Pension and Gratuity	-	-
9. Others	55,007,650	23,316,983
Total	326,972,145	272,858,131

OTHER OPERATING EXPENSES

For the period Shrawan 1, 2072 to Ashad 31, 2073 (July 17, 2015 to July 15, 2016)

Schedule 4.24

PARTICULARS	THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
1. House Rent	46,556,433	41,409,426
2. Light, Electricity & Water	17,043,152	16,415,339
3. Repair & Maintenance	14,730,612	12,420,199
a. Building	10,114,883	8,072,217
b. Vehicles	1,072,973	873,990
c. Others	3,542,756	3,473,992
4. Insurance	11,142,747	10,373,614
5. Postage, Telex, Telephone & Fax	7,071,039	6,560,917
6. Office Equipment, Furniture and Maintenance	3,404,463	3,629,356
7. Travelling Allowances & Expenses	34,787,484	32,724,431
8. Printing & Stationery	11,782,887	10,460,189
9. Books & Periodicals	160,632	139,010
10. Advertisements and Business Promotion	17,363,209	15,500,796
11. Legal Expenses	598,200	523,000
12. Donations	500,000	1,000,000
13. Expenses relating to Board of Directors	978,119	1,159,726
a. Meeting Fees	788,000	924,540
b. Other Expenses	190,119	235,186
14. Annual General Meeting Expenses	625,478	476,404
15. Expenses relating to Audit	1,185,935	710,234
a. Audit Fees	1,130,000	652,575
b. Other Expenses	55,935	57,659
16. Commission on Remittances	-	-
17. Depreciation on Fixed Assets	41,788,444	38,343,092
18. Amortization of Pre-operating Expenses	-	-
19. Share Issue Expenses	1,744,020	2,289,738
20. Technical Services Fee Reimbursement	-	-
21. Entertainment Expenses	431,658	426,223
22. Written Off Expenses	-	-
23. Security Expenses	33,510,993	31,327,402
24. Credit Guarantee Premium	-	-
25. Commission & Discount	-	-
26. Others	118,414,032	96,490,866
(a) Subscription & Membership	33,555,015	31,799,810
(b) Computer Software Maintenance/ Amortisation	14,255,608	14,028,795
(c) Lease Hold Assets Amortisation	9,635,701	9,123,868
(d) Others	60,967,708	41,538,392
Total	363,819,537	322,379,964

PROVISION FOR POSSIBLE LOSSES

For the period Shrawan 1, 2072 to Ashad 31, 2073 (July 17, 2015 to July 15, 2016)

Schedule 4.25

PARTICULARS	THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
1. Increase in Loan Loss Provision	138,699,572	213,973,511
2. Increase in Provision for Loss on Investment	-	-
3. Provision Against Non-Banking Assets	57,709,348	29,971,393
4. Provision Against Other Assets	-	-
Total	196,408,921	243,944,905

NON-OPERATING INCOME / (LOSS)

For the period Shrawan 1, 2072 to Ashad 31, 2073 (July 17, 2015 to July 15, 2016)

SCHEDULE 4.26

PARTICULARS	THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
1. Profit (Loss) on Sale of Investments	-	435,280
2. Profit (Loss) on Sale of Assets	234,714	5,825,309
3. Dividend	18,092,680	17,121,041
4. Subsidies received from Nepal Rastra Bank	-	-
a. Reimbursement of losses of specified branches	-	-
b. Interest Compensation	-	-
c. Exchange Counter	-	-
5. Others	1,702,966	506,597
a. Amortisation of Goodwill	-	-
b. Other non operating income/(Expenses)	1,702,966	506,597
Total Non-Operating Income (Loss)	20,030,360	23,888,228

LOAN LOSS PROVISION WRITTEN BACK

FOR THE PERIOD SHRAWAN 1, 2072 TO ASHAD 31, 2073 (JULY 17, 2015 TO JULY 15, 2016)

SCHEDULE 4.27

PARTICULARS	THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
1. Loan Loss Provision Written Back	-	-
2. Provision against Non Banking Assets Written Back	109,390,510	15,756,000
3. Investment Provision Written Back	-	-
4. Provision against other Assets Written Back	-	-
Total	109,390,510	15,756,000

PROFIT/LOSS FROM EXTRA - ORDINARY ACTIVITIES

FOR THE PERIOD SHRAWAN 1, 2072 TO ASHAD 31, 2073 (JULY 17, 2015 TO JULY 15, 2016)

SCHEDULE 4.28

PARTICULARS	THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
1. Recovery of Written off Loans	-	-
2. Voluntary Retirement Scheme Expenses	-	-
3. Loan Write -Offs {4.28 (a)}	-	-
4. Other Expenses/Income	-	-
5. Profit on sale of NBA	174,500	-
Total	174,500	-

STATEMENT OF LOAN WRITTEN-OFF

For the period Shrawan 1, 2072 to Ashad 31, 2073 (July 17, 2015 to July 15, 2016)

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, 2073 (July 15, 2016)

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, 2073 (JULY 15, 2016)

SCHEDULE 4.30 (A1)
AMOUNT IN NPR '000

1. 1 RISK WEIGHTED EXPOSURES	CURRENT YEAR AS AT ASHAD END 2073	PREVIOUS YEAR AS AT ASHAD END 2072
a Risk Weighted Exposure for Credit Risk	50,096,972	39,198,118
b Risk Weighted Exposure for Operational Risk	1,982,762	1,744,041
c Risk Weighted Exposure for Market Risk	29,902	29,841
Adjustment under Pillar II		
d 4% of TWE under supervisory review	2,084,385	1,638,880
e 2% of gross income under supervisory review	294,838	244,699
Total Risk Weighted Exposures (a+b+c)	54,488,860	42,855,580

1.2 CAPITAL	CURRENT YEAR AS AT ASHAD END 2073	PREVIOUS YEAR AS AT ASHAD END 2072
Core Capital (Tier 1)	5,333,817	3,928,402
a Paid up Equity Share Capital	3,039,229	2,337,869
b Calls in Advance	605,754	555,315
c Share Premium	-	-
d Proposed Bonus Equity Shares (incl. fractional shares c/f)	1,155,436	529
e Statutory General Reserves	698,908	563,482
f Retained Earnings	4,818	270,884
g Unaudited current year cumulative profit	-	-
h Debenture Redemption Reserve	80,000	350,000
I Capital Adjustment Reserve	-	-
j Dividend Equalisation Reserve	-	-
k Deferred Tax Reserve	-	6,407
l Other Free Reserve	-	-
m Less: Deferred Tax Reserve	-	-
n Less: Fictitious Assets	-	-
o Less: Investment in equity in licensed Financial Institutions	-	-
p Less: Investment in equity of institutions with financial interests	(250,327)	(156,082)
q Less: Investment in equity of institutions in excess of limits	-	-
r Less: Investments arising out of underwriting commitments	-	-
s Less: Reciprocal crossholdings	-	-
t Less: Purchase of land & building in excess of limit and unutilized	-	-
u Less: Other Deductions	-	-
SUPPLEMENTARY CAPITAL (TIER 2)	741,710	706,256
a Cumulative and/or Redeemable Preference Share		
b Subordinated Term Debt	240,000	320,000
c Hybrid Capital Instruments	-	-
d General loan loss provision	444,763	324,197
e Investment Adjustment Reserve	27,429	33,411
f Assets Revaluation Reserve	-	-
g Exchange Equalization Reserve	29,518	28,649
h Other Reserves		
Total Capital Fund (Tier I and Tier II)	6,075,527	4,634,659

1.3 CAPITAL ADEQUACY RATIOS	CURRENT YEAR AS AT ASHAD END 2073	PREVIOUS YEAR AS AT ASHAD END 2072
Tier 1 Capital to Total Risk Weighted Exposures	9.79%	9.17%
Tier 1 and Tier 2 Capital to Total Risk Weighted Exposures	11.15%	10.81%

RISK WEIGHTED EXPOSURE FOR CREDIT RISK

AS AT ASHAD 31, 2073 (JULY 15, 2016)

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	1,031,802	-	-	1,031,802	0%	-	687,822	-
Balance With Nepal Rastra Bank	3,759,561	-	-	3,759,561	0%	-	3,943,915	-
Gold	1,256,397	-	-	1,256,397	0%	-	1,794,738	-
Investment in Nepalese Government Securities	4,334,200	-	-	4,334,200	0%	-	3,851,350	-
All Claims on Government of Nepal	134,789	-	-	134,789	0%	-	134,633	-
Investment in Nepal Rastra Bank securities	-	-	-	-	0%	-	-	-
All claims on Nepal Rastra Bank	625	-	-	625	0%	-	-	-
Claims on Foreign Government and Central Bank (ECA 0-1)	-	-	-	-	0%	-	-	-
Claims on Foreign Government and Central Bank (ECA -2)	-	-	-	-	20%	-	-	-
Claims on Foreign Government and Central Bank (ECA -3)	-	-	-	-	50%	-	-	-
Claims on Foreign Government and Central Bank (ECA-4-6)	-	-	-	-	100%	-	-	-
Claims on Foreign Government and Central Bank (ECA -7)	-	-	-	-	150%	-	-	-
Claims On BIS, IMF, ECB, EC and on Multilateral Development Banks (MDB's) recognized by the framework	-	-	-	-	0%	-	-	-
Claims on Other Multilateral Development Banks	-	-	-	-	100%	-	-	-
Claims on Public Sector Entity (ECA 0-1)	-	-	-	-	20%	-	-	-
Claims on Public Sector Entity (ECA 2)	-	-	-	-	50%	-	-	-
Claims on Public Sector Entity (ECA 3-6)	4,057	-	-	4,057	100%	4,057	-	-
Claims on Public Sector Entity (ECA 7)	-	-	-	-	150%	-	-	-
Claims on domestic banks that meet capital adequacy requirements	1,663,271	-	-	1,663,271	20%	332,654	1,035,134	207,027
Claims on domestic banks that do not meet capital adequacy requirements	6,920	-	-	6,920	100%	6,920	5,138	5,138
Claims on foreign bank (ECA Rating 0-1)	767,942	-	-	767,942	20%	153,588	961,317	192,263
Claims on foreign bank (ECA Rating 2)	27,021	-	-	27,021	50%	13,511	56,263	28,131
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	2,028,179	-	-	2,028,179	20%	405,636	1,923,983	384,797
with a buffer of 1% above their respective regulatory capital requirement	-	-	-	-	-	-	-	-
Claims on Domestic Corporates	24,446,024	-	27,203	24,418,821	100%	24,418,821	19,356,276	19,356,276
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)	4,315,304	-	12,121	4,303,183	75%	3,227,387	3,867,294	2,900,470
Claims fulfilling all criterion of regulatory retail except granularity	-	-	-	-	100%	-	-	-
Claims secured by residential properties	2,234,593	-	37,642	2,196,951	60%	1,318,170	1,515,370	909,222
Claims not fully secured by residential properties	-	-	-	-	150%	-	-	-
	-	-	-	-	-	-	-	-
Claims secured by residential properties (Overdue)	248,105	12,105	-	236,000	100%	236,000	236,669	236,669
Claims secured by Commercial real estate	395,355	-	-	395,355	100%	395,355	394,507	394,507
Past due claims (except for claim secured by residential properties)	1,261,252	312,606	-	948,647	150%	1,422,970	845,718	1,268,577

RISK WEIGHTED EXPOSURE FOR CREDIT RISK
AS AT ASHAD 31, 2073 (JULY 15, 2016)

SCHEDULE 4.30 (B)

CONT'D....

	CURRENT YEAR					PREVIOUS YEAR			
High Risk claims (Venture capital, private equity investments, personal loans and credit card receivables)	5,827,034	-	366,594	5,460,440	150%	8,190,659	3,682,692	5,524,038	
Investments in equity and other capital instruments of institutions listed in the stock exchange	528,189	-	-	528,189	100%	528,189	356,977	356,977	
Investments in equity of institutions not listed in the stock exchange	5,524	-	-	5,524	150%	8,285	5,524	8,285	
Staff loan secured by residential property	89,726.3	-	-	89,726	60%	53,836	83,277	49,966	
Interest Receivable/claim on government securities	24,645.1	-	-	24,645	0%	-	4,351	-	
Cash in transit and other cash items in the process of collection	-	-	-	-	20%	-	-	-	
Other Assets (as per attachment)	3,367,877	1,716,201	-	1,651,676	100%	1,651,676	1,607,094	1,607,094	
TOTAL	57,758,392	2,040,911	443,560	55,273,920		42,367,714	46,350,041	33,429,437	
B. Off Balance Sheet Exposures	GROSS BOOK VALUE	SPECIFIC PROVISION	ELIGIBLE CRM	NET VALUE	RISK WEIGHT	RISK WEIGHTED EXPOSURES	NET VALUE	RISK WEIGHTED EXPOSURES	
	a	b	c	d=a-b-c	e	f=d*e			
Revocable Commitments	-	-	-	-	0%	-	-	-	
Bills Under Collection	406,832	-	-	406,832	0%	-	158,613	-	
Forward Exchange Contract Liabilities	2,060,736	-	-	2,060,736	10%	206,074	1,644,673	164,467	
LC Commitments With Original Maturity Up to 6 months	6,655,487	-	2,058,921	4,596,566	20%	919,313	3,348,195	669,639	
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	194,784	-	3,117	191,667	50%	95,833	155,912	77,956	
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	2,607,788	-	168,498	2,439,290	50%	1,219,645	1,645,346	822,673	
foreign counterparty (ECA Rating 0-1)	682,032	-	-	682,032	20%	136,406	645,217	129,043	
foreign counterparty (ECA Rating 2)	2,257,134	-	-	2,257,134	50%	1,128,567	2,181,702	1,090,851	
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	1,012,099	-	15,714	996,386	100%	996,386	715,033	715,033	
Financial Guarantee	9,600	-	250	9,350	100%	9,350	2,310	2,310	
Acceptances and Endorsements	1,228,265	-	34,792	1,193,474	100%	1,193,474	523,265	523,265	
Unpaid portion of Partly paid shares and Securities	-	-	-	-	100%	-	-	-	
Irrevocable Credit commitments (short term)	7,218,285	-	-	7,218,285	20%	1,443,657	5,919,896	1,183,979	
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	1,768,510	-	-	1,768,510	20%	353,702	1,439,263	287,853	
Other Contingent Liabilities	26,851	-	-	26,851	100%	26,851	101,612	101,612	
Unpaid Guarantee Claims	-	-	-	-	-	-	-	-	
TOTAL	26,128,402	-	2,281,290	23,847,111		7,729,258	18,481,036	5,768,681	
Total RWE for credit Risk (A) +(B)	83,886,794	2,040,911	2,724,851	79,121,032		50,096,972	64,831,077	39,198,118	

ELIGIBLE CREDIT RISK MITIGANTS

AS AT ASHAD 31, 2073 (JULY 15, 2016)

SCHEDULE 4.30 (C)
CONT'D....
AMOUNT IN NPR '000

CREDIT EXPOSURES	DEPOSITS WITH BANK	DEPOSITS WITH OTHER BANKS/FI	GOLD	GOVT.& NRB SECURITIES	GTEE OF GOVT. OF NEPAL	SEC./GTEE OF OTHER SOVEREIGNS	GTEE OF DOMESTIC BANKS	GTEE OF MDBS	SEC./GTEE OF FOREIGN BANKS	TOTAL
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	
Claims on Foreign Corporates (ECA 2)	-	-	-	-	-	-	-	-	-	-
Claims on Foreign Corporates (ECA 3-6)	-	-	-	-	-	-	-	-	-	-
Claims on Foreign Corporates (ECA 7)	-	-	-	-	-	-	-	-	-	-
Regulatory Retail Portfolio (Not Overdue)	12,121	-	-	-	-	-	-	-	-	12,121
Claim fulfilling all criterion of regulatory retail except granularity	-	-	-	-	-	-	-	-	-	-
Claims secured by residential properties	37,642	-	-	-	-	-	-	-	-	37,642
Claims not fully secured by residential properties	-	-	-	-	-	-	-	-	-	-
Unsecured portion of claims secured by residential properties	-	-	-	-	-	-	-	-	-	-
Claims secured by residential properties (Overdue)	-	-	-	-	-	-	-	-	-	-
Claims secured by Commercial real estate	-	-	-	-	-	-	-	-	-	-
Past due claims (except for claim secured by residential properties)	-	-	-	-	-	-	-	-	-	-
High Risk claims (Venture capital, private equity investments, personal loans and credit card receivables)	92,294	-	259,157	15,143	-	-	-	-	-	366,594
Investments in equity and other capital instruments of institutions not listed in the stock exchange	-	-	-	-	-	-	-	-	-	-
Investments in equity and other capital instruments of institutions listed in the stock exchange	-	-	-	-	-	-	-	-	-	-
Other Loans and Advances	-	-	-	-	-	-	-	-	-	-
Cash and cash items in transit	-	-	-	-	-	-	-	-	-	-
Fictitious Assets	-	-	-	-	-	-	-	-	-	-
Other Assets (as per attachment)	-	-	-	-	-	-	-	-	-	-
Total	169,260	-	259,157	15,143	-	-	-	-	-	443,560
Off Balance Sheet Exposures	-	-	-	-	-	-	-	-	-	-
Forward Exchange Contract Liabilities	-	-	-	-	-	-	-	-	-	-
LC Commitments With Original Maturity Up to 6 months domestic counterparty	1,023,405	-	-	-	-	-	-	1,035,515	-	2,058,921

ELIGIBLE CREDIT RISK MITIGANTS

AS AT ASHAD 31, 2073 (JULY 15, 2016)

SCHEDULE 4.30 (C)
CONT'D...

AMOUNT IN NPR '000

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	
	DEPOSITS WITH BANK	DEPOSITS WITH OTHER BANKS/FI	GOLD	GOVT.& NRB SECURITIES	GTEE OF GOVT. OF NEPAL	SEC/GTEE OF OTHER SOVEREIGNS	GTEE OF DOMESTIC BANKS	GTEE OF MDBS	SEC/GTEE OF FOREIGN BANKS	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	1,932	-	-	-	-	-	-	1,185	-	3,117
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	168,498	-	-	-	-	-	-	-	-	168,498
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	15,714	-	-	-	-	-	-	-	-	15,714
Financial Guarantee	250	-	-	-	-	-	-	-	-	250
Acceptances and Endorsements	34,792	-	-	-	-	-	-	-	-	34,792
Unpaid portion of Party paid shares and Securities	-	-	-	-	-	-	-	-	-	-
Irrevocable Credit commitments	-	-	-	-	-	-	-	-	-	-
Other Contingent Liabilities	-	-	-	-	-	-	-	-	-	-
Total	1,244,590	-	-	-	-	-	-	1,036,700	-	2,281,290
Grand Total	1,413,850	-	259,157	15,143	-	-	-	1,036,700	-	2,724,851

RISK WEIGHTED EXPOSURE FOR OPERATIONAL RISK

AS AT ASHAD 31, 2073 (JULY 15, 2016)

SCHEDULE 4.30 (D)

AMOUNT IN NPR '000

PARTICULARS	CURRENT YEAR			PREVIOUS YEAR
	2014/15	2013/14	2012/13	
Net Interest Income	959,543	822,289	924,867	
Commission and Discount Income	216,288	194,606	138,641	
Other Operating Income	151,053	103,899	88,637	
Exchange Fluctuation Income	120,382	120,185	117,338	
Additional Interest Suspense during the period	26,924	(17,481)	(1,645)	
Gross income (a)	1,474,189	1,223,497	1,267,839	
Alfa (b)	15%	15%	15%	
Fixed Percentage of Gross Income [c=(a*b)]	221,128	183,525	190,176	
Capital Requirement for operational risk (d) (average of c)			198,276	174,404
Risk Weight (reciprocal of capital requirement of 10%) in times (e)			10	10
Equivalent Risk Weight Exposure [f=(d*e)]			1,982,762	1,744,041

RISK WEIGHTED EXPOSURE FOR MARKET RISK

AS AT ASHAD 31, 2073 (JULY 15, 2016)

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	9	263	263	91
2	AUD	4	320	320	202
3	CAD	1	50	50	39
4	CHF	-	-	-	86
5	CNY	22	346	346	589
6	DKK	32	519	519	349
7	EUR	(5)	(643)	643	5,423
8	GBP	3	381	381	4,049
9	HKD	0	4	4	-
10	INR	30,466	48,771	48,771	44,841
11	JPY	216	218	218	356
12	KRW	20	2	2	1
13	MYR	13	357	357	64
14	NLG	-	-	-	-
15	NPR	(58,516)	-	-	-
16	QAR	5	145	145	71
17	SAR	46	1,307	1,307	693
18	SEK	0	4	4	-
19	SGD	9	680	680	44
20	THB	242	733	733	29
21	USD	47	5,062	5,062	2,754
	Total Open Position (a)			59,804	59,683
	Fixed Percentage (b)			5%	5%
	Capital Charge for Market Risk {c=(a*b)}			2,990	2,984
	Risk Weight (reciprocal of capital requirement of 10%) in times (d)			10	10
	Equivalent Risk Weight Exposure {e=(c*d)}			29,902	29,841

PRINCIPAL INDICATORS

(AT LEAST FOR PREVIOUS 5 YEARS)

SCHEDULE 4.31

PARTICULARS	INDICATORS	F. Y. 2066/2067	F. Y. 2067/2068	F. Y. 2068/2069	F. Y. 2069/2070	F. Y. 2070/2071	F. Y. 2071/2072	F. Y. 2072/2073
1. Percentage of Net Profit/Gross Income	%	40.55%	40.34%	37.21%	33.06%	38.26%	28.76%	36.62%
2. Earnings Per Share	NPR	24.12	23.25	21.55	24.78	26.07	19.42	27.15
3. Market Value per Share	NPR	570.00	340.00	340.00	309.00	588.00	400.00	876.00
4. Price Earning Ratio	Ratio	23.63	14.62	15.78	12.47	22.55	20.60	32.26
5. Dividend on share capital (Bonus share + Cash dividend)	%	13.00%	15.79%	10.00%	15.00%	21.05%	0.00%	38.00%
6. Cash Dividend on share capital	%	13.00%	10.79%	10.00%	0.00%	1.05%	0.00%	0.00%
7. Interest Income/Loans & Advances and Investments	%	9.97%	12.11%	11.77%	10.34%	9.34%	7.83%	7.16%
8. Employee Expenses/Total Operating Expenses	%	46.27%	48.22%	47.78%	46.30%	47.46%	45.84%	47.33%
9. Interest Expenses on Total Deposits and Borrowings	%	6.42%	8.09%	7.86%	6.14%	6.08%	4.83%	4.25%
10. Exchange Fluctuation Gain/Total Income	%	5.90%	6.79%	11.27%	9.24%	9.68%	8.32%	7.85%
11. Staff Bonus/ Total Staff Expenses	%	27.62%	25.49%	22.20%	22.46%	21.93%	17.75%	23.28%
12. Net Profit/Loans & Advances	%	2.32%	2.49%	2.22%	2.28%	2.20%	1.52%	1.88%
13. Net Profit/ Total Assets	%	1.66%	1.76%	1.50%	1.50%	1.47%	1.04%	1.35%
14. Total Credit/Deposit	%	81.49%	84.10%	73.13%	77.43%	75.50%	78.91%	83.81%
15. Total Operating Expenses/Total Assets	%	1.35%	1.54%	1.57%	1.60%	1.56%	1.48%	1.38%
16. Adequacy of Capital Fund on Risk Weightage Assets								
a. Core Capital	%	11.17%	9.79%	9.52%	9.15%	9.62%	9.17%	9.79%
b. Supplementary Capital	%	2.54%	1.84%	1.50%	3.08%	2.29%	1.65%	1.36%
c. Total Capital Fund	%	13.71%	11.63%	11.02%	12.23%	11.91%	10.81%	11.15%
17. Liquidity (CRR)	%	7.24%	9.22%	19.60%	12.33%	18.28%	12.59%	7.17%
18. Non Performing Loans/Total Loans	%	0.12%	0.90%	0.62%	1.51%	1.15%	1.30%	0.80%
19. Weighted Average Interest Rate Spread	%	3.55%	4.02%	3.91%	4.20%	3.26%	3.00%	2.91%
20. Book Net worth	NPR	1,912,330,490	2,113,376,723	2,300,258,908	2,720,685,076	3,175,033,093	4,146,543,607	5,649,468,767
21. Total Shares	Number	16,135,205	16,135,205	16,940,811	16,940,811	19,483,048	23,378,686	30,392,292
22. Total Employees	Number	347	393	374	384	410	466	531

Schedule 4.32: Significant Accounting Policies

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

Nepal Rastra Bank (Central Bank of Nepal) notified all class "A" licensed financial institutions through NFRS Migration Guidelines, to prepare its financial statements for FY 2015-16 in accordance with Nepal Financial Reporting Standards (NFRS) as issued by the Institute of Chartered Accountants of Nepal (ICAN), subject to NRB regulations.

The financial statements have not been prepared in accordance with NFRS but prepared in accordance with Generally Accepted Accounting Principles

(GAAP), Bank and Financial Institutions Act (BAFIA) 2063, Directives of Nepal Rastra Bank and the Companies Act 2063. Financial Statements are prepared on accrual basis of accounting, unless otherwise stated.

iv) Basis of Preparation

The financial statements have been prepared under the historical cost convention. The preparation of the financial statements in conformity with GAAP require the use of certain critical accounting estimates and also requires the management to exercise judgment in the process of applying the Bank's accounting policies. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

v) Interest Income

Interest income on loans and advances is recognized on cash basis as per the Nepal Rastra Bank Directives although this practice is not in accordance with NFRS - that prescribes recognition of interest income on accrual basis considering the effective interest method. 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-point 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.

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) Loans and Advances 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 classified as available for sale and valued at cost. In case the market value of the investment is lower than that of the cost, the difference is adjusted through reserves. As a matter of prudence, the bank does not recognize unrealised gain on investment having market value higher than cost.

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

xv) Fixed Assets and Depreciation

Fixed assets are stated at cost less accumulated depreciation.

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.

Depreciation is charged to profit and loss account on a straight line basis over the estimated useful life of items of fixed assets. Land is not depreciated. The management has assumed the effective useful life of the assets as follows:

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

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 Asset (NBA) is 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 provision of 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.

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 and Rounding Off

Previous year's figures are regrouped wherever necessary in order to facilitate comparison. The figures rounded off to the nearest Nepalese Rupees.

Schedule 4.33: Notes to Accounts

1. Proposed changes in paid-up equity capital

The Board of directors in its meeting dated January 11, 2017 has passed a resolution recommending for distribution of bonus shares (stock dividend) at 38% of paid up capital as at July 15, 2016. The Bank's paid up equity capital shall increase by NPR 1,154,907,096 upon approval of the resolution from Annual General Meeting.

2. Interest Income and Interest Suspense

Entire interest receivable on loans and advances as of year end has been transferred to interest suspense account as per NRB Directives which is reflected in schedule 4.16.

3. Provision for Staff Bonus

Provision for staff bonus amounting to NPR 99,208,110 has been computed and provided for at 10% of net profit after bonus.

4. 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.

5. 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 66,154,227.18 as of 15 July 2016) calculated as per accrual liability basis in accordance with the HR Policy Guide of the Bank.

6. Calls in Advance

Calls in Advance include NPR 605,753,650 collected in advance from promoters upto 15 July 2016 against 100% Right Shares approved by 15th AGM of the Bank and has been included under Schedule 4.1 Share Capital.

7. General Reserve

As per the requirement of Nepal Rastra Bank, 20% of the current year's profit amounting to NPR 135,425,435 has been transferred to General Reserve.

8. Special Reserve Fund

Interest capitalized for the purpose of restructuring/ rescheduling loans under relaxation of credit regulation for earthquake affected projects as per NRB Circular No 12/072/73 amounting NPR 8,378,000 has been transferred to Special Reserve Fund.

9. Exchange Fluctuation Fund

25% of the Revaluation gain of NPR 3,478,469, amounting to NPR 869,617 has been transferred to Exchange Fluctuation Fund by debiting Profit and Loss Appropriation Account as per Nepal Rastra Bank Directives.

10. Investment Adjustment Reserve

Investment adjustment reserve as at 31 Ashad 2073 (15 July 2016) stands at NPR 27,428,713 comprising NPR 14,070,305 as 2% of the Portfolio of investment available for sale and NPR 13,358,408 against difference between cost and market price of investment available for sale in case of the investment whose market value is less than cost. AFS investments should be marked to market on a regular basis and the difference to be adjusted through reserves as required by the NRB Directives 4 and 8. The Bank has deviated from this measurement method and continues to recognize AFS portfolio at historical cost. During the year, NPR 5,982,005 is transferred back to Profit and Loss Appropriation Account from investment adjustment reserve. Unrealized gain on investment available for share as at the balance sheet that has not been recognised amounted to NPR 2,168,797,573.

PARTICULARS	AMOUNT IN NPR '000		
	RESERVE AS ON 31/03/072	MOVEMENT DURING THE YEAR	RESERVE AS ON 31/03/073
Investment available for sale @ 2%	8,760	5,310	14,070
Adjustment for investment available for sale marked to market	24,650	(11,292)	13,358
Total	33,410	(5,982)	27,428

11. 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 Ltd 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.

Land and building located at Maharajgunj is in joint ownership with Laxmi Laghubitta Bittiya Sanstha Ltd. Laxmi Bank Ltd owns 94.37% of the total value of the property. Pending completion of construction works, the cost of building has been shown as Capital Work in Progress.

12. Income Tax Issues

The Bank has settled pending tax disputes for fiscal years 2051/52-2054/55 (HISEF), 2057/58 (HISEF), 2061/62 (HISEF), 2061/62, 2062/63, 2063/64, 2064/65 and 2065/66 through negotiations with Tax Settlement Commission at a Lumpsum amount of NPR 27.5 Million, including fines and interest. The Bank has settled advance tax for the respective years against provision for tax booked for the particular years and recognized the resultant difference of NPR 20,639,720 as Income Tax Expenses in Profit and Loss Account. NPR 76.37 Million towards claims by tax authorities for the respective years previously shown as contingent liability on Income Tax under Schedule 4.17 has been settled accordingly.

On the assessment of the Income Tax Returns of the Bank for the fiscal year 2060/61, Large Taxpayers' Office (LTO) has raised an additional demand of NPR 5,153,916.55. The Bank has filed an appeal with the Supreme Court against the order. The amount of demand has been disclosed as contingent liability on Income Tax under schedule 4.17. The Bank has paid NPR 1,020,252 as deposits against above claim.

The Bank has received as additional demand of NPR 847,545, NPR 19,242,794 and NPR 1,606,366 from LTO relating to tax returns for the years 2066/67, 2067/68 and 2068/69, respectively. The Bank disputed the demand as not tenable and has applied for administrative review to IRD against those claims. The amount of claim is shown as contingent liability on Income Tax under schedule 4.17. The Bank has paid NPR 6,696,781 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 2071/72 under self-assessment procedures.

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

14. 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.

15. Lien over Investments

The Bank has made placements with Standard Chartered Bank Plc (Singapore), amounting to USD 1,551,221.03 as of 15 July 2016, which was under lien as per the lien letter signed with Standard Chartered Bank Plc against confirmation of guarantees issued by the Bank.

16. Advance against Bullion

The Bank has NPR 417.69 Million outstanding for advance against stock of bullion as of 15 July 2016 and is shown under others of schedule 4.16 Other Assets.

17. 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 and other executive officials) during the fiscal year amounts to NPR 50.53 million (Previous Year NPR 35.03 million). 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:

PARTICULARS	THIS YEAR (NPR)	PREVIOUS YEAR (NPR)
Meeting fees	788,000	924,540
Other meeting expenses	190,119	235,186

18. 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	173,747	157,340	5,406	2,561	5,207	3,233

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.

19. 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.

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

PARTICULARS	AMOUNT IN NPR '000
Loans Disbursed	133,602,783
Loans Recovered	124,827,043
Loans Written off	-
Interest written off	-

21. Summary of Changes in Deposit Liabilities

AMOUNT IN NPR '000

PARTICULARS	PREVIOUS YEAR 31/3/2012 (16/07/2015)	NET CHANGES DURING THE YEAR	CURRENT YEAR 31/3/2013 (15/07/2016)
Call Deposits	11,258,785	2,436,422	13,695,167
Current Deposits	2,975,153	(590,342)	2,384,811
Fixed Deposits	17,287,256	3,518,089	20,805,345
Saving Deposits	8,123,031	2,555,556	10,678,587
Margin & Other Deposits	347,629	242,659	590,288

22. Weighted Average Interest Spread

PARTICULARS	RATE %
Average Rate of return from loans and advances and investments	7.49%
Average Rate on deposits & borrowings	3.97%
Net Spread	3.52%

23. Summary of Concentration of Exposure

AMOUNT IN NPR '000

PARTICULARS	LOANS, ADVANCES AND BILLS PURCHASED	DEPOSITS AND BORROWINGS	CONTINGENTS
Total amount as on 15/07/2016	40,359,566	48,154,198	26,112,384
Highest exposure to a single unit/ group	1,212,617	2,354,709	2,071,548
Percentage of exposure to/from single unit (in %)	3.00%	4.89%	7.93%

24. 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	1,031,802	-	-	-	-	1,031,802
2	Balance with Banks & FIs	4,210,840	-	-	-	-	4,210,840
3	Investment in Foreign Banks	516,233	-	-	-	-	516,233
4	Call Money	-	-	-	-	-	-
5	Government Securities	342,850	-	250,000	-	-	592,850
6	Nepal Rastra Bank Bonds	-	-	-	-	3,741,350	3,741,350
7	Inter Bank & FI Lending	433,481	642,000	1,231,429	-	-	2,306,909
8	Loans & Advances	13,885,029	5,867,974	2,600,854	2,123,303	15,882,405	40,359,566
9	Interest Receivable	1,210,787	1,210,787	1,210,787	1,210,787	-	4,843,148
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)	21,631,023	7,720,761	5,293,069	3,334,090	19,623,755	57,602,699
Liabilities							
14	Current Deposits	813,890	81,389	81,389	81,389	569,723	1,627,781
15	Saving Deposits	6,898,260	786,110	836,786	887,463	14,421,757	23,830,376
16	Fixed Deposits	4,152,540	2,883,838	3,876,152	9,314,022	578,793	20,805,345
17	Debentures	-	-	-	-	400,000	400,000
18	Borrowings:	-	-	-	-	-	-
	(a) Call/Short Notice	-	-	-	-	-	-
	(b) Inter-bank/Financial Institutions	-	-	-	-	-	-
	(c) Refinance	-	-	-	-	-	-
	(d) Others	-	-	-	-	-	-
19	Other Liabilities and Provisions	1,564,437	583,294	583,294	583,294	-	3,314,319
	(a) Sundry Creditors	981,143	-	-	-	-	981,143
	(b) Bills Payable	-	-	-	-	-	-
	(c) Interest Payable	583,294	583,294	583,294	583,294	-	2,333,175
	(d) Provisions	-	-	-	-	-	-
	(e) Others	-	-	-	-	-	-
	Total Liabilities (B)	13,429,127	4,334,631	5,377,622	10,866,167	15,970,273	49,977,821
	Net Financial Assets (A-B)	8,201,896	3,386,130	(84,552)	(7,532,077)	3,653,482	7,624,878
	Cumulative Net Financial Assets	8,201,896	11,588,026	11,503,474	3,971,396	7,624,878	-

25. Credit Concentration

AMOUNT IN NPR '000

SECTORS	NUMBER	PRINCIPAL	INTEREST
1. Agricultural	1197	633,727	907
2. Fishery	1	1,234	1
3. Mining	-	-	-
4. Agriculture, Forestry & Beverage Production Related	223	1,355,320	1,072
5. Non-food production related	565	4,800,000	29,240
6. Construction	3,079	7,860,850	17,023
7. Power, Gas and Water	30	1,828,070	-
8. Metal Prod, Machinery & Electronic Equip & assemblage	292	1,339,133	94
9. Transport, Communication and Public Utilities	956	3,995,474	7,465
10. Wholesaler & Retailer	2,686	8,818,836	27,538
11. Finance, Insurance and Real Estate	477	3,782,344	1,538
12. Hotel or Restaurant	80	557,802	740
13. Other Services	126	1,260,084	2,717
14. Consumption Loans	4,193	2,379,938	8,446
15. Local Government	2	134,634	-
16. Others	1,135	1,612,124	778
Total	15,042	40,359,566	97,558

26. Details of Gross Non-Banking Assets (NPR)

AMOUNT IN NPR '000

PREVIOUS YEAR	ADDITION DURING THE YEAR	DISPOSAL DURING THE YEAR	BALANCE AT THE END OF THE YEAR
100,765	57,735	109,416	49,084

27. Details of Lease Hold Assets Amortization

AMOUNT IN NPR '000

LEASE HOLD ASSETS UP TO LAST YEAR	THIS YEAR ADDITION / DELETION (NET)	AMORTIZATION DURING THE YEAR	NET BALANCE AT THE END OF THE YEAR
19,275	27,913	7,373	39,815

28. Tax Liability Reconciliation

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

AMOUNT IN NPR '000

PARTICULARS	AMOUNT
Profit before tax as per Profit & Loss Account	992,081
Add: Adjustments for	
Depreciation as per Schedule 24 considered separately	41,788
Equipment & furniture charged to revenue considered in depreciation	3,404
Leasehold amortization considered in depreciation	9,636
Software amortization considered in depreciation	13,824
Repairs and Maintenance added to the Pool as per Income Tax Act	3,131
Donation in excess of statutory limit	400
Provision for Expenses	14,005
Less: Adjustments for	
Depreciation as per Income Tax Act (including lease and software)	(66,351)
Profit on disposal of depreciable assets	(235)
Dividend income subject to final tax withholding	(11,434)
Taxable Profit as per Income Tax Act 2058	1,000,250
Corporate Income Tax @ 30%	300,075

29. Deferred Tax Liability/(Asset)

Carrying amount of Assets & Liabilities where temporary differences arise as on 31 Ashad 2073 (15 July 2016) are as follows:

AMOUNT IN NPR '000			
PARTICULARS	CARRYING AMOUNT	TAX BASE	NET TEMPORARY DIFFERENCE
Fixed Assets	318,109	344,662	(26,553)
Provision for Expenses	14,004	-	(14,004)
Net Temporary Differences	332,113	344,662	(40,557)
Deferred Tax Liability / (Asset) as at Ashad end 2073 @ 30%			(12,167)
Deferred Tax Liability / (Asset) till Ashad end 2072			(6,406)
Deferred Tax Expense / (Income) credited to Profit and Loss Account			(5,761)

Deferred Tax Asset as of 31 Ashad 2073 (15 July 2016) is NPR 12,167,308. NPR 5,760,767 has been recognized as deferred tax income in Profit and Loss Account in the current year.

Balance in Deferred Tax Reserve of NPR 6,406,540 has been transferred to Profit and Loss Account through adjustment in retained earnings as per NRB Directive No 04/2072.

30. Debentures

a. 8.5% Laxmi Bank Debenture, 2072

8.5% Laxmi Bank Debentures, 2072 amounting NPR 350,000,000 issued on 25 November 2008 matured on 24 November 2015 and were paid off during the year. Debenture Redemption Fund amounting NPR 350,000,000 created against the debenture has been written back to Profit and Loss Account through Profit and Loss appropriation account as per NRB Directives.

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 semiannual basis. The bank has appropriated NPR 80,000,000 towards Debenture Redemption Reserve through Profit and Loss Appropriation account during the year as per NRB Directive. Total balance in Debenture Redemption Reserve as of 15 July 2016 stands at NPR 80,000,000.

31. Events After the Balance sheet date

As decided by the Special AGM of the bank held on 7th Kartik, 2073 (23rd October 2016) and as per approvals from Nepal Rastra Bank and Office of Company Registrar through letters dated 11th Poush 2073 and 26th Poush 2073 respectively, the Bank is in process of acquiring Professional Diyalo Bikas Bank Ltd, a "B" Class licensed financial institution operating in 10 districts. The Bank is planning to commence the joint operation from 2 Magh, 2073.

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, 2073 (JULY 15, 2016)

SCHEDULE 4.34

S.NO	NAME OF PROMOTER/ SHAREHOLDERS UNDER PROMOTER GROUP	SHAREHOLDING		LOAN DETAILS			Remarks
		Total No of shares	% of Total Paid up Capital	Name of the Lending Bank and Financial Institutions	Loan Amount	No of Shares Pledged	
1	Sunil Kumar Bansal	213,232	0.70%	Machchhapuchre Bank Ltd/ Kumari Bank Ltd	42,400,000	204,393	
2	Ramesh Kumar Agrawal	24,921	0.08%	United Finance Ltd	2,000,000	18,509	
3	Amit Gupta Agrawal	113,179	0.37%	Himalayan Bank Ltd	9,200,000	110,000	
4	Madhusudan Agrawal	276,006	0.91%	Bank of Kathmandu Lumbini Ltd		100,000	
5	Ratan Lai Sangahi	2,616,741	8.61%	Global IME Bank Ltd	90,000,000	1,200,000	
6	Anjali Sarawagi	430,252	1.42%	NMB Bank Ltd		200,000	
7	Ravi Kumar Gupta	172,102	0.57%	NMB Bank Ltd	31,162,000	100,000	

COMPARISON OF UNAUDITED AND AUDITED FINANCIAL STATEMENT
FY 2015/16

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)	55,376,430	54,663,165	(713,266)	-1%	
1.1	Paid Up Capital	3,039,229	4,799,890	1,760,661	58%	Adjustment of Calls in Advance
1.2	Reserve & Surplus	2,606,876	849,579	(1,757,297)	-67%	
1.3	Debenture & Bond	400,000	400,000	-		
1.4	Borrowings	-	-	-		
1.5	Deposits (a+b)	48,154,198	48,154,198	0	0%	
	a) Domestic Currency	45,213,276	45,213,276	-	0%	
	b) Foreign Currency	2,940,922	2,940,922	0	0%	
1.6	Income Tax Liability	-	3,635	3,635		Netting off Income Tax Liability
1.7	Other Liabilities (including Bills payable, dividend payable etc)	1,176,127	455,863	(720,264)	-61%	Regrouping of provisions
2	Total Assets (2.1 to 2.7)	55,376,430	54,663,165	(713,266)	-1%	
2.1	Cash & Bank Balance	5,450,870	5,450,870	-	0%	
2.2	Money at call and Short Notice	33,709	33,709	-	0%	
2.3	Investments	7,423,047	7,422,422	(625)	0%	
2.4	Loan & Advances	40,359,566	39,634,249	(725,317)	-2%	
	a. Real Estate Loan	1,262,787	1,247,208	(15,579)	-1%	Net of provision in Audited Financials
	(i) Residential Real Estate	505,403	498,994	(6,409)	-1%	
	(ii) Business Complex & Residential Apart. Construction Loan	118,451	117,267	(1,185)	-1%	
	(iii) Income generating Commercial Complexes Loan	606,568	598,907	(7,661)	-1%	
	(iv) Other Real Estate Loan	32,364	32,040	(324)	-1%	
	b. Personal Home Loan of Rs 100 lacs or less	1,887,653	1,859,880	(27,773)	-1%	
	c. Margin Type Loan	957,593	939,643	(17,950)	-2%	
	d. Term Loan	6,821,128	6,604,007	(217,120)	-3%	
	e. Overdraft Loan/ TR Loan/ WC Loan	16,511,260	16,250,546	(260,714)	-2%	
	f. Others	12,919,146	12,732,965	(186,181)	-1%	
2.5	Fixed Assets	1,023,688	1,023,771	84	0%	
2.6	Non Banking Assets (net)	-	-	-		
2.7	Other Assets	1,085,550	1,098,143	12,593	1%	Regrouping of provisions
3	Profit & Loss Account					
3.1	Interest Income	3,072,565	3,072,565	0		
3.2	Interest Expenses	1,765,422	1,765,422	-		
	A. Net Interest Income (3.1-3.2)	1,307,144	1,307,144	0		
3.3	Fees, Commission & Discount	231,498	231,498	-		
3.4	Other Operating Income	165,055	165,055	-		
3.5	Foreign Exchange Gain & Loss	145,198	145,198	-		
	B. Total Operating Income (A+3.3+3.4+3.5)	1,848,894	1,848,894	0		
3.6	Staff Expenses	326,972	326,972	-		
3.7	Other Operating Expenses	363,903	363,820	(84)	0%	Audit Adjustments
	C. Operating Profit before Provisions (B -3.6-3.7)	1,158,019	1,158,103	84	0%	
3.8	Provision for Possible Losses	196,409	196,409	(0)		
	D. Operating Profit (C - 3.8)	961,610	961,694	84	0%	
3.9	Non Operating Income/Expenses (Net)	20,030	20,030	-	0%	
3.10	Loan Loss Provision Written Back	109,391	109,391	-		
	E. Profit from Regular Activities (D+3.9+3.10)	1,091,031	1,091,115	84	0%	
3.11	Extraordinary Income/Expenses (Net)	175	175	-	0%	
	F. Profit before Bonus and Taxes (E+3.11)	1,091,206	1,091,289	84	0%	
3.12	Provision for Staff Bonus	99,201	99,208	8	0%	
3.13	Provision for Taxes	318,241	300,075	(18,166)	-6%	Tax calculation as per Income tax act in Audited Financials
	Deferred Tax Expense/ (Income)	-	(5,761)	(5,761)		Deferred tax calculated
	G. Net Profit/ Loss (F-3.12-3.13)	673,764	677,127	3,363		

UNAUDITED FINANCIAL RESULTS (QUARTERLY)

AS AT 4TH QUARTER (15/7/2016) OF THE FISCAL YEAR 2015/16

SCHEDULE 4.A
AMOUNT IN NPR '000

S.N.	PARTICULARS	THIS QUARTER ENDING 31 Ashad 2073 15-Jul-16	PREVIOUS QUARTER ENDING 30 Chaitra 2072 12-Apr-16	CORRESPONDING PREVIOUS YEAR QUARTER ENDING 31 Ashad 2072 16-Jul-15
1	Total Capital and Liabilities (1.1 to 1.7)	55,376,430	50,104,539	45,801,710
1.1	Paid Up Capital	3,039,229	3,039,229	2,337,869
1.2	Reserve & Surplus	2,606,876	1,771,117	1,748,003
1.3	Debenture & Bond	400,000	400,000	750,000
1.4	Borrowings	-	-	-
1.5	Deposits (a+b)	48,154,198	43,711,271	39,991,815
	a) Domestic Currency	45,213,276	40,609,383	35,913,616
	b) Foreign Currency	2,940,922	3,101,889	4,078,198
1.6	Income Tax Liability	-	-	-
1.7	Other Liabilities	1,176,127	1,182,922	974,024
2	Total Assets (2.1 to 2.7)	55,376,430	50,104,539	45,801,710
2.1	Cash & Bank Balance	5,450,870	5,094,995	5,005,877
2.2	Money at call and Short Notice	33,709	144,164	609,300
2.3	Investments	7,423,047	6,770,357	6,454,363
2.4	Loan & Advances	40,359,566	36,680,375	31,557,956
	a. Real Estate Loan	1,262,787	1,224,352	1,118,372
	(i) Residential Real Estate	505,403	461,533	348,884
	(ii) Business Complex & Residential Apart.Construction Loan	118,451	132,685	186,775
	(iii) Income generating Commercial Complexes Loan	606,568	597,473	530,224
	(iv) Other Real Estate Loan	32,364	32,661	52,489
	b. Personal Home Loan of Rs 100 lacs or less	1,887,653	1,643,054	1,447,552
	c. Margin Type Loan	957,593	774,289	393,192
	d. Term Loan	6,821,128	6,300,852	4,858,691
	e. Overdraft Loan/ TR Loan/ WC Loan	16,511,260	15,261,742	12,902,395
	f. Others	12,919,146	11,476,086	10,837,753
2.5	Fixed Assets	1,023,688	593,460	501,191
2.6	Non Banking Assets (net)	-	-	-
2.7	Other Assets	1,085,550	821,189	1,673,023

CONTD..

CONTD.. SCHEDULE 4.A
AMOUNT IN NPR '000

S.N.	PARTICULARS	THIS QUARTER ENDING 31 Ashad 2073 15-Jul-16	PREVIOUS QUARTER ENDING 30 Chaitra 2072 12-Apr-16	CORRESPONDING PREVIOUS YEAR QUARTER ENDING 31 Ashad 2072 16-Jul-15
3	Profit & Loss Account	Up to This Quarter	Up to Last Quarter	Up to Corresponding Previous Year This Quarter
3.1	Interest Income	3,072,565	2,197,812	2,577,674
3.2	Interest Expenses	1,765,422	1,299,882	1,618,131
	A. Net Interest Income (3.1-3.2)	1,307,144	897,930	959,543
3.3	Fees, Commission & Discount	231,498	173,102	216,288
3.4	Other Operating Income	165,055	100,397	151,053
3.5	Foreign Exchange Gain & Loss	145,198	107,984	120,382
	B. Total Operating Income (A+3.3+3.4+3.5)	1,848,894	1,279,414	1,447,266
3.6	Staff Expenses	326,972	232,168	272,858
3.7	Other Operating Expenses	363,903	246,897	322,380
	C. Operating Profit before Provisions (B -3.6-3.7)	1,158,019	800,350	852,028
3.8	Provision for Possible Losses	196,409	184,369	243,945
	D. Operating Profit (C- 3.8)	961,610	615,981	608,083
3.9	Non Operating Income/Expenses (Net)	20,030	18,032	23,888
3.10	Loan Loss Provision Written Back	109,391	57,709	15,756
	E. Profit from Regular Activities (D+3.9+3.10)	1,091,031	691,723	647,727
3.11	Extraordinary Income/Expenses (Net)	175	-	-
	F. Profit before Bonus and Taxes (E+3.11)	1,091,206	691,723	647,727
3.12	Provision for Staff Bonus	99,201	62,884	58,884
3.13	Provision for Taxes	318,241	188,652	172,425
	G. Net Profit/ Loss (F-3.12-3.13)	673,764	440,187	416,196
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	11.15%	10.41%	10.81%
4.2	Non Performing Loan (NPL) to Total Loan	0.80%	1.28%	1.30%
4.3	Total Loan Loss Provision to Total NPL	223.37%	152.35%	142.80%
4.4	Net Interest Spread	3.39%	3.43%	3.72%
4.5	LCY Interest Spread (Calculated as per NRB Circular)	3.84%	3.91%	4.08%
4.6	CD ratio (Calculated as per NRB Directives)	76.21%	77.47%	73.85%
4.7	Base Rate	6.77%	6.65%	7.90%
4.8	Average Yield	7.49%	7.37%	8.28%
4.9	Cost of Fund (LCY)	4.10%	3.94%	4.56%
4.10	Return on Equity (annualised)	12.89%	12.38%	10.60%
4.11	Return on Assets (annualised)	1.28%	1.21%	0.95%

DISCLOSURE AS PER BASEL II

1. Interest Income and Interest Suspense

- **Tier 1 capital and a breakdown of its components;**

PARTICULARS	IN NPR '000
Paid up Equity Share Capital	3,039,229
Calls in Advance	605,754
Proposed Bonus Equity Shares (including fractional bonus shares)	1,155,436
Statutory General Reserves	698,908
Retained Earnings	4,818
Debenture Redemption Reserve	80,000
Core Capital	5,584,144

- **Tier 2 capital and a breakdown of its components;**

PARTICULARS	IN NPR '000
Subordinated Term Debt (8% Laxmi Bank Debenture, 20726) – (discounted at 60%)	240,000
General loan loss provision	444,763
Exchange Equalization Reserve	27,429
Investment Adjustment Reserves	29,518
Supplementary Capital	741,710

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

8% Laxmi Bank Debenture, 2076	
- Outstanding Amount	NPR 400 Mio
- Maturity	4 February 2020
- Amount eligible for Tier 2 capital fund (discounted at 60%)	NPR 240 Mio

- **Deductions from capital :**

PARTICULARS	IN NPR '000
Investment in equity of institutions with financial interests	250,327
Total	250,327

- **Total qualifying capital;**

PARTICULARS	IN NPR '000
Tier 1 Capital	5,584,144
Tier 2 Capital	741,710
Deductions	(250,327)
Total Qualifying Capital (Total Capital Fund)	6,075,527

- **Capital Adequacy Ratio;**
- **11.15%**

• Summary of the bank's internal approach to assess the adequacy of its capital to support current and future activities, if applicable;
The Bank's capital management strategy is designed to maximize shareholders value. The Bank is adequately capitalized not only to comply with individual capital ratios prescribed by Nepal Rastra Bank but also to fund growth of our assets and operations, absorb potential losses and maintain the confidence of all the stakeholders.

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

Main feature of the Subordinated debt – 8%
Laxmi Bank Debenture 2076:

Name	Laxmi Bank Debenture - 2076
Amount	NPR 400,000,000.00 (Four Hundred Million Only)
Interest Rate	8% per annum (before tax) payable half yearly
Type	Unsecured and Redeemable at Maturity. No call / convertible feature.
No. of Debentures	400,000 (Four Hundred Thousand Only)
Face Value	NPR 1,000.00
Maturity Period	7 Years
Priority to Debenture Holders	At the time of liquidation, priority of payment to the debenture holders will be after the depositors
Listing	Listed with Nepal Stock Exchange

2. Risk exposures

- **Risk weighted exposures for Credit Risk, Market Risk and Operational Risk;**

PARTICULARS	IN NPR '000
Risk weighted exposures for Credit Risk	50,096,972
Risk weighted exposures for Operational Risk	1,982,762
Risk weighted exposures for Market Risk	29,902
4% Additional RWE under supervisory review	2,084,385
2% of Gross Income under supervisory review	294,838
Total Risk Weighted Exposures	54,488,859

- **Risk Weighted Exposures under each of 11 categories of Credit Risk;**

PARTICULARS	IN NPR '000
Claims on government & central bank	0
Claims on other official entities	540,531
Claims on banks	912,309
Claims on corporate & securities firms	24,418,821
Claims on regulatory retail portfolio	3,227,387
Claims secured by residential properties	1,608,006
Claims secured by commercial real state	395,355
Past due claims	1,422,970
High risk claims	8,190,659
Other assets	1,651,676
Off balance sheet items	7,729,258
Total	50,096,972

- **Total Risk Weighted Exposure calculation table;**

PARTICULARS	IN NPR '000
Risk weighted exposures for Credit Risk	50,096,972
Risk weighted exposures for Operational Risk	1,982,762
Risk weighted exposures for Market Risk	29,902
4% Additional RWE under supervisory review	2,084,385
2% of Gross Income under supervisory review	294,838
Total Risk Weighted Exposures	54,488,859
Total Capital Fund	6,075,527
Total Capital to Total Risk Weighted Exposures	11.15%

- **Amount of NPAs (both Gross and Net) (in NPR '000)**

- Restructured/ Rescheduled Loan
 - Gross NPR 150,804
 - Net NPR 233
- Substandard Loan
 - Gross NPR 32,247
 - Net NPR 24,185
- Doubtful Loan
 - Gross NPR 39,475
 - Net NPR 19,738
- Loss Loan
 - Gross NPR 102,184
 - Net NIL

- **NPA ratios**

- Gross NPA to gross advances
 - 0.80%
- Net NPA to net advances
 - 0.11%

- **Movement of Non Performing Assets**

Amount in NPR '000

PARTICULARS	PREVIOUS YEAR	NET ADDITION/ (REDUCTION) DURING THE YEAR	BALANCE AT THE END OF THE YEAR
Restructured	155,901	(5,097)	150,804
Substandard	100,465	(68,218)	32,247
Doubtful	24,115	15,360	39,475
Loss	130,313	(28,129)	102,184
Total	410,794	(86,083)	324,710

- **Write off of Loans and Interest Suspense (in NPR '000)**

- Loan written off NIL
- Interest written off NIL

- **Movements in Loan Loss Provisions and Interest Suspense**

Amount in NPR '000

PARTICULARS	PREVIOUS YEAR	ADDITION/ (REDUCTION) DURING THE YEAR	BALANCE AT THE END OF THE YEAR
Loan loss provision	586,617	138,699	725,317
Interest Suspense	87,834	9,724	97,558

- **Details of additional Loan Loss Provisions (in NPR '000)**

Additional Loan loss provision NPR 3,393
(Includes loan loss provision in excess of the regulatory requirement)

- **Segregation of Investment portfolio into Held for trading, Held to maturity and Available for sale category**

Presented in the Financial Statement schedule 4.12.1, 4.12.2 and 4.12.3

3. Risk Management Function

Risk Management Objectives and Policies

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

Our approach to risk managements is built around:

- formal governance processes that is constantly reviewed and updated
- top level commitment & development of risk framework through close alignment of risk capabilities to business objectives
- ensuring that responsibility for risk resides at all levels – from the Board down through all individual employees
- continuous research and development of new and improved risk management processes and tools supported by effective Management Information Systems
- all businesses are accountable for managing risk in their own area, assisted, where appropriate, by independent risk specialists
- by embedding this approach to measure and understand key risks to ensure the viability of all processes and transactions
- In the past years we have continued to make significant progress in enhancing our risk management capabilities including identifying, measuring and monitoring of risk activities that we undertake in our normal course of business.

Risk Management Framework and Organization

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

Credit Risk

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

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

Senior management, Risk Management Committee and the Board review credit portfolio and industry concentration aspects regularly and make decisions / strategies based on the need of the hour.

Credit Approval Process

The Bank has standard procedures for Credit Approval for both retail and corporate credit proposals that ensure that appropriate resources and tools are employed for the type of credit assessment required.

Post Disbursal Review and Monitoring

The Bank has standard procedures for credit review and monitoring systems, which is documented in Credit Policy Guide and other Risk Management Guidelines. The policy stipulates the frequency and procedures for credit review and monitoring

Distribution of Risk Assets by Industry sector / Concentration Risk

It is Laxmi Bank's policy to ensure that the Bank's exposure on any particular sector/industry does not exceed a predefined cap of the total portfolio. The Bank has adopted the NAICS codes to analyse our exposure on sectors. Industry analyses help us monitor industries at risk and make strategic decisions based on such reviews.

Market Risk

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

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

Operational Risk

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

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

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

Compliance and Assurance / Operations Risk Unit

Recognizing the importance of Operations Risk in terms of managing day-to-day business, we have a full fledged Operational Risk team that reports to Chief Risk Officer.

Types of eligible credit risk mitigants used and the benefits availed under CRM.

Credit risk mitigants used are deposits and cash margin held with own bank and deposits held with other banks and financial institutions, gold and guarantees from banks and financial institutions including those from MDBs.

Laxmi Cares

A Social Initiative by Laxmi Bank Employees

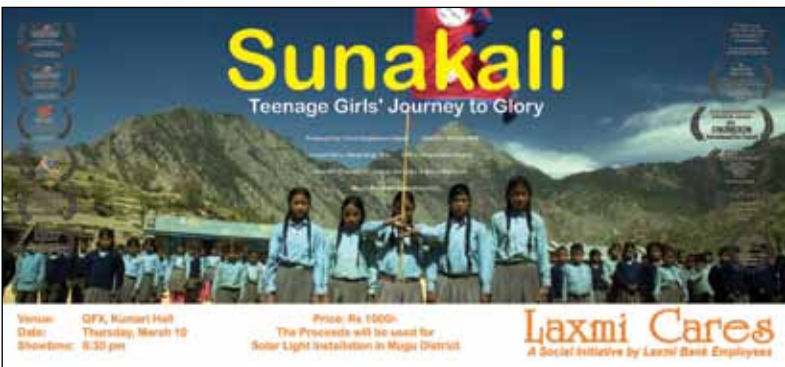


Laxmi Cares Annual Mountain Bike Rally



Construction of Community Hall in the earthquake affected area, Haibung –Sindhupalchowk.

Sponsorship to Sunkali Buda (actor of award winning documentary Sunakali)



Fundraiser movie premier of Sunakali

