



Laxmi Bank

ANNUAL REPORT 2012/13

BOARD OF DIRECTORS



MR. RAJENDRA KUMAR KHETAN
CHAIRMAN



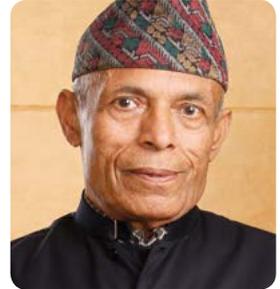
MR. ARUN ADHIKARY
DIRECTOR



MR. MADHU SUDAN AGRAWAL
DIRECTOR



MR. RATAN LAL SHANGAI
DIRECTOR



MR. SHAMBHU P. ACHARYA
PROFESSIONAL DIRECTOR



MS. SHOVA SHRESTHA
DIRECTOR
CITIZENS INVESTMENT TRUST



MS. SWATI ROONGTA
DIRECTOR
GENERAL PUBLIC



MR. VISHWA KARAN JAIN
DIRECTOR
GENERAL PUBLIC



ANNUAL REPORT **2012/13**

CORPORATE PROFILE

Laxmi Bank, incorporated in April 2002 is registered as a Category “A” Financial Institution under the “Banks and Financial Institutions Act”. The Bank’s shares are listed and traded in the Nepal Stock Exchange (NEPSE). Laxmi Bank merged with HISEF Finance Limited In 2004, the first ever merger between financial institutions in Nepal.

Over the past 11 years we have been successful in creating a progressive and responsible company, widely recognized for high standards of corporate governance, risk management practices and technology driven products and services.

Laxmi Bank serves the entire spectrum of economically active population across the country, directly or through subsidiaries: Laxmi Laghubitta Bittiya Sanstha and Laxmi Capital Market. Laxmi Laghubitta Bittiya Sanstha held a successful Initial Public Offering in June 2013. In addition to these subsidiaries, the Bank also has strategic investment in Prime Life Insurance Company Limited.

Our customers touch us through 34 branches located in 22 districts across the country, complimented by more than 1,000 remittance payout agents and 500 mobile banking business correspondents who support our access to finance initiatives.

Laxmi Bank plans to add more ‘bricks and mortar’ branches, especially in the under-served districts of the country as

414
EMPLOYEES

34
BRANCHES

11
YEARS OF
RESPONSIBLE
BANKING

our contribution to improve meaningful financial inclusion. Complimenting this expansion, we continue to strengthen and improve our existing digital banking channels – ATMs, internet and mobile – keeping up with the demands of the rapidly urbanizing, mobile and connected customers.

Laxmi Bank pursues consistent, responsible growth. Our NPA levels are consistently among the best in the industry and all key financial indicators are within prudential and regulatory norms. Our capital plans are in place and aligned to support our growing balance sheet and size of operations. Further, we are also open to mergers and/or acquisitions of like-minded financial institutions that bring value to our company.

Laxmi Bank embraces sustainable business practices. We have adopted “Orange loves Green” as a corporate social responsibility theme and offer green friendly products that encourage paper-less and commute-free banking habits.

OUR BRANCHES

KATHMANDU

HATTISAR

TEL: 01-4444684/5,
4444580/1,4445073,
FAX: 01-4444640

PULCHOWK

TEL: 01-5553545,
5553972, 5553973
FAX: 01-5553974

TEKU

TEL: 01-4232501,
4232502, 4223354
FAX: 01-4232503

NEW ROAD

TEL: 01-4233309,
4233647, 4233648
FAX: 01-4233307

NEW BANESHWOR

TEL: 01-4785306,
4785307, 4785308
FAX: 01-4785309

BHATBHATANI

TEL: 01-4442075,
4442094, 4442095
FAX: 01-4442110

MAHARAJGUNJ

TEL: 01-4016088
FAX: 01-4016019

SAHID GANGALAL NATIONAL HEART CENTER

(EXTENSION COUNTER)
BANSBARI, KATHMANDU
TEL: 01-4018621

NEPALESE ARMY INSTITUTE OF HEALTH SCIENCES

(EXTENSION COUNTER)
TEL: 01-4881891

LAGANKHEL

TEL: 01-5548375
FAX: 01-5548377

SUKEDHARA

TEL: 01-4372850
FAX: 01-4372874

MAHANKAL

TEL: 01-4485806
FAX: 01-4485805

BHAKTAPUR

TEL: 01-6618302
FAX: 01-6618301

BIRGUNJ

ADARSHANAGAR,
PARSA, P.O.61
TEL: 051-526195,
530394, 691875,
FAX: 051-530393

BANEPA

BANEPA, WARD 5,
KAVRE, ARNIKO
HIGHWAY WEST
TEL: 011-663425,
663426
FAX: 011-663427

POKHARA

NEW ROAD, P.O. 56,
WARD 9, B.P. MARG,
KASKI
TEL: 061-533580,
540153
FAX: 061-525514

POKHARA

INDUSTRIAL ESTATE
POKHARA INDUSTRIAL
DISTRICT, KASKI
TEL: 061-541783,
522878

BIRATNAGAR

TULSI COMPLEX, MAIN
ROAD, WARD 9, MORANG
TEL: 021-538401,
538402
FAX: 021-538403

NARAYANGHAT

SAHID CHOWK,
NARAYANGHAT, CHITWAN
TEL: 056-571726,
571973
FAX: 056- 571026

JANAKPUR

BHANU CHOWK,
JANAKPUR DHAM,
JANAKPUR, DHANUSHA
TEL: 041-527496
FAX: 041-527497

ITAHARI

ITAHARI CHOWK, WEST
LINE, SUNSARI
TEL: 025-587021
FAX: 025-587022

BHAIRAHAWA

AAWHA ROAD,
BHAIRAHAWA
TEL: 071-523461,
523462
FAX: 071-523421

NEPALGUNJ

SURKET ROAD,
NEPALGUNJ
TEL: 081-527901,
527902, 527692
FAX: 081-527903

BUTWAL

AMAR PATH, BUTWAL
TEL: 071-551569,
551570
FAX: 071-551571

TAULIHAWA

KAPILVASTU-3,
TAULIHAWA
TEL: 076-561146
FAX: 076-561147

DHARAN

PUTALI LINE, DHARAN-9
TEL: 025-533906,
533907
FAX: 025-533908

DAMAK

DAMAK BAZAR,
MAHENDRA HIGHWAY
TEL: 023-585207
FAX: 023-585527

CHARIKOT

BHIMESHWOR-1,
SATHDOBATO, CHARIKOT,
DOLAKHA
TEL: 049-421914
FAX: 049-421915

KHADICHAUR

MANKHA-6,
SINDHUPALCHOWK
TEL: 011-482158
FAX: 011-482159

HILE

HILE, DHANKUTA-1,
KOSHI
TEL: 026-540580
FAX: 026-540581

BIRTAMOD

ANARMANI-3, JHAPA
TEL: 023-544615
FAX: 023-544616

ILAM

BHANU PATH, WARD NO
2, ILAM, MECHI
TEL: 027-521793
FAX: 027-521794

WALLING

WALLING-3, SYANGJA
TEL: 063-440641
FAX: 063-440642

KOHALPUR

KOHALPUR-3, BANKE
TEL: 081-541347
FAX: 081-541348

DHANGADI

TRAFFIC CHAURAHA,
KAILALI, SETI ANCHAL
TEL: 091-520531
FAX: 091-520532

PARSA

KHAIRAHANI-4, PARSA,
CHITWAN
TEL: 056-583597
FAX: 056-583598

MANAGEMENT TEAM

SUMAN JOSHI

Chief Executive Officer

SUDESH KHALING

*Executive Vice President
and Chief Risk Officer*

AJAYA B SHAH

Head - Retail Financial Services

NIRMAL DAHAL

Head - Credit

SUMED BHATTARAI

Head - Corporate Banking

JIWAN LIMBU

Chief Technology Officer

RAJIV SAPKOTA

Head - Business Development

AMIT S KARKI

Senior Manager - Corporate Banking

DIPESH AMATYA

Head - Small Business Financial Services

PIYUSH R ARYAL

Head - Finance and Treasury

EUDEN KOIRALA

*Manager - Main Branch Office
& Service Excellence*

ANUP SHRESTHA

Head - Consumer Finance

NIKESH GHIMIRE

Manager - Bank 2.0

PRAKASH B KHATRI

Manager - Cards

SACHET THAPA

Manager - Human Resources

RajMS & Co., Chartered Accountants

Batule Ghar - Fourth Floor
Dillibazar
P.O. Box : 20189
Kathmandu, Nepal.

Tel. : 4412580 / 4433063
Fax : 977-1-4418369
E-mail: admin@rajms.com
rajms@wlink.com.np

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

We have audited the accompanying consolidated financial statements of Laxmi Bank Ltd. and its subsidiaries, which comprise the consolidated balance sheet as at July 15, 2013 (Ashad 31, 2070), the consolidated profit and loss account, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Laxmi Bank Ltd. and its subsidiaries as at July 15, 2013 (Ashad 31, 2070), and their financial performance and cash flows for the year then ended in accordance with Nepal Accounting Standards so far as applicable in compliance with prevailing laws.

Date: 22 DEC 2013
Place: Kathmandu


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



Consolidated Balance Sheet

As at Ashad 31, 2070 (July 15, 2013)

(IN NPR)

CAPITAL & LIABILITIES	THIS YEAR	PREVIOUS YEAR
1. Share Capital	1,948,193,265	1,694,081,100
2. Reserves and Surplus	780,189,846	610,443,874
3. Debentures & Bonds	750,000,000	350,000,000
4. Borrowings	-	27,980,000
5. Deposit Liabilities	25,943,597,898	22,715,603,339
6. Bills Payable	2,663,146	1,765,225
7. Proposed Cash Dividend	-	169,408,110
8. Income Tax Liabilities (net)	-	-
9. Other Liabilities	383,029,371	347,632,270
Total Capital and Liabilities	29,807,673,526	25,916,913,918

(IN NPR)

ASSETS	THIS YEAR	PREVIOUS YEAR
1. Cash Balance	357,713,200	407,792,354
2. Balance with Nepal Rastra Bank	2,871,600,020	3,845,300,276
3. Balance with Banks/Financial Institution	236,425,422	195,610,178
4. Money at Call and Short Notice	446,090,724	659,731,070
5. Investment	5,339,692,027	3,634,045,909
6. Loans, Advances and Bills Purchase	19,696,053,474	16,480,781,109
7. Fixed Assets	474,612,119	314,129,664
8. Non Banking Assets (net)	-	-
9. Other Assets	385,486,540	379,523,358
Total Assets	29,807,673,526	25,916,913,918

Piyush Raj Aryal
Head - Finance & Treasury

Suman Joshi
Chief Executive Officer

Rajendra K. Khetan
Chairman

As per our Report of even date

DATE: 22 Dec 2013
PLACE: Kathmandu

Arun Adhikari
Ratan Lal Sanghai
Rishi Ram Gautam
Sambhu Prasad Acharya
Swati Roongta
Vishwa Karan Jain
Directors

Rabindra Rajbhandari
Partner
for RajMS & Co.
Chartered Accountants

Consolidated Profit and Loss Account

For the period Shrawan 1, 2069 to Ashad 31, 2070 (July 16, 2012 to July 15, 2013)

(IN NPR)

PARTICULARS	THIS YEAR	PREVIOUS YEAR
1. Interest Income	2,387,266,928	2,289,980,227
2. Interest Expenses	1,448,740,824	1,636,423,205
Net Interest Income	938,526,105	653,557,022
3. Commission and Discount	140,824,166	149,903,906
4. Other Operating Income	89,399,125	57,329,940
5. Exchange Income	117,338,453	107,950,625
Total Operating Income	1,286,087,850	968,741,493
6. Staff Expenses	217,395,368	181,669,953
7. Other Operating Expenses	246,533,146	199,252,649
8. Exchange Loss	-	-
Operating Profit before provision for Possible Loss	822,159,336	587,818,891
9. Provision for Possible Losses	186,050,606	30,850,350
Operating Profit	636,108,730	556,968,541
10. Non Operating Income/(Loss)	17,420,513	6,277,872
11. Loan Loss Provision Written Back	10,187,031	-
Profit from Regular Operations	663,716,273	563,246,413
12. Profit/(Loss) from Extra-Ordinary Activities	1,200,000	-
Net Profit after including all Activities	664,916,273	563,246,413
13. Provision for Staff Bonus	60,078,642	50,892,317
14. Provision for Income Tax	-	-
* Provision for Current Year's Tax	186,401,355	155,552,386
* Provision for Previous Years' Tax	-	-
* Deferred Tax Expense/ (Income)	(4,838,272)	(2,235,939)
Net Profit/Loss	423,274,548	359,037,649

Piyush Raj Aryal
Head - Finance & Treasury

DATE: 22 Dec 2013
PLACE: Kathmandu

Suman Joshi
Chief Executive Officer

Rajendra K. Khetan
Chairman

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Rishi Ram Gautam
Sambhu Prasad Acharya
Swati Roongta
Vishwa Karan Jain
Directors

As per our Report of even date

Rabindra Rajbhandari
Partner
for RajMS & Co.
Chartered Accountants

Consolidated Profit and Loss Appropriation Account

For the period Shrawan 1, 2069 to Ashad 31, 2070 (July 16, 2012 to July 15, 2013)

(IN NPR)

PARTICULARS	THIS YEAR	PREVIOUS YEAR
INCOME		
1. Accumulated Profit up to Previous Year	73,460,460	12,851,254
2. Current Year's Profit	422,498,361	359,037,650
3. Exchange Fluctuation Fund	-	-
4. Share Premium Fund transferred	13,071,581	-
5. Adjustments in Retained Earnings	-	15,377
Total	509,030,402	371,904,281
EXPENSES		
1. Accumulated Loss up to Previous Year	-	-
2. This Year's Loss	-	-
3. General Reserve	84,008,419	71,292,891
4. Contingent Reserve	-	-
5. Institutional Development Fund	-	-
6. Dividend Equalization Fund	-	-
7. Staff Related Reserves	-	-
8. Proposed Dividend	-	169,408,110
9. Proposed Bonus Shares	254,112,165	-
10. Special Reserve Fund	-	-
11. Exchange Fluctuation Fund	4,509,930	5,165,874
12. Capital Redemption Reserve Fund	50,000,000	50,000,000
13. Capital Adjustment Fund	-	-
14. Investment Adjustment Reserve	98,405,199	700,000
14. Adjustments:	-	-
Deferred Tax Reserve	4,807,574	1,876,948
Total	495,843,288	298,443,823
15. Accumulated Profit/(Loss)	13,187,114	73,460,458

Piyush Raj Aryal
Head - Finance & Treasury

Suman Joshi
Chief Executive Officer

Rajendra K. Khetan
Chairman

As per our Report of even date

DATE: 22 Dec 2013
PLACE: Kathmandu

Arun Adhikari
Ratan Lal Sanghai
Rishi Ram Gautam
Sambhu Prasad Acharya
Swati Roongta
Vishwa Karan Jain
Directors

Rabindra Rajbhandari
Partner
for RajMS & Co.
Chartered Accountants

Consolidated Statement of Changes in Equity

Fiscal Year 2069/70 (2012/13)

(IN NPR)

PARTICULARS	SHARE CAPITAL	ACCUMULATED PROFIT/LOSS	GENERAL 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 2069	1,694,081,100	73,460,459	301,359,475	4,140,197	13,071,581	16,535,213	200,000,000	1,876,948	583,590	2,304,524,973
Adjustments	-	-	-	-	-	-	-	-	-	-
Adjustments in Retained Earnings	-	-	-	-	-	-	-	-	-	-
Restated Balance	1,694,081,100	73,460,459	301,359,475	4,140,197	13,071,581	16,535,213	200,000,000	1,876,948	583,590	2,305,108,563
Net profit for the period	-	423,274,548	-	-	-	-	-	-	-	423,274,548
Transfer to General Reserve	-	(84,008,419)	84,008,419	-	-	-	-	-	-	-
Capital Adjustment Fund	-	-	-	-	-	-	-	-	-	-
Proposed Bonus Shares	254,112,165	(254,112,165)	-	-	-	-	-	-	-	-
Proposed Dividend	-	-	-	-	-	-	-	-	-	-
Exchange Fluctuation Fund	-	(4,509,930)	-	-	-	4,509,930	-	-	-	-
Debenture Redemption Fund	-	(50,000,000)	-	-	-	-	50,000,000	-	-	-
Share Premium	-	13,071,581	-	-	(13,071,581)	-	-	-	-	-
Investment Adjustment Reserve	-	(98,405,199)	-	98,405,199	-	-	-	-	-	-
Deferred Tax Reserve	-	(4,807,574)	-	-	-	-	-	4,807,574	-	-
Fractional Bonus shares carried over	-	-	-	-	-	-	-	-	-	-
Closing Balance at 31 Ashad 2070	1,948,193,265	13,963,300	385,367,894	102,545,396	-	21,045,143	250,000,000	6,684,522	583,590	2,728,383,110

Consolidated Cash Flow Statement

For the period Shrawan 1, 2069 to Ashad 31, 2070 (July 16, 2012 to July 15, 2013)

(IN NPR)

PARTICULARS	THIS YEAR	PREVIOUS YEAR
(a) Cash Flow from Operating Activities	(1,031,311,290)	1,678,750,344
1. Cash Received	2,804,310,902	2,620,343,470
1.1 Interest Income	2,434,379,015	2,295,390,596
1.2 Commission and Discount Income	151,884,201	158,717,216
1.3 Income from Foreign Exchange transaction	117,338,453	107,950,625
1.4 Recovery of Loan Written off	1,200,000	-
1.5 Other Income	99,509,233	58,285,033
2. Cash Payment	2,070,894,169	2,165,786,305
2.1 Interest Expenses	1,412,575,208	1,614,622,418
2.2 Staff Expenses	266,445,702	234,227,304
2.3 Office Operating Expenses	198,040,299	149,399,552
2.4 Income Tax Paid	194,974,960	167,537,030
2.5 Other Expenses	(1,142,000)	-
Cash Flow before changes in Working Capital	733,416,733	454,557,165
(Increase)/Decrease in Current Assets	(4,970,492,992)	(2,840,793,813)
1.(Increase)/Decrease in Money at Call and Short Notice	252,079,909	(609,731,070)
2. (Increase)/Decrease in Short Term Investment	(1,731,516,677)	(681,684,142)
3. (Increase)/Decrease in Loans, Advances and Bills Purchase	(3,478,941,641)	(1,311,783,553)
4. (Increase)/Decrease in Other Assets	(12,114,582)	(237,595,048)
Increase/(Decrease) in Current Liabilities	3,205,764,969	4,064,986,992
1. Increase/(Decrease) in Deposits	3,143,332,315	4,508,653,872
2. Increase/(Decrease) in Certificates of Deposits	-	-
3. Increase/(Decrease) in Short Term Borrowings	49,477,595	27,980,000
4. Increase/(Decrease) in Other Liabilities	12,955,059	(471,646,880)
(b) Cash Flow from Investment Activities	(144,002,255)	(13,532,333)
1. (Increase)/Decrease in Long-term Investment	48,140,769	(15,940,000)
2. (Increase)/Decrease in Fixed Assets	(206,916,012)	1,680,212
3. Interest income from Long term Investment	14,131,125	-
4. Dividend Income	641,864	727,455
5. Others	-	-
(c) Cash Flow from Financing Activities	192,349,378	(115,425)
1. Increase/(Decrease) in Long term Borrowings (Bonds, Debentures etc)	400,000,000	-
2. Increase/(Decrease) in Share Capital & Share Premium	-	(115,425)
3. Increase/(Decrease) in Other Liabilities	(169,408,110)	-
4. Increase/(Decrease) in Refinance/facilities received from NRB	-	-
5. Interest expenses on Long term Borrowings (Bonds, Debentures etc)	(38,242,512)	-
(d) Income/Loss from change in exchange rate in Cash & Bank Balance	-	-
(e) Current Year's Cash Flow from All Activities	(982,964,166)	1,665,102,586
(f) Opening Balance of Cash and Bank	4,448,702,808	2,783,600,222
(g) Closing Balance of Cash and Bank	3,465,738,642	4,448,702,808

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 15 July 2013 comprises of the Bank and its subsidiaries. The financial year of subsidiaries is common to that of the parent company.

ii) Statement of Compliance

The consolidated financial statements of the group and separate financial statements of the Bank have been prepared in accordance with Nepal

Accounting Standards (“NAS”) issued by the Nepal Accounting Standard Board except otherwise stated, Generally Accepted Accounting Principles (“GAAP”), Bank & Financial Institutions Act (“BAFIA”), presentation and other requirements of NRB Directives and in conformity with the Companies Act, 2063.

iii) Basis of Consolidation

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

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

The consolidated financial statements have been prepared in accordance with International Accounting Standards 27 “Consolidated and Separate 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.

Transaction eliminated on consolidation: 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	1,00,000	70,000
Deposit with Laxmi Bank	7,276	24,644
Loan from Laxmi Bank	-	77,457
Interest Receivable from Laxmi Bank	105	161
Profit and Loss Account Items		
Interest Received from Laxmi Bank	2,089	1,460
Interest Paid to Laxmi Bank	-	1,094
Service Fees received from Laxmi Bank	1,142	-

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	600,501	3,275	285	604,061
Add: Adjustments for				
Depreciation as per Schedule 24 considered separately	33,927	775	659	35,361
Equipment & furniture charged to revenue considered in depreciation	2,090		270	2,360
Leasehold amortization considered in depreciation	11,118			11,118
Software amortization considered in depreciation	3,572	51	65	3,688
Repairs and Maintenance added to the Pool as per Income Tax Act	1,322			1,322
Premium on Government Bonds amortized in this fiscal year	7,458			7,458
Less: Adjustments for				
Depreciation as per Income Tax Act	(41,042)	(591)	(1,126)	(42,759)
Profit on sale of fixed assets considered separately	(45)			(45)
Dividend income	(642)			(642)
Taxable Profit as per Income Tax Act 2058	618,259	3,510	153	621,922
Corporate Income Tax (30% for Bank and LLBS and 25% for LCM)	185,478	877	46	186,401

3. Deferred Tax Liability/(Asset)

Carrying amount of assets & liabilities where temporary differences arise as on 31 Ashad 2070 (15.07 2013) are as follows:

PARTICULARS	CARRYING AMOUNT	TAX BASE	NET TEMPORARY DIFFERENCE	DEFERRED TAX LIABILITY/ (ASSET) AS AT ASHAD END 2070 (@ 30% FOR BANK AND LLBS AND @ 25% FOR LCM)
Bank	226,449	248,927	(22,478)	(6,744)
Subsidiaries	7246	7152	94	28
Group	233,695	256,079	(22,384)	(6,715)
Deferred Tax Liability/ (Asset) till Ashad end 2069 (Mid July, 2012)				(1,877)
Deferred Tax Expense/ (Income) for Current Year				(4,838)

Deferred Tax Asset of the Group as of 31 Ashad 2070 (15 July 2013) is NPR 6,715,220. NPR 4,838,272 has been recognized as deferred tax income in Consolidated Profit and Loss Account in the current year.

RajMS & Co., Chartered Accountants

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

We have audited the accompanying financial statements of Laxmi Bank Ltd., which comprise the balance sheet as at July 15, 2013 (Ashad 31, 2070), the profit and loss account, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Laxmi Bank Ltd. as at July 15, 2013 (Ashad 31, 2070), and its financial performance and its cash flows for the year then ended in accordance with Nepal Accounting Standards so far as applicable, Company Act 2063, Bank and Financial Institution Act, 2063 and Directives of Nepal Rastra Bank.

Report on other Legal and Regulatory Requirements

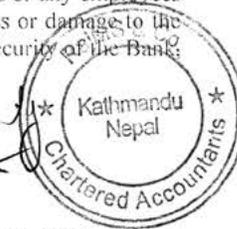
We have obtained information and explanations asked for, which, to the best of our knowledge and belief were necessary for the purpose of our audit. In our opinion, the balance sheet, the profit and loss account and cash flow statement, prepared in the format prescribed by Nepal Rastra Bank, are in agreement with the books of account of the Bank; and proper books of account as required by law have been kept by the Bank. In our opinion the returns from the branches are adequate for the purpose of the audit though the statements are independently not audited.

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

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

Date: 22 DEC 2013
Place: Kathmandu


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



Balance Sheet

Balance Sheet as at Ashad 31, 2070 (July 15, 2013)

(IN NPR)

CAPITAL & LIABILITIES	SCHEDULE	THIS YEAR	PREVIOUS YEAR
1. Share Capital	4.1	1,948,193,265	1,694,081,100
2. Reserves and Surplus	4.2	772,491,811	606,761,398
3. Debentures & Bonds	4.3	750,000,000	350,000,000
4. Borrowings	4.4	-	27,980,000
5. Deposit Liabilities	4.5	25,960,598,154	22,831,842,639
6. Bills Payable	4.6	2,663,146	1,765,225
7. Proposed Cash Dividend		-	169,408,110
8. Income Tax Liabilities (net)		-	-
9. Other Liabilities	4.7	381,990,587	346,689,765
Total Capital and Liabilities		29,815,936,963	26,028,528,237

(IN NPR)

ASSETS	SCHEDULE	THIS YEAR	PREVIOUS YEAR
1. Cash Balance	4.8	357,704,910	407,788,874
2. Balance with Nepal Rastra Bank	4.9	2,871,238,020	3,845,300,276
3. Balance with Banks/Financial Institution	4.10	236,198,630	195,585,115
4. Money at Call and Short Notice	4.11	443,329,112	659,487,873
5. Investment	4.12	5,417,569,587	3,758,105,909
6. Loans, Advances and Bills Purchase	4.13	19,693,819,578	16,476,630,201
7. Fixed Assets	4.14	437,739,766	308,172,110
8. Non Banking Assets (net)	4.15	-	-
9. Other Assets	4.16	358,337,360	377,457,879
Total Assets		29,815,936,963	26,028,528,237

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
Head -Finance & Treasury

Suman Joshi
Chief Executive Officer

Rajendra K. Khetan
Chairman

As per our Report of even date

DATE: **22 Dec 2013**
PLACE: Kathmandu

Arun Adhikari
Ratan Lal Sanghai
Rishi Ram Gautam
Sambhu Prasad Acharya
Swati Roongta
Vishwa Karan Jain
Directors

Rabindra Rajbhandari
Partner
for RajMS & Co.
Chartered Accountants

Profit and Loss Account

For the period Shrawan 1, 2069 to Ashad 31, 2070 (July 16, 2012 to July 15, 2013)

(IN NPR)

PARTICULARS	SCHEDULE	THIS YEAR	PREVIOUS YEAR
1. Interest Income	4.18	2,376,734,733	2,289,359,534
2. Interest Expenses	4.19	1,451,899,411	1,645,718,018
Net Interest Income		924,835,322	643,641,516
3. Commission and Discount	4.20	139,294,980	149,817,868
4. Other Operating Income	4.21	88,637,367	56,390,780
5. Exchange Income	4.22	117,338,453	107,950,625
Total Operating Income		1,270,106,123	957,800,789
6. Staff Expenses	4.23	207,372,944	178,284,804
7. Other Operating Expenses	4.24	240,502,808	194,842,563
8. Exchange Loss	4.22	-	-
Operating Profit before provision for Possible Loss		822,230,371	584,673,422
9. Provision for Possible Losses	4.25	186,037,811	30,808,421
Operating Profit		636,192,559	553,865,001
10. Non Operating Income/(Loss)	4.26	12,971,950	5,834,022
11. Writeback of Provision for Possible Losses	4.27	10,187,031	-
Profit from Regular Operations		659,351,541	559,699,023
12. Profit/(Loss) from Extra-Ordinary Activities	4.28	1,200,000	-
Net Profit after including all Activities		660,551,541	559,699,023
13. Provision for Staff Bonus		60,050,140	50,881,729
14. Provision for Income Tax		-	-
* Provision for Current Year's Tax		185,477,731	154,626,044
* Provision for Previous Years' Tax		-	-
* Deferred Tax Expense/ (Income)		(4,818,910)	(2,199,092)
Net Profit/Loss		419,842,579	356,390,342

Schedules 4.18 to 4.28 are integral part of the Profit & Loss Account.

Piyush Raj Aryal
Head - Finance & Treasury

Suman Joshi
Chief Executive Officer

Rajendra K. Khetan
Chairman

As per our Report of even date

DATE: 22 Dec 2013
PLACE: Kathmandu

Arun Adhikari
Ratan Lal Sanghai
Rishi Ram Gautam
Sambhu Prasad Acharya
Swati Roongta
Vishwa Karan Jain
Directors

Rabindra Rajbhandari
Partner
for RajMS & Co.
Chartered Accountants

Profit and Loss Appropriation Account

For the period Shrawan 1, 2069 to Ashad 31, 2070 (July 16, 2012 to July 15, 2013)

(IN NPR)

PARTICULARS	THIS YEAR	PREVIOUS YEAR
INCOME		
1. Accumulated Profit up to Previous Year	69,203,133	11,274,078
2. Current Year's Profit	419,842,579	356,390,342
3. Exchange Fluctuation Fund	-	-
4. Share Premium Fund transferred	13,071,581	-
5. Adjustments in Retained Earnings	-	15,377
Total	502,117,293	367,679,797
EXPENSES		
1. Accumulated Loss up to Previous Year	-	-
2. This Year's Loss	-	-
3. General Reserve	83,968,516	71,278,068
4. Contingent Reserve	-	-
5. Institutional Development Fund	-	-
6. Dividend Equalization Fund	-	-
7. Staff Related Reserves	-	-
8. Proposed Dividend	-	169,408,110
9. Proposed Bonus Shares	254,112,165	-
10. Special Reserve Fund	-	-
11. Exchange Fluctuation Fund	4,509,930	5,165,874
12. Capital Redemption Reserve Fund	50,000,000	50,000,000
13. Capital Adjustment Fund	-	-
14. Investment Adjustment Reserve	98,405,199	700,000
15. Adjustments:	-	-
Deferred Tax Reserve	4,818,910	1,924,612
Total	495,814,720	298,476,664
16. Accumulated Profit/(Loss)	6,302,573	69,203,133

Piyush Raj Aryal
Head - Finance & Treasury

DATE: **22 Dec 2013**
PLACE: Kathmandu

Suman Joshi
Chief Executive Officer

Rajendra K. Khetan
Chairman

Arun Adhikari
Ratan Lal Sanghai
Rishi Ram Gautam
Sambhu Prasad Acharya
Swati Roongta
Vishwa Karan Jain
Directors

As per our Report of even date

Rabindra Rajbhandari
Partner
for RajMS & Co.
Chartered Accountants

Statement of Changes in Equity

Fiscal Year 2069/70 (2012/13)

PARTICULARS	(IN NPR)										TOTAL AMOUNT
	SHARE CAPITAL	ACCUMULATED PROFIT/LOSS	GENERAL RESERVE	INVESTMENT ADJUSTMENT RESERVE	SHARE PREMIUM	EXCHANGE FLUCTUATION FUND	DEBENTURE REDEMPTION FUND	DEFERRED TAX RESERVE	OTHER RESERVES & FUND		
Opening Balance at 1 Shrawan 2069	1,694,081,100	69,203,133	301,303,072	4,140,197	13,071,581	16,535,213	200,000,000	1,924,612	583,590	2,300,258,907	
Adjustments											
Adjustments in Retained Earnings											
Restated Balance	1,694,081,100	69,203,133	301,303,072	4,140,197	13,071,581	16,535,213	200,000,000	1,924,612	583,590	2,300,842,498	
Net profit for the period	-	419,842,579	-	-	-	-	-	-	-	419,842,579	
Transfer to General Reserve	-	(83,968,516)	83,968,516	-	-	-	-	-	-	-	
Proposed Bonus Shares	254,112,165	(254,112,165)	-	-	-	-	-	-	-	-	
Proposed Dividend	-	-	-	-	-	-	-	-	-	-	
Exchange Fluctuation Fund	-	(4,509,930)	-	-	-	4,509,930	-	-	-	-	
Debenture Redemption Fund	-	(50,000,000)	-	-	-	-	50,000,000	-	-	-	
Share Premium	-	13,071,581	-	(13,071,581)	-	-	-	-	-	-	
Investment Adjustment Reserve	-	(98,405,199)	-	98,405,199	-	-	-	-	-	-	
Deferred Tax Reserve	-	(4,818,910)	-	-	-	-	-	4,818,910	-	-	
Closing Balance at 31 Ashad 2070	1,948,193,265	6,302,573	385,271,587	102,545,396	-	21,045,143	250,000,000	6,743,522	583,590	2,720,685,077	

Cash Flow Statement

For the period Shrawan 1, 2069 to Ashad 31, 2070 (July 16, 2012 to July 15, 2013)

(IN NPR)

PARTICULARS	THIS YEAR	PREVIOUS YEAR
(a) Cash Flow from Operating Activities	(1,070,411,672)	1,932,688,175
1. Cash Received	2,787,834,873	2,615,305,347
1.1 Interest Income	2,430,102,221	2,291,821,521
1.2 Commission and Discount Income	150,355,015	158,421,654
1.3 Income from Foreign Exchange transaction	117,338,453	107,950,625
1.4 Recovery of Loan Written off	1,200,000	-
1.5 Other Income	88,839,184	57,111,547
2. Cash Payment	2,059,618,188	2,137,062,759
2.1 Interest Expenses	1,415,911,572	1,592,874,585
2.2 Staff Expenses	258,254,673	232,225,658
2.3 Office Operating Expenses	190,587,559	144,813,798
2.4 Income Tax Paid	194,864,384	167,148,717
2.5 Other Expenses	-	-
Cash Flow before changes in Working Capital	728,216,685	478,242,588
(Increase)/Decrease in Current Assets	(4,911,835,435)	(2,635,523,444)
1.(Increase)/Decrease in Money at Call and Short Notice	216,158,760	(609,487,873)
2. (Increase)/Decrease in Short Term Investment	(1,691,516,677)	(481,684,142)
3. (Increase)/Decrease in Loans, Advances and Bills Purchase	(3,403,227,188)	(1,307,590,717)
4. (Increase)/Decrease in Other Assets	(33,250,330)	(236,760,712)
Increase/(Decrease) in Current Liabilities	3,113,207,078	4,089,969,031
1. Increase/(Decrease) in Deposits	3,128,755,514	4,532,215,019
2. Increase/(Decrease) in Certificates of Deposits	-	-
3. Increase/(Decrease) in Short Term Borrowings	(27,980,000)	27,980,000
4. Increase/(Decrease) in Other Liabilities	12,431,563	(470,225,988)
(b) Cash Flow from Investment Activities	(105,470,411)	(227,448,157)
1. (Increase)/Decrease in Long-term Investment	54,323,209	(235,000,000)
2. (Increase)/Decrease in Fixed Assets	(174,566,609)	3,789,294
3. Interest income from Long term Investment	14,131,125	3,035,094
4. Dividend Income	641,864	727,455
5. Others	-	-
(c) Cash Flow from Financing Activities	192,349,378	(31,158,071)
1. Increase/(Decrease) in Long term Borrowings (Bonds, Debentures etc)	400,000,000	-
2. Increase/(Decrease) in Share Capital & Share Premium	-	(115,425)
3. Increase/(Decrease) in Other Liabilities	(169,408,110)	-
4. Increase/(Decrease) in Refinance/facilities received from NRB	-	-
5. Interest expenses on Long term Borrowings (Bonds, Debentures etc)	(38,242,512)	(31,042,646)
(d) Income/Loss from change in exchange rate in Cash & Bank Balance	-	-
(e) Current Year's Cash Flow from All Activities	(983,532,705)	1,674,081,947
(f) Opening Balance of Cash and Bank	4,448,674,265	2,774,592,316
(g) Closing Balance of Cash and Bank	3,465,141,560	4,448,674,263

Share Capital & Ownership

SCHEDULE 4.1

As at Ashad 31, 2070 (July 15, 2013)

PARTICULARS	(IN NPR)	
	THIS YEAR	PREVIOUS YEAR
1. Share Capital		
1.1 Authorized Capital	2,000,000,000	2,000,000,000
a) 20,000,000 Ordinary Shares of NPR 100.00 each	2,000,000,000	2,000,000,000
b)Non-redeemable Preference Shares of NPR....each		
c)Redeemable Preference Shares of NPR....each		
1.2 Issued Capital	1,694,081,100	1,694,081,100
a) 16,940,811 Ordinary Shares of NPR 100.00 each	1,694,081,100	1,694,081,100
b)Non-redeemable Preference Shares of NPR....each		
c)Redeemable Preference Shares of NPR....each		
1.3 Paid Up Capital	1,694,081,100	1,694,081,100
a) 16,940,811 Ordinary Shares of NPR 100.00 each	1,694,081,100	1,694,081,100
b)Non-redeemable Preference Shares of NPR....each		
c)Redeemable Preference Shares of NPR....each		
1.4 Proposed Bonus Share	254,112,165	-
1.5 Calls in Advance	-	-
Total (1.3 + 1.4 + 1.5)	1,948,193,265	1,694,081,100

Share Ownership

As at Ashad 31, 2070 (July 15, 2013)

PARTICULARS	(IN NPR)			
	%	THIS YEAR	PREVIOUS YEAR	%
(A) Local Ownership	100.00	1,694,081,100	1,694,081,100	100.00 1.1
Government of Nepal				
1.2 "Ka" Class Licensed Institution				
1.3 Other Licensed Institution				
1.4 Other Organisations (Promoters)	30.10	509,845,800	509,845,800	30.10
1.5 General Public	35.53	601,932,200	601,932,200	35.53
1.6 Others (Promoters)	34.37	582,303,100	582,303,100	34.37
(B) Foreign Ownership				
Total	100.00	1,694,081,100	1,694,081,100	100.00

Share Capital & Ownership

LIST OF SHAREHOLDERS HOLDING MORE THAN 0.5% OF SHARE CAPITAL

(IN NPR)

NAME	THIS YEAR	
	AMOUNT (IN NPR)	%
1 HIMALAYAN EXIM PVT. LTD.	204,232,800	12.06
2 SARIKA KHETAN	174,113,000	10.28
3 CITIZEN INVESTMENT TRUST	152,806,500	9.02
4 RATAN LAL SHANGAI	151,445,000	8.94
5 MTC INVESTMENT PVT. LTD.	136,136,700	8.04
6 GOPI KRISHNA SIKARIA	104,186,200	6.15
7 P.A. INVESTMENT PVT.LTD.	100,582,800	5.94
8 PRIME HOLDING PVT.LTD.	42,467,700	2.51
9 AMIT GUPTA AGRAWAL	36,032,400	2.13
10 MADHUSUDAN AGRAWAL	35,090,700	2.07
11 RASTRIYA BEEMA SANSATHAN (JIWAN BEEMA)	23,992,600	1.42
12 ANJALI SARWAGI	23,982,800	1.42
13 SUNIL KUMAR BANSAL	20,374,200	1.20
14 RAJENDRA KUMAR KHETAN	16,697,500	0.99
15 MUTUAL TRADING CO. PVT. LTD.	16,669,800	0.98
16 SABITA DEVI RUNGTA	13,891,500	0.82
17 DEEPAK KUMAR MALHOTRA	11,635,000	0.69
18 NEPAL LIFE INSURANCE COMPANY LTD.	11,293,800	0.67
19 RABI KUMAR GUPTA	10,056,100	0.59
20 PASHUPATI KATHA MILLS	8,511,900	0.50
21 AMIT SHRESTHA	8,393,300	0.50

Reserves Funds

SCHEDULE 4.2

As at Ashad 31, 2070 (July 15, 2013)

		(IN NPR)	
PARTICULARS		THIS YEAR	PREVIOUS YEAR
1. General Reserve Fund		385,271,587	301,303,072
2. Capital Reserve Fund		-	13,071,581
a. Share Premium	-		13,071,581
3. Capital Redemption Reserve		250,000,000	200,000,000
a. Laxmi Bank Debenture 2072	250,000,000		
4. Capital Adjustment Fund		-	-
5. Other Reserves & Funds		109,872,508	6,648,399
a. Contingent Reserve	-		
b. Institutional Development Fund	-		
c. Dividend Equalization Fund	-		
d. Special Reserve Fund	-		
e. Assets Revaluation Reserve	-		
f. Deferred Tax Reserve	6,743,522		1,924,612
g. Other Free Reserves	-		
h. Investent Adjustment Reserve	102,545,396		4,140,197
i. Others (Fractional Bonus Share carried forward)	583,590		583,590
6. Accumulated Profit/Loss		6,302,573	69,203,133
7. Exchange Fluctuation Fund		21,045,143	16,535,213
Total		772,491,811	606,761,398

Debentures & Bonds

SCHEDULE 4.3

As at Ashad 31, 2070 (July 15, 2013)

		(IN NPR)	
PARTICULARS		THIS YEAR	PREVIOUS YEAR
1. 8.5% Debentures 2072 of NPR 1000 each Issued on 25th November 2008 and maturity on 24 November 2015 A.D. (Outstanding balance of Redemption Reserve NPR 250,000,000)		350,000,000	350,000,000
2. 8% Debentures 2076 of NPR 1000 each Issued on 5th February 2013 and maturity on 4 February 2020 A.D.		400,000,000	-
3.% Bond/Debentures of NPR.....each Issued on and matured on (Outstanding balance of Redemption Reserve NPR...)		-	-
Total (1+2+3)		750,000,000	350,000,000

Borrowings

SCHEDULE 4.4

As at Ashad 31, 2070 (July 15, 2013)

(IN NPR)

PARTICULARS	THIS YEAR	PREVIOUS YEAR
A. Local	-	-
1. Government of Nepal	-	-
2. Nepal Rastra Bank	-	27,980,000
3. Repo Obligations	-	-
4. Inter Bank and Financial Institutions	-	-
5. Other Organized Institutions	-	-
6. Others	-	-
Total	-	27,980,000
B. Foreign	-	-
1. Banks	-	-
2. Others	-	-
Total	-	-
Total (A+B)	-	27,980,000

Deposit Liability

SCHEDULE 4.5

As at Ashad 31, 2070 (July 15, 2013)

(IN NPR)

PARTICULARS	THIS YEAR	PREVIOUS YEAR
1. Non-Interest bearing accounts		
A. Current Deposits	994,080,259	878,558,734
1. Local Currency	898,551,954	803,904,941
1.1 Government of Nepal	57,178,675	2,644,769
1.2 "Ka" Class Licensed Institutions	6,130,372	10,391,986
1.3 Other Licensed Institutions	26,355,163	53,138,999
1.4 Other Organized Institutions	703,286,179	716,704,182
1.5 Individuals	105,601,565	21,025,004
1.6 Others		
2. Foreign Currency	95,528,306	74,653,793
2.1 Government of Nepal		
2.2 "Ka" Class Licensed Institutions		
2.3 Other Licensed Financial Institutions		
2.4 Other Organized Institutions	95,396,162	74,532,552
2.5 Individuals	132,144	121,241
2.6 Others		
B. Margin Deposits	272,340,962	286,001,674
1. Employees Guarantee	-	-
2. Guarantee Margin	109,592,202	135,195,294
3. Margin on Letter of Credit	162,748,760	150,806,379
C. Others	197,077,281	12,611,508
1. Local Currency	197,077,281	12,611,508
1.1 Financial Institutions	-	-
1.2 Other Organized Institutions	197,077,281	12,611,508
1.3 Individual	-	-
2. Foreign Currency	-	-
2.1 Financial Institutions	-	-
2.2 Other Organized Institutions	-	-
2.3 Individual	-	-
Total of Non-Interest Bearing Accounts	1,463,498,502	1,177,171,916

Continued...

Deposit Liability

SCHEDULE 4.5

As at Ashad 31, 2070 (July 15, 2013)

(IN NPR)

PARTICULARS	THIS YEAR	PREVIOUS YEAR
2. Interest Bearing Accounts		
A. Saving Deposits	5,002,859,392	4,403,230,072
1. Local Currency	4,891,143,590	4,224,680,944
1.1 Organizations/ Institutions	12,625,167	4,348,441
1.2 Individual	4,878,518,423	4,220,332,503
1.3 Others		
2. Foreign Currency	111,715,802	178,549,128
2.1 Organizations/ Institutions	107,341	
2.2 Individual	111,608,461	178,549,128
2.3 Others		
B. Fixed Deposits	13,579,985,639	10,733,641,389
1. Local Currency	11,881,407,471	9,343,865,051
1.1 Organizations/ Institutions	8,217,078,334	5,268,384,984
1.2 Individual	3,664,329,138	4,075,480,067
1.3 Others		
2. Foreign Currency	1,698,578,168	1,389,776,338
2.1 Organizations/ Institutions	1,696,657,168	1,388,011,338
2.2 Individual	1,921,000	1,765,000
2.3 Others	-	-
C. Call Deposits	5,914,254,620	6,517,799,262
1. Local Currency	5,378,665,503	5,061,357,565
1.1 "Ka" Class Licensed Institutions		
1.2 Other Licensed Financial Institutions	248,207,900	549,333,919
1.3 Other Organized Institutions	3,363,388,953	3,012,444,936
1.4 Individual	1,767,068,651	1,499,578,710
1.5 Others		
2. Foreign Currency	535,589,117	1,456,441,697
2.1 "Ka" Class Licensed Institutions	-	-
2.2 Other Licensed Institutions		
2.3 Other Organized Institutions	489,252,896	1,395,364,639
2.4 Individual	46,336,221	61,077,058
2.5 Others		
D. Certificate of Deposit	-	-
1. Organized Institution	-	-
2. Individual	-	-
3. Others	-	-
Total of Interest Bearing Accounts	24,497,099,651	21,654,670,723
Total Deposit (1+2)	25,960,598,154	22,831,842,639

Bills Payable

SCHEDULE 4.6

As at Ashad 31, 2070 (July 15, 2013)

PARTICULARS	(IN NPR)	
	THIS YEAR	PREVIOUS YEAR
1. Local Currency	2,663,146	1,765,225
2. Foreign Currency	-	-
Total	2,663,146	1,765,225

Other Liabilities

SCHEDULE 4.7

As at Ashad 31, 2070 (July 15, 2013)

PARTICULARS	(IN NPR)	
	THIS YEAR	PREVIOUS YEAR
1. Pension/Gratuity Fund	-	-
2. Employees Provident Fund	-	-
3. Employees Welfare Fund	-	-
4. Provision for Staff Bonus	60,050,140	50,881,729
5. Interest Payable on Deposits	184,521,066	193,658,671
6. Interest Payable on Borrowings	-	24,914
7. Interest Payable on Debentures	9,210,910	2,303,065
8. Unearned Discount and Commission	39,923,362	23,069,922
9. Sundry Creditors	56,526,155	55,482,816
10. Branch Account	-	-
11. Deferred Tax Liability	-	-
12. Unpaid Dividend	17,277,257	13,590,940
13. Others	14,481,696	7,677,709
(a) Audit Fee Payable	621,500	621,500
(b) Remittance Payable	972,123	1,146,210
(c) Others	12,888,073	5,909,999
Total	381,990,587	346,689,765

Cash Balance

SCHEDULE 4.8

As at Ashad 31, 2070 (July 15, 2013)

PARTICULARS	(IN NPR)	
	THIS YEAR	PREVIOUS YEAR
1. Local Currency (Including Coins)	347,325,471	398,860,466
2. Foreign Currency	10,379,439	8,928,408
Total	357,704,910	407,788,874

Balance With Nepal Rastra Bank

SCHEDULE 4.9

As at Ashad 31, 2070 (July 15, 2013)

PARTICULARS	(IN NPR)					
	LOCAL CURRENCY	FOREIGN CURRENCY (IN EQUIVALENT NPR)			THIS YEAR	PREVIOUS YEAR
		INR	CONVERTIBLE	TOTAL		
1. Nepal Rastra Bank	2,801,871,772	-	69,366,247	69,366,247	2,871,238,020	3,845,300,276
a. Current Account	2,801,871,772	-	69,366,247	69,366,247	2,871,238,020	3,845,300,276
b. Other Account	-	-	-	-	-	-

Balance With Banks/Financial Institutions

SCHEDULE 4.10

As at Ashad 31, 2070 (July 15, 2013)

PARTICULARS	(IN NPR)					
	LOCAL CURRENCY	FOREIGN CURRENCY (IN EQUIVALENT NPR)			THIS YEAR	PREVIOUS YEAR
		INR	CONVERTIBLE FCY	TOTAL		
1. Local Licensed Institutions	47,288,625	-	15,806,721	15,806,721	63,095,346	88,293,023
a. Current Account	47,288,625	-	15,806,721	15,806,721	63,095,346	88,293,023
b. Other Account	-	-	-	-	-	-
2. Foreign Banks	-	129,373,460	43,729,825	173,103,285	173,103,285	107,292,092
a. Current Account	-	129,373,460	43,729,825	173,103,285	173,103,285	107,292,092
b. Other Account	-	-	-	-	-	-
Total	47,288,625	129,373,460	59,536,546	188,910,006	236,198,630	195,585,115

Note: Total balance for which the confirmations are received from respective licensed institutions NPR 289,463,266 and the difference amount has been identified and are reconciled.

Money at Call and Short Notice

SCHEDULE 4.11

As at Ashad 31, 2070 (July 15, 2013)

PARTICULARS	(IN NPR)	
	THIS YEAR	PREVIOUS YEAR
1. Local Currency	100,000,000	-
2. Foreign Currency	343,329,112	659,487,873
TOTAL	443,329,112	659,487,873

Investments

SCHEDULE 4.12

As at Ashad 31, 2070 (July 15, 2013)

PARTICULARS	PURPOSE		(IN NPR)	
	TRADING	OTHER	THIS YEAR	PREVIOUS YEAR
	1. Government of Nepal Treasury Bills	4,015,855,758		
2. Government of Nepal Saving Bonds		-	-	-
3. Government of Nepal Other Securities		204,550,000	204,550,000	217,050,000
4. Nepal Rastra Bank Bonds		-	-	-
5. Foreign Securities		-	-	-
6. Local Licensed Institutions		-	-	-
7. Foreign Bank	-	964,370,519	964,370,519	1,500,250,000
8. Shares of Organized Institutions		232,793,309	232,793,309	212,533,340
9. Bonds and Debentures of Organized Institutions	-	-	-	50,000,000
10. Other Investments		-	-	-
Total Investment	-	5,417,569,587	5,417,569,587	3,768,292,940
Provision	-	-	-	10,187,031
Net Investment	-	5,417,569,587	5,417,569,587	3,758,105,909

Investment in Shares, Debentures & Bonds

SCHEDULE 4.12 (A)

As at Ashad 31, 2070 (July 15, 2013)

(IN NPR)

PARTICULARS	COST PRICE	MARKET PRICE	PROVISION	THIS YEAR	PREVIOUS YEAR
1. Investment in Shares	232,793,309	206,930,046	-	232,793,309	212,533,340
1.1 Nepal Bank Limited					
29,000 Ordinary Shares of NPR 100 each paid (Refer Note 12 on Schedule No. 4.33)	-	-	-	-	9,740,031
1.2 Everest Insurance Company Limited					
11,711 Ordinary Shares of NPR 100 each paid (including 8,241 Bonus Shares)	2,082,000	3,021,438	-	2,082,000	2,082,000
1.3 Soaltee Hotel Limited					
20,858 Ordinary Shares of NPR 10 each paid (including 14,527 Bonus Shares)	740,809	5,756,808	-	740,809	740,809
1.4 Himalayan Distillery Limited					
4,470 Ordinary Shares of NPR 100 each paid (Refer Note 12 on Schedule No. 4.33)	447,000	447,000	-	447,000	447,000
1.5 Credit Information Center (CIC) Ltd.					
51,840 Ordinary Shares of NPR 100 each paid (including 33,605 Bonus Shares)	1,823,500	N/L	-	1,823,500	1,823,500
1.6 Prime Life Insurance Company Limited					
732,240 Ordinary Shares of NPR 100 each paid (including 192,240 Bonus Shares)	54,000,000	197,704,800	-	54,000,000	54,000,000
1.7 Nepal Clearing House Limited					
25,000 Ordinary Shares of NPR 100 each paid	2,500,000	N/L	-	2,500,000	2,500,000
1.8 National Banking Training Institute Pvt Ltd					
12,000 Ordinary Shares of NPR 100 each paid	1,200,000	N/L	-	1,200,000	1,200,000
1.9 Laxmi Laghubitta Bittiya Sanstha Ltd					
700,000 Promoter Shares of NPR 100 each paid	70,000,000	N/L	-	70,000,000	70,000,000
1.10 Laxmi Capital Market Ltd					
1,000,000 Promoter Shares of NPR 100 each paid	100,000,000	N/L	-	100,000,000	70,000,000
2. Investment in Debentures and Bonds	-	-	-	-	50,000,000
2.1 Nepal Electricity Authority					
(7.75% NEA Power Bond of NPR. 1,000 each)	-	-	-	-	50,000,000
Total Investment	232,793,309	206,930,046	-	232,793,309	262,533,340
3. Provision for Loss					
3.1 Up to previous year	10,187,031		10,187,031		10,187,031
3.2 Increase/(Decrease) this year	(10,187,031)		(10,187,031)		-
Total Provision	-		-		10,187,031
Net Investment	232,793,309			232,793,309	252,346,309

Note: Nepal Bank Ltd, Himalayan Distillery Limited, Nepal Clearing House Ltd, National Banking Training Institute Pvt Ltd, Laxmi Laghubitta Bittiya Sanstha Ltd and Laxmi Capital Market Ltd have not declared and distributed dividend in the last three years

Investments (Held for Trading)

SCHEDULE 4.12.1

As at Ashad 31, 2070 (July 15, 2013)

(IN NPR)

PARTICULARS	COST PRICE	PREVIOUS MARKET	CURRENT MARKET	CURRENT YEAR	PREVIOUS YEAR	REMARKS
	(RS)	VALUE(RS) (A)	VALUE (RS) (B)	PROFIT/(LOSS) (B-A)	PROFIT/(LOSS) (RS.)	
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	-	-	-	-	-	

Investments (Held to Maturity)

SCHEDULE 4.12.2

As at Ashad 31, 2070 (July 15, 2013)

(IN NPR)

PARTICULARS	COST PRICE	ACCUMULATED	CURRENT YEAR	CURRENT YEAR	PREVIOUS YEAR	REMARKS
	(A)	LOSS (B)	LOSS (C)	PROFIT/(LOSS)	PROFIT/(LOSS) (RS.)	
1. Government of Nepal-Treasury bills	4,015,855,758	-	-	-	-	
2. Government of Nepal-Savings Bonds	-	-	-	-	-	
3. Government of Nepal-Development Bonds	204,550,000	-	-	-	-	
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	-	-	-	-	-	
9. Placement	964,370,519	-	-	-	-	
10. Other Investment	-	-	-	-	-	
Total Investment	5,184,776,277	-	-	-	-	

Investments (Available for Sale)

SCHEDULE 4.12.3

As at Ashad 31, 2070 (July 15, 2013)

(IN NPR)

PARTICULARS	COST PRICE (RS)	PREVIOUS MARKET VALUE (RS) (A)	CURRENT MARKET VALUE (RS) (B)	CURRENT YEAR ADJUSTMENT FUND (B-A)	PREVIOUS YEAR PROFIT/(LOSS) (RS.)	REMARKS
1. Government of Nepal-Treasury bills						
2. Government of Nepal-Development Bonds						
3. Nepal Rastra Bank Bonds						
4. Foreign Securities						
5. Shares of Local Licensed Institutions	70,000,000				-	
6. Bonds & Debentures of Local Licensed Institutions						
7. Shares, Bonds & Debenture of Organized Institutions	162,793,309				-	
8. Placement						
9. Other Investment						
Total Investment	232,793,309				-	

Classification of Loans, Advances & Bills Purchased & Provisioning

SCHEDULE 4.13

As at Ashad 31, 2070 (July 15, 2013)

PARTICULARS	(IN NPR)										PREVIOUS YEAR		
	LOANS & ADVANCES					BILLS PURCHASED/DISCOUNTED						TOTAL	
	DOMESTIC		FOREIGN			DOMESTIC		FOREIGN					TOTAL
	DEPRIVED SECTOR	OTHER	INSURED	UNINSURED	INSURED	UNINSURED	INSURED	UNINSURED					
1. Performing Loan	-	661,680,174	18,020,956,952	151,401,406	18,834,038,532	25,626,562	936,178,995	961,805,558	19,795,844,089	16,593,360,797			
1.1 Pass	-	661,680,174	18,020,956,952	151,401,406	18,834,038,532	25,626,562	936,178,995	961,805,558	19,795,844,089	16,593,360,797			
2. Non-Performing Loan	-	10,934,669	293,511,583	-	304,446,252	-	-	-	304,446,252	103,702,356			
2.1 Restructured / Rescheduled	-	-	117,748,023	-	117,748,023	-	-	-	117,748,023	65,892,364			
2.2 Sub-Standard	-	23,687	25,439,200	-	25,462,888	-	-	-	25,462,888	8,338,628			
2.3 Doubtful	-	33,720	57,192,998	-	57,226,718	-	-	-	57,226,718	8,746,574			
2.4 Loss	-	10,877,262	93,131,362	-	104,008,623	-	-	-	104,008,623	20,724,789			
A. Total Loan	-	672,614,842	18,314,468,535	151,401,406	19,138,484,784	25,626,562	936,178,995	961,805,558	20,100,290,341	16,697,063,153			
3. Loan Loss Provision	-	6,677,072	183,886,183	1,514,014	192,077,270	256,266	9,361,790	9,618,056	201,695,325	176,766,948			
3.1 Pass	-	-	65,770,798	-	65,770,798	-	-	-	65,770,798	16,473,091			
3.2 Restructured/ Rescheduled	-	5,922	6,359,800	-	6,365,722	-	-	-	6,365,722	2,094,836			
3.3 Sub-Standard	-	16,860	28,613,434	-	28,630,294	-	-	-	28,630,294	4,373,287			
3.4 Doubtful	-	10,877,262	93,131,362	-	104,008,623	-	-	-	104,008,623	20,724,789			
3.5 Loss	-	17,577,116	377,761,578	1,514,014	396,852,708	256,266	9,361,790	9,618,056	406,470,763	220,432,952			
B. Total Provisioning	-	17,577,116	377,761,578	1,514,014	396,852,708	256,266	9,361,790	9,618,056	406,470,763	220,432,952			
4. Provisioning up to Previous Year	-	5,012,118	161,745,461	1,516,615	168,274,194	453,535	8,039,220	8,492,754	176,766,948	158,108,032			
4.1 Pass	-	-	16,473,091	-	16,473,091	-	-	-	16,473,091	14,256,060			
4.2 Restructured/ Rescheduled	-	13,620	2,081,216	-	2,094,836	-	-	-	2,094,836	2,481,434			
4.3 Sub-Standard	-	113,757	4,259,530	-	4,373,287	-	-	-	4,373,287	1,596,804			
4.4 Doubtful	-	10,757,240	9,967,549	-	20,724,789	-	-	-	20,724,789	13,182,201			
4.5 Loss	-	15,896,735	194,526,848	1,516,615	211,940,198	453,535	8,039,220	8,492,754	220,432,952	189,624,530			
C. Total Provisions up to Previous Year	-	15,896,735	194,526,848	1,516,615	211,940,198	453,535	8,039,220	8,492,754	220,432,952	189,624,530			
D. Written Back this year	-	-	-	-	-	-	-	-	-	-			
E. Addition this year	-	1,680,381	183,234,730	(2,601)	184,912,510	(197,269)	1,322,570	1,125,301	186,037,811	30,808,421			
Changes this year	-	1,680,381	183,234,730	(2,601)	184,912,510	(197,269)	1,322,570	1,125,301	186,037,811	30,808,421			
Net Loan (A-B)	-	655,037,727	17,936,706,958	149,887,392	18,741,632,076	25,370,297	926,817,205	952,187,502	19,693,819,578	16,476,630,201			

Loans, Advances & Bills Purchased Security Wise

SCHEDULE 4.13 (A)

As at Ashad 31, 2070 (July 15, 2013)

(IN NPR)

PARTICULARS	THIS YEAR	PREVIOUS YEAR
A. Secured	20,100,290,341	16,697,063,153
1. Movable/Immovable Assets	19,870,264,766	16,432,149,378
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	79,974,647	77,383,625
a. Own Fixed Deposit Receipts	79,974,647	77,383,625
b. Fixed Deposit Receipts of Other Licensed Institutions	-	
7. Government Bonds	-	1,834,155
8. Counter Guarantee	-	-
9. Personal Guarantee	15,417,438	51,062,505
10. Other Securities	-	-
B. Unsecured	-	-
Total	20,100,290,341	16,697,063,153

Fixed Assets

SCHEDULE 4.14

As at Ashad 31, 2070 (July 15, 2013)

(IN NPR)

PARTICULARS	ASSETS						THIS YEAR	PREVIOUS YEAR
	BUILDING	VEHICLES	MACHINERY	OFFICE EQUIPMENT	OTHERS			
1. Cost Price								
a. Previous Year balance	64,942,655	47,909,214	-	186,342,081	-	-	299,193,950	319,430,704
b. Addition during the year	55,035,037	275,900	-	18,866,410	-	-	74,177,346	37,183,887
c. Revaluation/Written Back this year								
d. Sold during the year		(7,000,000)		(15,584,149)			(22,584,149)	(57,420,641)
e. Written off during the year								
Total Cost (a+b+c+d+e)	119,977,692	41,185,114	-	189,624,341	-	-	350,787,148	299,193,950
2. Depreciation								
a. Up to previous year	10,013,937	18,396,172	-	119,228,322	-	-	147,638,430	133,210,204
b. For this year	1,800,949	6,106,415	-	26,019,181	-	-	33,926,544	33,064,466
c. Depreciation on revaluation/Written Back								
d. Adjustment/Write back of Depreciation amount		(1,709,721)		(15,584,149)			(17,293,870)	(18,636,239)
Total Depreciation	11,814,886	22,792,865	-	129,663,354	-	-	164,271,105	147,638,431
3. Book Value (WDV*) (1-2)	108,162,806	18,392,249	-	59,960,988	-	-	186,516,043	151,555,520
4. Land -	-	-	-	-	-	-	168,888,334	65,620,187
5. Capital Construction (pending Capitalization)	-	-	-	-	-	-	59,887,322	59,960,233
6. Leasehold Assets	-	-	-	-	-	-	22,448,066	31,036,171
Total (3+4+5+6)	108,162,806	18,392,249	-	59,960,988	-	-	437,739,766	308,172,110

*Written down value

Non Banking Assets

SCHEDULE 4.15

As at Ashad 31, 2070 (July 15, 2013)

(IN NPR)

NAME & ADDRESS OF BORROWER OR PARTY	DATE OF ASSUMING NON BANKING ASSETS	TOTAL NON BANKING ASSETS	LOSS PROVISION		NET NON	
			%		BANKING ASSETS	PREVIOUS YEAR
Ram Krishna Manandhar, Hetauda	2063/01/27	25,500	100%	25,500	-	-
Grand Total		25,500		25,500	-	-

Other Assets

SCHEDULE 4.16

(As at Ashad 31, 2070)

(IN NPR)

PARTICULARS		THIS YEAR	PREVIOUS YEAR
1. Stationery Stock		-	-
2. Income Receivable on Investment		26,533,987	26,157,783
3. Accrued Interest on Loan	88,600,252	11,185,244	79,060,061
Less: Interest Suspense Account	(77,415,008)	-	(79,060,061)
4. Commission Receivable		5,793,406	-
5. Sundry Debtors		-	-
6. Staff Loan & Advances		204,153,767	161,000,257
7. Pre Payments		10,568,973	8,497,448
8. Cash in Transit		-	-
9. Other Transit items (including Cheques)		-	-
10. Drafts Paid Without Notice		-	-
11. Expenses not Written Off		-	-
12. Branch Account Reconciliation		-	-
13. Deferred Tax Assets		6,743,522	1,924,612
14. Others		93,358,462	179,877,779
a. Deferred Software Expenses (to the extent not written off)	6,968,475		9,347,653
b. Advance tax (net)	17,231,252		7,844,599
c. Remittance Receivable			
d. Others	69,158,736		162,685,527
Total		358,337,360.29	377,457,879

Other Assets (Additional Statement)

SCHEDULE 4.16 (A)

As at Ashad 31, 2070 (July 15, 2013)

(IN NPR)

PARTICULARS	THIS YEAR				PREVIOUS YEAR
	UP TO 1 YEAR	1 TO 3 YEAR	ABOVE 3 YEARS	TOTAL	
1. Accrued Interest on Loan	79,650,325	8,949,927	-	88,600,252	79,060,061
2. Drafts Paid without notice	-	-	-	-	-
3. Branch Account	-	-	-	-	-
4. Agency Account	-	-	-	-	-

Contingent Liabilities

SCHEDULE 4.17

As at Ashad 31, 2070 (July 15, 2013)

(IN NPR)

PARTICULARS	THIS YEAR	PREVIOUS YEAR
1. Claims on institution not accepted by the Institution	-	-
2. Letter of Credit (Full Amount)	2,912,503,705	3,999,767,780
a. Less than 6 months maturity	1,487,151,525	2,797,129,678
b. More than 6 months maturity	1,425,352,180	1,202,638,102
3. Rediscounted Bills	-	-
4. Unmatured Guarantees/Bonds	1,208,858,923	2,064,861,858
a. Bid Bonds	166,467,050	989,202,425
b. Performance Bonds	1,042,391,874	1,075,659,433
c. Other Guarantee/Bonds	-	-
5. Unpaid Shares in Investment	-	-
6. Outstanding Liabilities on Forward Exchange Contract	23,871,383	80,190,188
7. Bills under Collection	139,310,826	87,132,549
8. Acceptance & Endorsement	249,196,964	377,062,973
9. Underwriting Commitment	-	-
10. Irrevocable Loan Commitment	1,840,277,076	547,205,633
11. Guarantees issued against Counter Guarantee of Internationally Rated Banks	2,833,459,541	1,230,478,740
12. Advance Payment Guarantee	705,091,503	585,127,295
13. Financial Guarantee	2,600,000	2,380,000
14. Contingent Liabilities on Income Tax	81,521,315	71,410,230
15. Others	-	-
Total	9,996,691,237	9,045,617,247

Interest Income

SCHEDULE 4.18

For the period Shrawan 1, 2069 to Ashad 31, 2070 (July 16, 2012 to July 15, 2013)

(IN NPR)

PARTICULARS	THIS YEAR	PREVIOUS YEAR
A. On Loans, Advances and Overdraft	2,265,021,557	2,179,310,529
1. Loans & Advances	1,723,884,452	1,592,562,517
2. Overdraft	541,137,105	586,748,012
B. On Investment	65,240,932	82,613,851
1. Government of Nepal Securities	62,522,977	78,754,923
a. Treasury Bills	44,729,852	72,029,704
b. Development Bonds	17,793,125	6,725,219
c. National Saving Certificates	-	-
2. Foreign Securities	-	-
a.	-	-
b.	-	-
3. Nepal Rastra Bank Bonds	-	-
4. Debentures & Bonds	2,717,956	3,858,928
a. Financial Institutions	-	-
b. Other Institutions	2,717,956	3,858,928
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	7,191,201	1,228,790
1. Local Banks/Financial Institutions	5,513,207	1,037,002
2. Foreign Banks	1,677,994	191,788
E. On Others	39,281,043	26,206,364
1. Certificate of Deposits	-	-
2. Inter-Bank / Financial Institutional Loan	-	-
3. Others	-	-
a. FCY placements	39,281,043	26,206,364
b. Others	-	-
Total	2,376,734,733	2,289,359,534

Interest Expenses

SCHEDULE 4.19

For the period Shrawan 1, 2069 to Ashad 31, 2070 (July 16, 2012 to July 15, 2013)

(IN NPR)

PARTICULARS	THIS YEAR	PREVIOUS YEAR
A. ON DEPOSIT LIABILITIES	1,406,773,968	1,615,859,815
1. Fixed Deposits	850,612,174	1,037,980,527
1.1 Local Currency	798,430,596	994,719,892
1.2 Foreign Currency	52,181,577	43,260,635
2. Saving Deposits	203,475,545	211,447,913
2.1 Local Currency	201,315,929	208,893,700
2.2 Foreign Currency	2,159,616	2,554,212
3. Call Deposits	352,686,249	366,431,376
3.1 Local Currency	334,461,046	361,009,606
3.2 Foreign Currency	18,225,203	5,421,770
4. Certificate of Deposits	-	-
B. ON BORROWINGS	45,125,443	29,858,203
1. Debentures & Bonds	44,610,199	29,706,129
2. Loan from Nepal Rastra Bank	252,943	24,914
3. Inter Bank /Financial Institutions Borrowing	262,301	127,161
4. Other Organized Institutions	-	-
5. Other Loans	-	-
C. ON OTHERS	-	-
1.	-	-
2.	-	-
Total	1,451,899,411	1,645,718,018

Commission & Discount Income

SCHEDULE 4.20

For the period Shrawan 1, 2069 to Ashad 31, 2070 (July 16, 2012 to July 15, 2013)

(IN NPR)

PARTICULARS	THIS YEAR	PREVIOUS YEAR
A. Bills Purchased & Discount	31,411,702	53,284,509
1. Local	-	-
2. Foreign	31,411,702	53,284,509
B. Commission	77,430,666	67,846,501
1. Letters of Credit	19,797,237	21,945,910
2. Guarantees	46,184,257	31,777,489
3. Collection Fees	184,067	251,987
4. Remittance Fees	10,264,234	12,969,267
5. Credit Card	1,000,871	901,848
6. Share Underwriting/Issue	-	-
7. Government Transactions	-	-
8. E.Pra. Commission	-	-
9. Exchange Fee	-	-
C. Others	30,452,612	28,686,858
Total	139,294,980	149,817,868

Other Operating Income

SCHEDULE 4.21

For the period Shrawan 1, 2069 to Ashad 31, 2070 (July 16, 2012 to July 15, 2013)

(IN NPR)

PARTICULARS	THIS YEAR	PREVIOUS YEAR
1. Safe Deposit Lockers Rental	3,902,000	3,070,000
2. Issue & Renewals of Credit Cards	540,534	432,825
3. Issue & Renewals of ATM Cards	11,779,142	7,123,286
4. Telex / T. T.	6,162,400	6,203,891
5. Service Charges	46,075,376	25,702,010
6. Renewal Fees	-	-
7. Others	20,177,915	13,858,768
Total	88,637,367	56,390,780

Exchange Gain/Loss

SCHEDULE 4.22

For the period Shrawan 1, 2069 to Ashad 31, 2070 (July 16, 2012 to July 15, 2013)

(IN NPR)

PARTICULARS	THIS YEAR	PREVIOUS YEAR
a. Revaluation Gain (Loss)	18,039,720	20,663,497
b. Trading Gain (except Exchange Fees)	99,298,733	87,287,129
Total Income (Loss)	117,338,453	107,950,625

Staff Expenses

SCHEDULE 4.23

For the period Shrawan 1, 2069 to Ashad 31, 2070 (July 16, 2012 to July 15, 2013)

(IN NPR)

PARTICULARS	THIS YEAR	PREVIOUS YEAR
1. Salary	89,891,833	79,491,880
2. Allowances	79,627,726	65,652,780
3. Contribution to Provident Fund	8,551,754	7,575,948
4. Training Expenses	1,545,281	3,066,420
5. Uniform	-	-
6. Medical	7,086,874	6,438,759
7. Insurance	222,466	123,221
8. Pension and Gratuity	9,683,768	5,880,464
9. Others	10,763,243	10,055,332
Total	207,372,944	178,284,804

Other Operating Expenses

SCHEDULE 4.24

For the period Shrawan 1, 2069 to Ashad 31, 2070 (July 16, 2012 to July 15, 2013)

(IN NPR)

PARTICULARS	THIS YEAR	PREVIOUS YEAR
1. House Rent	34,395,279	30,851,883
2. Light, Electricity & Water	16,560,678	11,597,927
3. Repair & Maintenance	10,140,950	7,529,212
a. Building	6,232,014	5,313,950
b. Vehicles	817,305	533,499
c. Others	3,091,631	1,681,763
4. Insurance	9,174,040	6,384,246
5. Postage, Telex, Telephone & Fax	4,758,202	4,464,623
6. Office Equipment, Furniture and Repair	2,090,113	2,105,429
7. Travelling Allowances & Expenses	25,604,685	18,240,782
8. Printing & Stationery	7,621,642	6,127,086
9. Books & Periodicals	54,570	27,500
10. Advertisements and Business Promotion	10,205,377	7,819,360
11. Legal Expenses	360,500	455,382
12. Donations	-	-
13. Expenses relating to Board of Directors	1,080,974	900,933
a. Meeting Fees	798,000	688,000
b. Other Expenses	282,974	212,933
14. Annual General Meeting Expenses	539,655	469,186
15. Expenses relating to Audit	924,579	885,685
a. Audit Fees	621,500	621,500
b. Other Expenses	303,079	264,185
16. Commission on Remittances	-	892,784
17. Depreciation on Fixed Assets	33,926,545	33,064,467
18. Amortization of Pre-operating Expenses	-	-
19. Share Issue Expenses	-	241,682
20. Technical Services Fee Reimbursement	-	-
21. Entertainment Expenses	222,329	129,658
22. Written Off Expenses	-	-
23. Security Expenses	19,380,217	18,141,222
24. Credit Guarantee Premium	-	-
25. Commission & Discount	-	-
26. Others	63,462,474	44,513,517
(a) Subscription & Membership	18,697,672	14,221,953
(b) Computer Software Maintenance/ Amortisation	4,871,204	5,024,444
(c) Lease Hold Assets Amortisation	11,117,501	11,698,173
(d) Others	28,776,098	13,568,948
Total	240,502,808	194,842,563

Provision for Possible Losses

SCHEDULE 4.25

For the period Shrawan 1, 2069 to Ashad 31, 2070 (July 16, 2012 to July 15, 2013)

(IN NPR)

PARTICULARS	THIS YEAR	PREVIOUS YEAR
1. Increase in Loan Loss Provision	186,037,811	30,808,421
2. Increase in Provision for Loss on Investment	-	-
3. Provision Against Non-Banking Assets	-	-
4. Provision Against Other Assets	-	-
Total	186,037,811	30,808,421

Non-Operating Income/(Loss)

SCHEDULE 4.26

For the period Shrawan 1, 2069 to Ashad 31, 2070 (July 16, 2012 to July 15, 2013)

(IN NPR)

PARTICULARS	THIS YEAR	PREVIOUS YEAR
1. Profit (Loss) on Sale of Investments	12,083,178	-
2. Profit (Loss) on Sale of Assets	45,092	4,385,801
3. Dividend	641,864	727,455
4. Subsidies received from Nepal Rastra Bank	-	-
a. Reimbursement of losses of specified branches	-	-
b. Interest Compensation	-	-
c. Exchange Counter	-	-
5. Others	201,817	720,767
a. Amortisation of Goodwill	-	-
b. Other non operating income/(Expenses)	201,817	720,767
Total Non-Operating Income (Loss)	12,971,950	5,834,022

Loan Loss Provision Written Back

SCHEDULE 4.27

For the period Shrawan 1, 2069 to Ashad 31, 2070 (July 16, 2012 to July 15, 2013)

(IN NPR)

PARTICULARS	THIS YEAR	PREVIOUS YEAR
1. Loan Loss Provision Written Back	-	-
2. Provision against Non Banking Assets Written Back	-	-
3. Investment Provision Written Back	10,187,031	-
4. Provision against other Assets Written Back	-	-
Total	10,187,031	-

Profit/Loss From Extra-Ordinary Activities

SCHEDULE 4.28

For the period Shrawan 1, 2069 to Ashad 31, 2070 (July 16, 2012 to July 15, 2013)

PARTICULARS	(IN NPR)	
	THIS YEAR	PREVIOUS YEAR
1. Recovery of Written off Loans	1,200,000	-
2. Voluntary Retirement Scheme Expenses	-	-
3. Loan Write -Offs {4.28 (a)}	-	-
4. Other Expenses/Income	-	-
5. Profit on sale of NBA	-	-
Total	1,200,000	-

Statement of Loan Written-Off

SCHEDULE 4.28 (A)

For the period Shrawan 1, 2069 to Ashad 31, 2070 (July 16, 2012 to July 15, 2013)

TYPES OF LOAN	(IN NPR)					
	WRITTEN OFF AMOUNT	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 & Advances to Directors/Chief Executive/Promoters/ Employees & Shareholders

SCHEDULE 4.29

As at Ashad 31, 2070 (July 15, 2013)

(IN NPR)

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	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 Resources policies of the bank and those provided against the security of Fixed Deposits and Gold are not presented above.

Capital Adequacy Table

SCHEDULE 4.30 (A1)

As at Ashad 31, 2070 (July 15, 2013)

(IN NPR '000')

1. 1 RISK WEIGHTED EXPOSURES	THIS YEAR	PREVIOUS YEAR
a. Risk Weighted Exposure for Credit Risk	24,506,562	20,882,957
b. Risk Weighted Exposure for Operational Risk	1,375,704	1,147,756
c. Risk Weighted Exposure for Market Risk	74,579	44,987
Adjustment under Pillar II	-	-
d. 2% of TWE under supervisory review	519,137	441,514
e. 2% of gross income under supervisory review	199,300	-
Total Risk Weighted Exposures (a+b+c)	26,675,281	22,517,214
1.2 CAPITAL	THIS YEAR	PREVIOUS YEAR
Core Capital (Tier I)	2,440,566	2,143,898
a. Paid up Equity Share Capital	1,694,081	1,694,081
b. Irredeemable Non-cumulative preference shares	-	-
c. Share Premium	-	13,072
d. Proposed Bonus Equity Shares (incl. fractional shares c/f)	254,696	584
e. Statutory General Reserves	385,272	301,303
f. Retained Earnings	6,303	69,203
g. Unaudited current year cumulative profit	-	-
h. Debenture Redemption Reserve	250,000	200,000
i. Capital Adjustment Reserve	-	-
j. Dividend Equalisation Reserve	-	-
k. Deferred Tax Reserve	6,744	1,925
l. Other Free Reserve	-	-
m. Less: Goodwill	-	-
n. Less: Fictitious Assets	-	-
o. Less: Investment in equity in licensed Financial Institutions	-	(9,740)
p. Less: Investment in equity of institutions with financial interests	(156,082)	(126,082)
q. Less: Investment in equity of institutions in excess of limits	-	-
r. Less: Investments arising out of underwriting commitments	(447)	(447)
s. Less: Reciprocal crossholdings	-	-
t. Less: Purchase of land & building in excess of limit and unutilized	-	-
u. Less: Other Deductions	-	-
Supplementary Capital (Tier II)	822,075	336,730
a. Cumulative and/or Redeemable Preference Share	-	-
b. Subordinated Term Debt	500,000	150,000
c. Hybrid Capital Instruments	-	-
d. General loan loss provision	198,484	166,055
e. Investment Adjustment Reserve	102,545	4,140
f. Assets Revaluation Reserve	-	-
g. Exchange Equalization Reserve	21,045	16,535
h. Other Reserves	-	-
Total Capital Fund (Tier I and Tier II)	3,262,640	2,480,628
1.3 CAPITAL ADEQUACY RATIOS	THIS YEAR	PREVIOUS YEAR
Tier 1 Capital to Total Risk Weighted Exposures	9.15%	9.52%
Tier 1 and Tier 2 Capital to Total Risk Weighted Exposures	12.23%	11.02%

Risk Weighted Exposure for Credit Risk

As at Ashad 31, 2070 (July 15, 2013)

SCHEDULE 4.30 (B)

(IN NPR '000')

	CURRENT YEAR										PREVIOUS YEAR					
	BOOK VALUE			SPECIFIC PROVISION			ELIGIBLE CRM		NET VALUE		RISK WEIGHTED EXPOSURES		NET VALUE		RISK WEIGHTED EXPOSURES	
	A	B	C	D=A-B-C	E	F=D*E										
Cash Balance	357,705	-	-	357,705	0%	-	-	-	357,705	-	-	407,856	-	-	-	-
Balance With Nepal Rastra Bank	2,871,238	-	-	2,871,238	0%	-	-	2,871,238	-	-	3,845,300	-	-	-	-	-
Gold	67	-	-	67	0%	-	-	67	-	-	-	-	-	-	-	-
Investment in Nepalese Government Securities	4,220,406	-	-	4,220,406	0%	-	-	4,220,406	-	-	2,005,510	-	-	-	-	-
All Claims on Government of Nepal	134,647	-	-	134,647	0%	-	-	134,647	-	-	134,762	-	-	-	-	-
Investment in Nepal Rastra Bank securities	-	-	-	-	0%	-	-	-	-	-	-	-	-	-	-	-
All claims on Nepal Rastra Bank	-	-	-	-	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)	-	-	-	-	0%	-	-	-	-	-	-	-	-	-	-	-
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)	-	-	-	-	100%	-	-	-	-	-	-	-	-	-	-	-
Claims on Public Sector Entity (ECA 7)	20,858	-	-	20,858	150%	-	-	20,858	-	-	69,994	31,287	-	-	-	104,991
Claims on domestic banks that meet capital adequacy requirements	148,215	-	-	148,215	20%	-	-	148,215	-	-	65,398	29,643	-	-	-	13,080
Claims on domestic banks that do not meet capital adequacy requirements	14,881	-	-	14,881	100%	-	-	14,881	-	-	22,895	14,881	-	-	-	22,895
Claims on foreign bank (ECA Rating 0-1)	546,883	-	-	546,883	20%	-	-	546,883	-	-	242,548	109,377	-	-	-	48,510
Claims on foreign bank (ECA Rating 2)	132,197	-	-	132,197	50%	-	-	132,197	-	-	-	66,098	-	-	-	-
Claims on foreign bank (ECA Rating 3-6)	-	-	-	-	100%	-	-	-	-	-	662,583	-	-	-	-	662,583
Claims on foreign bank (ECA Rating 7)	-	-	-	-	150%	-	-	-	-	-	-	-	-	-	-	-
Claims on foreign banks incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	801,723	-	-	801,723	20%	-	-	801,723	-	-	1,361,899	160,345	-	-	-	272,380
Claims on Domestic Corporates	13,181,032	-	-	13,181,032	100%	-	-	13,181,032	-	-	10,705,607	13,049,422	-	-	-	10,705,607

Continued...

Risk Weighted Exposure for Credit Risk

As at Ashad 31, 2070 (July 15, 2013)

SCHEDULE 4.30 (B)

(IN NPR '000)

	CURRENT YEAR										PREVIOUS YEAR		
	BOOK VALUE			SPECIFIC PROVISION			ELIGIBLE CRM			NET VALUE		RISK WEIGHTED EXPOSURES	
	A	B	C	D=A-B-C	E	RISK WEIGHT	RISK WEIGHTED EXPOSURES	F=D*E	NET VALUE	RISK WEIGHTED EXPOSURES			
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)	1,491,070	-	3,898	1,487,172	-	75%	1,115,379	501,390	376,043				
Claims fulfilling all criterion of regulatory retail except granularity	64,320	-	-	64,320	-	100%	64,320	165,922	165,922				
Claims secured by residential properties	736,419	-	-	736,419	-	60%	441,851	1,084,422	650,653				
Claims not fully secured by residential properties	-	-	-	-	-	150%	-	-	-				
Claims secured by residential properties (Overdue)	187,121	783	-	186,338	-	100%	186,338	879,352	879,352				
Claims secured by Commercial real estate	1,016,375	-	-	1,016,375	-	100%	1,016,375	1,452,992	1,452,992				
Past due claims (except for claim secured by residential)	1,291,655	203,993	0	1,087,662	-	150%	1,631,493	549,183	823,775				
High Risk claims (Venture capital, private equity investments, personal loans and credit card receivables)	1,976,808	-	282,171	1,694,637	-	150%	2,541,955	1,042,203	1,563,305				
Investments in equity and other capital instruments of institutions not listed in the stock exchange	741	-	-	741	-	100%	741	75,524	113,285				
Investments in equity of institutions listed in the stock exchange	75,524	-	-	75,524	-	150%	113,285	741	741				
Staff loan secured by residential property	132,998.2	-	-	132,998	-	60%	79,799	-	-				
Interest Receivable/claim on government securities	20,543.2	-	-	20,543	-	0%	-	10,600	-				
Cash in transit and other cash items in the process of collection	-	-	-	-	-	20%	-	-	-				
Other Assets (as per attachment)	1,752,708	1,130,797	-	621,911	-	100%	621,911	360,071	360,071				
TOTAL	31,176,132	1,335,573	417,679	29,422,880			21,274,499	25,636,151	18,216,183				

Continued...

Risk Weighted Exposure for Credit Risk

SCHEDULE 4.30 (B)

As at Ashad 31, 2070 (July 15, 2013)

(IN NPR '000)

	CURRENT YEAR										PREVIOUS YEAR		
	GROSS BOOK VALUE	SPECIFIC PROVISION	ELIGIBLE CRM			NET VALUE	RISK WEIGHT	RISK WEIGHTED EXPOSURES	E	F=D*E	D=A-B-C	NET VALUE	RISK WEIGHTED EXPOSURES
			A	B	C								
Revocable Commitments	355,048	-	-	-	355,048	0%	-	0%	-	-	528,743	-	
Bills Under Collection	139,311	-	-	-	139,311	0%	-	0%	-	-	87,133	-	
Forward Exchange Contract Liabilities	23,871	-	-	-	23,871	10%	2,387	10%	2,387	80,190	80,190	8,019	
LC Commitments With Original Maturity Up to 6 months	1,487,152	-	476,904	-	1,010,248	20%	202,050	20%	202,050	894,092	894,092	178,818	
domestic counterparty	-	-	-	-	-	-	-	-	-	-	-	-	
foreign counterparty (ECA Rating 0-1)	-	-	-	-	-	20%	-	20%	-	-	-	-	
foreign counterparty (ECA Rating 2)	-	-	-	-	-	50%	-	50%	-	-	-	-	
foreign counterparty (ECA Rating 3-6)	-	-	-	-	-	100%	-	100%	-	-	-	-	
foreign counterparty (ECA Rating 7)	-	-	-	-	-	150%	-	150%	-	-	-	-	
LC Commitments With Original Maturity Over 6 months	1,070,304	-	876,201	-	194,103	50%	97,052	50%	97,052	77,582	77,582	38,791	
domestic counterparty	-	-	-	-	-	-	-	-	-	-	-	-	
foreign counterparty (ECA Rating 0-1)	-	-	-	-	-	20%	-	20%	-	-	-	-	
foreign counterparty (ECA Rating 2)	-	-	-	-	-	50%	-	50%	-	-	-	-	
foreign counterparty (ECA Rating 3-6)	-	-	-	-	-	100%	-	100%	-	-	-	-	
foreign counterparty (ECA Rating 7)	-	-	-	-	-	150%	-	150%	-	-	-	-	
Bid Bond, Performance Bond and Counter guarantee domestic counterparty	1,247,314	-	101,517	-	1,145,796	50%	572,898	50%	572,898	1,950,165	1,950,165	975,082	
foreign counterparty (ECA Rating 0-1)	174,508	-	-	-	174,508	20%	34,902	20%	34,902	89,150	89,150	17,830	
foreign counterparty (ECA Rating 2)	1,008,741	-	-	-	1,008,741	50%	504,370	50%	504,370	272,125	272,125	136,063	
foreign counterparty (ECA Rating 3-6)	-	-	-	-	-	100%	-	100%	-	-	-	-	
foreign counterparty (ECA Rating 7)	-	-	-	-	-	150%	-	150%	-	-	-	-	
Underwriting commitments	-	-	-	-	-	50%	-	50%	-	-	-	-	
Lending of Bank's Securities or Posting of Securities as collateral	-	-	-	-	-	100%	-	100%	-	-	-	-	
Repurchase Agreements, Assets sale with recourse (including repo/ reverse repo)	-	-	-	-	-	100%	-	100%	-	-	-	-	

Continued...

Risk Weighted Exposure for Credit Risk

SCHEDULE 4.30 (B)

As at Ashad 31, 2070 (July 15, 2013)

(IN NPR '000)

	CURRENT YEAR						PREVIOUS YEAR	
	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	D=A-B-C	F=D*E
Advance Payment Guarantee	854,008	-	7,820	846,188	100%	846,188	629,470	629,470
Financial Guarantee	2,600	-	255	2,345	100%	2,345	2,216	2,216
Acceptances and Endorsements	249,197	-	21,470	227,727	100%	227,727	338,729	338,729
Unpaid portion of Partly paid shares and Securities	-	-	-	-	100%	-	-	-
Irrevocable Credit commitments (short term)	1,840,277	-	-	1,840,277	20%	368,055	547,206	109,441
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	-	-	-	-	-	-	-	-
Other Contingent Liabilities	1,462,840	-	-	1,462,840	20%	292,568	804,527	160,905
Unpaid Guarantee Claims	81,521	-	-	81,521	100%	81,521	71,410	71,410
TOTAL	9,996,691	-	1,484,167	8,512,524	-	3,232,063	6,372,737	2,666,775
Total RWE for credit Risk (A) +(B)	41,172,823	1,335,573	1,901,846	37,935,404	-	24,506,562	32,008,888	20,882,957

Eligible Credit Risk Mitigants

As at Ashad 31, 2070 (July 15, 2013)

SCHEDULE 4.30 (C)

(IN NPR '000)

CREDIT EXPOSURES	DEPOSITS	DEPOSITS	GOLD	GOVT.&	G'TEE OF	SEC/G'TEE OF	G'TEE OF	G'TEE OF	SEC/G'TEE OF	TOTAL
	WITH BANK	WITH OTHER	(A)	NRB	GOVT. OF	OTHER	DOMESTIC	MDBS	FOREIGN	
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	
	SEcurities	BANKS/FI		SECURITIES	NEPAL	SOVEREIGNS	BANKS		BANKS	
Balance Sheet Exposures										
Claims on Foreign Government and Central Bank (ECA-2)										
Claim on Foreign Government and Central Bank (ECA-3)										
Claim on Foreign Government and Central Bank (ECA-4-6)										
Claim on Foreign Government and Central Bank (ECA-7)										
Claims on Other Multilateral Development Banks										
Claims on Public Sector Entity (ECA 0-1)										
Claims on Public Sector Entity (ECA 2)										
Claims on Public Sector Entity (ECA 3-6)										
Claims on Public Sector Entity (ECA 7)										
Claims on domestic banks that meet capital adequacy requirements										
Claims on domestic banks that do not meet capital adequacy requirements										
Claims on foreign bank (ECA Rating 0-1)										
Claims on foreign bank (ECA Rating 2)										
Claims on foreign bank (ECA Rating 3-6)										
Claims on foreign bank (ECA Rating 7)										
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement										
Claims on Domestic Corporates	131,610	-	-	-	-	-	-	-	-	131,610
Claims on Foreign Corporates (ECA 0-1)										

Continued...

Eligible Credit Risk Mitigants

As at Ashad 31, 2070 (July 15, 2013)

SCHEDULE 4.30 (C)

(IN NPR '000)

CREDIT EXPOSURES	DEPOSITS WITH BANK	DEPOSITS WITH OTHER BANKS/FI	GOLD	GOVT. & NRB SECURITIES	GOVT. OF NEPAL	SEC/G'TEE OF SOVEREIGNS	OTHER FOREIGN BANKS	G'TEE OF DOMESTIC BANKS	G'TEE OF MDBS	SEC/G'TEE OF FOREIGN BANKS	TOTAL
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(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)											
Claim fulfilling all criterion of regulatory retail except granularity	3,898										3,898
Claims secured by residential properties											
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)	69,522			212,650							282,171
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	205,030			212,650							417,679
Off Balance Sheet Exposures											
Forward Exchange Contract Liabilities											
LC Commitments With Original Maturity Up to 6 months domestic counterparty	476,904										476,904

Continued...

Eligible Credit Risk Mitigants

As at Ashad 31, 2070 (July 15, 2013)

SCHEDULE 4.30 (C)

(IN NPR '000)

CREDIT EXPOSURES	DEPOSITS WITH BANK	DEPOSITS WITH OTHER BANKS/FI	GOLD	GOVT. & NRB SECURITIES	G'TEE OF GOVT. OF NEPAL	SEC/G'TEE OF OTHER SOVEREIGNS	G'TEE OF DOMESTIC BANKS	G'TEE OF MDBS	SEC/G'TEE OF FOREIGN BANKS	TOTAL
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(I)
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	9,235							866,966		876,201
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										101,517
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	7,820							0		7,820
Financial Guarantee	255									255
Acceptances and Endorsements	21,470									21,470
Unpaid portion of Partly paid shares and Securities										
Irrevocable Credit commitments										
Other Contingent Liabilities										
Total	617,202	-	-	-	-	-	-	866,966	-	1,484,167
Grand Total	822,231	-212,650	-	-	-	-	-	866,966	-	1,901,846

Risk Weighted Exposure for Operational Risk

SCHEDULE 4.30 (D)

As at Ashad 31, 2070 (July 15, 2013)

(IN NPR '000')

PARTICULARS	CURRENT YEAR			PREVIOUS YEAR
	2011/12	2010/11	2009/10	
Net Interest Income	643,642	729,482	652,083	
Commission and Discount Income	149,818	69,788	46,867	
Other Operating Income	56,391	67,523	60,032	
Exchange Fluctuation Income	107,951	63,128	47,563	
Additional Interest Suspense during the period	38,946	10,862	7,333	
Gross income (a)	996,747	940,782	813,878	
Alfa (b)	15%	15%	15%	
Fixed Percentage of Gross Income [c=(a×b)]	149,512	141,117	122,082	
Capital Requirement for operational risk (d) (average of c)			137,570	114,776
Risk Weight (reciprocal of capital requirement of 10%) in times (e)			10	10
Equivalent Risk Weight Exposure [f=(d×e)]			1,375,704	1,147,756

Risk Weighted Exposure for Market Risk

SCHEDULE 4.30 (E)

As at Ashad 31, 2070 (July 15, 2013)

(IN NPR '000')

CURRENCY	CURRENT YEAR			PREVIOUS YEAR
	OPEN POSITION (FCY)	OPEN POSITION (NPR)	RELEVANT OPEN POSITION	RELEVANT OPEN POSITION
1. AED	(2,165)	(55)	55	81
2. AUD	(2,240)	(195)	195	147
3. CAD	(235)	(22)	22	286
4. CHF	(1,810)	(183)	183	73
5. CNY	(16,918)	(265)	265	52
6. DKK	(28,585)	(481)	481	1,956
7. EUR	(51,288)	(6,443)	6,443	7,659
8. GBP	(31,645)	(4,591)	4,591	2,245
9. HKD	(500)	(6)	6	36
10. INR	(81,665,295)	(130,726)	130,726	36,520
11. JPY	(593,252)	(575)	575	420
12. KRW	-	-	-	-
13. MYR	(9,286)	(278)	278	-
14. NLG	-	-	-	-
15. NPR	-	-	-	-
16. QAR	(586)	(15)	15	84
17. SAR	(6,936)	(177)	177	15
18. SEK	(6,500)	(93)	93	112
19. SGD	(6)	(0)	0	257
20. THB	(2,060)	(6)	6	5
21. USD	(52,539)	(5,046)	5,046	40,028
Total Open Position (a)			149,157	89,974
Fixed Percentage (b)			5%	5%
Capital Charge for Market Risk {c=(a*b)}			7,458	4,499
Risk Weight (reciprocal of capital requirement of 10%) in times (d)			10	10
Equivalent Risk Weight Exposure {e=(c*d)}			74,579	44,987

Principal Indicators

(At least for previous 5 years)

SCHEDULE 4.31

PARTICULARS	INDICATORS									
	2063/2064	2064/2065	2065/2066	2066/2067	2067/2068	2068/2069	2069/2070			
1. Percentage of Net Profit/Gross Income	27.10%	31.41%	35.12%	40.55%	40.34%	37.21%	33.06%			
2. Earnings Per Share	NPR	16.45	20.70	24.12	23.25	21.55	24.78			
3. Market Value per Share	NPR	1,113.00	1,062.00	570.00	340.00	340.00	309.00			
4. Price Earning Ratio	Ratio	67.66	51.31	23.63	14.62	15.78	12.47			
5. Dividend on share capital (Bonus share + Cash dividend)	%	-	21.05%	5.26%	13.00%	15.79%	15.00%			
6. Cash Dividend on share capital	%	-	1.05%	0.26%	13.00%	10.79%	0.00%			
7. Interest Income/Loans & Advances and Investments	%	7.84%	7.85%	8.76%	9.97%	11.77%	10.34%			
8. Employee Expenses/Total Operating Expenses	%	43.43%	47.78%	43.34%	46.27%	48.22%	46.30%			
9. Interest Expenses on Total Deposits and Borrowings	%	4.64%	4.45%	5.05%	6.42%	8.09%	6.14%			
10. Exchange Fluctuation Gain/Total Income	%	8.64%	12.20%	9.48%	5.90%	6.79%	9.24%			
11. Staff Bonus/ Total Staff Expenses	%	16.39%	21.62%	23.54%	27.62%	25.49%	22.46%			
12. Net Profit/Loans & Advances	%	1.21%	1.47%	1.63%	2.32%	2.49%	2.28%			
13. Net Profit/ Total Assets	%	0.95%	1.13%	1.22%	1.66%	1.76%	1.50%			
14. Total Credit/Deposit	%	85.78%	89.72%	83.88%	81.49%	84.10%	77.43%			
15. Total Operating Expenses/Total Assets	%	1.63%	2.16%	1.28%	1.35%	1.54%	1.60%			
16. Adequacy of Capital Fund on Risk Weightage Assets										
a. Core Capital	%	11.33%	10.10%	8.47%	11.17%	9.79%	9.15%			
b. Supplementary Capital	%	1.10%	1.07%	3.01%	2.54%	1.84%	3.08%			
c. Total Capital Fund	%	12.43%	11.17%	11.48%	13.71%	11.63%	12.23%			
17. Liquidity (CRR)	%	5.65%	5.65%	8.61%	7.24%	9.22%	12.33%			
18. Non Performing Loans/Total Loans	%	0.35%	0.13%	0.08%	0.12%	0.90%	1.51%			
19. Weighted Average Interest Rate Spread	%	3.20%	3.40%	3.71%	3.55%	4.02%	4.20%			
20. Book Net worth	NPR	843,946,939	1,145,533,225	1,342,295,325	1,912,330,490	2,113,376,723	2,300,258,908	2,720,685,076		
21. Total Shares	Number	7,296,970	9,131,963	10,980,861	16,135,205	16,135,205	16,940,811	16,940,811		
22. Total Employees	Number	186	252	299	347	393	374	384		

SIGNIFICANT ACCOUNTING POLICIES

SCHEDULE 4.32

i) General Information

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

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

ii) Summary of Significant Accounting Policies

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

iii) Statement of Compliance

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

iv) Basis of Preparation

The financial statements are presented in Nepalese Rupees,

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

v) Interest Income

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

Interest income on investments is accounted for on accrual basis.

vi) Commission Income

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

vii) Dividend Income

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

viii) Foreign Exchange Transactions

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

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

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

ix) Interest Expense

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

x) Loans and Advances including Bills Purchased

Loans and advances, overdrafts and bills purchased include direct finance provided to customers. These include working capital loans, overdrafts, term loans, consumer loans, supply finance and loans given to deprived sectors. All credit exposures are classified as per NRB Directives. Loans

and advances, overdrafts and bills purchased are shown net of provisions.

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

xi) Staff Loans

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

xii) Loan Loss Provision

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

xiii) Write Off

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

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

xiv) Investments

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

a. Held for Trading

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

b. Held to Maturity

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

c. Available for Sale

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

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

xv) Fixed Assets and Depreciation

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

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

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

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

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

xvi) Non Banking Assets

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

xvii) Software Expenses

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

xviii) Amortization

Amortization is charged to Profit and Loss Account on a straight line basis over the estimated useful life of the intangible assets. Intangible

assets are recognized from the date they are available for use. The estimated useful life is as follows:

Computer Software **5 years**

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

xix) Employee Benefits

a. Provident fund

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

b. Gratuity

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

xx) Stationery Stock

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

xxi) Income Tax

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

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

Deferred taxes are accounted using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax

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

xxii) Lease

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

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

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

xxiii) Provisions, Contingent Liabilities and Contingent Assets

The Bank creates a provision when there is a present obligation as a result of past events that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

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

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

xxiv) Previous Year's Figures

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

NOTES TO ACCOUNTS

SCHEDULE 4.33

1. Interest Income and Interest Suspense

Entire interest receivable on loans & advances as of year end has been transferred to interest suspense account as per the Directives of NRB. However interest accrued as of 31 Ashad 2070 and collected after year end upto 15 Shrawan 2070 amounting to NPR 11,185,244 has been recognized as income during the FY 2012-13 as permitted by NRB.

2. Provision for Staff Bonus

Provision for staff bonus amounting to NPR 60,050,140 has been computed and provided for at 10% of net profit after bonus.

3. Staff Housing Fund

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

4. Gratuity Fund

Gratuity fund maintained with Laxmi Bank Retirement Fund, an approved retirement fund, has sufficient balance to cover the gratuity liability (Gratuity liability is NPR 39,777,360.78 as of 15 July 2013) calculated as per accrual liability basis in accordance with the HR Policy Guide of the Bank.

5. General Reserve

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

6. Exchange Fluctuation Fund

25% of the Revaluation gain of NPR 18,039,720, amounting to NPR 4,509,930 has been transferred to Exchange Fluctuation Fund by debiting Profit and Loss Appropriation Account as per Nepal Rastra Bank Directives.

7. Investment Adjustment Reserve

Investment adjustment reserve as at 31 Ashad 2070 (15 July 2013) stands at NPR 102,545,396. During the year, NPR 98,405,199 is transferred from Profit and Loss Appropriation Account, out of which NPR 98,000,000 is in respect of unlisted equity investments in subsidiary and NPR 405,199 is in respect of other investments available for sale as per NRB directive 8.

and Loss Appropriation account and utilized for Bonus Share.

9. Fixed Assets

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

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

10. Income Tax Issues

The tax authorities had raised an additional demand of NPR

PARTICULARS	RESERVE AS ON 31/3/069	ADDITION DURING THE YEAR	RESERVE AS ON 31/3/070
Investment in Subsidiary (Unlisted) @100%	2,000	98,000	100,000
Other Equity Investments @2%	2,140	405	2,545
Total	4,140	98,405	102,545

8. Share Premium

Share Premium amount (NPR 13,071,581) has been transferred to Retained Earning through Profit

1,661,043 on tax returns filed under self assessment by the then HISEF Finance Limited for the financial year 2057/58. The Bank had disputed the demand of tax

authorities and filed an appeal with the Revenue Tribunal. Pending receipt of decision, the Bank has shown such disputed tax demand under contingent liability.

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

On the assessment of the Income Tax Returns of the bank for the fiscal years 2060/61, 2061/62 (Laxmi Bank) and 2062/63, Large Taxpayers' Office (LTO) has raised an additional demand of NPR 5,153,916.55 for 2060/61, NPR 9,618,611 for 2061/62 (Laxmi Bank) and NPR 10,645,185 for 2062/63 respectively. The bank has filed an appeal with the Supreme Court for review of the decision made by the Revenue Tribunal on above cases. The amount of demand has been disclosed as contingent liability on Income Tax under schedule 4.17. The bank has paid NPR 9,121,811 as deposits against above claim.

The Bank has received as additional demand of NPR 11,569,681 and NPR

16,682,304 from LTO relating to tax returns for the years 2063/64 and 2064/65 respectively on which the Bank disputed the demand as not tenable and has filed appeals with the Revenue Tribunal. The amount of claim is shown as contingent liability on Income Tax under schedule 4.17. The bank has paid NPR 9,792,764 as deposits against above claim.

The Bank has received as additional demand of NPR 10,111,085 from LTO relating to tax returns for the year 2065/66 on which the Bank disputed the demand as not tenable and filed an appeal for administrative review. The bank has received the decision from administrative review after the year end and has filed case at the Revenue Tribunal against the decision of administrative review. The amount of claim is shown as contingent liability on Income Tax under schedule 4.17. The bank has paid NPR 3,531,000 as deposits 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 2068/69 under self assessment procedures.

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

12. Investment in Share Capital of other Corporates

a. Nepal Bank Limited

Investment in shares of Nepal Bank Limited was made by then HISEF Finance Limited. The bank has disposed off these shares through secondary market operations. Provision provided on this investment till last year has been written back fully and shown under schedule 4.27 as income. Similarly surplus obtained from sale of this investment is shown under schedule 4.26.

b. Himalayan Distillery Limited

The Bank (then Hisef Finance Limited) had underwritten the shares of Himalayan Distillery Limited. As the shares were not fully subscribed, the bank had accepted those shares by paying NPR 50 per share (call amount at that point of time). The failure to pay the second call amount had resulted in forfeiture of the shares against which the Bank and other financial institutions involved had filed a case disputing the decision of the forfeiture. Upon the court decision in favor of the banks and financial institutions, the bank has received the share certificate for 4470 shares of Rs 100 each in full settlement of the amount paid. Since the market price of shares is at par, we have written back the provision made against this investment and shown under schedule 4.27 as income.

c. 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 (including NPR

30Millions invested during current year) as promoter share. The subsidiary has obtained license for commercial operation from SEBON on 2067/9/13 under Securities Businessperson (Merchant Banker) Rules 2007.

d. 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.

13. Lien over Investments

The Bank has made placements with Standard Chartered Bank Plc (London and Singapore), amounting to USD 1,540,296.92 as of 15 July 2013, which was under lien as per the lien letter signed with Standard Chartered Bank Plc.

14. Travel Allowances and Expenses

Travelling Allowances and Expenses under schedule 4.24 – Other Operating Expenses includes travel allowance given to eligible bank officials as per the human resource policy of the bank.

15. Advance against Bullion

The Bank has NPR 48 Mio outstanding for advance against stock of bullion as of 15 July 2013 and is shown under others of schedule 4.16 Other Assets.

16. Related Party Disclosure

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

Short term employee benefit paid to Key Management Personnel (which includes CEO, Company Secretary and all other managerial level staff) during the fiscal year amounts to NPR 70,673 thousand. In addition, they are entitled to other benefits and facility as per the Human Resource Policy of the bank and employment terms and conditions.

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

Transaction with the members of Board of Directors during the year: (in NPR)

Meeting fees **798,000**
Other meeting expenses **282,794**

17. Reconciliation Status

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

18. Lease

Finance Lease

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

Operating Lease

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

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

Amount in NPR '000'

PARTICULARS	AMOUNT
Loans Disbursed	64,020,842
Loans Recovered	60,617,615
Loans Written off	-
Interest written off	-

Amount in NPR '000'

RECONCILIATION STATUS	TOTAL AMOUNT MONTHS	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	38,518	27,718	2,677	611	3,133	4,379

20. Summary of Changes in Deposit Liabilities

Amount in NPR '000'

PARTICULARS	PREVIOUS YEAR	NET CHANGES	CURRENT YEAR
	31/3/2009 (15/07/2012)	DURING THE YEAR	31/3/2070 (15/07/2013)
Call Deposits	6,517,799	(603,544)	5,914,255
Current Deposits	878,558	115,522	994,080
Fixed Deposits	10,733,641	2,846,345	13,579,986
Saving Deposits	4,403,230	599,629	5,002,859
Margin & Other Deposits	298,613	170,805	469,418

21. Weighted Average Interest Spread

Amount in NPR '000'

PARTICULARS	RATE %
Average Rate of return from loans and advances and investments	10.34%
Average Rate on deposits & borrowings	6.14%
Net Spread	4.20%

22. Summary of Concentration of Exposure

Amount in NPR '000'

PARTICULARS	LOANS, ADVANCES AND	DEPOSITS AND	CONTINGENTS
	BILLS PURCHASED	BORROWINGS	
Total amount as on 15/07/2013	20,100,290	25,960,598	10,932,870
Highest exposure to a single unit/ group	485,224	1,323,960	584,561
Percentage of exposure to/from single unit (in %)	2.41%	5.10%	5.35%

23. Classification of Assets and Liabilities based on Maturity

Amount in NPR '000'

PARTICULARS	1-7 DAYS	8-30 DAYS	31-90 DAYS	91-180 DAYS	181-270 DAYS	271-365 DAYS	MORE THAN 1 YEAR	TOTAL
Assets								
1. Cash Balance	357,705	-	-	-	-	-	-	357,705
2. Balance with Banks & FIs	2,934,474	-	-	-	-	-	-	2,934,474
3. Investment in Foreign Banks	301,608	-	-	-	-	-	-	301,608
4. Call Money	311,310	-	-	-	-	-	-	311,310
5. Government Securities	-	395,912	1,562,505	1,283,989	143,776	629,673	-	4,015,856
6. Nepal Rastra Bank Bonds	-	-	-	-	-	50,000	154,550	204,550
7. Inter Bank & FI Lending	-	-	18,278	802,018	144,075	-	-	964,371
8. Loans & Advances	1,194,044	1,913,560	5,234,731	2,967,671	1,117,035	885,396	6,787,853	20,100,290
9. Interest Receivable	46,901	154,102	402,006	603,009	603,009	603,009	-	2,412,035
10. Reverse Repo	-	-	-	-	-	-	-	-
11. Acceptance Receivable	-	-	-	-	-	-	-	-
12. Payments under S. No. 20, 21 & 22	-	-	-	-	-	-	-	-
13. Others	-	-	-	-	-	-	-	-
Total (A).	5,146,041	2,463,575	7,217,520	5,656,687	2,007,894	2,168,077	6,942,403	31,602,198
Liabilities								
14. Current Deposits	397,632	49,704	49,704	49,704	49,704	49,704	347,928	994,080
15. Saving Deposits (incl. call)	2,370,705	305,718	305,718	345,741	370,756	395,770	6,822,706	10,917,114
16. Fixed Deposits	21,222	125,782	1,288,392	3,307,511	2,730,299	5,087,746	1,019,034	13,579,986
17. Debentures/Bonds	-	-	-	-	-	-	750,000	750,000
18. Borrowings								
Call/Short Notice								
Inter-bank/Financial Institutions								
Refinance								
Others								
19. Other Liabilities and Provisions	28,310	83,826	218,676	328,015	328,015	328,015	-	1,314,857
Sundry Creditors	2,798	-	-	-	-	-	-	2,798
Bills Payable	-	-	-	-	-	-	-	-
Interest Payable	25,512	83,826	218,676	328,015	328,015	328,015	-	1,312,059
Provisions								
Others								
Total (B)	2,817,869	565,030	1,862,491	4,030,971	3,478,773	5,861,235	8,939,668	27,556,037
Net Financial Assets (A-B)	2,328,172	1,898,544	5,355,030	1,625,715	(1,470,879)	(3,693,157)	(1,997,265)	4,046,161
Cumulative Net Financial Assets	2,328,172	4,226,717	9,581,746	11,207,462	9,736,583	6,043,426	4,046,161	-

24. Credit Concentration

Amount in NPR '000'

SECTORS	NUMBER	PRINCIPAL	INTEREST
1. Agricultural	170	586,450	637
2. Fishery	3	14,298	41
3. Mining	-	-	-
4. Agriculture, Forestry & Beverage Production Related	113	1,872,170	445
5. Non-food production related	382	3,279,787	4,795
6. Construction	1,157	2,870,390	22,409
7. Power, Gas and Water	60	439,889	152
8. Metal Prod, Machinery & Electronic Equip & assemblage	29	146,298	2,457
9. Transport, Communication and Public Utilities	100	866,782	677
10. Wholesaler & Retailer	1,705	4,815,586	35,007
11. Finance, Insurance and Real Estate	491	2,595,142	9,471
12. Hotel or Restaurant	18	84,288	352
13. Other Services	112	716,392	4,111
14. Consumption Loans	2,968	1,365,633	7,170
15. Local Government	1	134,633	18
16. Others	376	312,553	715
Total	7,685	20,100,290	88,458

25. 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
25,500	-	-	25,500

26. 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
31,036,171	2,529,396	11,117,501	22,448,066

27. 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	600,501
Add: Adjustments for	
Depreciation as per Schedule 24 considered separately	33,927
Equipment & furniture charged to revenue considered in depreciation	2,090
Leasehold amortization considered in depreciation	11,118
Software amortization considered in depreciation	3,572
Repairs and Maintenance added to the Pool as per Income Tax Act	1,322
Premium on Government Bonds amortized in this fiscal year	7,458
Less: Adjustments for	
Depreciation as per Income Tax Act (including lease and software)	(41,042)
Profit on sale of fixed assets considered separately	(45)
Dividend income	(642)
Taxable Profit as per Income Tax Act 2058	618,259
Corporate Income Tax @ 30%	185,478

28. Deferred Tax Liability/ (Asset)

Carrying amount of Assets & Liabilities where temporary differences arise as on 31 Ashad 2070 (15.07 2013) are as follows:

Amount in NPR '000'

PARTICULARS	CARRYING AMOUNT	TAX BASE	NET TEMPORARY DIFFERENCE
Fixed Assets	215,933	228,333	(12,400)
Premium on Government Bonds	10,516	20,595	(10,078)
Net Temporary Differences	226,449	248,927	(22,478)
Deferred Tax Liability / (Asset) as at Ashad end 2070 @ 30%			(6,744)
Deferred Tax Liability / (Asset) till Ashad end 2069			(1,925)
Deferred Tax Expense / (Income) credited to Profit and Loss Account			(4,819)

Deferred Tax Asset as of 31 Ashad 2070 (15 July 2013) is NPR 6,743,522. NPR 4,818,910 has been recognized as deferred tax income in Profit and Loss Account in the current year.

As required by NRB, NPR 4,818,910 was transferred to Deferred Tax Reserve through Profit and Loss Appropriation Account against addition to Deferred Tax Asset.

29. Debentures

a. 8.5% Laxmi Bank Debenture, 2072

The Bank issued 350,000 unsecured debentures of NPR 1,000 each for NPR 350,000,000

on 25 November 2008 with a coupon rate of 8.5%, and tenure of 7 years. Interest on debenture is payable on semi annual basis. The bank has established a Debenture Redemption Fund for the purpose of redemption of these debentures and appropriated NPR 50,000,000 during this year towards the fund, in line with the NRB directives, from the Profit appropriation account. Total Debenture Redemption Fund as of 15 July 2013 stands at NPR 250,000,000.

b. 8% Laxmi Bank Debentures, 2076

The Bank issued 400,000 unsecured debentures of NPR 1,000 each for NPR 400,000,000

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

30. Bonus Share

The board has decided to issue 15% Bonus share to shareholders out of accumulated profit upto current year subject to approval from Nepal Rastra Bank and Annual General Meeting. Proposed Bonus share amounting NPR 254,112,165 is disclosed under schedule 4.1.

Statement of Loans and Advances of Promoters/Promoter Group by Pledging the Shares in Their Ownership in Other Banks and Financial Institutions

(As at Ashad 31, 2070 (July 15, 2013))

SCHEDULE 4.34

Amount in NPR

NAME OF PROMOTER/ SHAREHOLDERS UNDER PROMOTER GROUP	SHAREHOLDING		LOAN DETAILS			
	TOTAL NO OF SHARES	% OF TOTAL PAID UP CAPITAL	NAME OF THE LENDING BANK AND FINANCIAL INSTITUTIONS	LOAN AMOUNT	NO OF SHARES PLEGDED	REMARKS
1. Narayan Bajaj	15,876	0.09%	Himalayan Bank Ltd.	11,030	14,400	
2. Amit Gupta Agrawal	243,166	2.13%	Himalayan Bank Ltd.	13,266,806	167,158	
3. Sunil Kumar Bansal	203,742	1.20%	Machhapuchchhre Bank Ltd.	8,913,231	132,750	

Comparison of Unaudited and Audited Financial Statement

(As of FY 2012/13)

SCHEDULE 4.35

Amount in NPR

PARTICULARS	AS PER UNAUDITED	AS PER AUDITED	VARIANCE		REASONS FOR VARIANCE
	FINANCIAL STATEMENT	FINANCIAL STATEMENT	AMOUNT	IN %	
1. Total Capital and Liabilities (1.1 to 1.7)	30,176,073	29,815,937	(360,136)	-1%	
1.1 Paid Up Capital	1,694,081	1,948,193	254,112	15%	Effect of Bonus share proposed
1.2 Reserve & Surplus	1,056,966	772,492	(284,475)	-27%	Effect of LLP adjustments, tax provisions and proposed Bonus share
1.3 Debenture & Bond	750,000	750,000	-		
1.4 Borrowings	-	-	-		
1.5 Deposits (a+b)	25,960,598	25,960,598	-		
a) Domestic Currency	23,519,187	23,519,187	-		
b) Foreign Currency	2,441,411	2,441,411	-		
1.6 Income Tax Liability	-	-	-		
1.7 Other Liabilities (including Bills payable, dividend payable etc)	714,427	384,654	(329,774)	-46%	Regrouping of provisions
2 Total Assets (2.1 to 2.7)	30,176,073	29,815,937	(360,136)	-1%	
2.1 Cash & Bank Balance	3,465,142	3,465,142	-		
2.2 Money at call and Short Notice	443,329	443,329	-		
2.3 Investments	5,417,570	5,417,570	-		
2.4 Loan & Advances	20,100,290	19,693,820	(406,471)	-2%	Net of provision in Audited Financials
a. Real Estate Loan	1,872,660	1,852,129	(20,531)	-1%	
(i) Residential Real Estate	255,550	252,998	(2,552)	-1%	
(ii) Business Complex & Residential Apart.Construction Loan	788,590	778,899	(9,691)	-1%	
(iii) Income generating Commercial Complexes Loan	550,630	545,128	(5,502)	-1%	
(iv) Other Real Estate Loan	277,880	275,104	(2,776)	-1%	

Continued...

PARTICULARS	AS PER UNAUDITED FINANCIAL STATEMENT	AS PER AUDITED FINANCIAL STATEMENT	VARIANCE		REASONS FOR VARIANCE
			AMOUNT	IN %	
b. Personal Home Loan of Rs 100 lacs or less	691,640	683,947	(7,693)	-1%	
c. Margin Type Loan	208,760	206,669	(2,091)	-1%	
d. Term Loan	3,433,390	3,341,154	(92,236)	-3%	
e. Overdraft Loan/ TR Loan/ WC Loan	9,347,390	9,131,237	(216,153)	-2%	
f. Others	4,546,450	4,478,684	(67,766)	-1%	
2.5 Fixed Assets	437,740	437,740	(0)	0%	
2.6 Non Banking Assets (net)	-	-	-	-	
2.7 Other Assets	312,003	358,337	46,335	15%	Regrouping of provisions
3 Profit & Loss Account					
3.1 Interest Income	2,376,735	2,376,735	-		
3.2 Interest Expenses	1,451,868	1,451,899	32		Adjustment as per Statutory Audit
A. Net Interest Income (3.1-3.2)	924,867	924,835	(32)		
3.3 Fees, Commission & Discount	138,641	139,295	654		Adjustment for Accrued Income as per Statutory Audit
3.4 Other Operating Income	85,982	88,637	2,655		
3.5 Foreign Exchange Gain & Loss	117,338	117,338	-		
B. Total Operating Income (A+3.3+3.4+3.5)	1,266,829	1,270,106	3,277		
3.6 Staff Expenses	207,373	207,373	-		
3.7 Other Operating Expenses	240,503	240,503	-		
C. Operating Profit before Provisions (B -3.6-3.7)	818,953	822,230	3,277		
3.8 Provision for Possible Losses	135,847	186,038	50,191	37%	Adjustment for LLP as per NRB Inspection Report
D. Operating Profit (C- 3.8)	683,106	636,193	(46,913)	-7%	
3.9 Non Operating Income/Expenses (Net)	12,972	12,972	-		
3.10 Loan Loss Provision Written Back	10,187	10,187	-	0%	
E. Profit from Regular Activities (D+3.9+3.10)	706,265	659,352	(46,913)		
3.11 Extraordinary Income/Expenses (Net)	1,200	1,200	-		
F. Profit before Bonus and Taxes (E+3.11)	707,465	660,552	(46,913)		
3.12 Provision for Staff Bonus	64,315	60,050	(4,265)		Effect of adjustment in Income
3.13 Provision for Taxes	192,945	185,478	(7,467)	-4%	Tax calculation as per Income tax act in Audited Financials
Deferred Tax Expense/ (Income)	-	(4,819)	(4,819)		Deferred tax calculated
G. Net Profit/ Loss (F-3.12-3.13)	450,205	419,843	(30,362)		

Unaudited Financial Results (Quarterly)

SCHEDULE 4.A

(As at 4th Quarter (15/7/2013) of the Fiscal Year 2012/13)

(IN NPR)

PARTICULARS	THIS QUARTER ENDING	PREVIOUS QUARTER ENDING	CORRESPONDING PREVIOUS
	31 ASHAD 2070 (15-JUL-13)	31 CHAITRA 2069 (13-APR-13)	YEAR QUARTER ENDING 31 ASHAD 2069 (15-JUL-12)
1.1 Paid Up Capital	1,694,081	1,694,081	1,694,081
1.2 Reserve & Surplus	1,056,966	884,725	606,178
1.3 Debenture & Bond	750,000	750,000	350,000
1.4 Borrowings	-	-	27,980
1.5 Deposits (a+b)	25,960,598	24,207,876	22,831,843
a) Domestic Currency	23,519,187	21,307,696	19,732,422
b) Foreign Currency	2,441,411	2,900,180	3,099,421
1.6 Income Tax Liability	-	-	-
1.7 Other Liabilities	714,427	769,147	518,447
2 Total Assets (2.1 to 2.7)	30,176,073	28,305,829	26,028,528
2.1 Cash & Bank Balance	3,465,142	3,471,755	4,448,674
2.2 Money at call and Short Notice	443,329	350,000	659,488
2.3 Investments	5,417,570	4,709,259	3,758,106
2.4 Loan & Advances	20,100,290	19,150,871	16,476,630
a. Real Estate Loan	1,872,661	2,163,805	2,587,589
(i) Residential Real Estate	255,553	354,434	379,981
(ii) Business Complex & Residential Apart.Construction Loan	788,591	826,288	987,116
(iii) Income generating Commercial Complexes Loan	550,635	626,572	691,583
(iv) Other Real Estate Loan	277,882	356,511	528,908
b. Personal Home Loan of Rs 100 lacs or less	691,638	673,332	725,110
c. Margin Type Loan	208,756	194,490	221,891
d. Term Loan	3,433,395	3,062,812	2,650,401
e. Overdraft Loan/ TR Loan/ WC Loan	9,347,389	9,719,257	7,729,820
f. Others	4,546,451	3,337,174	2,561,819
2.5 Fixed Assets	437,740	287,391	308,172
2.6 Non Banking Assets (net)	-	-	-
2.7 Other Assets	312,003	336,552	377,458
3 Profit & Loss Account	Up to This Quarter	Up to Last Quarter	Up to Corresponding Previous Year This Quarter
3.1 Interest Income	2,376,735	1,672,887	2,289,360
3.2 Interest Expenses	1,451,868	1,063,889	1,645,718
A. Net Interest Income (3.1-3.2)	924,867	608,998	643,642
3.3 Fees, Commission & Discount	138,641	93,805	149,818
3.4 Other Operating Income	85,982	53,301	56,391
3.5 Foreign Exchange Gain & Loss	117,338	87,367	107,951
B. Total Operating Income (A+3.3+3.4+3.5)	1,266,829	843,470	957,801
3.6 Staff Expenses	207,373	142,451	178,285
3.7 Other Operating Expenses	240,503	165,677	194,843

Continued...

(IN NPR)

PARTICULARS	THIS QUARTER ENDING	PREVIOUS QUARTER ENDING	CORRESPONDING PREVIOUS
	31 ASHAD 2070 (15-JUL-13)	31 CHAITRA 2069 (13-APR-13)	YEAR QUARTER ENDING 31 ASHAD 2069 (15-JUL-12)
C. Operating Profit before Provisions (B -3.6-3.7)	818,953	535,343	584,673
3.8 Provision for Possible Losses	135,847	127,065	30,808
D. Operating Profit (C- 3.8)	683,106	408,277	553,865
3.9 Non Operating Income/Expenses (Net)	12,972	8,769	5,834
3.10 Loan Loss Provision Written Back	10,187	18,554	-
E. Profit from Regular Activities (D+3.9+3.10)	706,265	435,600	559,699
3.11 Extraordinary Income/Expenses (Net)	1,200	1,200	-
F. Profit before Bonus and Taxes (E+3.11)	707,465	436,800	559,699
3.12 Provision for Staff Bonus	64,315	39,709	50,882
3.13 Provision for Taxes	192,945	119,127	152,427
G. Net Profit/ Loss (F-3.12-3.13)	450,205	277,964	356,390
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	12.27%	12.91%	11.76%
4.2 Non Performing Loan (NPL) to Total Loan	1.26%	1.41%	0.62%
4.3 Total Loan Loss Provision to Total NPL	140.41%	125.07%	212.56%
4.4 Net Interest Spread	3.55%	4.16%	3.60%
4.5 CD ratio (Calculated as per NRB Directives)	72.92%	77.94%	71.43%
4.6 Base Rate	10.12%	9.47%	
4.7 Average Yield (LCY)	10.17%	10.13%	11.62%
4.8 Average Cost of Fund (LCY)	6.62%	5.97%	8.02%
4.9 Return on Equity	16.89%	14.37%	15.22%
4.10 Return on Assets	1.54%	1.31%	1.48%

DISCLOSURE AS PER BASEL II

1. Capital structure and capital adequacy

Tier 1 capital and a breakdown of its components;

Amount in NPR '000'

PARTICULARS	AMOUNT
Paid up Equity Share Capital	1,694,081
Proposed Bonus Equity Shares (including fractional bonus shares)	254,696
Statutory General Reserves	385,272
Retained Earnings	6,303
Debenture Redemption Reserve	250,000
Deferred Tax Reserve	6,744
Core Capital	2,597,096

Tier 2 capital and a breakdown of its components;

Amount in NPR '000'

PARTICULARS	AMOUNT
Subordinated Term Debt (8.5% Laxmi Bank Debenture, 2072 and 8% Laxmi Bank Debenture, 2076) – (net of Redemption Reserve of NPR 250 mio)	500,000
General loan loss provision	198,484
Exchange Equalization Reserve	21,045
Investment Adjustment Reserves	102,545
Supplementary Capital	822,074

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.

8.5% Laxmi Bank Debenture, 2072

Outstanding Amount	NPR 350 Million
Maturity	24 November 2015
Amount eligible for Tier 2 capital fund (net of Redemption Reserve)	NPR 100 Million

8% Laxmi Bank Debenture, 2076

Outstanding Amount	NPR 400 Mio
Maturity	4 February 2020
Amount eligible for Tier 2 capital fund	NPR 400 Mio

Deductions from Capital:

Amount in NPR '000'

PARTICULARS	AMOUNT
Investment in equity of institutions with financial interests	156,082
Investments arising out of underwriting commitments	447
Total	156,529

Total qualifying capital;*Amount in NPR '000'*

PARTICULARS	AMOUNT
Tier 1 Capital	2,597,096
Tier 2 Capital	822,074
Deductions	(156,529)
Total Qualifying Capital (Total Capital Fund)	3,262,641

Capital Adequacy Ratio;

12.23%

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 features of the Subordinated debt – 8.5% Laxmi Bank Debenture 2072:*

Name	Laxmi Bank Debenture-2072
Amount	NPR 350,000,000.00 (Three Hundred Fifty Million Only)
Interest Rate	8.5% per annum (before tax) payable half yearly
Type	Unsecured and Redeemable at Maturity. No call / convertible feature
No. of Debentures	350,000 (Three Hundred and Fifty 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

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

Amount in NPR '000'

PARTICULARS	AMOUNT
Risk weighted exposures for Credit Risk	24,506,562
Risk weighted exposures for Operational Risk	1,375,703
Risk weighted exposures for Market Risk	74,579
2% Additional RWE under supervisory review	519,137
2% of Gross Income under supervisory review	199,300
Total Risk Weighted Exposures	26,675,281

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

Amount in NPR '000'

PARTICULARS	AMOUNT
a) Claims on government & central bank	-
b) Claims on other official entities	145,313
c) Claims on banks	380,343
d) Claims on corporate & securities firms	13,049,422
e) Claims on regulatory retail portfolio	1,179,699
f) Claims secured by residential properties	707,989
a) Claims secured by commercial real state	1,016,375
b) Past due claims	1,631,493
c) High risk claims	2,541,955
d) Other assets	621,911
e) Off balance sheet items	3,232,062
Total	24,506,562

Total Risk Weighted Exposure calculation table;

Amount in NPR '000'

PARTICULARS	AMOUNT
Risk weighted exposures for Credit Risk	24,506,562
Risk weighted exposures for Operational Risk	1,375,703
Risk weighted exposures for Market Risk	74,579
2% Additional RWE under supervisory review	519,137
2% of Gross Income under supervisory review	199,300
Total Risk Weighted Exposures	26,675,281
Total Capital Fund	3,262,641
Total Capital to Total Risk Weighted Exposures	12.23%

Amount of NPAs (both Gross and Net) (in NPR '000)**Restructured/ Rescheduled Loan**

Gross	NPR 117,748
Net	NPR 51,977

Substandard Loan

Gross	NPR 25,462
Net	NPR 19,097

Doubtful Loan

Gross	NPR 57,226
Net	NPR 28,596

Loss Loan

Gross	NPR 104,009
Net	NIL

NPA ratiosGross NPA to gross advances: **1.51%**Net NPA to net advances: **0.51%****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	65,892	51,856	117,748
Substandard	8,338	17,124	25,4632
Doubtful	8,746	48,480	57,227
Loss	20,725	83,284	104,009
Total	103,701	200,744	304,446

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	NET ADDITION/ (REDUCTION) DURING THE YEAR	BALANCE AT THE
			END OF THE YEAR
Loan loss provision	220,433	186,037	406,470
Interest Suspense	79,060	(1,615)	77,415

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

Additional Loan loss provision
NPR 679

(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.



01



02



04

Laxmi Cares

A Social Initiative by Laxmi Bank Employees

01

Lighting up the Bhadrakali - Singha Durbar road. Laxmi Cares' Ujyalo Abhiyan.

02

Lighting up the 17th Century Chandeshwori Temple of Banepa Laxmi Cares' Ujyalo Abhiyan.

03

Annual "Go Green" Mountain Bike rally from Patan Durbar Square. The rally ended at Gokarna and turned into a concert cum carnival.

04

Rock star Robin Tamang performing live at Gokarna after the Laxmi Cares Annual Mountain Bike Rally.

05

One account, One Tree! It's one of our ways of saying 'Orange loves green'. For every Green Savings Account that our responsible customers open, we plant a tree. We have planted 17,000 trees so far and are still counting.



03



05





Laxmi Bank

www.laxmibank.com