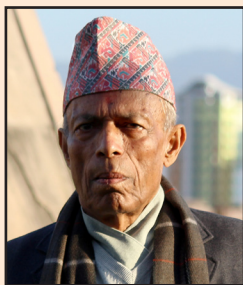




2016-17

ANNUAL REPORT

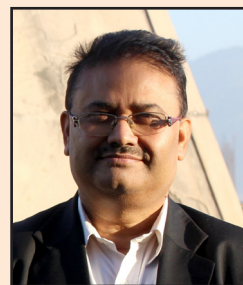
BOARD OF DIRECTORS



MR. SHAMBHU P. ACHARYA
CHAIRMAN



MR. DINESH PAUDYAL
DIRECTOR



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



MS. SWATI ROONGTA
*DIPECTOR, REPRESETING
GENERAL PUBLIC*



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



MR. SUDESH KHALING
CHIEF EXECUTIVE OFFICER

FIFTEEN YEARS OF RESPONSIBLE BANKING

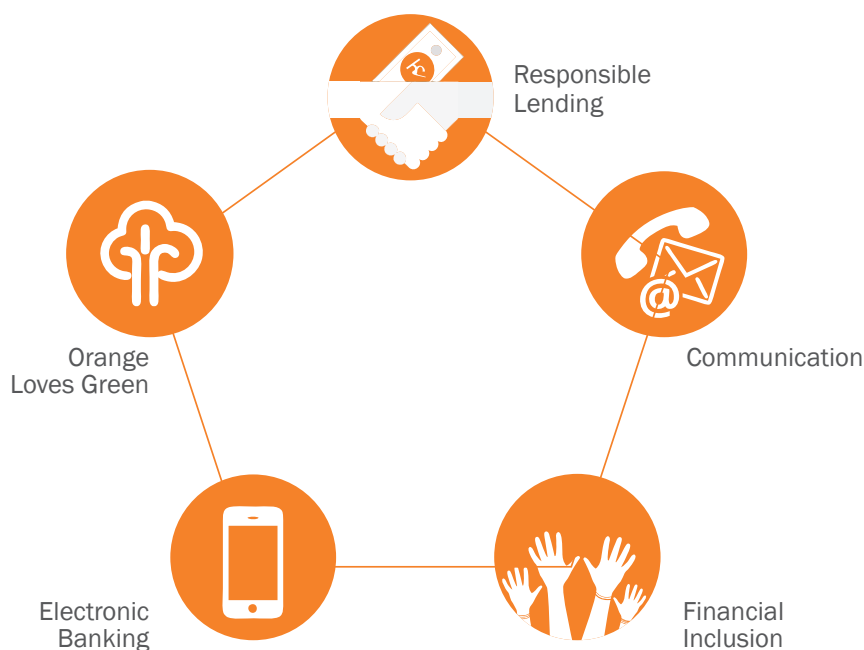
Laxmi Bank was born in 2002 in the southern plains of Nepal, in one of the oldest and most vibrant industrial and commercial cities of the country – Birgunj.

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

We are listed in the Nepal Stock Exchange with over 13,000 shareholders, represented by some of the country's most respected business houses, Citizens Investment Trust (a Nepal Government undertaking) and the general public. At Laxmi Bank we truly believe that the most meaningful contribution we can make to our society is by being good at what we do – Banking.

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

Our responsible banking initiatives include:



INDEPENDENT AUDITOR'S REPORT

The Shareholders of Laxmi Bank Limited

Report on the Consolidated Financial Statements

We were engaged to audit the accompanying financial statements of Laxmi Bank Ltd (the "Bank") and its consolidated subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheet as at 15 July 2017, the consolidated profit and loss account, statements of changes in equity and cash flow for the period then ended, and a summary of significant accounting policies and other explanatory information prepared in accordance with Nepal Financial Reporting Standards.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Nepal Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements. Management has prepared financial statements in accordance with regulatory requirements as stipulated by Nepal Rastra Bank and not in accordance with Nepal Financial Reporting Standards.

Auditor's Responsibility

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

Basis for Disclaimer of Opinion

The applicable financial reporting framework for the Bank was changed to Nepal Financial Reporting Standards from Nepal Accounting Standards (previous Local GAAP) effective from fiscal year starting 17 July 2015. Change in financial reporting framework required transition to Nepal Financial Reporting Standards as at 17 July 2014 and presentation of at least three statements of financial position, two statements of comprehensive income, two separate income statements (if presented), two statements of cash flows and two statements of changes in equity and related notes, including comparative information. However, financial statements for the previous year and as at 15 July 2017 have not been prepared based on transitional provision of Nepal Financial Reporting Standards 1 which requires identification, restatement, presentation and disclosure of financial information based on new accounting policies as per Nepal Financial Reporting Standards.

The cumulative effect of not restating, presenting and disclosing financial information based on transitional provision of NFRS is uncertain and could be material and pervasive.

Disclaimer of Opinion

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

Report on the Requirements of the Companies Act 2063, Bank and Financial Institution Act 2073

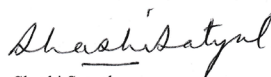
We have obtained information and explanations asked for, which, to the best of our knowledge and belief, were necessary for the purpose of our audit. In our opinion, consolidated balance sheet, consolidated profit and loss account and consolidated cash flow statement, prepared in the format prescribed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

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

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

As disclosed in Note 11 of the Schedule 4.33, the Bank has not measured the investment made in shares of a listed company categorized as Available for Sale on 'Marked to Market' basis, which in our opinion, is not in accordance with Nepal Rastra Bank Unified Directives. This has resulted in the investments to be understated by Rs. 2,471 million and a corresponding understatement of reserves.

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


Shashi Satyal
Managing Partner



T R Upadhy & Co.
Chartered Accountants

Kathmandu
18 October 2017

Consolidated Balance Sheet

as at Ashad 31, 2074 (July 15, 2017)

CAPITAL & LIABILITIES	This Year (in NPR)	Previous Year (in NPR)
1. Share Capital	8,219,653,200	4,799,889,946
2. Reserves and Surplus	1,509,924,580	925,741,301
3. Non Controlling Interest	129,144,754	57,423,632
4. Debentures & Bonds	400,000,000	400,000,000
5. Borrowings	341,134,004	-
6. Deposit Liabilities	59,190,945,998	48,513,046,267
7. Bills Payable	24,442,098	11,088,599
8. Proposed Cash Dividend	50,096,905	-
9. Income Tax Liabilities (net)	1,143,947	3,944,942
10. Other Liabilities	1,539,671,843	483,169,521
Total Capital and Liabilities	71,406,157,330	55,194,304,207

ASSETS	This Year (in NPR)	Previous Year (in NPR)
1. Cash Balance	1,371,229,531	1,032,453,251
2. Balance with Nepal Rastra Bank	4,101,703,464	3,765,764,493
3. Balance with Banks/Financial Institution	730,377,529	669,183,998
4. Money at Call and Short Notice	117,690,181	58,869,102
5. Investment	9,302,621,075	7,362,343,629
6. Loans, Advances and Bills Purchase	52,854,196,981	40,093,190,433
7. Fixed Assets	1,196,248,500	1,054,836,507
8. Non Banking Assets (net)	-	-
9. Other Assets	1,732,090,070	1,157,662,795
Total Assets	71,406,157,330	55,194,304,207

PIYUSH RAJ ARYAL
CHIEF RISK OFFICER

SUDESH KHALING
CHIEF EXECUTIVE OFFICER

SAMBHU PRASAD ACHARYA
CHAIRMAN

AS PER OUR REPORT
OF EVEN DATE

DIRECTORS

DINESH POUDYAL
SUSHIL KUMAR ARYAL
SWATI ROONGTA
VISHWA KARAN JAIN

DATE: 18 OCTOBER 2017
PLACE - KATHMANDU

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

Consolidated Profit and Loss Account

For the period Shrawan 1, 2073 to Ashad 31, 2074 (July 16, 2016 to July 15, 2017)

Particulars	This Year (in NPR)	Previous Year (in NPR)
1. Interest Income	4,986,243,365	3,257,358,243
2. Interest Expenses	3,057,115,564	1,796,205,547
Net Interest Income	1,929,127,801	1,461,152,695
3. Commission and Discount	339,100,237	281,873,088
4. Other Operating Income	227,679,124	167,146,352
5. Exchange Income	194,086,682	145,198,062
Total Operating Income	2,689,993,844	2,055,370,197
6. Staff Expenses	508,684,035	385,933,683
7. Other Operating Expenses	523,272,784	393,503,169
8. Exchange Loss	-	-
Operating Profit before provision for Possible Loss	1,658,037,025	1,275,933,346
9. Provision for Possible Losses	109,525,925	201,618,999
Operating Profit	1,548,511,100	1,074,314,346
10. Non Operating Income /(Loss)	141,012,149	18,559,347
11. Loan Loss Provision Written Back	49,084,000	109,709,715
Profit from Regular Operations	1,738,607,248	1,202,583,407
12. Profit/(Loss) from Extra-Ordinary Activities	6,769,363	174,500
Net Profit after including all Activities	1,745,376,611	1,202,757,907
13. Provision for Staff Bonus	160,922,486	108,118,186
14. Provision for Income Tax	-	-
* Provision for Current Year's Tax	466,499,658	331,455,202
* Provision for Previous Years' Tax	-	20,639,720
* Deferred Tax Expense/ (Income)	4,422,245	(6,219,703)
15. Share of Non- Controlling interest in the Profit/ Loss of Subsidiary	32,121,123	18,734,102
Net Profit/Loss	1,081,411,100	730,030,401

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DATE: 18 OCTOBER 2017
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SHASHI SATYAL
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FOR T.R UPADHYA & CO.
CHARTERED ACCOUNTANTS

Consolidated Profit and Loss Appropriation Account

For the period Shrawan 1, 2073 to Ashad 31, 2074 (July 16, 2016 to July 15, 2017)

Particulars	This Year (in NPR)	Previous Year (in NPR)
INCOME		
1. Accumulated Profit up to Previous Year	63,789,364	292,125,670
2. Current Year's Profit	1,081,411,100	730,030,401
3. Capital Redemption Reserve	-	350,000,000
4. Share Premium Fund transferred	127,703,048	73,998,322
5. Reserves from Professional Diyalo Bikas Bank Ltd	166,947,302	-
6. Adjustments in Retained Earnings	(20,139,663)	5,055,952
7. Writeback from Special Reserve Fund	4,843,000	-
8. Writeback from Investment Adjustment Reserve	-	5,982,005
Total	1,424,554,151	1,457,192,351
EXPENSES		
1. Accumulated Loss up to Previous Year	-	-
2. This Year's Loss	-	-
3. General Reserve	222,738,916	147,914,837
4. Contingent Reserve	-	-
5. Institutional Development Fund	-	-
6. Dividend Equalization Fund	-	-
7. Staff Related Reserves	-	-
8. Proposed Dividend	50,096,905	425,000
9. Proposed Bonus Shares	747,241,200	1,154,907,096
10. Special Reserve Fund	4,544,388	9,002,470
11. Exchange Fluctuation Fund	33,460	869,617
12. Capital Redemption Reserve Fund	80,000,000	80,000,000
13. Capital Adjustment Fund	-	-
14. Investment Adjustment Reserve	77,710,081	-
14. Adjustments:	-	-
Adjustment in Retained Earning	29,262,947	-
Deferred Tax Reserve	(6,396)	283,966.97
CSR Fund	11,136,946	-
Total	1,222,758,447	1,393,402,987
16. Accumulated Profit/(Loss)	201,795,703	63,789,364

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AS PER OUR REPORT
OF EVEN DATE

DATE: 18 OCTOBER 2017
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FOR T.R UPADHYA & CO.
CHARTERED ACCOUNTANTS

Consolidated Statement of Changes in Equity

Fiscal Year 2073/74

PARTICULARS	SHARE CAPITAL	ACCUMULATED PROFIT/LOSS	GENERAL RESERVE	CAPITAL ADJUSTMENT RESERVE	SPECIAL RESERVE	INVESTMENT ADJUSTMENT RESERVE	SHARE PREMIUM	EXCHANGE FLUCTUATION FUND	DEBENTURE REDEMPTION FUND	CSR FUND	DEFERRED TAX RESERVE	OTHER RESERVES & FUND	TOTAL AMOUNT
Opening Balance at 1 Shrawan 2073	4,799,889,946	63,789,363	715,189,927	-	9,002,470	27,428,713	-	29,518,255	80,000,000	-	283,967	528,605	5,725,631,246
Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Redemption Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjustments in Retained Earnings	-	(49,402,610)	-	-	-	-	-	-	-	-	-	-	(49,402,610)
Restated Balance	4,799,889,946	14,386,753	715,189,927	-	9,002,470	27,428,713	-	29,518,255	80,000,000	-	283,967	528,605	5,676,228,636
Net profit for the period	-	1,081,411,100	-	-	-	-	-	-	-	-	-	-	1,081,411,100
Transfer to General Reserve	-	(222,738,916)	222,738,916	-	-	-	-	-	-	-	-	-	-
Acquisition of PDBBL	119,801,100	-	34,781,196	166,947,302	-	100,000	-	-	-	-	-	373,754	322,003,352
Capital Adjustment Fund	-	166,947,302	-	(166,947,302)	-	-	-	-	-	-	-	-	-
Proposed Bonus Shares	747,241,200	(747,241,200)	-	-	-	-	-	-	-	-	-	-	-
Proposed cash Dividend	-	(50,096,905)	-	-	-	-	-	-	-	-	-	-	(50,096,905)
Special Reserve Fund	-	298,612	-	-	(298,612)	-	-	-	-	-	-	-	-
Exchange Fluctuation Fund	-	(33,460)	-	-	-	-	-	33,460	-	-	-	-	-
Additional Shares Issued	2,552,720,954	-	-	-	-	-	142,423,368	-	-	-	-	555,696	2,695,700,018
Debtenture Redemption Fund	-	(80,000,000)	-	-	-	-	-	-	80,000,000	-	-	-	-
Share Premium	-	127,703,048	-	-	-	-	(127,703,048)	-	-	-	-	-	-
Investment Adjustment Reserve	-	(77,710,081)	-	-	-	77,710,081	-	-	-	-	-	-	-
Deferred Tax Reserve	-	6,396	-	-	-	-	-	-	-	-	(6,396)	-	-
Fractional Bonus shares carried over	-	-	-	-	-	-	-	-	-	-	-	-	-
CSR Fund	-	(11,136,946)	-	-	-	-	-	-	-	11,136,946	-	-	-
Calls in Advance	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing Balance at 31 Ashad 2074	8,219,653,200	201,795,703	972,710,039	-	8,703,858	105,238,794	14,720,320	29,551,715	160,000,000	11,136,946	277,571	1,458,055	9,725,246,201

Consolidated Cash Flow Statement

For the period Shrawan 1, 2073 to Ashad 31, 2074 (July 16, 2016 to July 15, 2017)

Particulars	This Year (in NPR)	Previous Year (in NPR)
(A). CASH FLOW FROM OPERATING ACTIVITIES	(1,053,775,130)	1,517,691,296
1. Cash Received	5,599,839,769	3,776,670,898
1.1 Interest Income	4,811,447,423	3,192,044,346
1.2 Commission and Discount Income	352,749,739	246,484,003
1.3 Income from Foreign Exchange transaction	194,086,682	145,198,062
1.4 Recovery of Loan Written off	143,860	-
1.5 Other Income	241,412,065	192,944,487
2. Cash Payment	4,352,618,720	2,877,199,283
2.1 Interest Expenses	2,786,439,222	1,765,484,203
2.2 Staff Expenses	597,518,124	444,817,954
2.3 Office Operating Expenses	443,369,678	321,987,757
2.4 Income Tax Paid	525,291,696	344,909,368
2.5 Other Expenses	-	-
Cash Flow before changes in Working Capital	1,247,221,049	899,471,615
(Increase) / Decrease in Current Assets	(14,114,345,039)	(7,763,304,829)
1.(Increase)/Decrease in Money at Call and Short Notice	(58,494,509)	642,748,498
2. (Increase)/Decrease in Short Term Investment	(671,571,268)	(63,471,871)
3. (Increase)/Decrease in Loans, Advances and Bills Purchase	(12,901,978,506)	(9,071,765,782)
4. (Increase)/Decrease in Other Assets	(482,300,756)	729,184,325
Increase / (Decrease) in Current Liabilities	11,813,348,860	8,381,524,510
1. Increase/(Decrease) in Deposits	10,677,573,166	8,358,886,781
2. Increase/(Decrease) in Certificates of Deposits	-	-
3. Increase/(Decrease) in Short Term Borrowings	341,134,004	-
4. Increase/(Decrease) in Other Liabilities	794,641,690	22,637,728
(b) Cash Flow from Investment Activities	(1,204,222,070)	(1,415,052,785)
1. (Increase)/Decrease in Long-term Investment	(1,211,549,199)	(911,076,696)
2. (Increase)/Decrease in Fixed Assets	(201,171,133)	(561,993,352)
3. Interest income from Long term Investment	141,361,664	47,999,583
4. Dividend Income	67,136,598	10,017,680
5. Others	-	-
(c) Cash Flow from Financing Activities	2,993,905,988	411,940,284
1. Increase/(Decrease) in Long term Borrowings (Bonds, Debentures etc)	-	(350,000,000)
2. Increase/(Decrease) in Share Capital & Share Premium	2,983,611,939	825,797,982
3. Increase/(Decrease) in Other Liabilities	39,328,484	-
4. Increase/(Decrease) in Refinance/facilities received from NRB	-	-
5. Interest expenses on Long term Borrowings (Bonds, Debentures etc)/ Dividend Paid	(29,034,435)	(63,857,698)
(d) Income/Loss from change in exchange rate in Cash & Bank Balance	-	-
(e) Current Year's Cash Flow from All Activities	735,908,788	514,578,794
(f) Opening Balance of Cash and Bank	5,467,401,742	4,952,822,947
(g) Closing Balance of Cash and Bank	6,203,310,530	5,467,401,742

PIYUSH RAJ ARYAL
CHIEF RISK OFFICER

SUDESH KHALING
CHIEF EXECUTIVE OFFICER

SAMBHU PRASAD ACHARYA
CHAIRMAN

AS PER OUR REPORT
OF EVEN DATE

DIRECTORS

DATE: 18 OCTOBER 2017
PLACE - KATHMANDU

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VISHWA KARAN JAIN

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

Consolidated Significant Accounting Policies and Notes to Accounts

i) General Information

a. Reporting Entity

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

b. Consolidated Financial Statements

The consolidated financial statements of the Bank as of 16 July 2017 comprises of the Bank and its subsidiaries. The financial year of subsidiaries is common to that of the parent company.

ii) Statement of Compliance

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

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

iii) Basis of Consolidation

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

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

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards 10 "Consolidated Financial Statements". In preparing the consolidated financial statements, the financial statements are combined line by

line by adding the like items of assets, liabilities, equity, income and expenses.

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

iv) Previous Year's Figures

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

NOTES TO ACCOUNTS

1. Intra group transactions and balances

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

Amount in NPR'000		
Particulars	LCM	LLBS
Balance Sheet Items		
Investment of Laxmi Bank in subsidiaries	101,500	147,000
Bonus Shares received from subsidiaries	-	7,000
Deposit with held by subsidiaries	781,753	8,957
Receivables from subsidiaries	160	-
Loan provided to subsidiaries	-	1,232,856
Profit and Loss Account Items		
Interest Expense on Deposit held by subsidiaries	18,706	-
Interest Income on Loan provided to subsidiaries	-	61,240
Service Fees paid to subsidiaries	1,390	-
Dividend income from investment in subsidiaries	12,350	15,400
Loan Loss Provision on Loan to LLBS	-	2,979

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:

Amount in NPR '000

Particulars	Bank	LCM	LLBS	Group
Profit before tax as per Profit & Loss Account	1,432,184	33,085	152,955	1,609,225
Add: Adjustments for				
Depreciation as per financials considered separately	51,224	1,958	3,256	56,439
Equipment & furniture charged to revenue considered in depreciation	4,445		345	4,790
Leasehold amortization considered in depreciation	14,132			14,132
Loss on disposal of Fixed Assets	-			-
Software amortization considered in depreciation	16,924	225	379	17,528
Repairs and Maintenance added to the Pool as per income tax act	8,103			8,103
Impairment Loss on Investment	-	1,220		1,220
Premium on Bond amortized during the year	2,255			2,255
Provision for expenses			826	826
Less: Adjustments for				-
Depreciation as per Income Tax Act	(85,266)	(2,187)	(4,834)	(92,287)
Dividend income	(35,413)	(19)		(35,432)
Profit on disposal of Fixed Assets	(12,082)			(12,082)
Previous Year's Provision for Expenses paid this year	(14,005)			(14,005)
Taxable Profit as per Income tax Act 2058	1,373,502	34,282	152,928	1,560,713
Corporate Income Tax @ 30%	412,051	8,571	45,879	466,500

3. Deferred Tax Liability/ (Asset)

Carrying amount of assets & liabilities where temporary differences arise as on 31 Ashad 2074 (15.07 2017) are as follows:

Amount in NPR '000

Particulars	Carrying Amount	Tax Base	Net Temporary Difference	Deferred Tax Liability/ (Asset) as at Ashad end 2074 (@ 30% for Bank and LLBS and @ 25% for LCM)
Bank	414,068	440,815	(26,746)	(8,023)
Subsidiaries	25,042	26,365	(1,322)	(377)
Group	439,110	467,179	(28,068)	(8,400)
Deferred Tax Liability/ (Asset) till Ashad end 2073				(12,457)
Deferred Tax Asset carried forward on acquisition of PDBL				(366)
Deferred Tax Expense/ (Income) for Current Year				4,422

Deferred Tax Asset of the Group as of 31 Ashad 2074 (15 July 2017) is NPR 8,400,811.

NPR 4,422,245 has been charged as expense in Consolidated Profit and Loss Account, in the current year.

4. Non-controlling interest (NCI)

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

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

Calculation of Non-controlling Interest in Laxmi Laghubitta Bittiya Sanstha Ltd

PARTICULARS	AMOUNT IN NPR '000
Opening Balance	57,423
Share of Profit for the year @ 30%	32,121
Right Shares issued to non-controlling holders	33,000
Share of non-controlling holders in proposed bonus shares	6,600
Closing Balance	129,144

INDEPENDENT AUDITOR'S REPORT
The Shareholders of Laxmi Bank Limited

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of Laxmi Bank Ltd (the "Bank"), which comprise the balance sheet as at 15 July 2017, and the profit and loss account, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information prepared in accordance with Nepal Financial Reporting Standards.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Nepal Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements. Management has prepared financial statements in accordance with regulatory requirements as stipulated by Nepal Rastra Bank and not in accordance with Nepal Financial Reporting Standards.

Auditor's Responsibility

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

Basis for Disclaimer of Opinion

The applicable financial reporting framework for the Bank was changed to Nepal Financial Reporting Standards from Nepal Accounting Standards (previous Local GAAP) effective from fiscal year starting 17 July 2015. Change in financial reporting framework required transition to Nepal Financial Reporting Standards as at 17 July 2014 and presentation of at least three statements of financial position, two statements of comprehensive income, two separate income statements (if presented), two statements of cash flows and two statements of changes in equity and related notes, including comparative information. However, financial statements for the previous year and as at 15 July 2017 have not been prepared based on transitional provision of Nepal Financial Reporting Standards 1 which requires identification, restatement, presentation and disclosure of financial information based on new accounting policies as per Nepal Financial Reporting Standards.

The cumulative effect of not restating, presenting and disclosing financial information based on transitional provision of NFRS is uncertain and could be material and pervasive.

Disclaimer of Opinion

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

Report on the Requirements of the Companies Act 2063, Bank and Financial Institution Act 2073

We have obtained information and explanations asked for, which, to the best of our knowledge and belief, were necessary for the purpose of our audit. In our opinion, the balance sheet, the profit and loss account and the cash flow statement, prepared in the format prescribed by Nepal Rastra Bank, are in agreement with the books of account

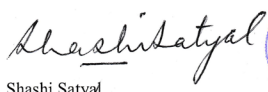
of the Bank; and proper books of account as required by law have been kept by the Bank. In our opinion the returns received from the branches were adequate for the purpose of the audit though the statements are independently not audited.

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

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

As disclosed in Note 11 of the Schedule 4.33, the Bank has not measured the investment made in shares of a listed company categorized as Available for Sale on 'Marked to Market' basis, which in our opinion, is not in accordance with Nepal Rastra Bank Unified Directives. This has resulted in the investments to be understated by Rs. 2,471 million and a corresponding understatement of reserves.

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


Shashi Satyal
Managing Partner



T R Upadhyaya & Co.
Chartered Accountants

Kathmandu

18 October 2017

Balance Sheet

as at Ashad 31, 2074 (July 15, 2017)

CAPITAL & LIABILITIES	SCHEDULE	THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
1. Share Capital	4.1	8,219,653,200	4,799,889,946
2. Reserves and Surplus	4.2	1,370,831,356	849,578,821
3. Debentures & Bonds	4.3	400,000,000	400,000,000
4. Borrowings	4.4	257,875,000	-
5. Deposit Liabilities	4.5	59,320,403,977	48,154,198,449
6. Bills Payable	4.6	24,442,098	11,088,599
7. Proposed Cash Dividend		39,328,484	-
8. Income Tax Liabilities (net)		-	3,634,548
9. Other Liabilities	4.7	756,152,013	444,774,384
TOTAL CAPITAL AND LIABILITIES		70,388,686,129	54,663,164,747

ASSETS	SCHEDULE	THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
1. Cash Balance	4.8	1,368,870,073	1,031,802,431
2. Balance with Nepal Rastra Bank	4.9	4,092,170,464	3,759,561,493
3. Balance with Banks/Financial Institution	4.10	675,169,349	659,506,142
4. Money at Call and Short Notice	4.11	117,690,181	33,709,145
5. Investment	4.12	9,439,808,090	7,422,422,118
6. Loans, Advances and Bills Purchase	4.13	51,886,752,276	39,634,249,129
7. Fixed Assets	4.14	1,156,150,755	1,023,771,428
8. Non Banking Assets (net)	4.15	-	-
9. Other Assets	4.16	1,652,074,941	1,098,142,860
TOTAL ASSETS		70,388,686,129	54,663,164,747

Contingent Liabilities	Schedule 4.17
Directors' Declaration	Schedule 4.29
Statement of Capital Fund	Schedule 4.30 (A1)
Statement of Risk weighted Assets and CRM	Schedule 4.30 (B, C, D, E)
Principal Indicators	Schedule 4.31
Principal Accounting Policies	Schedule 4.32
Notes to Accounts	Schedule 4.33

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

PIYUSH RAJ ARYAL
CHIEF RISK OFFICER

SUDESH KHALING
CHIEF EXECUTIVE OFFICER

SAMBHU PRASAD ACHARYA
CHAIRMAN

AS PER OUR REPORT
OF EVEN DATE

DIRECTORS

DINESH POUDYAL
SUSHIL KUMAR ARYAL
SWATI ROONGTA
VISHWA KARAN JAIN

DATE: 18 OCTOBER 2017
PLACE - KATHMANDU

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

Profit and Loss Account

For the Period Shrawan 1, 2073 to Ashad 31, 2074 (July 16, 2016 to July 15, 2017)

PARTICULARS	SCHEDULE	THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
1. Interest Income	4.18	4,682,811,078	3,072,565,479
2. Interest Expenses	4.19	3,028,184,250	1,765,421,938
Net Interest Income		1,654,626,828	1,307,143,541
3. Commission and Discount	4.20	270,938,621	231,498,217
4. Other Operating Income	4.21	227,163,292	165,054,628
5. Exchange Income	4.22	194,086,682	145,198,062
Total Operating Income		2,346,815,423	1,848,894,448
6. Staff Expenses	4.23	412,553,789	326,972,145
7. Other Operating Expenses	4.24	485,647,278	363,819,537
8. Exchange Loss	4.22	-	-
Operating Profit before provision for Possible Loss		1,448,614,357	1,158,102,766
9. Provision for Possible Losses	4.25	99,733,114	196,408,921
Operating Profit		1,348,881,242	961,693,846
10. Non Operating Income /(Loss)	4.26	160,768,005	20,030,360
11. Writeback of Provision for Possible Losses	4.27	49,084,000	109,390,510
Profit from Regular Operations		1,558,733,247	1,091,114,715
12. Profit/(Loss) from Extra-Ordinary Activities	4.28	6,769,363	174,500
Net Profit after including all Activities		1,565,502,610	1,091,289,215
13. Provision for Staff Bonus		142,318,419	99,208,110
14. Provision for Income Tax		-	-
* Provision for Current Year's Tax		412,050,631	300,074,975
* Provision for Previous Years' Tax		-	20,639,720
* Deferred Tax Expense/ (Income)		4,509,390	(5,760,767)
Net Profit/Loss		1,006,624,170	677,127,177

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

PIYUSH RAJ ARYAL
CHIEF RISK OFFICER

SUDESH KHALING
CHIEF EXECUTIVE OFFICER

SAMBHU PRASAD ACHARYA
CHAIRMAN

AS PER OUR REPORT
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DINESH POUDYAL
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SWATI ROONGTA
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DATE: 18 OCTOBER 2017
PLACE - KATHMANDU

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

Profit and Loss Appropriation Account

For the Period Shrawan 1, 2073 to Ashad 31, 2074 (July 16, 2016 to July 15, 2017)

PARTICULARS	THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
INCOME		
1. Accumulated Profit up to Previous Year	4,817,743	270,883,846
2. Current Year's Profit	1,006,624,170	677,127,177
3. Capital Redemption Reserve	-	350,000,000
4. Share Premium Fund transferred	127,703,048	73,998,322
5. Reserves from Professional Diyalo Bikas Bank Ltd	166,947,302	6,406,540
6. WRITEBACK FROM SPECIAL RESERVE FUND	4,843,000	-
7. WRITEBACK FROM INVESTMENT ADJUSTMENT RESERVE		5,982,005
Total	1,310,935,264	1,377,991,951
EXPENSES		
1. Accumulated Loss up to Previous Year	-	-
2. This Year's Loss	-	-
3. General Reserve	201,324,834	135,425,435
4. Contingent Reserve	-	-
5. Institutional Development Fund	-	-
6. Dividend Equalization Fund	-	-
7. Staff Related Reserves	-	-
8. Proposed Dividend	39,328,484	-
9. Proposed Bonus Shares	747,241,200	1,154,907,096
10. Special Reserve Fund	-	8,378,000
11. Exchange Fluctuation Fund	33,460	869,617
12. Capital Redemption Reserve Fund	80,000,000	80,000,000
13. Capital Adjustment Fund	-	-
14. Investment Adjustment Reserve	77,710,081	
15. ADJUSTMENTS:	-	-
a. Adjustment in Retained Earning	29,262,947	(6,406,540)
b. CSR Fund	10,066,242	-
Total	1,184,967,248	1,373,173,608
16. Accumulated Profit/(Loss)	125,968,015	4,817,743

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VISHWA KARAN JAIN

DATE: 18 OCTOBER 2017
PLACE - KATHMANDU

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

Statement of Changes in Equity

Fiscal Year 2073/74

(in NPR)

PARTICULARS	SHARE CAPITAL	ACCUMULATED PROFIT/LOSS	GENERAL RESERVE	CAPITAL ADJUSTMENT RESERVE	SPECIAL RESERVE	INVESTMENT ADJUSTMENT RESERVE	SHARE PREMIUM	EXCHANGE FLUCTUATION FUND	DEBENTURE REDEMPTION FUND	CSR FUND	OTHER RESERVES & FUND	TOTAL AMOUNT
CLOSING BALANCE AT 31 ASHAD 2073	4,799,889,946	4,817,743	698,907,505	-	8,378,000	27,428,713	-	29,518,255	80,000,000	-	528,605	5,649,468,767
ADJUSTMENTS												
Capital Redemption Reserve	-								-			
Adjustments in Retained Earnings		(29,262,947)		-								(29,262,947)
Restated Balance	4,799,889,946	(24,445,204)	698,907,505	-	8,378,000	27,428,713	-	29,518,255	80,000,000	-	528,605	5,620,205,820
Net profit for the period	-	1,006,624,170	-	-	-	-	-	-	-	-	-	1,006,624,170
Transfer to General Reserve	-	(201,324,834)	201,324,834	-	-	-	-	-	-	-	-	-
Acquisition of PDBBL	119,801,100	-	34,781,196	166,947,302	-	100,000	-	-	-	-	373,754	322,003,352
Capital Adjustment Fund	-	166,947,302		(166,947,302)	-	-	-	-	-	-	-	-
Proposed Bonus Shares	747,241,200	(747,241,200)	-	-	-	-	-	-	-	-	-	-
Proposed Cash Dividend		(39,328,484)	-	-	-	-	-	-	-	-	-	(39,328,484)
Special Reserve Fund	-	4,843,000	-	-	(4,843,000)	-	-	-	-	-	-	-
Exchange Fluctuation Fund	-	(33,460)	-	-	-	-	-	33,460	-	-	-	-
Additional Shares Issued	2,552,720,954	-	-	-	-	-	127,703,048	-	-	-	555,696	2,680,979,698
Debenture Redemption Fund	-	(80,000,000)	-	-	-	-	-	-	80,000,000	-	-	-
Share Premium	-	127,703,048	-	-	-	-	(127,703,048)	-	-	-	-	-
Investment Adjustment Reserve	-	(77,710,081)	-	-	-	77,710,081	-	-	-	-	-	-
CSR Fund	-	(10,066,242)		-	-	-	-	-	-	10,066,242	-	-
Calls in Advance	-	-	-	-	-	-	-	-	-	-	-	-
Closing Balance at 31 Ashad 2074	8,219,653,200	125,968,015	935,013,535	-	3,535,000	105,238,794	-	29,551,715	160,000,000	10,066,242	1,458,055	9,590,484,556

Cash Flow Statement

For the Period Shrawan 1, 2073 to Ashad 31, 2074 (July 16, 2016 to July 15, 2017)

PARTICULARS	THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
(A). CASH FLOW FROM OPERATING ACTIVITIES	(963,211,044)	1,526,530,413
1. CASH RECEIVED	5,254,650,908	3,540,170,404
1.1 Interest Income	4,537,955,852	3,010,651,297
1.2 Commission and Discount Income	285,978,123	217,563,451
1.3 Income from Foreign Exchange transaction	194,086,682	145,198,062
1.4 Recovery of Loan Written off	143,860	-
1.5 Other Income	236,486,390	166,757,594
2. CASH PAYMENT	4,155,989,983	2,739,061,562
2.1 Interest Expenses	2,767,905,936	1,739,729,235
2.2 Staff Expenses	511,761,899	385,856,417
2.3 Office Operating Expenses	400,996,023	296,395,763
2.4 Income Tax Paid	475,326,125	317,080,147
2.5 Other Expenses	-	-
CASH FLOW BEFORE CHANGES IN WORKING CAPITAL	1,098,660,925	801,108,842
(INCREASE) / DECREASE IN CURRENT ASSETS	(13,584,685,619)	(7,454,844,856)
1.(Increase)/Decrease in Money at Call and Short Notice	(83,981,036)	646,795,459
2. (Increase)/Decrease in Short Term Investment	(659,571,268)	(62,602,971)
3. (Increase)/Decrease in Loans, Advances and Bills Purchase	(12,384,902,019)	(8,801,610,664)
4. (Increase)/Decrease in Other Assets	(456,231,297)	762,573,319
INCREASE / (DECREASE) IN CURRENT LIABILITIES	11,522,813,650	8,180,266,428
1. Increase/(Decrease) in Deposits	11,166,205,528	8,162,383,882
2. Increase/(Decrease) in Certificates of Deposits	-	-
3. Increase/(Decrease) in Short Term Borrowings	257,875,000	-
4. Increase/(Decrease) in Other Liabilities	98,733,122	17,882,545
(B) CASH FLOW FROM INVESTMENT ACTIVITIES	(1,296,784,805)	(1,422,273,012)
1. (Increase)/Decrease in Long-term Investment	(1,297,938,001)	(905,455,791)
2. (Increase)/Decrease in Fixed Assets	(185,654,159)	(573,769,364)
3. Interest income from Long term Investment	107,320,757	38,859,462
4. Dividend Income	79,486,598	18,092,680
5. Others	-	-
(C) CASH FLOW FROM FINANCING ACTIVITIES	2,945,335,668	411,940,284
1. Increase/(Decrease) in Long term Borrowings (Bonds, Debentures etc)	-	(350,000,000)
2. Increase/(Decrease) in Share Capital & Share Premium/ Reserves	2,934,391,619	825,797,982
3. Increase/(Decrease) in Other Liabilities	39,328,484	-
4. Increase/(Decrease) in Refinance/facilities received from NRB	-	-
5. Interest expenses on Long term Borrowings (Bonds, Debentures etc)	(28,384,435)	(63,857,698)
(d) Income/Loss from change in exchange rate in Cash & Bank Balance	-	-
(e) Current Year's Cash Flow from All Activities	685,339,819	516,197,684
(f) Opening Balance of Cash and Bank	5,450,870,066	4,934,672,380
(g) Closing Balance of Cash and Bank	6,136,209,885	5,450,870,065

PIYUSH RAJ ARYAL
CHIEF RISK OFFICER

SUDESH KHALING
CHIEF EXECUTIVE OFFICER

SAMBHU PRASAD ACHARYA
CHAIRMAN

AS PER OUR REPORT
OF EVEN DATE

DIRECTORS

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

DATE: 18 OCTOBER 2017
PLACE - KATHMANDU

SHARE CAPITAL AND OWNERSHIP

As at Ashad 31, 2074 (July 15, 2017)

Schedule 4.1

Particulars	This Year (in NPR)	Previous Year (in NPR)
1. Share Capital		
1.1 Authorized Capital	10,000,000,000	10,000,000,000
a) 100,000,000 Ordinary Shares of NPR 100.00 each	10,000,000,000	10,000,000,000
b)Non-redeemable Preference Shares of NPR....each		
c)Redeemable Preference Shares of NPR....each		
1.2 Issued Capital	7,472,412,000	6,078,458,400
a) 74,724,120 Ordinary Shares of NPR 100.00 each (Previous Year 60,784,584 Shares of NPR 100.00 each)	7,472,412,000	6,078,458,400
b)Non-redeemable Preference Shares of NPR....each		
c)Redeemable Preference Shares of NPR....each		
1.3 Paid Up Capital	7,472,412,000	3,039,229,200
a) 74,724,120 Ordinary Shares of NPR 100.00 each (Previous Year 30,392,292 Shares of NPR 100.00 each)	7,472,412,000	3,039,229,200
b)Non-redeemable Preference Shares of NPR....each		
c)Redeemable Preference Shares of NPR....each		
1.4 Proposed Bonus Share	747,241,200	1,154,907,096
1.5 Calls in Advance	-	605,753,650
Total (1.3 + 1.4 + 1.5)	8,219,653,200	4,799,889,946

SHARE OWNERSHIP

As at Ashad 31, 2074 (July 15, 2017)

Particulars	%	This Year (in NPR)	Previous Year (in NPR)	%
(A) Local Ownership	100.00	7,472,412,000	3,039,229,200	100.00
1.1 Government of Nepal				
1.2 "Ka" Class Licensed Institution				
1.3 Other Licensed Institution				
1.4 Other Organisations (Promoters)	29.28	2,187,959,900	1,005,385,500	33.08
1.5 General Public	36.03	2,692,102,100	1,079,914,300	35.53
1.6 Others (Promoters)	34.69	2,592,350,000	953,929,400	31.39
(B) Foreign Ownership				
Total	100.00	7,472,412,000	3,039,229,200	100.00

SHARE CAPITAL & OWNERSHIP

LIST OF SHAREHOLDERS HOLDING MORE THAN 0.5% OF SHARE CAPITAL

Schedule 4.1

S. NO.	NAME	THIS YEAR	
		AMOUNT (IN NPR)	%
1	LAXMI CORP NEPAL PVT. LTD.	1,096,320,600	14.67%
2	SARIKA KHETAN	738,978,400	9.89%
3	CITIZEN INVESTMENT TRUST	648,548,100	8.68%
4	SNEHA KHETAN	416,503,100	5.57%
5	RATAN LAL SHANGAI	390,605,200	5.23%
6	RAJENDRA KUMAR KHETAN	381,853,400	5.11%
7	HIMALAYAN EXIM PVT. LTD.	341,552,000	4.57%
8	GOPI KRISHNA SIKARIA	337,506,500	4.52%
9	MTC INVESTMENT PVT. LTD.	222,229,700	2.97%
10	PUJA AGRAWAL KHETAN	149,045,400	1.99%
11	OM PRAKASH SIKARIA	106,520,100	1.43%
12	RASTRIYA BEEMA SANSATHAN(JIWAN BEEMA)	101,830,200	1.36%
13	ANJALI SARWAGI	101,789,000	1.36%
14	PRIME HOLDING PVT.LTD.	69,324,400	0.93%
15	SUNIL KUMAR BANSAL	50,446,300	0.68%
16	DEEPAK KUMAR MALHOTRA	49,381,800	0.66%
17	RABI KUMAR GUPTA	42,271,300	0.57%

RESERVES FUNDS

As at Ashad 31, 2074 (July 15, 2017)

Schedule 4.2

PARTICULARS	THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
1. General Reserve Fund	935,013,535	698,907,505
2. Capital Reserve Fund	-	-
a. Share Premium	-	-
3. Capital Redemption Reserve	160,000,000	80,000,000
a. Laxmi Bank Debenture 2076	160,000,000	
4. Capital Adjustment Fund	-	-
5. Other Reserves & Funds	120,298,091	36,335,318
a. Contingent Reserve	-	-
b. Institutional Development Fund	-	-
c. Dividend Equalization Fund	-	-
d. Special Reserve Fund	3,535,000	8,378,000
e. Assets Revaluation Reserve	-	-
f. Deferred Tax Reserve	-	-
g. Other Free Reserves	-	-
h. Investent Adjustment Reserve	105,238,794	27,428,713
i. CSR Fund	10,066,242	-
j. Others (Fractional Bonus Share carried forward)	1,458,055	528,605
6. Accumulated Profit/Loss	125,968,015	4,817,743
7. Exchange Fluctuation Fund	29,551,715	29,518,255
Total	1,370,831,356	849,578,821

DEBENTURES AND BONDS

As at Ashad 31, 2074 (July 15, 2017)

Schedule 4.3

PARTICULARS	THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
1. 8% Laxmi Bank Debentures, 2076	400,000,000	400,000,000
400,000 units of Rs 1,000 each		
Issued on 5th February 2013 and maturity on 4th February 2020		
(Outstanding balance of Redemption Reserve NPR 160,000,000)		
2.	-	-
3.	-	-
Total (1+2+3)	400,000,000	400,000,000

BORROWINGS

As at Ashad 31, 2074 (July 15, 2017)

Schedule 4.4

PARTICULARS	THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
A. Local	-	-
1. Government of Nepal	-	-
2. Nepal Rastra Bank	-	-
3. Repo Obligations	-	-
4. Inter Bank and Financial Institutions	257,875,000	-
5. Other Organized Institutions	-	-
6. Others	-	-
Total	257,875,000	-
B. Foreign	-	-
1. Banks	-	-
2. Others	-	-
Total	-	-
Total (A+B)	257,875,000	-

DEPOSIT LIABILITY

As at Ashad 31, 2074 (July 15, 2017)

Schedule 4.5

PARTICULARS	THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
1. Non-Interest bearing accounts		
A. Current Deposits	3,874,286,525	2,384,810,695
1. Local Currency	3,561,535,271	2,167,464,316
1.1 Government of Nepal	90,618,249	110,292,371
1.2 "Ka" Class Licensed Institutions	628,023	6,791,373
1.3 Other Licensed Institutions	52,332,907	72,406,127
1.4 Other Organized Institutions	3,284,776,443	1,849,979,779
1.5 Individuals	133,179,649	127,994,666
1.6 Others		
2. Foreign Currency	312,751,254	217,346,380
2.1 Government of Nepal	5,582,313	16,377,225
2.2 "Ka" Class Licensed Institutions		
2.3 Other Licensed Financial Institutions		
2.4 Other Organized Institutions	307,012,457	200,720,239
2.5 Individuals	156,484	248,915
2.6 Others		
B. Margin Deposits	1,213,317,876	572,349,222
1. Employees Guarantee	-	-
2. Guarantee Margin	193,485,125	184,467,931
3. Margin on Letter of Credit	1,019,832,751	387,881,291
C. Others	5,397,407	17,938,603
1. Local Currency	5,397,407	17,938,603
1.1 Financial Institutions	-	-
1.2 Other Organized Institutions	5,397,407	17,938,603
1.3 Individual	-	-
2. Foreign Currency	-	-
2.1 Financial Institutions	-	-
2.2 Other Organized Institutions	-	-
2.3 Individual	-	-
TOTAL OF NON-INTEREST BEARING ACCOUNTS	5,093,001,808	2,975,098,520

DEPOSIT LIABILITY

As at Ashad 31, 2074 (July 15, 2017)

Schedule 4.5 (a)

PARTICULARS	THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
2. Interest Bearing Accounts		
A. Saving Deposits	13,023,873,850	10,678,587,175
1. Local Currency	12,711,969,734	10,466,660,027
1.1 Organizations/ Institutions	93,595,485	149,306,904
1.2 Individual	12,618,374,249	10,317,353,123
1.3 Others		
2. Foreign Currency	311,904,116	211,927,148
2.1 Organizations/ Institutions	7,509,069	1,187,623
2.2 Individual	304,395,047	210,739,526
2.3 Others		
B. Fixed Deposits	28,450,102,108	20,805,345,445
1. Local Currency	27,452,273,775	19,579,046,198
1.1 Organizations/ Institutions	12,837,025,943	14,717,775,379
1.2 Individual	14,615,247,832	4,861,270,819
1.3 Others		
2. Foreign Currency	997,828,333	1,226,299,247
2.1 Organizations/ Institutions	997,828,333	1,226,299,247
2.2 Individual		
2.3 Others	-	-
C. Call Deposits	12,753,426,211	13,695,167,309
1. Local Currency	11,840,858,988	12,415,083,929
1.1 "Ka" Class Licensed Institutions	416,044	-
1.2 Other Licensed Financial Institutions	1,036,675,376	2,386,770,955
1.3 Other Organized Institutions	9,865,789,825	7,763,891,293
1.4 Individual	937,977,744	2,264,421,681
1.5 Others		
2. Foreign Currency	912,567,223	1,280,083,379
2.1 "Ka" Class Licensed Institutions	-	-
2.2 Other Licensed Institutions		
2.3 Other Organized Institutions	809,313,959	1,099,605,784
2.4 Individual	103,253,263	180,477,596
2.5 Others		
D. Certificate of Deposit	-	-
1. Organized Institution	-	-
2. Individual	-	-
3. Others	-	-
Total of Interest Bearing Accounts	54,227,402,169	45,179,099,929
Total Deposit (1+2)	59,320,403,977	48,154,198,449

Bills Payable

As at Ashad 31, 2074 (July 15, 2017)

Schedule 4.6

PARTICULARS	THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
1. Local Currency	24,442,098	5,528,477
2. Foreign Currency	-	-
Total	24,442,098	5,528,477

OTHER LIABILITIES

As at Ashad 31, 2074 (July 15, 2017)

Schedule 4.7

PARTICULARS	THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
1. Pension/Gratuity Fund	-	-
2. Employees Provident Fund	-	-
3. Employees Welfare Fund	-	-
4. Provision for Staff Bonus	142,318,419	99,208,110
5. Interest Payable on Deposits	355,093,658	126,796,279
6. Interest Payable on Borrowings	21,418	-
7. Interest Payable on Debentures	6,003,946	2,428,862
8. Unearned Discount and Commission	60,816,571	35,213,492
9. Sundry Creditors	183,563,122	165,160,824
10. Branch Account	-	-
11. Deferred Tax Liability	-	-
12. Unpaid Dividend	6,960,113	8,047,466
13. Others	1,374,767	7,919,349
(a) Audit Fee Payable	1,130,000	880,000
(b) Remittance Payable	-	637,840
(c) Others	244,767	6,401,509
Total	756,152,013	444,774,384

CASH BALANCE

As at Ashad 31, 2074 (July 15, 2017)

Schedule 4.8

PARTICULARS	THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
1. Local Currency (Including Coins)	1,345,732,157	1,018,711,851
2. Foreign Currency	23,137,916	13,090,580
Total	1,368,870,073	1,031,802,431

Balance With Nepal Rastra Bank

As at Ashad 31, 2074 (July 15, 2017)

Schedule 4.9

PARTICULARS	LOCAL CURRENCY	FOREIGN CURRENCY (IN EQUIVALENT NPR)			THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
		INR	CONVERTIBLE	TOTAL		
1. Nepal Rastra Bank	4,063,167,681	-	29,002,783	29,002,783	4,092,170,464	3,759,561,493
a. Current Account	4,063,167,681	-	29,002,783	29,002,783	4,092,170,464	3,759,561,493
b. Other Account		-	-	-	-	-

BALANCE WITH BANKS/ FINANCIAL INSTITUTIONS

As at Ashad 31, 2074 (July 15, 2017)

Schedule 4.10

PARTICULARS	LOCAL CURRENCY	FOREIGN CURRENCY (IN EQUIVALENT NPR)			THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
		INR	CONVERTIBLE FCY	TOTAL		
1. Local Licensed Institutions	500,311,686	-	4,160,907	4,160,907	504,472,593	176,981,790
a. Current Account	500,311,686	-	4,160,907	4,160,907	504,472,593	176,981,790
b. Other Account	-	-	-	-	-	-
2. Foreign Banks	-	136,347,045	34,349,710	170,696,755	170,696,755	482,524,352
a. Current Account	-	136,347,045	34,349,710	170,696,755	170,696,755	482,524,352
b. Other Account	-	-	-	-	-	-
Total	500,311,686	136,347,045	38,510,617	174,857,662	675,169,349	659,506,142

Note: Total balance for which the confirmations are received from respective institutions NPR 4,890,339,507 and the difference amount has been identified and reconciled.

Money At Call And Short Notice

As at Ashad 31, 2074 (July 15, 2017)

Schedule 4.11

PARTICULARS	THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
1. Local Currency	-	-
2. Foreign Currency	117,690,181	33,709,145
TOTAL	117,690,181	33,709,145

Investments

As at Ashad 31, 2074 (July 15, 2017)

Schedule 4.12

PARTICULARS	PURPOSE		THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
	TRADING	OTHER		
1. Government of Nepal Treasury Bills		989,495,639	989,495,639	590,124,108
2. Government of Nepal Saving Bonds		-	-	-
3. Government of Nepal Other Securities		4,129,445,000	4,129,445,000	3,741,350,000
4. Nepal Rastra Bank Bonds		-	-	-
5. Foreign Securities		-	-	-
6. Local Licensed Institutions		-	-	-
7. Foreign Bank	-	2,567,108,997	2,567,108,997	2,306,909,260
8. Shares of Organized Institutions		1,418,520,954	1,418,520,954	784,038,750
9. Bonds and Debentures of Organized Institutions		335,237,500	335,237,500	-
10. Other Investments		-	-	-
Total Investment	-	9,439,808,090	9,439,808,090	7,422,422,118
Provision	-	-	-	-
Net Investment	-	9,439,808,090	9,439,808,090	7,422,422,118

Investment In Shares, Debentures And Bonds

As at Ashad 31, 2074 (July 15, 2017)

Schedule 4.12 (A)

PARTICULARS	COST PRICE	MARKET PRICE	PROVISION	THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
1. INVESTMENT IN SHARES	1,418,520,954	3,512,984,530	-	1,418,520,954	784,038,750
1.1 Everest Insurance Company Limited	96,326,696	366,889,950	-	96,326,696	96,326,696
149,751 Equity Shares of NPR 100 each paid (including 8,241 Bonus Shares)					
1.2 Soaltee Hotel Limited	79,450,938	80,344,304	-	79,450,938	58,777,046
222,560 Equity Shares of NPR 10 each paid (including 64,796 Bonus Shares)					
1.3 Credit Information Center (CIC) Ltd.	1,823,500	N/L	-	1,823,500	1,823,500
51,840 Equity Shares of NPR 100 each paid (including 33,605 Bonus Shares)					
1.4 Prime Life Insurance Company Limited	54,000,000	935,436,600	-	54,000,000	54,000,000
732,240 Equity Shares of NPR 100 each paid (including 192,240 Bonus Shares)					
1.5 Nepal Clearing House Limited	2,600,000	N/L	-	2,600,000	2,500,000
26,000 Equity Shares of NPR 100 each paid					
1.6 National Banking Institute Pvt Ltd	1,200,000	N/L	-	1,200,000	1,200,000
12,000 Equity Shares of NPR 100 each paid					
1.7 Laxmi Laghubitta Bittiya Sanstha Ltd	147,000,000	1,432,970,000	-	147,000,000	70,000,000
1,540,000 Equity Shares of NPR 100 each paid (including 70,000 Bonus Shares)					
1.8 Laxmi Capital Market Ltd	101,500,000	N/L	-	101,500,000	100,000,000
1,015,000 Equity Shares of NPR 100 each paid					
1.9 Nepal Doorsanchar Co Ltd	66,854,254	69,093,000	-	66,854,254	66,854,254
102,360 Equity Shares of NPR 100 each paid					
1.10 Butwal Power Co Ltd	10,860,731	8,887,080	-	10,860,731	10,860,731
14,334 Equity Shares of NPR 100 each paid (including 938 Bonus Shares)					
1.11 Sana Kishan Bikash Bank Limited	-	-	-	-	5,141,699
1.12 Siddhartha Investment Growth Scheme	49,082,550	49,198,380	-	49,082,550	34,686,669
(2,125,200 Units of NPR 10 each paid)					

1.13 NABIL Balance Fund I (2,486,665 Units of NPR 10 each paid)	47,816,264	48,987,301	-	47,816,264	41,723,687
1.14 Chilime Hydropower Company Ltd 72,446 Equity Shares of NPR 100 each paid (including 12,826 Bonus Shares)	112,017,209	57,811,908	-	112,017,209	82,250,888
1.15 NMB Sulav Investment Fund I 1,565,998 units of NPR 10 each paid	19,351,343	19,574,975	-	19,351,343	13,049,980
1.16 NIBL Samriddhi Fund I 7,384,476 Units of NPR 10 each paid	77,596,104	87,506,041	-	77,596,104	17,389,120
1.17 Laxmi Value Fund I 7,500,000 units of NPR 10 each paid	75,000,000	91,875,000	-	75,000,000	75,000,000
1.18 Hydroelectricity Investment and Development Company Ltd 19,818 units of NPR 100 each paid	1,981,800	3,904,146	-	1,981,800	14,481,800
1.19 Global IME Samunnat Yojana -1 8,135,853 units of NPR 10 each paid	94,611,895	82,904,342	-	94,611,895	37,972,680
1.20 Siddhartha Equity Oriented Scheme 6,913,870 units of NPR 10 each paid	87,983,779	81,998,498	-	87,983,779	-
1.21 NMB Hybrid Fund L-1 1,261,921 units of NPR 10 each paid	12,619,210	12,543,495	-	12,619,210	-
1.22 National Life Insurance Co. Ltd. 26,748 Equity Shares of NPR 100 each paid	69,705,571	61,520,400	-	69,705,571	-
1.23 Nabil Equity Fund 1,126,504 units of NPR 10 each paid	11,265,040	11,265,040	-	11,265,040	-
1.24 NIBL Pragati Fund 1,027,407 units of NPR 10 each paid	10,274,070	10,274,070	-	10,274,070	-
1.25 Prabhu Capital Limited 1,000 Equity Shares of NPR 100 each paid	100,000	N/L	-	100,000	-
1.26 Laxmi Equity Fund 18,750,000 units of NPR 10 each paid	187,500,000	N/L	-	187,500,000	-
2. Investment in Debentures and Bonds	-	-	-	-	-
2.1					
Total Investment	1,418,520,954	3,512,984,530	-	1,418,520,954	784,038,750
3. Provision for Loss					
3.1 Up to previous year	-		-		
3.2 Increase/(Decrease) this year	-		-		
Total Provision	-		-		
Net Investment	1,418,520,954			1,418,520,954	784,038,750

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

INVESTMENTS (HELD FOR TRADING)

As at Ashad 31, 2074 (July 15, 2017)

Schedule - 4. 12 .1

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

IVESTMENTS (HELD TO MATURITY)

As at Ashad 31, 2074 (July 15, 2017)

Schedule - 4. 12 .2

PARTICULARS	COST PRICE (A)	ACCUMULATED LOSS (B)	CURRENT YEAR LOSS (C)	CURRENT S YEAR PROFIT/ (LOSS)	PREVIOUS YEAR PROFIT/ (LOSS) (RS.)	REMARKS
1. Government of Nepal - Treasury bills	989,495,639	-	-		-	
2. Government of Nepal - Savings Bonds	-	-	-		-	
3. Government of Nepal - Development Bonds	4,129,445,000	-	-		-	
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	597,737,500	-	-		-	
9. Placement	2,567,108,997	-	-		-	
10. Other Investment	-	-	-		-	
Total Investment	8,283,787,137				-	

INVESTMENTS (AVAILABLE FOR SALE)

As at Ashad 31, 2074 (July 15, 2017)

Schedule - 4. 12 .3

PARTICULARS	COST PRICE(RS)	PREVIOUS MARKET VALUE(RS) (A)	CURRENT MARKET VALUE(RS) (B)	CURRENT YEAR'S ADJUSTMENT FUND (B-A)	PREVIOUS YEAR PROFIT/ (LOSS) (RS.)	REMARKS
1. Government of Nepal - Treasury bills						
2. Government of Nepal - Savings Bonds	-					
3. Government of Nepal - Development Bonds						
4. Nepal Rastra Bank Bonds						
5. Foreign Securities						
6. Shares of Local Licensed Institutions	147,000,000		1,432,970,000			
7. Bonds & Debentures of Local Licensed Institutions						
8. Shares,Bonds & Debenture of Organized Institutions	1,009,020,954		1,988,139,530			
9. Placement						
10. Other Investment						
Total Investment	1,156,020,954		3,421,109,530		-	

CLASSIFICATION OF LOANS, ADVANCES AND BILLS PURCHASED & PROVISIONING

As at Ashad 31, 2074 (July 15, 2017)

PARTICULARS	LOANS & ADVANCES					BILLS PURCHASED/DISCOUNTED			THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
	DOMESTIC		FOREIGN		TOTAL	DOMESTIC	FOREIGN	TOTAL		
	DEPRIVED SECTOR		OTHER							
	INSURED	UNINSURED								
1. Performing Loan	-	2,578,317,802	47,141,093,656	449,690,802	50,169,102,260	19,109,313	2,060,342,743	2,079,452,056	52,248,554,316	40,034,855,770
1.1 Pass		2,570,048,061	46,523,932,194	449,690,802	49,543,671,057	19,109,313	2,060,342,743	2,079,452,056	51,623,123,112	39,068,116,542
1.2 Watch List	-	8,269,741	617,161,463	-	625,431,204	-	-	-	625,431,204	966,739,228
2. Non-Performing Loan	-	11,515,257	477,508,127	-	489,023,384	-	-	-	489,023,384	324,710,408
2.1 Restructured / Rescheduled		-	102,393,847	-	102,393,847	-	-	-	102,393,847	150,803,735
2.2 Sub-Standard		520,253	71,406,769	-	71,927,022	-	-	-	71,927,022	32,246,975
2.3 Doubtful		150,000	107,900,307	-	108,050,307	-	-	-	108,050,307	39,475,457
2.4 Loss		10,845,004	195,807,204	-	206,652,208	-	-	-	206,652,208	102,184,241
A. Total Loan	-	2,589,833,059	47,618,601,784	449,690,802	50,658,125,644	19,109,313	2,060,342,743	2,079,452,056	52,737,577,700	40,359,566,178
3. Loan Loss Provision										
3.1 Pass		25,700,481	465,338,775	4,496,908	495,536,164	191,093	20,603,427	20,794,521	516,330,684	406,093,436
3.2 Watch List		413,487	30,858,073	-	31,271,560	-	-	-	31,271,560	38,669,569
3.3 Restructured/ Rescheduled		-	24,462,062	-	24,462,062	-	-	-	24,462,062	150,570,331
3.4 Sub-Standard		130,063	17,851,692	-	17,981,756	-	-	-	17,981,756	8,061,744
3.5 Doubtful		75,000	54,052,154	-	54,127,154	-	-	-	54,127,154	19,737,728
3.6 Loss	-	10,845,004	195,807,204	-	206,652,208	-	-	-	206,652,208	102,184,241
B. Total Provisioning	-	37,164,035	788,369,960	4,496,908	830,030,903	191,093	20,603,427	20,794,521	850,825,424	725,317,049
4. Provisioning up to Previous Year										
4.1 Pass		21,384,107	382,480,403	3,572,334	407,436,844	165,663	15,023,519	15,189,182	422,626,026	303,172,962
4.2 Watch List		472,591	40,829,273	-	41,301,864	-	-	-	41,301,864	21,024,044
4.3 Restructured/ Rescheduled		-	150,570,331	-	150,570,331	-	-	-	150,570,331	94,933,657
4.4 Sub-Standard		120,000	10,182,382	-	10,302,382	-	-	-	10,302,382	25,116,127
4.5 Doubtful		427,951	20,549,778	-	20,977,728	-	-	-	20,977,728	12,057,691
4.6 Loss	-	10,845,004	94,468,974	-	105,313,977	-	-	-	105,313,977	130,312,996
C. Total Provisions up to Previous Year	-	33,249,653	699,081,141	3,572,334	735,903,128	165,663	15,023,519	15,189,182	751,092,309	586,617,477
D.Written Back this year	-	-	-	-	-	-	-	-	-	-
E.Addition this year	-	3,914,382	89,288,819	924,574	94,127,775	25,430	5,579,909	5,605,339	99,733,114	138,699,572
Changes this year	-	3,914,382	89,288,819	924,574	94,127,775	25,430	5,579,909	5,605,339	99,733,114	138,699,572
Net Loan (A-B)	-	2,552,669,024	46,830,231,823	445,193,894	49,828,094,741	18,918,220	2,039,739,315	2,058,657,535	51,886,752,276	39,634,249,129

* Loan Loss Provisions carried forward on acquisition of Professional Diyalo Bikas Bank Ltd has been adjusted to the opening balances

LOANS, ADVANCES AND BILLS PURCHASED SECURITY WISE

As at Ashad 31, 2074 (July 15, 2017)

Schedule 4.13 (A)

PARTICULARS	THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
A. Secured	52,703,085,519	40,328,225,976
1. Movable/Immovable Assets	52,226,866,530	40,054,382,956
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	318,301,852	63,838,002
a. Own Fixed Deposit Receipts	318,301,852	63,838,002
b. Fixed Deposit Receipts of Other Licensed Institutions		
7. Government Bonds	22,145,670	15,142,817
8. Counter Guarantee		
9. Personal Guarantee	1,137,977	60,228,711
10. Other Securities		
B. Unsecured	34,492,181	31,340,202
Total	52,737,577,700	40,359,566,178

FIXED ASSETS

As at Ashad 31, 2074 (July 15, 2017)

Schedule 4.14

PARTICULARS	ASSETS					THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
	BUILDING	VEHICLES	MACHINERY	OFFICE EQUIPMENT	OTHERS		
1. Cost Price							
a. Previous Year balance	126,900,070	66,054,899	-	306,603,343	-	499,558,312	448,745,962
b. Addition during the year	272,046	41,183,469		68,002,196		109,457,711	51,482,040
c. Revaluation/Written Back this year						-	-
d. Sold during the year		(20,126,223)		(7,292,129)		(27,418,352)	(669,690)
e. Written off during the year						-	-
Total Cost (a+b+c+d+e)	127,172,116	87,112,145	-	367,313,410	-	581,597,671	499,558,312
2. Depreciation							
a. Up to previous year	21,013,526	34,486,871	-	208,647,517	-	264,147,914	222,914,571
b. For this year	3,185,545	10,341,315		37,697,372		51,224,233	41,788,447
c. Depreciation on revaluation/Written Back						-	-
d. Adjustment/Write back of Depreciation amount		(17,436,224)		(7,166,970)		(24,603,194)	(555,104)
Total Depreciation	24,199,071	27,391,963	-	239,177,919	-	290,768,953	264,147,914
3. Book Value (WDV*) (1-2)	102,973,045	59,720,183	-	128,135,491	-	290,828,719	235,410,398
4. Land	-	-	-	-	-	648,213,496	648,213,496
5. Capital Construction (pending Capitalization)	-	-	-	-	-	152,817,511	100,331,986
6. Leasehold Assets	-	-	-	-	-	64,291,028	39,815,548
Total (3+4+5+6)	102,973,045	59,720,183	-	128,135,491	-	1,156,150,755	1,023,771,428

* Written Down Value

NON BANKING ASSETS

As at Ashad 31, 2074 (July 15, 2017)

Schedule 4.15

NAME & ADDRESS OF BORROWER OR PARTY	DATE OF ASSUMING NON BANKING ASSETS	TOTAL NON BANKING ASSETS (IN NPR)	LOSS PROVISION		NET NON BANKING ASSETS (IN NPR) BANKING ASSETS	"PREVIOUS YEAR (IN NPR)"
			%	IN NPR		
Grand Total		-		-	-	-

OTHER ASSETS

As at Ashad 31, 2074 (July 15, 2017)

Schedule 4.16

PARTICULARS		THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
1. Stationery Stock		-	-
2. Income Receivable on Investment		52,354,213	53,452,865
3. Accrued Interest on Loan	136,191,535	28,076,456	-
Less: Interest Suspense Account	108,115,079		
4. Commission Receivable		13,299,726	2,736,149
5. Sundry Debtors		-	-
6. Staff Loan & Advances		696,733,821	474,461,701
7. Pre Payments		18,172,600	19,255,419
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		8,023,967	12,167,308
14. Others		835,414,157	536,069,418
a. Software Cost (net)	42,053,406		42,883,070
b. Advance tax (net)	59,640,946		-
Advance Tax (Gross)	1,795,466,899		
Tax Provision	(1,735,825,953)		
c. Remittance Receivable	4,732,061		1,221,268
d. Advance against Bullions	244,747,291		417,687,839
c. Others	484,240,452		74,277,241
Total		1,652,074,941	1,098,142,860

OTHER ASSETS (Additional Statement)

As at Ashad 31, 2074 (July 15, 2017)

Schedule 4.16(A)

PARTICULARS	THIS YEAR (IN NPR)				PREVIOUS YEAR (IN NPR)
	UP TO 1 YEAR	1 TO 3 YEAR	ABOVE 3 YEARS	TOTAL	
1. Accrued Interest on Loan	111,953,367	15,970,996	8,267,173	136,191,535	97,558,414
2. Drafts Paid without notice	-	-	-	-	-
3. Branch Account	-	-	-	-	-
4. Agency Account	-	-	-	-	-

CONTINGENT LIABILITIES

As at Ashad 31, 2074 (July 15, 2017)

Schedule 4.17

PARTICULARS	THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
1. Claims on institution not accepted by the Institution	-	-
2. Letter of Credit (Full Amount)	8,286,647,084	6,850,270,869
a. Less than 6 months maturity	7,252,018,470	6,655,487,146
b. More than 6 months maturity	1,034,628,614	194,783,722
3. Rediscounted Bills	-	-
4. Unmatured Guarantees/Bonds	4,001,780,205	2,581,037,958
a. Bid Bonds	1,087,784,685	617,280,979
b. Performance Bonds	2,913,995,520	1,963,756,979
c. Other Guarantee/Bonds	-	-
5. Unpaid Shares in Investment	-	-
6. Outstanding Liabilities on Forward Exchange Contract	3,042,880,091	2,033,916,180
7. Bills under Collection	519,259,343	413,942,903
8. Acceptance & Endorsement	1,569,393,702	1,228,265,326
9. Underwriting Commitment	-	-
10. Irrevocable Loan Commitment	13,058,100,715	7,218,284,900
11. Guarantees issued against Counter Guarantee of Internationally Rated Banks	5,367,605,251	4,707,675,251
12. Advance Payment Guarantee	1,629,979,786	1,042,540,478
13. Financial Guarantee	9,000,000	9,600,000
14. Contingent Liabilities on Income Tax	29,661,219	26,850,622
15. Others	-	-
Total	37,514,307,396	26,112,384,487

INTEREST INCOME

For the period Shrawan 1, 2073 to Ashad 31, 2074 (July 16, 2016 to July 15, 2017)

Schedule 4.18

PARTICULARS	THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
A. On Loans, Advances and Overdraft	4,464,308,777	2,934,592,640
1. Loans & Advances	3,746,130,406	2,484,385,109
2. Overdraft	718,178,371	450,207,531
B. On Investment	150,484,469	69,831,113
1. Government of Nepal Securities	148,366,110	69,831,113
a. Treasury Bills	11,588,277	6,326,533
b. Development Bonds	136,312,707	63,504,580
c. National Saving Certificates	465,127	-
2. Foreign Securities	2,118,359	-
a. Foreign Bonds	2,118,359	-
b.	-	-
3. Nepal Rastra Bank Bonds	-	-
4. Debentures & Bonds	-	-
a. Financial Institutions	-	-
b. Other Institutions	-	-
5. Interest on Inter Bank Investment	-	-
a. Bank/ Financial Institutions	-	-
b. Other Institutions	-	-
C. On Agency Balances	-	-
1. Local Banks / Financial Institutions	-	-
2. Foreign Banks	-	-
D. On Money at Call and Short Notice	7,519,475	350,626
1. Local Banks/Financial Institutions	7,519,475	350,626
2. Foreign Banks	-	-
E. On Others	60,498,357	67,791,100
1. Certificate of Deposits	-	-
2. Inter-Bank / Financial Institutional Loan	-	-
3. Others	-	-
a. FCY placements	60,228,017	51,001,934
b. Deposit Collection	270,339	16,789,166
Total	4,682,811,078	3,072,565,479

INTEREST EXPENSES

For the period Shrawan 1, 2073 to Ashad 31, 2074 (July 16, 2016 to July 15, 2017)

Schedule 4.19

PARTICULARS	THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
A. ON DEPOSIT LIABILITIES	2,994,228,010	1,721,949,977
1. Fixed Deposits	1,914,594,330	970,081,133
1.1 Local Currency	1,893,775,735	942,352,059
1.2 Foreign Currency	20,818,595	27,729,074
2. Saving Deposits	447,609,308	291,931,246
2.1 Local Currency	442,809,629	289,387,476
2.2 Foreign Currency	4,799,678	2,543,770
3. Call Deposits	632,024,373	459,937,598
3.1 Local Currency	616,243,767	439,985,289
3.2 Foreign Currency	15,780,606	19,952,309
4. Certificate of Deposits	-	-
B. ON BORROWINGS	33,956,240	43,471,961
1. Debentures & Bonds	31,959,518	42,630,208
2. Loan from Nepal Rastra Bank	-	-
3. Inter Bank /Financial Institutions Borrowing	1,996,722	841,753
4. Other Organized Institutions	-	-
5. Other Loans	-	-
C. ON OTHERS	-	-
1.	-	-
2.	-	-
Total	3,028,184,250	1,765,421,938

COMMISSION AND DISCOUNT INCOME

For the period Shrawan 1, 2073 to Ashad 31, 2074 (July 16, 2016 to July 15, 2017)

Schedule 4.20

PARTICULARS	THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
A. Bills Purchased & Discount	39,603,269	36,085,970
1. Local	10,159,113	6,800,145
2. Foreign	29,444,157	29,285,825
B. Commission	178,355,448	138,599,422
1. Letters of Credit	62,526,809	49,217,313
2. Guarantees	94,702,319	73,367,538
3. Collection Fees	164,919	168,864
4. Remittance Fees	18,852,312	13,560,887
5. Credit Card	2,109,088	2,284,819
6. Share Underwriting/Issue	-	-
7. Government Transactions	-	-
8. E.Pra. Commission	-	-
9. Exchange Fee	-	-
C. Others	52,979,904	56,812,825
Total	270,938,621	231,498,217

OTHER OPERATING INCOME

For the period Shrawan 1, 2073 to Ashad 31, 2074 (July 16, 2016 to July 15, 2017)

Schedule 4.21

PARTICULARS	THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
1. Safe Deposit Lockers Rental	4,894,304	4,545,934
2. Issue & Renewals of Credit Cards	745,278	654,613
3. Issue & Renewals of ATM Cards	5,070,583	6,043,917
4. Telex / T. T.	14,926,748	10,704,449
5. Service Charges	140,984,017	93,947,274
6. Renewal Fees	-	-
7. Others	60,542,363	49,158,441
Total	227,163,292	165,054,628

EXCHANGE GAIN/LOSS

For the period Shrawan 1, 2073 to Ashad 31, 2074 (July 16, 2016 to July 15, 2017)

Schedule 4.22

PARTICULARS	THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
a. Revaluation Gain (Loss)	133,840	3,478,469
b. Trading Gain (except Exchange Fees)	193,952,842	141,719,593
Total Income (Loss)	194,086,682	145,198,062

STAFF EXPENSES

For the period Shrawan 1, 2073 to Ashad 31, 2074 (July 16, 2016 to July 15, 2017)

Schedule 4.23

PARTICULARS	THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
1. Salary	165,285,743	124,114,310
2. Allowances	110,190,495	87,222,872
3. Contribution to Provident Fund	15,126,467	11,991,187
4. Training Expenses	10,322,176	5,016,830
5. Uniform	-	-
6. Medical	13,344,956	10,012,362
7. Insurance	9,469,174	6,701,824
8. Pension and Gratuity	15,421,860	-
9. Others	73,392,917	81,912,760
a. Leave Fare Allowance	12,979,437	10,033,971
b. Dashain Allowance	17,839,024	16,871,139
c. Meal Allowance	12,434,433	10,021,600
d. Utility Allowance	19,109,763	11,523,073
e. Other Staff Expenses	11,030,259	33,462,976
Total	412,553,789	326,972,145

OTHER OPERATING EXPENSES

For the period Shrawan 1, 2073 to Ashad 31, 2074 (July 16, 2016 to July 15, 2017)

Schedule 4.24

PARTICULARS	THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
1. House Rent	59,488,437	46,556,433
2. Light, Electricity & Water	23,395,420	17,043,152
3. Repair & Maintenance	27,182,417	14,730,612
a. Building	12,550,816	10,114,883
b. Vehicles	2,065,119	1,072,973
c. Others	12,566,483	3,542,756
4. Insurance	20,360,330	11,142,747
5. Postage, Telex, Telephone & Fax	9,334,747	7,071,039
6. Office Equipment, Furniture and Maintenance	4,444,561	3,404,463
7. Travelling Allowances & Expenses	38,763,856	34,787,484
8. Printing & Stationery	19,288,652	11,782,887
9. Books & Periodicals	250,445	160,632
10. Advertisements and Business Promotion	21,184,020	17,363,209
11. Legal Expenses	701,100	598,200
12. Donations	100,000	500,000
13. Expenses relating to Board of Directors	842,653	978,119
a. Meeting Fees	604,000	788,000
b. Other Expenses	238,653	190,119
14. Annual General Meeting Expenses	1,114,223	625,478
15. Expenses relating to Audit	1,130,000	1,185,935
a. Audit Fees	1,130,000	1,130,000
b. Other Expenses	-	55,935
16. Commission on Remittances	-	-
17. Depreciation on Fixed Assets	51,224,233	41,788,444
18. Amortization of Pre-operating Expenses	-	-
19. Share Issue Expenses	9,981,040	1,744,020
20. Technical Services Fee Reimbursement	-	-
21. Entertainment Expenses	1,116,834	431,658
22. Written Off Expenses	-	-
23. Security Expenses	51,311,037	33,510,993
24. Credit Guarantee Premium	-	-
25. Commission & Discount	-	-
26. Others	144,433,273	118,414,032
(a) Subscription & Membership	31,104,493	33,555,015
(b) Computer Software Maintenance/ Amortisation	19,044,817	14,255,608
(c) Lease Hold Assets Amortisation	14,132,205	9,635,701
(d) Acquisition Expenses	1,949,222	-
(e) Others	78,202,536	60,967,708
Total	485,647,278	363,819,537

PROVISION FOR POSSIBLE LOSSES

For the period Shrawan 1, 2073 to Ashad 31, 2074 (July 16, 2016 to July 15, 2017)

Schedule 4.25

PARTICULARS	THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
1. Increase in Loan Loss Provision	99,733,114	138,699,572
2. Increase in Provision for Loss on Investment	-	-
3. Provision Against Non-Banking Assets	-	57,709,348
4. Provision Against Other Assets	-	-
Total	99,733,114	196,408,921

NON-OPERATING INCOME / (LOSS)

For the period Shrawan 1, 2073 to Ashad 31, 2074 (July 16, 2016 to July 15, 2017)

Schedule 4.26

PARTICULARS	THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
1. Profit (Loss) on Sale of Investments	59,876,703	-
2. Profit (Loss) on Sale of Assets	12,081,606	234,714
3. Dividend	79,486,598	18,092,680
4. Subsidies received from Nepal Rastra Bank	-	-
a. Reimbursement of losses of specified branches	-	-
b. Interest Compensation	-	-
c. Exchange Counter	-	-
5. Others	9,323,098	1,702,966
a. Amortisation of Goodwill	-	-
b. Other non operating income/(Expenses)	9,323,098	1,702,966
Total Non-Operating Income (Loss)	160,768,005	20,030,360

LOAN LOSS PROVISION WRITTEN BACK

For the period Shrawan 1, 2073 to Ashad 31, 2074 (July 16, 2016 to July 15, 2017)

SCHEDULE 4.27

PARTICULARS	THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
1. Loan Loss Provision Written Back	-	-
2. Provision against Non Banking Assets Written Back	49,084,000	109,390,510
3. Investment Provision Written Back	-	-
4. Provision against other Assets Written Back	-	-
Total	49,084,000	109,390,510

STATEMENT OF LOAN WRITTEN-OFF

For the period Shrawan 1, 2073 to Ashad 31, 2074 (July 16, 2016 to July 15, 2017)

PROFIT/LOSS FROM EXTRA - ORDINARY ACTIVITIES

For the period Shrawan 1, 2073 to Ashad 31, 2074 (July 16, 2016 to July 15, 2017)

Schedule 4.28

PARTICULARS	THIS YEAR (IN NPR)	PREVIOUS YEAR (IN NPR)
1. Recovery of Written off Loans	143,860	-
2. Voluntary Retirement Scheme Expenses	-	-
3. Loan Write -Offs {4.28 (a)}	(6,890,497)	-
4. Other Expenses/Income	-	-
5. Profit on sale of NBA	13,516,000	174,500
Total	6,769,363	174,500

STATEMENT OF LOAN WRITTEN-OFF

For the period Shrawan 1, 2073 to Ashad 31, 2074 (July 16, 2016 to July 15, 2017)

Schedule 4.28(a)

S.NO	TYPES OF LOAN	WRITTEN OFF AMOUNT (NPR)	TYPES OF SECURITY	BASIS OF VALUATION OF COLLATERAL	NAME/ DESIGNATION OF LOAN APPROVER	INITIATIONS MADE FOR RECOVERY OF LOAN	REMARKS
1	Working Capital Loan						
2	Project Loan						
3	Fixed Capital Loan						
4	Personal Loan						
5	Other Loan	6,890,497	Movable Property/ Bank Guarantee	Valuated by approved valuator/ vendor	CEO/ Head - Credit Risk/ Head - SBFS/ Manager - Credit	Reminder letter issued/ 35 days recovery and auction notice published/ Customer blacklisted/ case filed at DRT	
Total Loan		6,890,497					

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

As at Ashad 31, 2074 (July 15, 2017)

Schedule 4.29

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

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

CAPITAL ADEQUACY TABLE

As at Ashad 31, 2074 (July 15, 2017)

Schedule 4.30 (A1)

AMOUNT IN NPR '000

1. 1 RISK WEIGHTED EXPOSURES	CURRENT YEAR AS AT ASHAD END 2074	PREVIOUS YEAR AS AT ASHAD END 2073
a Risk Weighted Exposure for Credit Risk	68,668,265	50,096,972
b Risk Weighted Exposure for Operational Risk	2,278,152	1,982,762
c Risk Weighted Exposure for Market Risk	88,412	29,902
Adjustment under Pillar II		
d 3% of TWE under supervisory review	2,131,045	2,084,385
e 2% of gross income under supervisory review	371,724	294,838
Total Risk Weighted Exposures (a+b+c)	73,537,598	54,488,860
1.2 CAPITAL	9,140,189	5,333,817
Core Capital (Tier 1)	7,472,412	3,039,229
a Paid up Equity Share Capital	-	605,754
b Calls in Advance	-	-
c Share Premium	748,699	1,155,436
d Proposed Bonus Equity Shares (incl. fractional shares c/f)	935,014	698,908
e Statutory General Reserves	125,968	4,818
f Retained Earnings	-	-
g Unaudited current year cumulative profit	160,000	80,000
h Debenture Redemption Reserve	-	-
I Capital Adjustment Reserve	-	-
j Dividend Equalisation Reserve	-	-
k Deferred Tax Reserve	-	-
l Other Free Reserve	-	-
m Less: Deferred Tax Assets	(8,024)	-
n Less: Fictitious Assets	(42,053)	-
o Less: Investment in equity in licensed Financial Institutions	-	-
p Less: Investment in equity of institutions with financial interests	(251,827)	(250,327)
q Less: Investment in equity of institutions in excess of limits	-	-
r Less: Investments arising out of underwriting commitments	-	-
s Less: Reciprocal crossholdings	-	-
t Less: Purchase of land & building in excess of limit and unutilized	-	-
u Less: Other Deductions	-	-
SUPPLEMENTARY CAPITAL (TIER 2)	845,928	741,710
a Cumulative and/or Redeemable Preference Share		
b Subordinated Term Debt	160,000	240,000
c Hybrid Capital Instruments	-	-
d General loan loss provision	547,602	444,763
e Investment Adjustment Reserve	105,239	27,429
f Assets Revaluation Reserve	-	-
g Exchange Equalization Reserve	29,552	29,518
h Other Reserves	3,535	
Total Capital Fund (Tier I and Tier II)	9,986,116	6,075,527
1.3 CAPITAL ADEQUACY RATIOS	CURRENT YEAR AS AT ASHAD END 2074	PREVIOUS YEAR AS AT ASHAD END 2073
Tier 1 Capital to Total Risk Weighted Exposures	12.43%	9.79%
Tier 1 and Tier 2 Capital to Total Risk Weighted Exposures	13.58%	11.15%

RISK WEIGHTED EXPOSURE FOR CREDIT RISK

AS AT ASHAD 31, 2074 (JULY 15, 2017)

SCHEDULE 4.30 (B)
AMOUNT IN NPR '000

A. BALANCE SHEET EXPOSURES	CURRENT YEAR						PREVIOUS YEAR	
	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		
Cash Balance	1,368,870	-	-	1,368,870	0%	-	1,031,802	-
Balance With Nepal Rastra Bank	4,092,170	-	-	4,092,170	0%	-	3,759,561	-
Gold	247,923	-	-	247,923	0%	-	1,256,397	-
Investment in Nepalese Government Securities	5,109,125	-	-	5,109,125	0%	-	4,334,200	-
All Claims on Government of Nepal	135,674	-	-	135,674	0%	-	134,789	-
Investment in Nepal Rastra Bank securities	-	-	-	-	0%	-	-	-
All claims on Nepal Rastra Bank	29,280	-	-	29,280	0%	-	625	-
Claims on Foreign Government and Central Bank (ECA 0-1)	-	-	-	-	0%	-	-	-
Claims on Foreign Government and Central Bank (ECA -2)	-	-	-	-	20%	-	-	-
Claims on Foreign Government and Central Bank (ECA -3)	-	-	-	-	50%	-	-	-
Claims on Foreign Government and Central Bank (ECA-4-6)	-	-	-	-	100%	-	-	-
Claims on Foreign Government and Central Bank (ECA -7)	-	-	-	-	150%	-	-	-
Claims On BIS, IMF, ECB, EC and on Multilateral Development Banks (MDB's) recognized by the framework	-	-	-	-	0%	-	-	-
Claims on Other Multilateral Development Banks	-	-	-	-	100%	-	-	-
Claims on Public Sector Entity (ECA 0-1)	-	-	-	-	20%	-	-	-
Claims on Public Sector Entity (ECA 2)	-	-	-	-	50%	-	-	-
Claims on Public Sector Entity (ECA 3-6)	-	-	-	-	100%	-	4,057	4,057
Claims on Public Sector Entity (ECA 7)	-	-	-	-	150%	-	-	-
Claims on domestic banks that meet capital adequacy requirements	2,106,834	-	-	2,106,834	20%	421,367	1,663,271	332,654
Claims on domestic banks that do not meet capital adequacy requirements	-	-	-	-	100%	-	6,920	6,920
Claims on foreign bank (ECA Rating 0-1)	520,001	-	-	520,001	20%	104,000	767,942	153,588
Claims on foreign bank (ECA Rating 2)	99,100	-	-	99,100	50%	49,550	27,021	13,511
Claims on foreign bank (ECA Rating 3-6)	-	-	-	-	100%	-	-	-
Claims on foreign bank (ECA Rating 7)	-	-	-	-	150%	-	-	-
Claims on foreign banks incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	2,354,072	-	-	2,354,072	20%	470,814	2,028,179	405,636
Claims on Domestic Corporates	29,628,749	-	37,423	29,591,326	100%	29,591,326	24,418,821	24,418,821
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)	6,080,104	-	10,844	6,069,260	75%	4,551,945	4,303,183	3,227,387
Claims fulfilling all criterion of regulatory retail except granularity	-	-	-	-	100%	-	-	-
Claims secured by residential properties	3,011,855	-	31,115	2,980,739	60%	1,788,444	2,196,951	1,318,170
Claims not fully secured by residential properties	-	-	-	-	150%	-	-	-
Claims secured by residential properties (Overdue)	188,289	50,949	-	137,340	100%	137,340	236,000	236,000
Claims secured by Commercial real estate	960,175	-	-	960,175	100%	960,175	395,355	395,355
Past due claims (except for claim secured by residential properties)	1,469,118	438,075	-	1,031,043	150%	1,546,565	948,647	1,422,970

RISK WEIGHTED EXPOSURE FOR CREDIT RISK

AS AT ASHAD 31, 2074 (JULY 15, 2017)

SCHEDULE 4.30 (B)

CONT'D....

CURRENT YEAR							PREVIOUS YEAR	
High Risk claims (Venture capital, private equity investments, personal loans and credit card receivables)	9,520,335	-	587,972	8,932,363	150%	13,398,545	5,460,440	8,190,659
Investments in equity and other capital instruments of institutions listed in the stock exchange	-	-	-	-	-	-	-	-
Investments in equity of institutions not listed in the stock exchange	1,160,971	-	-	1,160,971	100%	1,160,971	528,189	528,189
Staff loan secured by residential property	5,724	-	-	5,724	150%	8,585	5,524	8,285
Interest Receivable/claim on government securities	-	-	-	-	-	-	-	-
Cash in transit and other cash items in the process of collection	483,065.1	-	-	483,065	60%	289,839	89,726	53,836
Other Assets (as per attachment)	29,016.8	-	-	29,017	0%	-	24,645	-
TOTAL	-	-	-	-	20%	-	-	-
	3,998,085	2,298,419	-	1,699,666	100%	1,699,666	1,651,676	1,651,676
	72,598,535	2,787,443	667,354	69,143,738	-	56,179,132	55,273,920	42,367,714
B. Off Balance Sheet Exposures	GROSS BOOK VALUE	SPECIFIC PROVISION	ELIGIBLE CRM	NET VALUE	RISK WEIGHT	RISK WEIGHTED EXPOSURES	NET VALUE	RISK WEIGHTED EXPOSURES
	a	b	c	d=a-b-c	e	f=d*e		
Revocable Commitments	-	-	-	-	0%	-	-	-
Bills Under Collection	513,968	-	-	513,968	0%	-	406,832	-
Forward Exchange Contract Liabilities	3,071,439	-	-	3,071,439	10%	307,144	2,060,736	206,074
LC Commitments With Original Maturity Up to 6 months	7,233,914	-	1,746,178	5,487,735	20%	1,097,547	4,596,566	919,313
domestic counterparty	-	-	-	-	-	-	-	-
foreign counterparty (ECA Rating 0-1)	-	-	-	-	20%	-	-	-
foreign counterparty (ECA Rating 2)	-	-	-	-	50%	-	-	-
foreign counterparty (ECA Rating 3-6)	-	-	-	-	100%	-	-	-
foreign counterparty (ECA Rating 7)	-	-	-	-	150%	-	-	-
LC Commitments With Original Maturity Over 6 months	1,034,629	-	793,167	241,462	50%	120,731	191,667	95,833
domestic counterparty	-	-	-	-	-	-	-	-
foreign counterparty (ECA Rating 0-1)	-	-	-	-	20%	-	-	-
foreign counterparty (ECA Rating 2)	-	-	-	-	50%	-	-	-
foreign counterparty (ECA Rating 3-6)	-	-	-	-	100%	-	-	-
foreign counterparty (ECA Rating 7)	-	-	-	-	150%	-	-	-
Bid Bond, Performance Bond and Counter guarantee	4,001,780	-	167,490	3,834,290	50%	1,917,145	2,439,290	1,219,645
domestic counterparty	-	-	-	-	-	-	-	-
foreign counterparty (ECA Rating 0-1)	-	-	-	-	20%	-	682,032	136,406
foreign counterparty (ECA Rating 2)	2,488,003	-	-	2,488,003	50%	1,244,001	2,257,134	1,128,567
foreign counterparty (ECA Rating 3-6)	-	-	-	-	100%	-	-	-
foreign counterparty (ECA Rating 7)	-	-	-	-	150%	-	-	-
Underwriting commitments	-	-	-	-	50%	-	-	-
Lending of Bank's Securities or Posting of Securities as collateral	-	-	-	-	100%	-	-	-
Repurchase Agreements, Assets sale with recourse (including repo/ reverse repo)	-	-	-	-	100%	-	-	-
Advance Payment Guarantee	1,629,980	-	25,026	1,604,954	100%	1,604,954	996,386	996,386
Financial Guarantee	9,000	-	240	8,760	100%	8,760	9,350	9,350
Acceptances and Endorsements	1,569,394	-	49,099	1,520,295	100%	1,520,295	1,193,474	1,193,474
Unpaid portion of Partly paid shares and Securities	-	-	-	-	100%	-	-	-
Irrevocable Credit commitments (short term)	8,220,252	-	-	8,220,252	20%	1,644,050	7,218,285	1,443,657
Irrevocable Credit commitments (long term)	4,837,849	-	-	4,837,849	50%	2,418,924	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	2,879,602	-	-	2,879,602	20%	575,920	1,768,510	353,702
Unpaid Guarantee Claims	29,661	-	-	29,661	100%	29,661	26,851	26,851
TOTAL	-	-	-	-	-	-	-	-
	37,519,470	-	2,781,200	34,738,270	-	12,489,133	23,847,111	7,729,258
Total RWE for credit Risk (A) +(B)	110,118,005	2,787,443	3,448,554	103,882,008	-	68,668,265	79,121,032	50,096,972

ELIGIBLE CREDIT RISK MITIGANTS

AS AT ASHAD 31, 2074 (JULY 15, 2017)

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

CREDIT EXPOSURES	DEPOSITS WITH BANK	DEPOSITS WITH OTHER BANKS/ FI	GOLD	GOVT.&	GTEE 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 NRB SECURITIES
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	
Claims on Foreign Corporates (ECA 2)	-	-	-	-	-	-	-	-	-	-
Claims on Foreign Corporates (ECA 3-6)	-	-	-	-	-	-	-	-	-	-
Claims on Foreign Corporates (ECA 7)	-	-	-	-	-	-	-	-	-	-
Regulatory Retail Portfolio (Not Overdue)	10,844	-	-	-	-	-	-	-	-	10,844
Claim fulfilling all criterion of regulatory retail except granularity	-	-	-	-	-	-	-	-	-	-
Claims secured by residential properties	31,115	-	-	-	-	-	-	-	-	31,115
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)	321,866	-	243,960	22,146	-	-	-	-	-	587,972
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	-	-	-	-	-	-	-	-	-	-
Off Balance Sheet Exposures	401,248	-	243,960	22,146	-	-	-	-	-	667,354
Forward Exchange Contract Liabilities	-	-	-	-	-	-	-	-	-	-
LC Commitments With Original Maturity Up to 6 months domestic counterparty	1,254,371	-	-	-	-	-	-	491,807	-	1,746,178

ELIGIBLE CREDIT RISK MITIGANTS

AS AT ASHAD 31, 2074 (JULY 15, 2017)

SCHEDULE 4.30 (C)
CONT'D....

AMOUNT 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)	
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	18,305	-	-	-	-	-	-	774,862	-	793,167
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	167,490	-	-	-	-	-	-	-	-	167,490
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	25,026	-	-	-	-	-	-	-	-	25,026
Financial Guarantee	240	-	-	-	-	-	-	-	-	240
Acceptances and Endorsements	49,099	-	-	-	-	-	-	-	-	49,099
Unpaid portion of Party paid shares and Securities	-	-	-	-	-	-	-	-	-	-
Irrevocable Credit commitments	-	-	-	-	-	-	-	-	-	-
Other Contingent Liabilities	-	-	-	-	-	-	-	-	-	-
Total	1,514,531	-	-	-	-	-	-	1,266,669	-	2,781,200
Grand Total	1,915,779	-	243,960	22,146	-	-	-	1,266,669	-	3,448,554

RISK WEIGHTED EXPOSURE FOR OPERATIONAL RISK

AS AT ASHAD 31, 2074 (JULY 15, 2017)

SCHEDULE 4.30 (D)

AMOUNT IN NPR '000

PARTICULARS	CURRENT YEAR			PREVIOUS YEAR
	2015/16	2014/15	2013/14	
Net Interest Income	1,307,144	959,543	822,289	
Commission and Discount Income	231,498	216,288	194,606	
Other Operating Income	165,055	151,053	103,899	
Exchange Fluctuation Income	145,198	120,382	120,185	
Additional Interest Suspense during the period	9,724	26,924	(17,481)	
Gross income (a)	1,858,618	1,474,189	1,223,497	
Alfa (b)	15%	15%	15%	
Fixed Percentage of Gross Income [c=(a×b)]	278,793	221,128	183,525	
Capital Requirement for operational risk (d) (average of c)			227,815	198,276
Risk Weight (reciprocal of capital requirement of 10%) in times (e)			10	10
Equivalent Risk Weight Exposure [f=(d×e)]			2,278,152	1,982,762

RISK WEIGHTED EXPOSURE FOR MARKET RISK

AS AT ASHAD 31, 2074 (JULY 15, 2017)

SCHEDULE 4.30 (E)

AMOUNT IN NPR '000

S. NO.	CURRENCY	CURRENT YEAR			PREVIOUS YEAR
		OPEN POSITION (FCY)	OPEN POSITION (NPR)	RELEVANT OPEN POSITION	
1	AED	26	724	724	263
2	AUD	3	204	204	320
3	CAD	7	583	583	50
4	CHF	0	34	34	-
5	CNY	24	370	370	346
6	DKK	37	590	590	519
7	EUR	1	143	143	643
8	GBP	16	2,092	2,092	381
9	HKD	-	-	-	4
10	INR	85,142	136,296	136,296	48,771
11	JPY	447	407	407	218
12	KRW	20	2	2	2
13	MYR	19	461	461	357
14	NLG	-	-	-	-
15	NPR	(176,820)	-	-	-
16	QAR	6	175	175	145
17	SAR	75	2,056	2,056	1,307
18	SEK	-	-	-	4
19	SGD	13	985	985	680
20	THB	8	24	24	733
21	USD	307	31,677	31,677	5,062
Total Open Position (a)				176,825	59,804
Fixed Percentage (b)				5%	5%
Capital Charge for Market Risk [c=(a×b)]				8,841	2,990
Risk Weight (reciprocal of capital requirement of 10%) in times (d)				10	10
Equivalent Risk Weight Exposure [e=(c×d)]				88,412	29,902

PRINCIPAL INDICATORS

(AT LEAST FOR PREVIOUS 6 YEARS)

SCHEDULE 4.31

PARTICULARS	INDICATORS	F. Y. 2068/2069	F. Y. 2069/2070	F. Y. 2070/2071	F. Y. 2071/2072	F. Y. 2072/2073	F. Y. 2073/2074
1. Percentage of Net Profit/Gross Income	%	37.21%	33.06%	38.26%	28.76%	36.62%	42.89%
2. Earnings Per Share	NPR	21.55	24.78	26.07	19.42	27.15	19.15
3. Market Value per Share	NPR	340.00	309.00	588.00	400.00	876.00	390.00
4. Price Earning Ratio	Ratio	15.78	12.47	22.55	20.60	32.26	20.36
5. Dividend on share capital (Bonus share + Cash dividend)	%	10.00%	15.00%	21.05%	0.00%	38.00%	10.00%
6. Cash Dividend on share capital	%	10.00%	0.00%	1.05%	0.00%	0.00%	0.53%
7. Interest Income/Loans & Advances and Investments	%	11.77%	10.34%	9.34%	7.83%	7.16%	8.52%
8. Employee Expenses/Total Operating Expenses	%	47.78%	46.30%	47.46%	45.84%	47.33%	45.93%
9. Interest Expenses on Total Deposits and Borrowings	%	7.86%	6.14%	6.08%	4.83%	4.25%	6.03%
10. Exchange Fluctuation Gain/Total Income	%	11.27%	9.24%	9.68%	8.32%	7.85%	8.27%
11. Staff Bonus/ Total Staff Expenses	%	22.20%	22.46%	21.93%	17.75%	23.28%	25.65%
12. Net Profit/Loans & Advances	%	2.22%	2.28%	2.20%	1.52%	1.88%	2.16%
13. Net Profit/ Total Assets	%	1.50%	1.50%	1.47%	1.04%	1.35%	1.61%
14. Total Credit/Deposit	%	73.13%	77.43%	75.50%	78.91%	83.81%	88.90%
15. Total Operating Expenses/Total Assets	%	1.57%	1.60%	1.56%	1.48%	1.38%	1.44%
16. Adequacy of Capital Fund on Risk Weightage Assets							
a. Core Capital	%	9.52%	9.15%	9.62%	9.17%	9.79%	12.43%
b. Supplementary Capital	%	1.50%	3.08%	2.29%	1.65%	1.36%	1.15%
c. Total Capital Fund	%	11.02%	12.23%	11.91%	10.81%	11.15%	13.58%
17. Liquidity (CRR)	%	19.60%	12.33%	18.28%	12.59%	7.17%	7.32%
18. Non Performing Loans/Total Loans	%	0.62%	1.51%	1.15%	1.30%	0.80%	0.93%
19. Weighted Average Interest Rate Spread	%	3.91%	4.20%	3.26%	3.00%	2.91%	2.49%
20. Base Rate	%				7.90%	6.77%	10.33%
21. LCY Interest Spread (Calculated as per NRB Directive)	%				4.08%	3.84%	3.39%
22. Book Net worth	NPR	2,300,258,908	2,720,685,076	3,175,033,093	4,146,543,607	5,649,468,767	9,590,484,556
23. Total Shares	Number	16,940,811	16,940,811	19,483,048	23,378,686	30,392,292	74,724,120
24. Net Worth Per Share	NPR	135.78	160.60	162.96	177.36	185.88	128.35
25. Total Employees	Number	374	384	410	466	531	693

Schedule 4.32: Significant Accounting Policies

i) General Information

Laxmi Bank Limited ("the Bank") is a limited liability company domiciled in Nepal. The address of its registered office is Hattisar, Nepal. The Bank has a primary listing on the Nepal Stock Exchange Limited. The Bank is "A" class licensed institution. The financial statements were authorized for issue by the Board of Directors.

ii) Summary of Significant Accounting Policies

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

iii) Statement of Compliance

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

The financial statements have not been prepared in accordance with NFRS but prepared in accordance with Generally Accepted Accounting Principles (GAAP), Bank and Financial Institutions Act (BAFIA) 2063, Directives of Nepal Rastra Bank and the Companies Act 2063. Financial

Statements are prepared on accrual basis of accounting, unless otherwise stated.

iv) Basis of Preparation

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

v) Interest Income

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

Interest income on investments is accounted for on accrual basis.

vi) Commission Income

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

vii) Dividend Income

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

viii) Foreign Exchange Transactions

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

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

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

ix) Interest Expense

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

x) Loans and Advances including Bills Purchased

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

xi) Staff Loans

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

xii) Loan Loss Provision

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

xiii) Loans and Advances Write Off

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

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

xiv) Investments

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

a. Held for Trading

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

b. Held to Maturity

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

c. Available for Sale

All other investments that are neither "held for trading" nor "held to maturity" are classified under this category. These investments are classified as available for sale and valued at cost. In case the market

value of the investment is lower than that of the cost, the difference is adjusted through reserves. As a matter of prudence, the bank does not recognize unrealised gain on investment having market value higher than cost.

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

xv) Fixed Assets and Depreciation

Fixed assets are stated at cost less accumulated depreciation.

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

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

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

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

xvi) Non-Banking Assets

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

xvii) Software Expenses

Acquired computer software licenses are capitalized on the basis of cost incurred to acquire and bring to use the specific software.

xviii) Amortization

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

Computer Software 5 years

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

xix) Employee Benefits

a. Provident fund

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

b. Gratuity

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

xx) Stationery Stock

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

xxi) Income Tax

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

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

xxii) Lease

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

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

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

xxiii) Provisions, Contingent Liabilities and Contingent Assets

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

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

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

xxiv) Events After the Balance sheet date

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

All material and important events that occurred after the balance sheet date have been considered and appropriate disclosures are made in Note 33.

xxv) Allocation for Corporate Social Responsibility

The bank allocates 1% of Net Profit to Corporate Social Responsibility (CSR) Fund as per NRB Directives.

xxvi) Previous Year's Figures and Rounding Off

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

Schedule 4.33: Notes to Accounts

1. Proposed changes in paid-up equity capital

The Board of directors in its meeting dated October 18, 2017 has passed a resolution recommending for distribution of bonus shares (stock dividend) at 10% and cash dividend equivalent to tax on stock dividend at 0.53% of paid up capital as at July 15, 2017. The Bank's paid up equity capital shall increase by NPR 747,241,200 upon approval of the resolution from Annual General Meeting.

2. Interest Income and Interest Suspense

Entire interest receivable on loans and advances as of year end has been transferred to interest suspense account as per NRB Directives which is reflected in schedule 4.16. However, interest accrued as of 31 Ashad, 2074 and collected after year end upto 15 Shrawan, 2074 amounting to NPR 28,076,456 has been recognized as income during the FY 2016-17 as per NRB Directives. This practice, not in accordance with GAAP, but permitted by NRB Directives has resulted in the interest income for the year to increase by a corresponding amount.

3. Provision for Staff Bonus

Provision for staff bonus amounting to NPR 142,318,419, has been computed and provided for at 10% of net profit after bonus.

4. Staff Housing Fund

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

5. Gratuity Fund

The bank has changed its accounting policy regarding gratuity liability and has started accounting it on actuarial valuation method computed by a registered actuary. NPR 15,421,860 has been recognized as defined benefit cost in Profit and Loss Account under Schedule 4.23 Staff Expenses. Actuarial Loss amounting NPR 2,378,770 and the effect of first time adoption of accounting policy amounting NPR 26,884,177 have been adjusted to opening value of retained earning. Other information as per NAS 19 is as follows:

Amount in Rs. '000		
Particulars	This Year	
A. Profit and Loss		
1. Current Service Cost		14,285.03
2. Past Service Cost - Plan Amendments		-
3. Curtailment Cost/ (Credit)		-
4. Settlement Cost / (Credit)		-
5. Service Cost		14,285.03
6. Net interest on net defined benefit liability/ asset		1,136.83
7. Immediate recognition of (gains)/losses - other long term employee benefit plans		-
8. Cost recognised in P&L		15,421.86
B. Defined Benefit Cost		
1. Service Cost		14,285.03
2. Net interest on net defined benefit liability/ (asset)		1,136.83
3. Actuarial (gains) losses recognized in OCI		2,378.77
4. Immediate recognition of (gains)/losses - other long term employee benefit plans		-
5. Defined Benefit Cost		17,800.63
C. Assumptions used to determine Defined Benefit Cost		
1. Discount Rate		9.50%
2. Rate of Salary Increase		7.00%

6. Acquisition of Professional Diyalo Bikas Bank Ltd

The bank acquired Professional Diyalo Bikas Bank Ltd (PDBBL), a "B" Class licensed financial institution operating in 10 districts during the FY 2016/17 and started joint operations after transfer of all assets and liabilities of PDBBL on 14th January 2017. The existing shareholders of erstwhile PDBBL were issued ordinary equity shares of the bank at the approved share swap ratio of 50%. The changes in equity of the bank due to the acquisition is summarized below:

Particulars	Share Capital	General Reserve	Retained Earnings	Deferred Tax Reserve	Investment Adjustment Reserve	Total
Equity before acquisition	240,350	34,781	45,298	1,474	100	322,003
Transferred to:						
Share Capital	119,801	-	-	-	-	119,801
General Reserve	-	34,781	-	-	-	34,781
Retained Earning	120,175	-	45,298	1,474	-	166,947
Investment Adjustment Reserve	-	-	-	-	100	100
Other Reserves	374	-	-	-	-	374

7. General Reserve

As per the requirement of Nepal Rastra Bank, 20% of the current year's profit amounting to NPR 201,324,834 has been transferred to General Reserve.

8. Share premium

NPR 127,703,048 collected as Share Premium by way of auction of unsubscribed right shares has been transferred to Retained Earnings through Profit and Loss Appropriation Account.

9. Special Reserve Fund

NPR 4,843,000 has been written back from Special Reserve Fund during the year equivalent to the amount recovered out of loan restructured/rescheduled under relaxation of credit for earthquake affected projects as per NRB Circular No 12/072/73.

10. Exchange Fluctuation Fund

25% of the Revaluation gain of NPR 133,840, amounting to NPR 33,460 has been transferred to Exchange Fluctuation Fund by debiting Profit and Loss Appropriation Account as per Nepal Rastra Bank Directives.

11. Investment Adjustment Reserve

Investment Adjustment Reserve as at 31 Ashad 2074 (15 July 2017) stands at NPR 105,238,794 comprising NPR 23,007,949 as 2% of the Portfolio of investment available for sale, NPR 100,000 towards investment in unlisted shares of Prabhu Capital Limited as per NRB Directive and NPR 82,132,845 against difference between cost and market price of investment available for sale in case of the investment whose market value is less than cost. AFS investments should be marked to market on a regular basis and the difference to be adjusted through reserves as required by the NRB Directives 4 and 8. The Bank has deviated from this measurement method and continues to recognize AFS portfolio at historical cost. During the year, NPR 77,710,081 is transferred from Profit and Loss Appropriation Account to Investment Adjustment Reserve while NPR 100,000 has been carried forward from the reserve of erstwhile Professional Diyalo Bikas Bank Limited. Unrealized gain of NPR 2,471,319,872 on investment available for share as at the balance sheet that has not been recognised.

Particulars	Reserve as on 31/03/073	Movement during the year	Reserve as on 31/03/074
Investment available for sale @ 2%	14,070	8,936	23,006
Investment in unlisted securities	-	100	100
Adjustment for investment available for sale marked to market	13,358	68,774	82,132
Total	27,428	77,810	105,238

12. Fixed Assets

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

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

13. Income Tax Issues

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

The Bank has received an additional demand of NPR 847,545, NPR 19,242,794, NPR 1,606,366 and NPR 2,810,598 from LTO relating to tax returns for the FY 2066/67, 2067/68, 2068/69 and 2069/70,

respectively. The Bank disputed the demand as not tenable and has applied for appeal to appropriate authorities. The assessment order for FY 2066/67 is currently under review at the Revenue Tribunal while those for FY 2067/68, 2068/69 and 2069/70 are under administrative review by the IRD. The amount of claim is shown as contingent liability on income tax under schedule 4.17. The Bank has paid NPR 8,036,415 as deposit against above claims.

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 2072/73 under self-assessment procedures

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

15. Investment in Share Capital of other Corporate

a. Laxmi Capital Market Ltd

In line with the guidelines of Nepal Rastra Bank, Laxmi Bank Ltd has established a merchant banking subsidiary – "Laxmi Capital Market Ltd" by investing NPR 101,500,000 as promoter share. The subsidiary has obtained license for commercial operation from SEBON on 2067/9/13 under Securities Businessperson (Merchant Banker) Rules 2007.

b. Laxmi Laghubitta Bittiya Sanstha Ltd

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

c. Laxmi Value Fund- I

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

d. Laxmi Equity Fund

Laxmi Bank Ltd has invested NPR 187,500,000 as seed capital in Laxmi Equity Fund, second mutual fund scheme sponsored by the bank and managed by Laxmi Capital Market Ltd. The units of the fund are being traded at Nepal Stock Exchange.

e. Prabhu Capital Limited

Investment in shares of Prabhu Capital Limited amounting NPR 100,000 has been carried forward from the books of erstwhile Professional Diyalo Bikas Bank Limited. As investment in unlisted securities, amount equivalent to the value of this investment has been transferred to Investment Adjustment Reserve as per NRB Directive 8.

16. Lien over Investments

The Bank has made placements with Standard Chartered Bank Plc (Singapore), amounting to USD 3,387,144.91 as of 15 July 2017, which was under lien as per the lien letter signed with Standard Chartered Bank Plc against confirmation of guarantees issued by the Bank.

17. Advance against Bullion

The Bank has NPR 244.74 Million outstanding for advance against bullion as of 15 July 2017 and is shown under schedule 4.16 Other Assets. 4.16 Other Assets.

18. Related Party Disclosure

a. Compensation paid to Board of Directors

All members of the Board of Directors are non-executive directors and no executive compensation is paid to the directors. The directors are paid Meeting Fees for their attendances in meeting of the Board of Directors and other Board Level Committees. In addition, the directors are reimbursed with telephone expenses of NPR 2,000 per month. Travelling expenses incurred for attending the meetings of the Board of Directors and other Board Level Committees are also reimbursed to the directors other than those based in Kathmandu.

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

Particulars	This Year (NPR)	Previous Year (NPR)
Meeting fees	604,000	788,000
Other meeting expenses	238,653	190,119

b. Compensation paid to Key Management Personnel

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

AMOUNT IN NPR '000

Particulars	This Year (NPR '000)	Previous Year (NPR '000)
Salary and Allowances	50,971	40,562
Other Benefits*	13,232	7,710
Post Employment Benefits**	-	-

*Other Benefits include Staff Bonus paid out of profit for previous year.

**Post employment benefits are actuarially determined on overall basis for all employees.

c. Transactions with subsidiary companies

Details of transactions between the company and its subsidiary companies during the year are presented below.

AMOUNT IN NPR '000

Particulars	This Year	Previous Year
Interest Expense	18,706	1,463
Interest Income	61,240	19,074
Purchase of Services	1,390	410
Dividend received	12,650	8,075

Details of outstanding balances between the company and its subsidiaries as on 15th July 2017 are presented below

Particulars	This Year	Previous Year
Deposit Liabilities	790,710	38,808
Loans to Subsidiaries	1,232,856	934,929
Receivables	160	3,342

Subsidiaries include Laxmi Capital Market Limited and Laxmi Laghubitta Bittiya Sanstha Limited.

The bank has deputed its staff as Chief Executive Officer of its subsidiary Laxmi Capital Market Limited.

19. Reconciliation Status

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

AMOUNT IN NPR '000

RECONCILIATION STATUS	TOTAL AMOUNT	UP TO 3 MONTHS	3 TO 9 MONTHS	9 MONTHS TO 1 YEAR	1 YEAR TO 3 YEARS	MORE THAN 3 YEARS
Branch Reconciliation	-	-	-	-	-	-
Agency Accounts	88,037	62,012	8,300	3,395	9,559	4,771

20. Lease

Finance Lease

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

Operating Lease

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

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

PARTICULARS	AMOUNT IN NPR '000
Loans Disbursed	236,009,390
Loans Recovered	223,635,620
Loans Written off	6,890
Interest written off	32,467

22. Summary of Changes in Deposit Liabilities

PARTICULARS	PREVIOUS YEAR 31/3/2017 (15/07/2016)	NET CHANGES during the year	CURRENT YEAR 31/3/2017 (15/07/2017)
Call Deposits	13,695,167	(941,741)	12,753,426
Current Deposits	2,384,811	1,489,476	3,874,287
Fixed Deposits	20,805,345	7,644,757	28,450,102
Saving Deposits	10,678,587	2,345,287	13,023,874
Margin & Other Deposits	590,288	628,427	1,218,715

23. Weighted Average Interest Spread

PARTICULARS	RATE %
Average Rate of return from loans and advances and investments	8.52%
Average Rate on deposits & borrowings	6.03%
Net Spread	2.49%

24. Summary of Concentration of Exposure

PARTICULARS	LOANS, ADVANCES AND BILLS PURCHASED	DEPOSITS AND BORROWINGS	CONTINGENTS
Total amount as on 15/07/2017	52,733,336	59,320,404	32,676,458
Highest exposure to a single unit/ group	1,691,877	1,666,555	2,399,660
Percentage of exposure to/from single unit (in %)	3.21%	2.81%	7.34%

25. Classification of Assets and Liabilities based on Maturity

AMOUNT IN NPR '000

S.N.	PARTICULARS	1-90 DAYS	91-180 DAYS	181-270 DAYS	271-365 DAYS	OVER 1 YEAR	TOTAL AMOUNT
Assets							
1	Cash Balance	1,368,870	-	-	-	-	1,368,870
2	Balance with Banks & FIs	4,841,390	-	-	-	-	4,841,390
3	Investment in Foreign Banks	288,374	-	-	-	-	288,374
4	Call Money	-	-	-	-	-	-
5	Government Securities	417,775	-	750,000	-	-	1,167,775
6	Nepal Rastra Bank Bonds	-	-	-	-	3,941,350	3,941,350
7	Inter Bank & FI Lending	1,484,034	-	876,775	206,300	-	2,567,109
8	Loans & Advances	17,021,000	6,661,202	3,185,583	2,330,687	23,534,865	52,733,336
9	Interest Receivable	1,582,204	1,582,204	1,582,204	1,582,204	-	6,328,815
10	Reverse Repo	-	-	-	-	-	-
11	Receivables from other Institutions under Commitment	-	-	-	-	-	-
12	Payment to be made for facilities under s.no 20	-	-	-	-	-	-
13	Others	-	-	-	-	-	-
	Total Assets (A)	27,003,647	8,243,405	6,394,562	4,119,190	27,476,215	73,237,020
Liabilities							
14	Current Deposits	1,461,271	146,127	146,127	146,127	1,022,890	2,922,543
15	Saving Deposits	6,436,448	757,140	816,875	876,609	15,813,236	24,700,307
16	Fixed Deposits	5,615,590	4,941,710	7,191,072	7,532,546	3,169,182	28,450,101
17	Debentures	-	-	-	-	400,000	400,000
18	Borrowings:	257,875	-	-	-	-	257,875
	(a) Call/Short Notice	-	-	-	-	-	-
	(b) Inter-bank/Financial Institutions	257,875	-	-	-	-	257,875
	(c) Refinance	-	-	-	-	-	-
	(d) Others	-	-	-	-	-	-
19	Other Liabilities and Provisions	811,945	705,912	705,912	705,912	-	2,929,680
	(a) Sundry Creditors	106,033	-	-	-	-	106,033
	(b) Bills Payable	-	-	-	-	-	-
	(c) Interest Payable	705,912	705,912	705,912	705,912	-	2,823,648
	(d) Provisions	-	-	-	-	-	-
	(e) Others	-	-	-	-	-	-
	Total Liabilities (B)	14,583,129	6,550,890	8,859,986	9,261,194	20,405,308	59,660,506
	Net Financial Assets (A-B)	12,420,518	1,692,516	(2,465,424)	(5,142,004)	7,070,907	13,576,514
	Cumulative Net Financial Assets	12,420,518	14,113,033	11,647,610	6,505,606	13,576,514	-

26. Credit Concentration

AMOUNT IN NPR '000

SECTORS	NUMBER	PRINCIPAL	INTEREST
1. Agricultural	2,788	1,382,692	7,672
2. Fishery	5	10,529	48
3. Mining	13	59,741	36
4. Agriculture, Forestry & Beverage Production Related	293	2,472,780	1,277
5. Non-food production related	748	7,124,136	2,983
6. Construction	4,640	11,240,446	37,280
7. Power, Gas and Water	47	2,231,353	17
8. Metal Prod, Machinery & Electronic Equip & assemblage	348	2,009,690	205
9. Transport, Communication and Public Utilities	1,820	5,682,416	17,355
10. Wholesaler & Retailer	2,814	8,462,064	50,028
11. Finance, Insurance and Real Estate	470	4,733,938	2,458
12. Hotel or Restaurant	96	783,447	2,250
13. Other Services	150	2,166,609	4,221
14. Consumption Loans	4,977	4,075,728	9,629
15. Local Government	2	134,634	-
16. Others	547	163,132	735
Total	19,758	52,733,336	136,192

27. 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
49,084	-	49,084	-

28. 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
39,815	38,607	14,132	64,291

29. 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	1,423,184
Add: Adjustments for	
Depreciation as per financials considered separately	51,224
Equipment & furniture charged to revenue considered in depreciation	4,445
Leasehold amortization considered in depreciation	14,132
Software amortization considered in depreciation	16,924
Repairs and Maintenance added to the Pool as per income tax act	8,103
Premium on Bond amortized during the year	2,255
Less: Adjustments for	
Depreciation as per Income Tax Act	(85,266)
Dividend Income	(35,413)
Profit on disposal of Fixed Assets	(12,082)
Previous Year's Provision for Expenses paid this year	(14,005)
Taxable Profit as per Income tax Act 2058	1,373,502
Corporate Income Tax @ 30%	412,051

30. Deferred Tax Liability/(Asset)

Carrying amount of Assets & Liabilities where temporary differences arise as on 31 Ashad 2074 (15 July 2017) are as follows:

AMOUNT IN NPR '000

PARTICULARS	CARRYING AMOUNT	TAX BASE	NET TEMPORARY DIFFERENCE
Fixed Assets	397,173	421,662	(24,489)
Premium on Bond	16,895	19,153	(2,257)
Net Temporary Differences	414,068	440,815	(26,746)
Deferred Tax Liability / (Asset) as at Ashad end 2074 @ 30%			(8,023)
Opening Deferred Tax Liability / (Asset)			(12,533)
Deferred Tax Expense / (Income) credited to Profit and Loss Account			4,509

Deferred Tax Assets as of 31 Ashad 2074 (15 July 2017) is NPR 8,023,967. NPR 4,509,390 has been charged as deferred tax expense in Profit and Loss Account in the current year.

Balance in Deferred Tax Reserve of NPR 1,474,355 carried forward from erstwhile Professional Diyalo Bikas Bank Limited has been transferred to Profit and Loss Account through adjustment in retained earnings.

31. Debentures

8% Laxmi Bank Debentures, 2076

The Bank issued 400,000 unsecured debentures of NPR 1,000 each for NPR 400,000,000 on 5 February 2013 with a coupon rate of 8%, and tenure of 7 years. Interest on debenture is payable on semiannual basis. The bank has appropriated NPR 80,000,000 towards Debenture Redemption Reserve through Profit and Loss Appropriation account during the year as per NRB Directive. Total balance in Debenture Redemption Reserve as of 15 July 2017 stands at NPR 160,000,000.

32. Allocation for Corporate Social Responsibility

The Bank has allocated NPR 10,066,242 towards Corporate Social Responsibility (CSR) Fund amounting 1% of Net Profit for the year as per NRB Directives.

33. Events After the Balance sheet date

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

STATEMENT OF LOANS AND ADVANCES OF PROMOTERS/ PROMOTER GROUP BY PLEDGING THE SHARES IN THEIR OWNERSHIP IN OTHER BANK AND FINANCIAL INSTITUTIONS

AS AT ASHAD 31, 2074 (JULY 15, 2017)

SCHEDULE 4.34

S.No	Name of Promoter/ Shareholders under Promoter Group	Shareholding		Loan Details			Remarks
		Total No of shares	% of Total Paid up Capital	Name of the Lending Bank and Financial Institutions	Loan Amount	No of Shares Pledged	
1	Amit Gupta Agrawal	133,879	0.18%	NIC Asia Bank Ltd.	25,180,252	113,179	
2	Anil Kumar Agrawal	176,874	0.24%	Himalayan Bank Ltd.	30,000,000	74,763	
3	Anjali Sarawogi	1,017,890	1.36%	NMB Bank Ltd	20,000,000	200,000	
4	Baikuntha Paudel	73,635	0.10%	Kasthamandap Development Bank Ltd	2,200,000	6,000	
5	Gopikrishna Sikaria	3,375,065	4.52%	Janata Bank Nepal Ltd/ Siddhartha Bank Ltd	231,700,000	1,106,750	
6	Laxmi Corp Nepal Pvt. Ltd .	10,963,206	14.67%	Janata Bank Nepal Ltd	92,750,000	350,000	
7	Madhusudan Agrawal	172,710	0.23%	Bank of kathmandu Ltd	41,259,065	100,000	
8	Rajendra Kumar Khetan	3,818,534	5.11%	Nepal Investment Bank Ltd	131,580,000	299,056	
9	Ramesh Kumar Agrawal	58,957	0.08%	United FinanceLtd	2,000,000	18,509	
10	Ratan Lal Sanghai	3,906,052	5.23%	Nepal Investment Bank Ltd/ Global IME Bank Ltd	175,000,000	1,170,000	
11	Ravi Kumar Gupta	422,713	0.57%	NMB Bank/ Guheswori Merchant Banking & Finance Ltd	17,931,220	172,102	
12	Rekha Khatiwoda Nepal	8,053	0.01%	IME Co-operative Service	1,400,000	3,404	
13	Sarika Khetan	7,389,784	9.89%	Nepal Investment Bank Ltd	1,374,370,000	3,123,588	
14	Sunil Bansal	504,463	0.68%	Machhapuchchhre Bank Ltd/ Kumari Bank Ltd/ Mega Bank Nepal Ltd	71,889,800	213,232	

COMPARISON OF UNAUDITED AND AUDITED FINANCIAL STATEMENT

FY 2073/74

SCHEDULE 4.35
AMOUNT IN NPR '000

S.N.	Particulars	As per Unaudited Financial Statement	As per Audited Financial Statement	Variance		Reasons for Variance
				Amount	In %	
1	Total Capital and Liabilities (1.1 to 1.7)	70,903,814	70,388,686	(515,128)	-1%	
1.1	Paid Up Capital	7,472,412	8,219,653	747,241	10%	Bonus Share Proposed
1.2	Reserve & Surplus	2,182,759	1,370,831	(811,928)	-37%	Bonus Share, Cash Dividend and Audit Adjustments
1.3	Debenture & Bond	400,000	400,000	-		
1.4	Borrowings	257,875	257,875	-		
1.5	Deposits (a+b)	59,320,404	59,320,404	0	0%	
	a) Domestic Currency	56,760,852	56,760,852	0	0%	
	b) Foreign Currency	2,559,552	2,559,552	0	0%	
1.6	Income Tax Liability	-	-	-		
1.7	Other Liabilities (including Bills payable, dividend payable etc)	1,270,363	819,923	(450,441)	-35%	Regrouping of provisions
2	Total Assets (2.1 to 2.7)	70,903,814	70,386,702	(517,112)	-1%	
2.1	Cash & Bank Balance	6,120,775	6,136,210	15,435	0%	
2.2	Money at call and Short Notice	117,690	117,690	-	0%	
2.3	Investments	9,439,808	9,439,808	-	0%	
2.4	Loan & Advances	52,733,336	51,886,752	(846,584)	-2%	Net of provision in Audited Financials
	a. Real Estate Loan	2,165,410	2,111,763	(53,647)	-2%	
	(i) Residential Real Estate	585,246	547,600	(37,646)	-6%	
	(ii) Business Complex & Residential Apart.Construction Loan	382,964	379,135	(3,830)	-1%	
	(iii) Income generating Commercial Complexes Loan	607,220	600,949	(6,271)	-1%	
	(iv) Other Real Estate Loan	589,979	584,080	(5,900)	-1%	
	b. Personal Home Loan of Rs 100 lacs or less	2,503,984	2,464,285	(39,699)	-2%	
	c. Margin Type Loan	1,797,931	1,778,697	(19,234)	-1%	
	d. Term Loan	10,530,262	10,401,156	(129,107)	-1%	
	e. Overdraft Loan/ TR Loan/ WC Loan	16,888,231	16,574,740	(313,491)	-2%	
	f. Others	18,847,518	18,554,127	(293,391)	-2%	
2.5	Fixed Assets	1,156,151	1,156,151	0	0%	
2.6	Non Banking Assets (net)	-	-	-		
2.7	Other Assets	1,336,053	1,652,075	316,022	24%	Regrouping of provisions
3	Profit & Loss Account					
3.1	Interest Income	4,682,811	4,682,811	-	0%	
3.2	Interest Expenses	3,028,184	3,028,184	-	0%	
A. Net Interest Income (3.1-3.2)		1,654,627	1,654,627	(0)	0%	
3.3	Fees, Commission & Discount	270,939	270,939	-	0%	
3.4	Other Operating Income	227,163	227,163	-	0%	
3.5	Foreign Exchange Gain & Loss	194,087	194,087	(0)	0%	
B. Total Operating Income (A+3.3+3.4+3.5)		2,346,815	2,346,815	(0)	0%	
3.6	Staff Expenses	413,382	412,554	(828)	0%	Reclassification of internship stipend and accounting of share issue expenses
3.7	Other Operating Expenses	477,361	485,647	8,286	2%	
C. Operating Profit before Provisions (B -3.6-3.7)		1,456,073	1,448,614	(7,458)	-1%	
3.8	Provision for Possible Losses	97,476	99,733	2,257		Audit Adjustments
D. Operating Profit (C- 3.8)		1,358,596	1,348,881	(9,715)	-1%	
3.9	Non Operating Income/Expenses (Net)	160,872	160,768	(104)	0%	Adjustment of Gain on Sale of Investment
3.10	Loan Loss Provision Written Back	49,084	49,084	-		
E. Profit from Regular Activities (D+3.9+3.10)		1,568,552	1,558,733	(9,819)	-1%	
3.11	Extraordinary Income/Expenses (Net)	6,769	6,769	-	0%	
F. Profit before Bonus and Taxes (E+3.11)		1,575,322	1,565,503	(9,819)	-1%	
3.12	Provision for Staff Bonus	143,211	142,318	(893)	-1%	Effect of Audit Adjustments
3.13	Provision for Taxes	429,633	412,051	(17,583)	-4%	Tax calculation as per Income tax act in Audited Financials
	Deferred Tax Expense/ (Income)	-	4,509	4,509		Deferred tax calculated
G. Net Profit/ Loss (F-3.12-3.13)		1,002,477	1,006,624	4,147		

UNAUDITED FINANCIAL RESULTS (QUARTERLY)

AS AT 4TH QUARTER (ASHADH 31, 2074) OF THE FISCAL YEAR 2073/74

SCHEDULE 4.A
AMOUNT IN NPR '000

S.N.	PARTICULARS	THIS QUARTER ENDING	PREVIOUS QUARTER ENDING	CORRESPONDING PREVIOUS YEAR QUARTER ENDING
		31 Ashad 2073 15-Jul-16	30 Chaitra 2072 12-Apr-16	31 Ashad 2072 16-Jul-15
1	Total Capital and Liabilities (1.1 to 1.7)	70,903,814	68,055,656	55,388,482
1.1	Paid Up Capital	7,472,412	3,159,030	3,039,229
1.2	Reserve & Surplus	2,182,759	4,329,849	2,610,240
1.3	Debenture & Bond	400,000	400,000	400,000
1.4	Borrowings	257,875	1,200,000	-
1.5	Deposits (a+b)	59,320,404	57,801,175	48,154,198
	a) Domestic Currency	56,760,852	55,295,428	45,213,276
	b) Foreign Currency	2,559,552	2,505,747	2,940,922
1.6	Income Tax Liability	-	-	3,635
1.7	Other Liabilities	1,270,363	1,165,603	1,181,180
2	Total Assets (2.1 to 2.7)	70,903,814	68,055,656	55,388,482
2.1	Cash & Bank Balance	6,120,775	6,324,171	5,450,870
2.2	Money at call and Short Notice	117,690	148,498	33,709
2.3	Investments	9,439,808	8,412,900	7,422,422
2.4	Loan & Advances	52,733,336	50,217,636	40,359,566
	a. Real Estate Loan	2,165,410	1,697,959	1,262,787
	(i) Residential Real Estate	585,246	566,578	505,403
	(ii) Business Complex & Residential Apart. Construction Loan	382,964	81,624	118,451
	(iii) Income generating Commercial Complexes Loan	607,220	590,154	606,568
	(iv) Other Real Estate Loan	589,979	459,602	32,364
	b. Personal Home Loan of Rs 100 lacs or less	2,503,984	2,410,993	1,887,653
	c. Margin Type Loan	1,797,931	1,653,051	957,593
	d. Term Loan	10,530,262	9,186,820	6,821,128
	e. Overdraft Loan/ TR Loan/ WC Loan	16,888,231	17,180,518	16,511,260
	f. Others	18,847,518	18,088,295	12,919,146
2.5	Fixed Assets	1,156,151	1,118,002	1,023,771
2.6	Non Banking Assets (net)	-	-	-
2.7	Other Assets	1,336,053	1,834,450	1,098,143

CONTD..

3	PROFIT & LOSS ACCOUNT	UP TO THIS QUARTER	UP TO LAST QUARTER	UP TO CORRESPONDING PREVIOUS YEAR THIS QUARTER
3.1	Interest Income	4,682,811	3,129,433	3,072,565
3.2	Interest Expenses	3,028,184	3,028,184	1,956,218
	A. Net Interest Income (3.1-3.2)	1,654,627	1,173,216	1,307,144
3.3	Fees, Commission & Discount	270,939	187,801	231,498
3.4	Other Operating Income	227,163	144,400	165,055
3.5	Foreign Exchange Gain & Loss	194,087	194,087	139,718
	B. Total Operating Income (A+3.3+3.4+3.5)	2,346,815	1,645,134	1,848,894
3.6	Staff Expenses	413,382	290,475	326,972
3.7	Other Operating Expenses	477,361	477,361	342,127
	C. Operating Profit before Provisions (B -3.6-3.7)	1,456,073	1,012,532	1,158,103
3.8	Provision for Possible Losses	97,476	97,476	276,328
	D. Operating Profit (C- 3.8)	1,358,596	736,204	961,694
3.9	Non Operating Income/Expenses (Net)	160,872	95,351	20,030
3.10	Loan Loss Provision Written Back	49,084	49,084	49,084
	E. Profit from Regular Activities (D+3.9+3.10)	1,568,552	880,639	1,091,115
3.11	Extraordinary Income/Expenses (Net)	6,769	6,769	13,660
	F. Profit before Bonus and Taxes (E+3.11)	1,575,322	894,299	1,091,289
3.12	Provision for Staff Bonus	143,211	81,300	99,208
3.13	Provision for Taxes	429,633	429,633	243,900
	G. Net Profit/ Loss (F-3.12-3.13)	1,002,477	569,100	677,127
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	14.19%	11.04%	11.15%
4.2	Non Performing Loan (NPL) to Total Loan	0.93%	1.79%	0.80%
4.3	Total Loan Loss Provision to Total NPL	173.52%	114.11%	223.37%
4.4	Net Interest Spread	2.74%	3.55%	3.39%
4.5	LCY Interest Spread (Calculated as per NRB Circular)	3.39%	3.52%	3.84%
4.6	CD ratio (Calculated as per NRB Directives)	71.76%	73.66%	76.21%
4.7	Base Rate	10.33%	9.88%	6.77%
4.8	Average Yield	10.14%	10.31%	7.49%
4.9	Cost of Fund (LCY)	7.40%	6.76%	4.10%
4.10	Return on Equity (annualised)	11.69%	10.13%	12.89%
4.11	Return on Assets (annualised)	1.44%	1.11%	1.28%

DISCLOSURE AS PER BASEL III

1. Capital structure and capital adequacy

- Tier 1 capital and a breakdown of its components;

PARTICULARS	IN NPR '000
Paid up Equity Share Capital	7,472,412
Proposed Bonus Equity Shares (including fractional bonus shares)	7,48,699
Statutory General Reserves	935,014
Retained Earnings	125,968
Debenture Redemption Reserve	160,000
Core Capital	9,442,093

- Tier 2 capital and a breakdown of its components;

PARTICULARS	IN NPR '000
Subordinated Term Debt (8% Laxmi Bank Debenture, 2076) – (discounted at 60%)	160,000
General loan loss provision	547,602
Exchange Equalization Reserve	29,552
Investment Adjustment Reserves	105,239
Other Reserves	3,535
Supplementary Capital	845,928

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

8% Laxmi Bank Debenture, 2076

- Outstanding Amount	NPR 400 Mio
- Maturity	4 February 2020
- Amount eligible for Tier 2 capital fund (discounted at 60%)	NPR 160 Mio

- Deductions from capital:

PARTICULARS	IN NPR '000
Deferred Tax Assets	8,024
Intangible Assets	42,053
Investment in equity of institutions with financial interests	250,327
Total	301,904

- Total qualifying capital;

PARTICULARS	IN NPR '000
Tier 1 Capital	9,442,093
Tier 2 Capital	845,928
Deductions	(301,904)
Total Qualifying Capital (Total Capital Fund)	9,986,117

- Capital Adequacy Ratio;
- 13.58%

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

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

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

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

2. Risk exposures

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

PARTICULARS	IN NPR '000
Risk weighted exposures for Credit Risk	68,668,265
Risk weighted exposures for Operational Risk	2,278,152
Risk weighted exposures for Market Risk	88,412
3% Additional RWE under supervisory review	2,131,045
2% of Gross Income under supervisory review	371,724
Total Risk Weighted Exposures	73,537,598

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

PARTICULARS	IN NPR '000
Claims on government & central bank	-
Claims on other official entities	1,169,556
Claims on banks	1,045,731
Claims on corporate & securities firms	29,591,326
Claims on regulatory retail portfolio	4,551,945
Claims secured by residential properties	2,215,622
Claims secured by commercial real state	960,175
Past due claims	1,546,565
High risk claims	13,398,545
Other assets	1,699,666
Off balance sheet items	12,489,133
Total	68,668,265

- Total Risk Weighted Exposure calculation table;

PARTICULARS	IN NPR '000
Risk weighted exposures for Credit Risk	68,668,265
Risk weighted exposures for Operational Risk	2,278,152
Risk weighted exposures for Market Risk	88,412
4% Additional RWE under supervisory review	2,131,045
2% of Gross Income under supervisory review	371,724
Total Risk Weighted Exposures	73,537,598
Total Capital Fund	9,986,117
Total Capital to Total Risk Weighted Exposures	13.58%

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

- Restructured/ Rescheduled Loan
 - Gross NPR 102,393
 - Net NPR 77,931
- Substandard Loan
 - Gross NPR 71,927
 - Net NPR 53,945
- Doubtful Loan
 - Gross NPR 108,050
 - Net NPR 53,923
- Loss Loan
 - Gross NPR 206,652
 - Net NIL

- NPA ratios

- Gross NPA to gross advances
 - 0.93%
- Net NPA to net advances
 - 0.36%

- 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	150,804	(48,410)	102,394
Substandard	32,247	39,680	71,927
Doubtful	39,475	68,575	108,050
Loss	102,184	104,468	206,652
Total	324,710	164,313	489,023

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

- Loan written off 6,890
- Interest written off NIL

- Movements in Loan Loss Provisions and Interest Suspense

Amount in NPR '000

PARTICULARS	PREVIOUS YEAR	ADDITION/ (REDUCTION) DURING THE YEAR	BALANCE AT THE END OF THE YEAR
Loan loss provision	751,092	99,733	850,825
Interest Suspense	97,558	10,557	108,115

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

Additional Loan loss provision NPR 1,243
(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.



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