

DISCLOSURE AS PER BASEL III*1. Capital structure and capital adequacy*

- Tier 1 capital and breakdown of its components:

Particulars	NPR in 000
Paid up Equity Share Capital	8,920,509
Calls in Advances	-
Share Premium	-
Proposed Bonus Share (including fractions carried forward)	-
Statutory General Reserves	1,171,232
Retained Earnings	25,131
Unaudited Profit for the year	1,567,460
Capital Redemption Reserve	240,000
Capital Adjustment Reserve	-
Other Free Reserves	-
Core Capital	11,924,332

- Tier 2 capital and breakdown of its components:

Particulars	NPR in 000
Subordinated Term Debt	-
General Loan Loss Provision	825,645
Exchange Equalization Reserve	29,552
Investment Adjustment Reserves	217,640
Other Reserve	-
Supplementary Capital	1,072,837

- 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	4th February 2020
- Amount eligible for Tier 2 capital fund	NIL

- Deductions from capital:

Particulars	NPR in 000
Deferred Tax Assets	-
Intangible Assets	54,657
Investment in equity of institutions with financial interests	709,098
Total	763,755

- Total qualifying capital:

Particulars	NPR in 000
Tier 1 Capital	11,924,332
Tier 2 Capital	1,072,837
Deductions:	(763,755)
Total Qualifying Capital (Total Capital Fund)	12,233,414

- Capital Adequacy Ratio:

- **11.32%**

- 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 and 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	NPR in 000
Risk weighted exposures for Credit Risk	100,003,626
Risk weighted exposures for Operational Risk	3,788,334
Risk weighted exposures for Market Risk	111,210
% of the total deposit due to insufficient liquid assets	-
3% additional RWE under supervisory review	3,117,095
3% of Gross Income under supervisory review	1,008,203
Total Risk Weighted Exposures	108,028,468

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

Particulars	NPR in 000
a) Claims on government & central bank	-
b) Claims on other official entities	1,597,006
c) Claims on banks	2,694,089
d) Claims on corporate & securities firms	47,600,718
e) Claims on regulatory retail portfolio	6,834,878
f) Claims secured by residential properties	3,218,398
g) Claims secured by commercial real state	1,525,456
h) Past due claims	1,431,562
i) High risk claims	13,568,840
j) Other assets	3,381,054
k) Off balance sheet items	18,151,624
Total	100,003,626

- Total Risk Weighted Exposure calculation table:

Particulars	NPR in 000
Risk weighted exposures for Credit Risk	100,003,626
Risk weighted exposures for Operational Risk	3,788,334
Risk weighted exposures for Market Risk	111,210
% of the total deposit due to insufficient liquid assets	-
3% additional RWE under supervisory review	3,117,095
2% of Gross Income under supervisory review	1,008,203
Total Risk Weighted Exposures	108,028,468
Total Capital Fund	12,233,414
Total Capital to Total Risk Weighted Exposures	11.32%

- Amount of NPAs (both Gross and Net) *(NPR in '000)*
 - o Restructured/ Rescheduled Loan
 - Gross NPR 250,085
 - Net NPR 211,917
 - o Substandard Loan
 - Gross NPR 187,920
 - Net NPR 140,940
 - o Doubtful Loan
 - Gross NPR 46,882
 - Net NPR 23,441
 - o Loss Loan
 - Gross NPR 364,222
 - Net NIL

- NPA ratios
 - o Gross NPA to gross advances
 - 1.11%
 - o Net NPA to net advances
 - 0.50%

- Movement of Non Performing Assets during this quarter (NPR in '000)

Addition in Substandard Loan	NPR 113,361
Reduction in Doubtful Loan	NPR 18,110
Reduction in Loss Loan	NPR 213,091

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

Write off of Loans	NPR 61,814
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- Movements in Loan Loss Provisions and Interest Suspense during this quarter (NPR in '000)

Reduction in Loan Loss Provision (net)	NPR 152,761
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- Details of Additional Loan Loss Provisions (NPR in '000)

Additional Loan loss provision	NPR 2,101
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(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 (NPR in '000)

Held for Trading	NIL
Held to Maturity	NPR 5,028,670
Available for Sale	NPR 2,039,243