

DISCLOSURE AS PER BASEL II

1. Capital structure and capital adequacy

- Tier 1 capital and a breakdown of its components;

Particulars	NPR in 000
Paid up Equity Share Capital	1,694,081
Proposed Bonus Share (fractions carried forward)	583
Statutory General Reserves	301303
Retained Earnings	238,611
Unaudited Profit for the year	87,178
Share Premium	13,072
Deferred Tax Reserves	1,925
Debenture Redemption Reserve	200,000
Core Capital	2,536,753

- Tier 2 capital and a breakdown of its components;

Particulars	NPR in 000
Subordinated Term Debt (8.5% Laxmi Bank Debenture, 2072) – (net of Redemption Reserve of NPR 150 mio)	150,000
General loan loss provision	179,884
Exchange Equalization Reserve	16,535
Investment Adjustment Reserves	4,140
Supplementary Capital	350,559

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

8.5% Laxmi Bank Debenture, 2072

- Outstanding Amount NPR 350 mio
- Maturity 24 November 2015
- Amount eligible for Tier 2 capital fund (net of Redemption Reserve) NPR 150 mio

- Deductions from capital;

Particulars	NPR in 000
Investment in equity in licensed Financial Institutions	9,740
Investment in equity of institutions with financial interests	126,082
Investments arising out of underwriting commitments	447
Total	136,269

- Total qualifying capital;

Particulars	NPR in 000
Tier 1 Capital	2,536,753
Tier 2 Capital	350,559
Deductions:	(136,269)
Total Qualifying Capital (Total Capital Fund)	2,751,043

- Capital Adequacy Ratio;

- 11.30 %

- 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 – 8.5% Laxmi Bank Debenture 2072:

Name	Laxmi Bank Debenture - 2072
Amount	NPR 350,000,000.00 (Three Hundred Fifty Million Only)
Interest Rate	8.5% per annum (before tax) payable half yearly
Type	Unsecured and Redeemable at Maturity. No call / convertible feature.
No. of Debentures	350,000 (Three Hundred and Fifty Thousand Only)
Face Value	NPR 1,000.00
Maturity Period	7 Years
Priority to Debenture Holders	At the time of liquidation, priority of payment to the debenture holders will be after the depositors
Listing	Listed with Nepal Stock Exchange

2. Risk exposures

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

Particulars	NPR in 000
Risk weighted exposures for Credit Risk	22,380,942
Risk weighted exposures for Operational Risk	1,375,704
Risk weighted exposures for Market Risk	98,916
2% additional RWE under supervisory review	477,111
2% of Gross Income under supervisory review	19,935
Total Risk Weighted Exposures	24,352,608

- 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	386,075
c) Claims on banks	923,721
d) Claims on corporate & securities firms	12,026,884
e) Claims on regulatory retail portfolio	657,621
f) Claims secured by residential properties	1,560,216
g) Claims secured by commercial real state	1,172,068
h) Past due claims	928,546
i) High risk claims	1,315,925
j) Other assets	586,348
k) Off balance sheet items	2,823,538
Total	22,380,942

- Total Risk Weighted Exposure calculation table;

Particulars	NPR in 000
Risk weighted exposures for Credit Risk	22,380,942
Risk weighted exposures for Operational Risk	1,375,704
Risk weighted exposures for Market Risk	98,916
2% additional RWE under supervisory review	477,111
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Total Risk Weighted Exposures	24,352,608
Total Capital Fund	2,751,043
Total Capital to Total Risk Weighted Exposures	11.30%

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

- Restructured/ Rescheduled Loan
 - Gross NPR 65,765
 - Net NPR 37,724
- Substandard Loan
 - Gross NPR 123,231
 - Net NPR 92,363
- Doubtful Loan
 - Gross NPR 10,000
 - Net NPR 4,995
- Loss Loan
 - Gross NPR 20,993
 - Net NIL

- NPA ratios

- Gross NPA to gross advances
 - 1.21%
- Net NPA to net advances
 - 0.75%

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

Addition in Substandard Loan	NPR 114,893
Addition in Doubtful Loan	NPR 1,261
Addition in Loss Loan	NPR 268

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

NIL

- Movements in Loan Loss Provisions and Interest Suspense during this quarter (*NPR in '000*)

Addition to Loan loss provision (net)	NPR 51,398
Addition to Interest Suspense	NIL

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

Additional Loan loss provision	NPR 631
<i>(Includes loan loss provision in excess of the regulatory requirement)</i>	

- 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 3,849,625
Available for sale	NPR 212,533