

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

- Tier 1 capital and breakdown of its components:

| <b>Particulars</b>   | <b>NPR in 000</b> |
|--|-------------------|
| Paid up Equity Share Capital                               | 8,920,509         |
| Calls in Advances  | -                 |
| Share Premium  | -                 |
| Proposed Bonus Share (including fractions carried forward) | -                 |
| Statutory General Reserves                                 | 1,489,247         |
| Retained Earnings  | 1,453,368         |
| Unaudited Profit for the year                              | 303,965           |
| Capital Redemption Reserve                                 | 320,000           |
| Capital Adjustment Reserve                                 | -                 |
| Other Free Reserves  | -                 |
| <b>Core Capital</b>  | <b>12,487,089</b> |

- Tier 2 capital and breakdown of its components:

| <b>Particulars</b>             | <b>NPR in 000</b> |
|--------------------------------|-------------------|
| Subordinated Term Debt         | -                 |
| General Loan Loss Provision    | 905,145           |
| Exchange Equalization Reserve  | 29,861            |
| Investment Adjustment Reserves | 100               |
| Other Reserve                  | -                 |
| <b>Supplementary Capital</b>   | <b>935,106</b>    |

- 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   | 51,932         |
| Investment in equity of institutions with financial interests | 709,098        |
| <b>Total</b>  | <b>761,030</b> |

- Total qualifying capital:

| Particulars  | NPR in 000        |
|--|-------------------|
| Tier 1 Capital                                       | 12,487,089        |
| Tier 2 Capital                                       | 935,106           |
| Deductions:  | (761,030)         |
| <b>Total Qualifying Capital (Total Capital Fund)</b> | <b>12,661,165</b> |

- Capital Adequacy Ratio:

- **11.90%**

- 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                  | 98,796,666         |
| Risk weighted exposures for Operational Risk             | 3,443,596          |
| Risk weighted exposures for Market Risk                  | 133,871            |
| % of the total deposit due to insufficient liquid assets | -                  |
| 3% additional RWE under supervisory review               | 3,071,224          |
| 3% of Gross Income under supervisory review              | 916,457            |
| <b>Total Risk Weighted Exposures</b>                     | <b>106,361,814</b> |

- 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        | 2,205,198         |
| c) Claims on banks                          | 1,958,269         |
| d) Claims on corporate & securities firms   | 50,137,948        |
| e) Claims on regulatory retail portfolio    | 11,234,354        |
| f) Claims secured by residential properties | 3,370,204         |
| g) Claims secured by commercial real state  | 1,639,466         |
| h) Past due claims                          | 1,144,487         |
| i) High risk claims                         | 5,013,575         |
| j) Other assets                             | 3,477,045         |
| k) Off balance sheet items                  | 18,616,118        |
| <b>Total</b>                                | <b>98,796,666</b> |

- Total Risk Weighted Exposure calculation table:

| Particulars  | NPR in 000         |
|--|--------------------|
| Risk weighted exposures for Credit Risk                  | 98,796,666         |
| Risk weighted exposures for Operational Risk             | 3,443,596          |
| Risk weighted exposures for Market Risk                  | 133,871            |
| % of the total deposit due to insufficient liquid assets | -                  |
| 3% additional RWE under supervisory review               | 3,071,224          |
| 2% of Gross Income under supervisory review              | 916,457            |
| <b>Total Risk Weighted Exposures</b>                     | <b>106,361,814</b> |
| <b>Total Capital Fund</b>                                | <b>12,661,165</b>  |
| <b>Total Capital to Total Risk Weighted Exposures</b>    | <b>11.90%</b>      |

- Amount of NPAs (both Gross and Net) *(NPR in '000)*
  - o Restructured/ Rescheduled Loan
    - Gross NPR 239,114
    - Net NPR 201,942
  - o Substandard Loan
    - Gross NPR 110,379
    - Net NPR 84,763
  - o Doubtful Loan
    - Gross NPR 157,162
    - Net NPR 82,830
  - o Loss Loan
    - Gross NPR 319,887
    - Net NPR 1,980
  
- NPA ratios
  - o Gross NPA to gross advances
    - 1.04%
  - o Net NPA to net advances
    - 0.47%
  
- Movement of Non Performing Assets during this quarter (NPR in '000)
 

|                               |             |
|-------------------------------|-------------|
| Reduction in Substandard Loan | NPR 77,541  |
| Addition in Doubtful Loan     | NPR 110,280 |
| Reduction in Loss Loan        | NPR 44,335  |
  
- Write off of Loans and Interest Suspense (NPR in '000)
 

|                    |            |
|--------------------|------------|
| Write off of Loans | NPR 15,786 |
|--------------------|------------|
  
- Movements in Loan Loss Provisions and Interest Suspense during this quarter (NPR in '000)
 

|                                       |            |
|---------------------------------------|------------|
| Addition in Loan Loss Provision (net) | NPR 66,951 |
|---------------------------------------|------------|
  
- Details of Additional Loan Loss Provisions (NPR in '000)
 

|                                |            |
|--------------------------------|------------|
| Additional Loan loss provision | NPR 31,109 |
|--------------------------------|------------|

*(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 5,278,670 |
| Available for Sale | NPR 2,509,492 |