

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	3,039,229
Share Premium	73,998
Proposed Bonus Share (including fractions carried forward)	529
Statutory General Reserves	563,482
Retained Earnings	621,172
Unaudited Profit for the year	303,254
Debenture Redemption Reserve	350,000
Other Free Reserves	6,407
Core Capital	4,361,986

- Tier 2 capital and a breakdown of its components;

Particulars	NPR in 000
Subordinated Term Debt (350M: 8.5% Laxmi Bank Debenture, 2072 and 400M: 8% Laxmi Bank Debenture, 2076) – (net of Redemption Reserve of NPR 350 mio)	400,000
General loan loss provision	347,596
Exchange Equalization Reserve	28,649
Investment Adjustment Reserves	33,122
Supplementary Capital	729,366

- 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	NPR 320 mio

- Deductions from capital;

Particulars	NPR in 000
Deferred Tax Assets	6,406
Investment in equity of institutions with financial interests	239,678
Total	246,084

- Total qualifying capital;

Particulars	NPR in 000
Tier 1 Capital	4,608,071
Tier 2 Capital	729,366
Deductions:	(246,085)
Total Qualifying Capital (Total Capital Fund)	5,091,352

- Capital Adequacy Ratio;

- 11.36 %

- 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	40,810,959
Risk weighted exposures for Operational Risk	1,982,762
Risk weighted exposures for Market Risk	26,323
4% additional RWE under supervisory review	1,712,801
2% of Gross Income under supervisory review	294,838
Total Risk Weighted Exposures	44,827,685

- 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	379,816
c) Claims on banks	1,002,650
d) Claims on corporate & securities firms	20,031,279
e) Claims on regulatory retail portfolio	2,831,635
f) Claims secured by residential properties	1,347,338
g) Claims secured by commercial real state	389,524
h) Past due claims	1,687,959
i) High risk claims	5,985,387
j) Other assets	850,020
k) Off balance sheet items	6,305,351
Total	40,810,959

- Total Risk Weighted Exposure calculation table;

Particulars	NPR in 000
Risk weighted exposures for Credit Risk	40,810,959
Risk weighted exposures for Operational Risk	1,982,762
Risk weighted exposures for Market Risk	26,323
4% additional RWE under supervisory review	1,712,801
2% of Gross Income under supervisory review	294,838
Total Risk Weighted Exposures	44,827,685
Total Capital Fund	5,091,352
Total Capital to Total Risk Weighted Exposures	11.36%

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

- Restructured/ Rescheduled Loan
 - Gross NPR 152,828
 - Net NPR 252
- Substandard Loan
 - Gross NPR 84,066
 - Net NPR 63,049
- Doubtful Loan
 - Gross NPR 51,405
 - Net NPR 25,703
- Loss Loan
 - Gross NPR 91,797
 - Net NIL

- NPA ratios

- Gross NPA to gross advances
 - 1.14%
- Net NPA to net advances
 - 0.27%

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

Addition in Substandard Loan	NPR 73,758
Addition in Doubtful Loan	NPR 23,512
Addition in Loss Loan	(NPR 23,790)

- 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 14,161
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- Details of additional Loan Loss Provisions (*NPR in '000*)

Additional Loan loss provision NIL
(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 7,199,924
Available for sale	NPR 541,732