

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	1,098,086
Statutory General Reserves	51,789
Retained Earnings	5,510
Unaudited cumulative current year profit	139,972
Core Capital	1,295,357

- Tier 2 capital and a breakdown of its components:

Particulars	NPR in 000
Subordinated Term Debt (8.5% Laxmi Bank Debenture, 2072)	350,000
General loan loss provision	123,582
Exchange Equalization Reserve	2,881
Investment Adjustment Reserves	10,187
Supplementary Capital	486,650

- 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	7 years
- Amount raised during the year	NPR 350 mio
- Amount eligible for Tier 2 capital fund	NPR 350 mio

- Deductions from capital;

Particulars	NPR in 000
Goodwill	2,655
Miscellaneous Expenses to the extent not written off	1,982
Investment in equity in licensed Financial Institutions	9,740
Investment in equity of institutions with financial interests	56,082
Investments arising out of underwriting commitments	447
Total	70,906

- Total qualifying capital:

Particulars	NPR in 000
Core Capital	1,295,357
Supplementary Capital	486,650
Deductions:	(70,906)
Total Qualifying Capital (Total Capital Fund)	1,711,100

- Capital Adequacy Ratio:
 - 12.56 %
- 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:

 - Debenture redemption fund will be established to repay the debenture issued (NPR 350 mio) by allocating NPR 50 mio each year from Profit and Loss Appropriation Account beginning from the first year.

2. Risk exposures

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

Particulars	NPR in 000
Risk weighted exposures for Credit Risk	13,208,943
Risk weighted exposures for Operational Risk	399,133
Risk weighted exposures for Market Risk	18,281
Total Risk Weighted Exposures	13,626,357

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

Particulars	NPR in 000
a) Claims on government & central bank	0
b) Claims on other official entities	77,564
c) Claims on banks	280,557
d) Claims on corporate & securities firms	6,949,728
e) Claims on regulatory retail portfolio	269,273
f) Claims secured by residential properties	1,995,593
g) Claims secured by commercial real state	1,968,558
h) Past due claims	1,578
i) High risk claims	467,666
j) Other assets	453,064
k) Off balance sheet items	745,362
Total	13,208,943

- Total Risk Weighted Exposure calculation table:

Particulars	NPR in 000
Risk weighted exposures for Credit Risk	13,208,943
Risk weighted exposures for Operational Risk	399,133
Risk weighted exposures for Market Risk	18,281
Total Risk Weighted Exposures	13,626,357
Total Capital Fund	1,711,100
Total Capital to Total Risk Weighted Exposures	12.56%

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

- Restructured/ Rescheduled Loan
 - Gross NPR 4,918
 - Net NPR 1,259
- Substandard Loan
 - Gross NPR 65
 - Net NPR 49
- Doubtful Loan
 - Gross NIL
 - Net NIL
- Loss Loan
 - Gross NPR 10,475
 - Net NIL

- NPA ratios

- Gross NPA to gross advances
 - 0.09%
- Net NPA to net advances
 - 0.001%

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

Addition in Substandard Loan	NPR (140)
Addition in Doubtful Loan	NPR 150
Addition in Loss Loan	NPR (162)

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

- Loan written off NPR 58
- Interest written off NIL

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

Addition to Loan loss provision	NPR 11,835
Addition to Interest Suspense	NIL

- Details of additional Loan Loss Provisions

None

- Segregation of Investment portfolio into Held for trading, Held to maturity and Available for sale category

All investments are held to maturity except for the investment in shares of Nepal Bank (Rs 9,740K) which is held for sale as per the requirement of Nepal Rastra Bank.