

DISCLOSURE AS PER BASEL III

1. Capital structure and capital adequacy

- Tier 1 capital and a breakdown of its components:

Particulars	NPR in 000
Paid up Equity Share Capital	6,318,061
Calls in Advances	-
Share Premium	127,703
Proposed Bonus Share (including fractions carried forward)	1,155,809
Statutory General Reserves	733,689
Retained Earnings	50,116
Unaudited Profit for the year	1,002,477
Capital Redemption Reserve	80,000
Capital Adjustment Reserve	120,175
Other Free Reserves	1,474
Core Capital	9,589,504

- Tier 2 capital and a breakdown of its components:

Particulars	NPR in 000
Subordinated Term Debt (400M: 8% Laxmi Bank Debenture, 2076) – (discounted at 60%)	160,000
General Loan Loss Provision	545,346
Exchange Equalization Reserve	29,518
Investment Adjustment Reserves	27,529
Other Reserve	8,378
Supplementary Capital	770,771

- 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 160 mio

- Deductions from capital:

Particulars	NPR in 000
Deferred Tax Assets	1,474
Investment in equity of institutions with financial interests	251,827
Total	253,301

- Total qualifying capital:

Particulars	NPR in 000
Tier 1 Capital	9,589,504
Tier 2 Capital	770,771
Deductions:	(253,301)
Total Qualifying Capital (Total Capital Fund)	10,106,974

- Capital Adequacy Ratio:

- **14.25 %**

- 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	66,144,490
Risk weighted exposures for Operational Risk	2,278,152
Risk weighted exposures for Market Risk	88,412
3% additional RWE under supervisory review	2,055,332
2% of Gross Income under supervisory review	371,724
Total Risk Weighted Exposures	70,938,110

- 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	1,169,556
c) Claims on banks	1,022,193
d) Claims on corporate & securities firms	29,591,326
e) Claims on regulatory retail portfolio	4,551,945
f) Claims secured by residential properties	2,215,622
g) Claims secured by commercial real state	960,175
h) Past due claims	1,546,565
i) High risk claims	13,398,545
j) Other assets	1,689,911
k) Off balance sheet items	9,998,651
Total	66,144,490

- Total Risk Weighted Exposure calculation table:

Particulars	NPR in 000
Risk weighted exposures for Credit Risk	66,144,490
Risk weighted exposures for Operational Risk	2,278,152
Risk weighted exposures for Market Risk	88,412
3% additional RWE under supervisory review	2,055,332
2% of Gross Income under supervisory review	371,724
Total Risk Weighted Exposures	70,938,110
Total Capital Fund	10,106,974
Total Capital to Total Risk Weighted Exposures	14.25%

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

- Restructured/ Rescheduled Loan
 - Gross NPR 102,394
 - Net NPR 77,932
- Substandard Loan
 - Gross NPR 71,927
 - Net NPR 53,945
- Doubtful Loan
 - Gross NPR 108,050
 - Net NPR 53,923
- Loss Loan
 - Gross NPR 20,6652
 - Net NIL

- NPA ratios

- Gross NPA to gross advances
 - 0.93%
- Net NPA to net advances
 - 0.36%

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

Reduction in Substandard Loan	NPR 172,861
Reduction in Doubtful Loan	NPR 159,386
Addition in Loss Loan	NPR 81,617

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

Write off of Loans	NPR 6,890
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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 178,851
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- Details of additional Loan Loss Provisions (*NPR in '000*)

Additional Loan loss provision	NPR 1,243
<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 5,539,683
Available for sale	NPR 1,343,521