

DISCLOSURE AS PER BASEL III

1. Capital structure and capital adequacy

- Tier 1 capital and breakdown of its components:

Particulars	NPR in 000
Paid up Equity Share Capital	9,812,560
Calls in Advances	-
Share Premium	-
Proposed Bonus Share (including fractions carried forward)	-
Statutory General Reserves	1,489,247
Retained Earnings	1,244,114
Unaudited Profit for the year	156,976
Capital Redemption Reserve	320,000
Capital Adjustment Reserve	-
Other Free Reserves	-
Core Capital	13,022,897

- Tier 2 capital and breakdown of its components:

Particulars	NPR in 000
Subordinated Term Debt	2,000,000
General Loan Loss Provision	1,427,405
Exchange Equalization Reserve	29,861
Investment Adjustment Reserves	100
Other Reserve	-
Supplementary Capital	3,457,366

- 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.

10% Laxmi Bank Debenture, 2076

- Outstanding Amount

- Maturity

- Amount eligible for Tier 2 capital fund

NPR 2 Bio

16th November 2029

2 Bio

- Deductions from capital:

Particulars	NPR in 000
Deferred Tax Assets	12,116
Intangible Assets	83,842
Investment in equity of institutions with financial interests	735,291
Total	831,249

- Total qualifying capital:

Particulars	NPR in 000
Tier 1 Capital	13,022,897
Tier 2 Capital	3,457,366
Deductions:	(831,249)
Total Qualifying Capital (Total Capital Fund)	15,649,014

- Capital Adequacy Ratio:

- 13.24%

- 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 – 10% Laxmi Bank Debenture 2078:

Name	Laxmi Bank Debenture - 2086
Amount	NPR 2,000,000,000.00 (Two Billion Only)
Interest Rate	10% per annum (before tax) payable half yearly
Type	Unsecured and Redeemable at Maturity. No call/convertible feature.
No. of Debentures	2,000,000 (Two Million Only)
Face Value	NPR 1,000.00
Maturity Period	10 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	108,727,140
Risk weighted exposures for Operational Risk	4,604,567
Risk weighted exposures for Market Risk	233,969
% of the total deposit due to insufficient liquid assets	-
3% additional RWE under supervisory review	3,406,970
3% of Gross Income under supervisory review	1,203,428
Total Risk Weighted Exposures	118,176,074

- 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	2,226,259
c) Claims on banks	3,608,935
d) Claims on corporate & securities firms	56,702,927
e) Claims on regulatory retail portfolio	12,590,861
f) Claims secured by residential properties	4,212,945
g) Claims secured by commercial real state	1,784,323
h) Past due claims	810,835
i) High risk claims	5,499,572
j) Other assets	5,081,853
k) Off balance sheet items	16,208,629
Total	108,727,140

- Total Risk Weighted Exposure calculation table:

Particulars	NPR in 000
Risk weighted exposures for Credit Risk	108,727,140
Risk weighted exposures for Operational Risk	4,604,567
Risk weighted exposures for Market Risk	233,969
% of the total deposit due to insufficient liquid assets	-
3% additional RWE under supervisory review	3,406,970
2% of Gross Income under supervisory review	1,203,428
Total Risk Weighted Exposures	118,176,074
Total Capital Fund	15,649,014
Total Capital to Total Risk Weighted Exposures	13.24%

- Amount of NPAs (both Gross and Net) (NPR in '000)
 - o Restructured/ Rescheduled Loan

§ Gross	NPR 216,250
§ Net	NPR 176,565
 - o Substandard Loan

§ Gross	NPR 0
§ Net	NPR 0
 - o Doubtful Loan

§ Gross	NPR 257,203
§ Net	NPR 128,710
 - o Loss Loan

§ Gross	NPR 396,931
§ Net	NPR 10,034

- NPA ratios
 - o Gross NPA to gross advances

§ 0.97%

 - o Net NPA to net advances

§ 0.36%

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

Addition in Substandard Loan	NPR 0
Reduction in Doubtful Loan	NPR 104,716
Addition in Loss Loan	NPR 53,667

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

Write off of Loans	NPR 11,042
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- Movements in Loan Loss Provisions and Interest Suspense during this quarter (NPR in '000)

Addition in Loan Loss Provision (net)	NPR 214,016
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- Details of Additional Loan Loss Provisions (NPR in '000)

Additional Loan loss provision	NPR 1,516
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(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 8,538,045
Available for Sale	NPR 2,631,496