

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	11,551,345
Calls in Advances	-
Share Premium	-
Proposed Bonus Share (including fractions carried forward)	-
Statutory General Reserves	2,451,321
Retained Earnings	1,200,804
Unaudited Profit for the year	730,444
Capital Redemption Reserve	444,444
Capital Adjustment Reserve	-
Other Free Reserves	-
Core Capital	16,378,358

- Tier 2 capital and breakdown of its components:

Particulars	NPR in '000
Subordinated Term Debt (2 Bio: 10% Laxmi Bank Debenture, 2086) (2 Bio: 8.50% Laxmi Bank Debenture, 2088)	4,000,000
General Loan Loss Provision (<i>eligible amount</i>)	2,583,573
Exchange Equalization Reserve	32,360
Investment Adjustment Reserves	3,000
Other Reserve	-
Supplementary Capital	6,618,933

- 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, 2086

- Outstanding Amount NPR 2 Bio
- Maturity 16th November 2029
- Amount eligible for Tier 2 capital fund 2 Bio

8.50% Laxmi Bank Debenture, 2088

- Outstanding Amount NPR 2 Bio
- Maturity 25th July 2031
- Amount eligible for Tier 2 capital fund 2 Bio

- Deductions from capital:

Particulars	NPR in '000
Deferred Tax Assets	-
Intangible Assets	58,595
Investment in equity of institutions with financial interests	470,448
Total	529,043

- Total qualifying capital:

Particulars	NPR in '000
Tier 1 Capital	16,378,358
Tier 2 Capital	6,618,933
Deductions:	(529,043)
Total Qualifying Capital (Total Capital Fund)	22,468,248

- Capital Adequacy Ratio:

- 13.14%

- 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 2086:

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. 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

- Main feature of the Subordinated debt - 8.50% Laxmi Bank Debenture 2088:

Name	Laxmi Bank Debenture - 2088
Amount	NPR 2,000,000,000.00 (Two Billion Only)
Interest Rate	8.50% per annum (before tax) payable half yearly
Type	Unsecured and Redeemable at Maturity.
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	157,537,361
Risk weighted exposures for Operational Risk	6,865,832
Risk weighted exposures for Market Risk	184,795
% of the total deposit due to insufficient liquid assets	-
3% additional RWE under supervisory review	4,937,640
3% of Gross Income under supervisory review	1,452,588
Total Risk Weighted Exposures	170,978,216

- 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	3,339,287
c) Claims on banks	4,676,751
d) Claims on corporate & securities firms	81,236,013
e) Claims on regulatory retail portfolio	18,676,423
f) Claims secured by residential properties	5,951,178
g) Claims secured by commercial real state	1,179,726
h) Past due claims	2,643,638
i) High risk claims	16,748,915
j) Other assets	3,258,790
k) Off balance sheet items	19,826,642
Total	157,537,361

- Total Risk Weighted Exposure calculation table:

Particulars	NPR in '000
Risk weighted exposures for Credit Risk	157,537,361
Risk weighted exposures for Operational Risk	6,865,832
Risk weighted exposures for Market Risk	184,795
% of the total deposit due to insufficient liquid assets	-
3% additional RWE under supervisory review	4,937,640
2% of Gross Income under supervisory review	1,452,588
Total Risk Weighted Exposures	170,978,216
Total Capital Fund	22,468,248
Total Capital to Total Risk Weighted Exposures	13.14%

- Amount of NPAs (both Gross and Net) (NPR in '000)
 - o Restructured/ Rescheduled Loan
 - Gross NPR 205,537
 - Net NPR 175,000
 - o Substandard Loan
 - Gross NPR 670,029
 - Net NPR 508,422
 - o Doubtful Loan
 - Gross NPR 800,067
 - Net NPR 415,905
 - o Loss Loan
 - Gross NPR 801,643
 - Net NPR 51,649

- NPA ratios
 - o Gross NPA to gross advances
 - 1.82%
 - o Net NPA to net advances
 - 0.87%

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

Reduction in Substandard Loan	Nil
Addition in Doubtful Loan	NPR 129,993
Addition in Loss Loan	NPR 74,788

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

Write off of Loans	NPR 234,156
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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 521,992
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- Details of Additional Loan Loss Provisions (NPR in '000)

Additional Loan loss provision	NPR 5,446
<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 17,144,090
Available for Sale	NPR 3,359,580