

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	10,695,690
Calls in Advances	-
Share Premium	-
Proposed Bonus Share (including fractions carried forward)	-
Statutory General Reserves	1,771,556
Retained Earnings	181,899
Unaudited Profit for the year	1,565,116
Capital Redemption Reserve	-
Capital Adjustment Reserve	-
Other Free Reserves	-
Core Capital	14,214,261

- Tier 2 capital and breakdown of its components:

Particulars	NPR in '000
Subordinated Term Debt (2 Bio: 10% Laxmi Bank Debenture, 2086)	2,000,000
General Loan Loss Provision (<i>eligible amount</i>)	1,637,240
Exchange Equalization Reserve	31,742
Investment Adjustment Reserves	-
Other Reserve	-
Supplementary Capital	3,668,982

- 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
- 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	29,551
Intangible Assets	76,490
Investment in equity of institutions with financial interests	897,066
Total	1,003,107

- Total qualifying capital:

Particulars	NPR in '000
Tier 1 Capital	14,214,261
Tier 2 Capital	3,668,982
Deductions:	(1,003,107)
Total Qualifying Capital (Total Capital Fund)	16,880,136

- Capital Adequacy Ratio:

- **11.85%**

- 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 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	130,979,237
Risk weighted exposures for Operational Risk	5,678,272
Risk weighted exposures for Market Risk	410,610
% of the total deposit due to insufficient liquid assets	-
3% additional RWE under supervisory review	4,112,044
3% of Gross Income under supervisory review	1,287,078
Total Risk Weighted Exposures	142,467,241

- 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	3,311,049
c) Claims on banks	3,990,403
d) Claims on corporate & securities firms	65,707,276
e) Claims on regulatory retail portfolio	15,715,208
f) Claims secured by residential properties	4,558,154
g) Claims secured by commercial real state	1,999,945
h) Past due claims	1,577,962
i) High risk claims	7,627,612
j) Other assets	7,910,638
k) Off balance sheet items	18,580,990
Total	130,979,237

- Total Risk Weighted Exposure calculation table:

Particulars	NPR in '000
Risk weighted exposures for Credit Risk	130,979,237
Risk weighted exposures for Operational Risk	5,678,272
Risk weighted exposures for Market Risk	410,610
% of the total deposit due to insufficient liquid assets	-
3% additional RWE under supervisory review	4,112,044
2% of Gross Income under supervisory review	1,287,078
Total Risk Weighted Exposures	142,467,241
Total Capital Fund	16,880,136
Total Capital to Total Risk Weighted Exposures	11.85%

- Amount of NPAs (both Gross and Net) (NPR in '000)
 - o Restructured/ Rescheduled Loan
 - Gross NPR 253,640
 - Net NPR 209,304
 - o Substandard Loan
 - Gross NPR 457,983
 - Net NPR 347,755
 - o Doubtful Loan
 - Gross NPR 123,479
 - Net NPR 66,308
 - o Loss Loan
 - Gross NPR 475,771
 - Net NPR 7,029

- NPA ratios
 - o Gross NPA to gross advances
 - 1.21%
 - o Net NPA to net advances
 - 0.59%

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

Addition in Substandard Loan	NPR 380,355
Reduction in Doubtful Loan	NPR 52,601
Addition in Loss Loan	NPR 35,250

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

Write off of Loans	NPR 11,447
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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 343,677
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- Details of Additional Loan Loss Provisions (NPR in '000)

Additional Loan loss provision	NPR 1,786
<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 9,741,025
Available for Sale	NPR 3,257,961