

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	71,260
Unaudited Profit for the year	903,029
Capital Redemption Reserve	320,000
Capital Adjustment Reserve	-
Other Free Reserves	-
Core Capital	12,596,096

- Tier 2 capital and breakdown of its components:

Particulars	NPR in 000
Subordinated Term Debt	2,000,000
General Loan Loss Provision	962,606
Exchange Equalization Reserve	29,861
Investment Adjustment Reserves	100
Other Reserve	-
Supplementary Capital	2,992,567

- 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
- Maturity
- Amount eligible for Tier 2 capital fund

NPR 400 Mio
4th February 2020
NIL

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	-
Intangible Assets	48,902
Investment in equity of institutions with financial interests	709,098
Total	758,000

- Total qualifying capital:

Particulars	NPR in 000
Tier 1 Capital	12,596,096
Tier 2 Capital	2,992,567
Deductions:	(758,000)
Total Qualifying Capital (Total Capital Fund)	14,830,663

- Capital Adequacy Ratio:

- 13.17%

- 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

- 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	103,492,886
Risk weighted exposures for Operational Risk	4,604,567
Risk weighted exposures for Market Risk	96,965
% of the total deposit due to insufficient liquid assets	-
3% additional RWE under supervisory review	3,245,833
3% of Gross Income under supervisory review	1,203,428
Total Risk Weighted Exposures	112,643,679

- 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	2,247,505
c) Claims on banks	3,021,909
d) Claims on corporate & securities firms	54,547,308
e) Claims on regulatory retail portfolio	12,200,195
f) Claims secured by residential properties	3,859,717
g) Claims secured by commercial real state	1,460,063
h) Past due claims	1,461,634
i) High risk claims	5,440,167
j) Other assets	3,437,884
k) Off balance sheet items	15,816,502
Total	103,492,886

- Total Risk Weighted Exposure calculation table:

Particulars	NPR in 000
Risk weighted exposures for Credit Risk	103,492,886
Risk weighted exposures for Operational Risk	4,604,567
Risk weighted exposures for Market Risk	96,965
% of the total deposit due to insufficient liquid assets	-
3% additional RWE under supervisory review	3,245,833
2% of Gross Income under supervisory review	1,203,428
Total Risk Weighted Exposures	112,643,679
Total Capital Fund	14,830,663
Total Capital to Total Risk Weighted Exposures	13.17%

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

o Restructured/ Rescheduled Loan	
\$ Gross	NPR 238,227
\$ Net	NPR 199,223
o Substandard Loan	
\$ Gross	NPR 170,376
\$ Net	NPR 130,093
o Doubtful Loan	
\$ Gross	NPR 32,724
\$ Net	NPR 18,972
o Loss Loan	
\$ Gross	NPR 322,541
\$ Net	NPR 6,336

- NPA ratios

o Gross NPA to gross advances	
\$ 0.88%	
o Net NPA to net advances	
\$ 0.42%	

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

Addition in Substandard Loan	NPR 59,998
Reduction in Doubtful Loan	NPR 124,438
Addition in Loss Loan	NPR 2,654

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

Write off of Loans	NPR 37,805
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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 22,974
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- Details of Additional Loan Loss Provisions (NPR in '000)

Additional Loan loss provision	NPR 2,316
<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 5,428,670
Available for Sale	NPR 2,551,949