

## 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	2,090,077
Retained Earnings	1,860,126
Unaudited Profit for the year	268,891
Capital Redemption Reserve	222,222
Capital Adjustment Reserve	-
Other Free Reserves	-
<b>Core Capital</b>	<b>15,992,661</b>

- 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> )	2,131,055
Exchange Equalization Reserve	32,160
Investment Adjustment Reserves	3,000
Other Reserve	-
<b>Supplementary Capital</b>	<b>6,166,215</b>

- 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	65,117
Investment in equity of institutions with financial interests	470,448
<b>Total</b>	<b>535,565</b>

- Total qualifying capital:

Particulars	NPR in '000
Tier 1 Capital	15,992,661
Tier 2 Capital	6,166,215
Deductions:	(535,565)
<b>Total Qualifying Capital (Total Capital Fund)</b>	<b>21,623,311</b>

- Capital Adequacy Ratio:

- 12.77%

- 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:

<b>Name</b>	Laxmi Bank Debenture - 2086
<b>Amount</b>	NPR 2,000,000,000.00 (Two Billion Only)
<b>Interest Rate</b>	10% per annum (before tax) payable half yearly
<b>Type</b>	Unsecured and Redeemable at Maturity.
<b>No. of Debentures</b>	2,000,000 (Two Million Only)
<b>Face Value</b>	NPR 1,000.00
<b>Maturity Period</b>	10 Years
<b>Priority to Debenture Holders</b>	At the time of liquidation, priority of payment to the debenture holders will be after the depositors
<b>Listing</b>	Listed with Nepal Stock Exchange

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

<b>Name</b>	Laxmi Bank Debenture - 2088
<b>Amount</b>	NPR 2,000,000,000.00 (Two Billion Only)
<b>Interest Rate</b>	8.50% per annum (before tax) payable half yearly
<b>Type</b>	Unsecured and Redeemable at Maturity.
<b>No. of Debentures</b>	2,000,000 (Two Million Only)
<b>Face Value</b>	NPR 1,000.00
<b>Maturity Period</b>	10 Years
<b>Priority to Debenture Holders</b>	At the time of liquidation, priority of payment to the debenture holders will be after the depositors
<b>Listing</b>	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	156,376,064
Risk weighted exposures for Operational Risk	6,401,847
Risk weighted exposures for Market Risk	250,609
% of the total deposit due to insufficient liquid assets	-
3% additional RWE under supervisory review	4,890,856
3% of Gross Income under supervisory review	1,410,762
<b>Total Risk Weighted Exposures</b>	<b>169,330,138</b>

- 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	3,229,287
c) Claims on banks	5,860,693
d) Claims on corporate & securities firms	76,221,762
e) Claims on regulatory retail portfolio	18,439,699
f) Claims secured by residential properties	5,801,435
g) Claims secured by commercial real state	1,520,888
h) Past due claims	2,413,657
i) High risk claims	16,911,859
j) Other assets	3,559,827
k) Off balance sheet items	22,416,957
<b>Total</b>	<b>156,376,064</b>

- Total Risk Weighted Exposure calculation table:

Particulars	NPR in '000
Risk weighted exposures for Credit Risk	156,376,064
Risk weighted exposures for Operational Risk	6,401,847
Risk weighted exposures for Market Risk	250,609
% of the total deposit due to insufficient liquid assets	-
3% additional RWE under supervisory review	4,890,856
2% of Gross Income under supervisory review	1,410,762
<b>Total Risk Weighted Exposures</b>	<b>169,330,138</b>
<b>Total Capital Fund</b>	<b>21,623,311</b>
<b>Total Capital to Total Risk Weighted Exposures</b>	<b>12.77%</b>

- Amount of NPAs (both Gross and Net) (NPR in '000)
  - o Restructured/ Rescheduled Loan
    - Gross NPR 238,438
    - Net NPR 194,809
  - o Substandard Loan
    - Gross NPR 1,036,896
    - Net NPR 783,286
  - o Doubtful Loan
    - Gross NPR 380,859
    - Net NPR 195,785
  - o Loss Loan
    - Gross NPR 611,434
    - Net NPR 6,203
  
- NPA ratios
  - o Gross NPA to gross advances
    - 1.72%
  - o Net NPA to net advances
    - 0.92%
  
- Movement of Non Performing Assets during this quarter (NPR in '000)
 

Addition in Substandard Loan	NPR 625,018
Addition in Doubtful Loan	NPR 34,539
Addition in Loss Loan	NPR 220,366
  
- Write off of Loans and Interest Suspense (NPR in '000)
 

Write off of Loans	Nil
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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 439,419
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- Details of Additional Loan Loss Provisions (NPR in '000)
 

Additional Loan loss provision	NPR 4,859
<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 13,089,590
Available for Sale	NPR 3,249,580