

DISCLOSURE AS PER BASEL II

1. Capital structure and capital adequacy

- Tier 1 capital and a breakdown of its components;

Particulars	NPR in 000
Paid up Equity Share Capital	915,000
Proposed Bonus Equity Shares	183,000
Statutory General Reserves	51,789
Retained Earnings	5,509
Unaudited cumulative current year profit	44,149
Core Capital	1,199,447

- Tier 2 capital and a breakdown of its components;

Particulars	NPR in 000
General loan loss provision	102,425
Exchange Equalization Reserve	2,881
Investment Adjustment Reserves	10,187
Supplementary Capital	115,493

- 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.
 - The bank does not have any Subordinated Term Debts
- Deductions from capital;

Particulars	NPR in 000
Goodwill	7,206
Miscellaneous Expenses to the extent not written off	1,523
Investment in equity in licensed Financial Institutions	9,740
Investment in equity of institutions with financial interests	56,082
Investments arising out of underwriting commitments	447
Total	74,998

- Total qualifying capital;

Particulars	NPR in 000
Core Capital	1,199,447
Supplementary Capital	115,493
Deductions:	(74,998)
Total Qualifying Capital (Total Capital Fund)	1,239,942

- Capital Adequacy Ratio;
 - 10.92 %
- 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.
 - Laxmi Bank welcomes the Capital Adequacy Framework developed by Nepal Rastra Bank which is a simplified and customized version of Basel II that suits our market condition.
- Summary of the terms, conditions and main features of all capital instruments, especially in case of subordinated term debts including hybrid capital instruments.
 - The bank has all free capital without any terms and conditions associated with the capital.

2. Risk exposures

- Risk weighted exposures for Credit Risk, Market Risk and Operational Risk;

Particulars	NPR in 000
Risk weighted exposures for Credit Risk	10,925,985
Risk weighted exposures for Operational Risk	399,133
Risk weighted exposures for Market Risk	29,491
Total Risk Weighted Exposures	11,354,609

- Risk Weighted Exposures under each of 11 categories of Credit Risk;

Particulars	NPR in 000
a) Claims on government & central bank	0
b) Claims on other official entities	77,564
c) Claims on banks	188,386
d) Claims on corporate & securities firms	7,272,056
e) Claims on regulatory retail portfolio	207,955
f) Claims secured by residential properties	1,459,217
g) Claims secured by commercial real state	463,047
h) Past due claims	16,590
i) High risk claims	432,867
j) Other assets	358,489
k) Off balance sheet items	449,814
Total	10,925,985

- Total Risk Weighted Exposure calculation table;

Particulars	NPR in 000
Risk weighted exposures for Credit Risk	10,925,985
Risk weighted exposures for Operational Risk	399,133
Risk weighted exposures for Market Risk	29,491
Total Risk Weighted Exposures	11,354,609
Total Capital Fund	1,239,943
Total Capital to Total Risk Weighted Exposures	10.92%

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

- Restructured/ Rescheduled Loan
 - Gross NPR 10,639
 - Net NPR 5,858
- Substandard Loan
 - Gross NPR 18,504
 - Net NPR 13,872
- Doubtful Loan
 - Gross NPR 806
 - Net NPR 403
- Loss Loan
 - Gross NPR 10,916
 - Net NIL

- NPA ratios

- Gross NPA to gross advances
 - 0.29%
- Net NPA to net advances
 - 0.14%

- Movement of Non Performing Assets (*NPR in '000*)

Addition in Substandard Loan	NPR 17,305
Addition in Doubtful Loan	NPR 216
Addition in Loss Loan	NPR (24)

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

- Loan written off NIL
- Interest written off NIL

- Movements in Loan Loss Provisions and Interest Suspense (*NPR in '000*)

Addition to Loan loss provision	NPR 9,711
Addition to Interest Suspense	NIL

- Details of additional Loan Loss Provisions

None

- Segregation of Investment portfolio into Held for trading, Held to maturity and Available for sale category

All investments are held to maturity except for the investment in shares of Nepal Bank (Rs 9,740K) which is held for sale as per the requirement of Nepal Rastra Bank.