

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	1,694,081
Proposed Bonus Share (fractions carried forward)	584
Statutory General Reserves	301,303
Retained Earnings	69,203
Unaudited Profit for the year	162,245
Share Premium	13,072
Deferred Tax Reserves	1,925
Debenture Redemption Reserve	200,000
Core Capital	2,442,412

- Tier 2 capital and a breakdown of its components;

Particulars	NPR in 000
Subordinated Term Debt (8.5% Laxmi Bank Debenture, 2072 and Advance against 8% Laxmi Bank Debenture, 2076) – (net of Redemption Reserve of NPR 200 mio)	424,500
General loan loss provision	180,238
Exchange Equalization Reserve	16,535
Investment Adjustment Reserves	4,140
Supplementary Capital	625,413

- 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.

8.5% Laxmi Bank Debenture, 2072

- Outstanding Amount NPR 350 mio
- Maturity 24 November 2015
- Amount eligible for Tier 2 capital fund (net of Redemption Reserve) NPR 150 mio

8% Laxmi Bank Debenture, 2076

- Advance Amount NPR 274.5 mio

- Deductions from capital;

Particulars	NPR in 000
Investment in equity in licensed Financial Institutions	9,740
Investment in equity of institutions with financial interests	126,082
Investments arising out of underwriting commitments	447
Total	136,269

- Total qualifying capital;

Particulars	NPR in 000
Tier 1 Capital	2,442,412
Tier 2 Capital	625,413
Deductions:	(136,269)
Total Qualifying Capital (Total Capital Fund)	2,931,556

- Capital Adequacy Ratio;

- 12.00 %

- 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 – 8.5% Laxmi Bank Debenture 2072:*

Name	Laxmi Bank Debenture - 2072
Amount	NPR 350,000,000.00 (Three Hundred Fifty Million Only)
Interest Rate	8.5% per annum (before tax) payable half yearly
Type	Unsecured and Redeemable at Maturity. No call / convertible feature.
No. of Debentures	350,000 (Three Hundred and Fifty 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 – 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 (Three Hundred and Fifty 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
Advance received as on 13 Jan 2013	NPR 274,500,000.00 (Two Hundred Seventy Four Million Five Hundred Thousand Only)

2. Risk exposures

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

Particulars	NPR in 000
Risk weighted exposures for Credit Risk	22,286,258
Risk weighted exposures for Operational Risk	1,375,704
Risk weighted exposures for Market Risk	88,961
2% additional RWE under supervisory review	475,018
2% of Gross Income under supervisory review	199,349
Total Risk Weighted Exposures	24,425,291

- 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	244,399
c) Claims on banks	1,423,429
d) Claims on corporate & securities firms	11,963,341
e) Claims on regulatory retail portfolio	796,308
f) Claims secured by residential properties	1,547,967
g) Claims secured by commercial real state	1,157,332
h) Past due claims	834,449
i) High risk claims	1,150,194
j) Other assets	723,592
k) Off balance sheet items	2,445,247
Total	22,286,258

- Total Risk Weighted Exposure calculation table;

Particulars	NPR in 000
Risk weighted exposures for Credit Risk	22,286,258
Risk weighted exposures for Operational Risk	1,375,704
Risk weighted exposures for Market Risk	88,961
2% additional RWE under supervisory review	475,018
2% of Gross Income under supervisory review	199,349
Total Risk Weighted Exposures	24,425,291
Total Capital Fund	2,931,556
Total Capital to Total Risk Weighted Exposures	12.00%

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

- Restructured/ Rescheduled Loan
 - Gross NPR 64,725
 - Net NPR 34,969
- Substandard Loan
 - Gross NPR 118,558
 - Net NPR 88,899
- Doubtful Loan
 - Gross NPR 18,436
 - Net NPR 9,188
- Loss Loan
 - Gross NPR 35,061
 - Net NIL

- NPA ratios

- Gross NPA to gross advances
 - 1.30%
- Net NPA to net advances
 - 0.74%

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

Addition in Substandard Loan	(NPR 4,674)
Addition in Doubtful Loan	NPR 8,428
Addition in Loss Loan	NPR 14,067

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

NIL

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

Addition to Loan loss provision (net)	NPR 16,210
Addition to Interest Suspense	NPR 69,923

- Details of additional Loan Loss Provisions (*NPR in '000*)

Additional Loan loss provision NPR 582
(Includes loan loss provision in excess of the regulatory requirement)

- 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 3,680,617
Available for sale	NPR 212,533