

DISCLOSURE AS PER BASEL III*1. Capital structure and capital adequacy*

- Tier 1 capital and a breakdown of its components:

Particulars	NPR in 000
Paid up Equity Share Capital	8,221,667
Calls in Advances	-
Share Premium	-
Proposed Bonus Share (including fractions carried forward)	-
Statutory General Reserves	935,014
Retained Earnings	125,968
Unaudited Profit for the year	519,270
Capital Redemption Reserve	160,000
Capital Adjustment Reserve	-
Other Free Reserves	-
Core Capital	9,961,919

- Tier 2 capital and a breakdown of its components:

Particulars	NPR in 000
Subordinated Term Debt (400M: 8% Laxmi Bank Debenture, 2076) (discounted at 60%)	160,000
General Loan Loss Provision	585,940
Exchange Equalization Reserve	29,552
Investment Adjustment Reserves	105,239
Other Reserve	3,535
Supplementary Capital	884,266

- 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 | NPR 400 Mio |
| - Maturity | 4th February 2020 |
| - Amount eligible for Tier 2 capital fund | NPR 160 Mio |

- Deductions from capital:

Particulars	NPR in 000
Deferred Tax Assets	8,024
Fictitious Assets	44,244
Investment in equity of institutions with financial interests	251,827
Total	304,095

- Total qualifying capital:

Particulars	NPR in 000
Tier 1 Capital	9,961,919
Tier 2 Capital	884,266
Deductions:	(304,095)
Total Qualifying Capital (Total Capital Fund)	10,542,090

- Capital Adequacy Ratio:

- **13.46%**

- 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

2. Risk exposures

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

Particulars	NPR in 000
Risk weighted exposures for Credit Risk	72,651,121
Risk weighted exposures for Operational Risk	2,845,090
Risk weighted exposures for Market Risk	114,169
% of the total deposit due to insufficient liquid assets	-
3% additional RWE under supervisory review	2,268,311
2% of Gross Income under supervisory review	471,474
Total Risk Weighted Exposures	78,350,165

- 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	1,291,058
c) Claims on banks	1,372,834
d) Claims on corporate & securities firms	31,686,805
e) Claims on regulatory retail portfolio	5,028,247
f) Claims secured by residential properties	2,339,881
g) Claims secured by commercial real state	758,062
h) Past due claims	1,311,047
i) High risk claims	12,702,265
j) Other assets	1,684,772
k) Off balance sheet items	14,476,151
Total	72,651,121

- Total Risk Weighted Exposure calculation table:

Particulars	NPR in 000
Risk weighted exposures for Credit Risk	72,651,121
Risk weighted exposures for Operational Risk	2,845,090
Risk weighted exposures for Market Risk	114,169
% of the total deposit due to insufficient liquid assets	-
3% additional RWE under supervisory review	2,268,311
2% of Gross Income under supervisory review	471,474
Total Risk Weighted Exposures	78,350,165
Total Capital Fund	10,542,090
Total Capital to Total Risk Weighted Exposures	13.46%

- Amount of NPAs (both Gross and Net) *(NPR in '000)*
 - o Restructured/ Rescheduled Loan
 - Gross NPR 100,831
 - Net NPR 85,313
 - o Substandard Loan
 - Gross NPR 177,400
 - Net NPR 133,050
 - o Doubtful Loan
 - Gross NPR 172,170
 - Net NPR 86,085
 - o Loss Loan
 - Gross NPR 261,250
 - Net NIL

- NPA ratios
 - o Gross NPA to gross advances
 - 1.29%
 - o Net NPA to net advances
 - 0.56%

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

Reduction in Substandard Loan	NPR 366,718
Addition in Doubtful Loan	NPR 118,891
Reduction in Loss Loan	NPR 33,625

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

Write off of Loans	NPR 43,807
--------------------	------------

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

Reduction in Loan Loss Provision (net)	NPR 89,974
--	------------

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

Additional Loan loss provision	NPR 1,385
<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 5,706,545
Available for Sale	NPR 1,277,523