

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	1,613,520
Statutory General Reserves	154,996
Retained Earnings	17,042
Unaudited Profit for the year	280,357
Share Premium	13,072
Bonus shares fraction	483
Debenture Redemption Reserve	100,000
Deferred Tax Reserve	2,506
Core Capital	2,181,976

- Tier 2 capital and a breakdown of its components;

Particulars	NPR in 000
Subordinated Term Debt (8.5% Laxmi Bank Debenture, 2072) – (net of Redemption Reserve of NPR 100 mio)	250,000
General loan loss provision	155,704
Exchange Equalization Reserve	9,653
Investment Adjustment Reserves	11,728
Supplementary Capital	427,085

- 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 250 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	2,181,976
Tier 2 Capital	427,085
Deductions:	(136,269)
Total Qualifying Capital (Total Capital Fund)	2,472,792

- Capital Adequacy Ratio;

- 13.23 %

- 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

2. Risk exposures

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

Particulars	NPR in 000
Risk weighted exposures for Credit Risk	17,750,550
Risk weighted exposures for Operational Risk	868,463
Risk weighted exposures for Market Risk	77,932
Total Risk Weighted Exposures	18,696,945

- 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	136,526
c) Claims on banks	647,231
d) Claims on corporate & securities firms	9,019,659
e) Claims on regulatory retail portfolio	500,402
f) Claims secured by residential properties	1,397,926
g) Claims secured by commercial real state	3,064,001
h) Past due claims	5,424
i) High risk claims	553,665
j) Other assets	658,500
k) Off balance sheet items	1,767,215
Total	17,750,549

- Total Risk Weighted Exposure calculation table;

Particulars	NPR in 000
Risk weighted exposures for Credit Risk	17,750,549
Risk weighted exposures for Operational Risk	868,463
Risk weighted exposures for Market Risk	77,932
Total Risk Weighted Exposures	18,696,944
Total Capital Fund	2,472,792
Total Capital to Total Risk Weighted Exposures	13.23%

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

- Restructured/ Rescheduled Loan
 - Gross NPR 112,732
 - Net NPR 98,439
- Substandard Loan
 - Gross NPR 17,069
 - Net NPR 12,802
- Doubtful Loan
 - Gross NPR 5,699
 - Net NPR 2,849
- Loss Loan
 - Gross NPR 14,139
 - Net NIL

- NPA ratios

- Gross NPA to gross advances
 - 0.96%
- Net NPA to net advances
 - 0.74%

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

Addition in Substandard Loan	NPR4,733
Addition in Doubtful Loan	NPR 5,359
Addition in Loss Loan	NPR 1,469

- 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 1,692
Addition to Interest Suspense	NPR 6,399

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

Additional Loan loss provision	NPR 674
<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 2,441,419
Available for sale	NPR 176,009