

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	391,344
Retained Earnings	69,203
Unaudited Profit for the year	305,249
Share Premium	13,072
Deferred Tax Reserves	1,924
Debenture Redemption Reserve	250,000
Core Capital	2,725,457

- Tier 2 capital and a breakdown of its components;

Particulars	NPR in 000
Subordinated Term Debt (8.5% Laxmi Bank Debenture, 2072 and 8% Laxmi Bank Debenture, 2076) – (<i>net of Redemption Reserve of NPR 250 mio</i>)	500,000
General loan loss provision	202,202
Exchange Equalization Reserve	21,045
Investment Adjustment Reserves	4,545
Supplementary Capital	727,792

- 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 100 mio

8% Laxmi Bank Debenture, 2076

- Outstanding Amount NPR 400 mio
- Maturity 4 February 2020
- Amount eligible for Tier 2 capital fund NPR 400 mio

- Deductions from capital;

Particulars	NPR in 000
Investment in equity of institutions with financial interests	156,082
Investments arising out of underwriting commitments	447
Total	156,529

- Total qualifying capital;

Particulars	NPR in 000
Tier 1 Capital	2,725,457
Tier 2 Capital	727,792
Deductions:	(156,529)
Total Qualifying Capital (Total Capital Fund)	3,296,720

- Capital Adequacy Ratio;

- 12.27 %

- 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 (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	24,689,732
Risk weighted exposures for Operational Risk	1,375,704
Risk weighted exposures for Market Risk	74,579
2% additional RWE under supervisory review	522,800
2% of Gross Income under supervisory review	199,349
Total Risk Weighted Exposures	26,862,114

- 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	145,313
c) Claims on banks	379,506
d) Claims on corporate & securities firms	13,100,120
e) Claims on regulatory retail portfolio	1,179,699
f) Claims secured by residential properties	707,989
g) Claims secured by commercial real state	1,016,375
h) Past due claims	1,707,539
i) High risk claims	2,465,909
j) Other assets	755,221
k) Off balance sheet items	3,232,063
Total	24,689,732

- Total Risk Weighted Exposure calculation table;

Particulars	NPR in 000
Risk weighted exposures for Credit Risk	24,689,732
Risk weighted exposures for Operational Risk	1,375,704
Risk weighted exposures for Market Risk	74,579
2% additional RWE under supervisory review	522,800
2% of Gross Income under supervisory review	199,349
Total Risk Weighted Exposures	26,862,114
Total Capital Fund	3,296,720
Total Capital to Total Risk Weighted Exposures	12.27%

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

- Restructured/ Rescheduled Loan
 - Gross NPR 117,748
 - Net NPR 51,977
- Substandard Loan
 - Gross NPR 25,462
 - Net NPR 19,097
- Doubtful Loan
 - Gross NPR 57,226
 - Net NPR 28,596
- Loss Loan
 - Gross NPR 53,311
 - Net NIL

- NPA ratios

- Gross NPA to gross advances
 - 1.26%
- Net NPA to net advances
 - 0.50%

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

Addition in Substandard Loan	(NPR 110,582)
Addition in Doubtful Loan	NPR 22,075
Addition in Loss Loan	NPR 17,134

- 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 17,596
Addition to Interest Suspense	(NPR 75,009)

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

Additional Loan loss provision	NPR 679
<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 5,184,776
Available for sale	NPR 232,793