

DISCLOSURE AS PER BASEL III

1. Capital structure and capital adequacy

- Tier 1 capital and breakdown of its components:

Particulars	NPR in '000
Paid up Equity Share Capital	21,670,238
Calls in Advances	-
Share Premium	-
Proposed Bonus Share (including fractions carried forward)	-
Statutory General Reserves	5,199,135
Retained Earnings	2,727,765
Unaudited Profit for the year	1,195,221
Capital Redemption Reserve	2,194,444
Capital Adjustment Reserve	-
Other Free Reserves	-
<i>Less: Deduction from Core Capital</i>	<i>(1,121,671)</i>
Core Capital	31,865,132

- Tier 2 capital and breakdown of its components:

Particulars	NPR in '000
Subordinated Term Debt (2 Bio: 10% Laxmi Bank Debenture, 2086) (2 Bio: 8.50% Laxmi Bank Debenture, 2088) (1.8 Bio: 10.25% Sunrise Bank Debenture, 2083) (discounted at 60%)	5,800,000
General Loan Loss Provision (<i>eligible amount</i>)	4,151,749
Exchange Equalization Reserve	69,925
Investment Adjustment Reserves	3,010
Other Reserve	-
Supplementary Capital	10,024,684

- 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.

10% Laxmi Bank Debenture, 2086

- Outstanding Amount	NPR 2 Bio
- Maturity	16th November 2029
- Amount eligible for Tier 2 capital fund	2 Bio

8.50% Laxmi Bank Debenture, 2088

- Outstanding Amount	NPR 2 Bio
- Maturity	25th July 2031
- Amount eligible for Tier 2 capital fund	2 Bio

10% Sunrise Bank Debenture, 2080

- Outstanding Amount	NPR 1 Bio
- Maturity	12th May 2024
- Amount eligible for Tier 2 capital fund	-

10.25% Sunrise Bank Debenture, 2083

- Outstanding Amount
- Maturity
- Amount eligible for Tier 2 capital fund

NPR 3 Bio
12th Jan 2026
1.8 Bio

- Deductions from capital:

Particulars	NPR in '000
Deferred Tax Assets	-
Intangible Assets	85,966
Purchase of land & building in excess of limit and unutilized	32,610
Investment in equity of institutions with financial interests	1,003,095
Total	1,121,671

- Total qualifying capital:

Particulars	NPR in '000
Tier 1 Capital	31,865,132
Tier 2 Capital	10,024,684
Total Qualifying Capital (Total Capital Fund)	41,889,816

- Capital Adequacy Ratio:

- - 13.43%

- 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 – 10% Laxmi Bank Debenture 2086:

Name	Laxmi Bank Debenture - 2086
Amount	NPR 2,000,000,000.00 (Two Billion Only)
Interest Rate	10% per annum (before tax) payable half yearly
Type	Unsecured and Redeemable at Maturity.
No. of Debentures	2,000,000 (Two Million Only)
Face Value	NPR 1,000.00
Maturity Period	10 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 – 8.50% Laxmi Bank Debenture 2088:

Name	Laxmi Bank Debenture - 2088
Amount	NPR 2,000,000,000.00 (Two Billion Only)
Interest Rate	8.50% per annum (before tax) payable half yearly
Type	Unsecured and Redeemable at Maturity.
No. of Debentures	2,000,000 (Two Million Only)
Face Value	NPR 1,000.00
Maturity Period	10 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 – 10% Sunrise Bank Debenture 2080:

Name	Sunrise Bank Debenture - 2080
Amount	NPR 1,000,000,000.00 (One Billion Only)
Interest Rate	10% per annum (before tax) payable half yearly
Type	Unsecured and Redeemable at Maturity.
No. of Debentures	1,000,000 (One Million Only)
Face Value	NPR 1,000.00
Maturity Period	5 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 – 10.25% Sunrise Bank Debenture 2083:

Name	Sunrise Bank Debenture - 2083
Amount	NPR 3,000,000,000.00 (Three Billion Only)
Interest Rate	10.25% per annum (before tax) payable half yearly
Type	Unsecured and Redeemable at Maturity.
No. of Debentures	3,000,000 (Three Million 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
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	294,113,201
Risk weighted exposures for Operational Risk	6,865,832
Risk weighted exposures for Market Risk	362,406
% of the total deposit due to insufficient liquid assets	-
3% additional RWE under supervisory review	9,040,243
3% of Gross Income under supervisory review	1,452,582
Total Risk Weighted Exposures	311,834,264

- 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	-
c) Claims on banks	6,679,360
d) Claims on corporate & securities firms	133,050,280
e) Claims on regulatory retail portfolio	41,239,889
f) Claims secured by residential properties	14,402,092
g) Claims secured by commercial real state	3,010,458
h) Past due claims	7,760,794
i) High risk claims	27,801,079
j) Other assets	18,451,042
k) Off balance sheet items	41,718,207
Total	294,113,201

- Total Risk Weighted Exposure calculation table:

Particulars	NPR in '000
Risk weighted exposures for Credit Risk	294,113,201
Risk weighted exposures for Operational Risk	6,865,832
Risk weighted exposures for Market Risk	362,406
% of the total deposit due to insufficient liquid assets	-
3% additional RWE under supervisory review	9,040,243
2% of Gross Income under supervisory review	1,452,582
Total Risk Weighted Exposures	311,834,264
Total Capital Fund	41,889,816
Total Capital to Total Risk Weighted Exposures	13.43%

- Amount of NPAs (both Gross and Net) *(NPR in '000)*
 - o Restructured/ Rescheduled Loan
 - Gross NPR 192,137
 - Net NPR 163,275
 - o Substandard Loan
 - Gross NPR 2,196,269
 - Net NPR 1,657,492
 - o Doubtful Loan
 - Gross NPR 2,427,433
 - Net NPR 1,234,180
 - o Loss Loan
 - Gross NPR 2,372,087
 - Net NPR 64,019
- NPA ratios
 - o Gross NPA to gross loans and advances
 - 2.81%
 - o Net NPA to net loans and advances
 - 1.26%
- Movement of Non Performing Assets during this quarter (NPR in '000)

Reduction in Substandard Loan	NPR 452,865
Addition in Doubtful Loan	NPR 263,077
Addition in Loss Loan	NPR 455,511
- Write off of Loans and Interest Suspense (NPR in '000)

Write off of Loans	NPR 242,814
Write off of Interest Suspense	NIL
- Movements in Loan Loss Provisions and Interest Suspense during this quarter (NPR in '000)

Addition in Loan Loss Provision (net)	NPR 139,544
Addition in Interest Suspense	NPR 54,590
- Details of Additional Loan Loss Provisions (NPR in '000)

Additional Loan loss provision	NPR 4,985
<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 48,629,828
Available for Sale	NPR 3,593,001