

## 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                               | 24,346,512         |
| Calls in Advances  | -                  |
| Share Premium  | -                  |
| Proposed Bonus Share (including fractions carried forward) | -                  |
| Statutory General Reserves                                 | 6,804,219          |
| Retained Earnings  | 21,299             |
| Unaudited Profit for the year                              | 772,720            |
| Capital Redemption Reserve                                 | 4,041,667          |
| Capital Adjustment Reserve                                 | -                  |
| Other Free Reserves  | -                  |
| <i>Less: Deduction from Core Capital</i>                   | <i>(1,890,465)</i> |
| <b>Core Capital</b>  | <b>34,095,952</b>  |

- Tier 2 capital and breakdown of its components:

| Particulars   | NPR in '000      |
|---|------------------|
| Subordinated Term Debt  | 4,200,000        |
| <i>0.6 Bio: 10.25% Sunrise Bank Debenture, 2083</i><br><i>(discounted at 80%)</i> |                  |
| <i>1.6 Bio: 10% Laxmi Bank Debenture, 2086</i><br><i>(discounted at 20%)</i>      |                  |
| <i>2 Bio: 8.50% Laxmi Bank Debenture, 2088</i>                                    |                  |
| General Loan Loss Provision ( <i>eligible amount</i> )                            | 4,239,246        |
| Exchange Equalization Reserve   | 104,894          |
| Investment Adjustment Reserves  | 3,000            |
| Accrued Interest Receivable on pass loan included in Regulatory Reserve           | 476,561          |
| Interest Capitalized Reserve included in Regulatory Reserve                       | -                |
| Other Reserve   | -                |
| <b>Supplementary Capital</b>  | <b>9,023,701</b> |

- 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

- Maturity

- Amount eligible for Tier 2 capital fund

NPR 2 Bio

16th Nov 2029

1.6 Bio

- 8.50% Laxmi Bank Debenture, 2088
- Outstanding Amount
  - Maturity
  - Amount eligible for Tier 2 capital fund

NPR 2 Bio  
25th Jul 2031  
2 Bio

- 10.25% Sunrise Bank Debenture, 2083
- Outstanding Amount
  - Maturity
  - Amount eligible for Tier 2 capital fund

NPR 3 Bio  
12th Jan 2026  
0.6 Bio

- Deductions from capital:

| Particulars   | NPR in '000      |
|---|------------------|
| Deferred Tax Assets   | -                |
| Intangible Assets   | 118,547          |
| Investment in equity of institutions with financial interests | 746,168          |
| Purchase of land & building in excess of limit and unutilized | 25,750           |
| Other Deductions  | 1,000,000        |
| <b>Total</b>  | <b>1,890,465</b> |

- Total qualifying capital:

| Particulars  | NPR in '000       |
|--|-------------------|
| Tier 1 Capital                                       | 34,095,952        |
| Tier 2 Capital                                       | 9,023,701         |
| <b>Total Qualifying Capital (Total Capital Fund)</b> | <b>43,119,653</b> |

- Capital Adequacy Ratio:
- - **11.76%**
- 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:

|                                      |   |
|--------------------------------------|---|
| <b>Name</b>                          | Laxmi Bank Debenture - 2086   |
| <b>Amount</b>                        | NPR 2,000,000,000.00 (Two Billion Only)   |
| <b>Interest Rate</b>                 | 10% per annum (before tax) payable half yearly  |
| <b>Type</b>                          | Unsecured and Redeemable at Maturity.   |
| <b>No. of Debentures</b>             | 2,000,000 (Two Million Only)  |
| <b>Face Value</b>                    | NPR 1,000.00  |
| <b>Maturity Period</b>               | 10 Years  |
| <b>Priority to Debenture Holders</b> | At the time of liquidation, priority of payment to the debenture holders will be after the depositors |
| <b>Listing</b>                       | Listed with Nepal Stock Exchange  |

- Main feature of the Subordinated debt – 8.50% Laxmi Bank Debenture 2088:

|                                      |   |
|--------------------------------------|---|
| <b>Name</b>                          | Laxmi Bank Debenture - 2088   |
| <b>Amount</b>                        | NPR 2,000,000,000.00 (Two Billion Only)   |
| <b>Interest Rate</b>                 | 8.50% per annum (before tax) payable half yearly  |
| <b>Type</b>                          | Unsecured and Redeemable at Maturity.   |
| <b>No. of Debentures</b>             | 2,000,000 (Two Million Only)  |
| <b>Face Value</b>                    | NPR 1,000.00  |
| <b>Maturity Period</b>               | 10 Years  |
| <b>Priority to Debenture Holders</b> | At the time of liquidation, priority of payment to the debenture holders will be after the depositors |
| <b>Listing</b>                       | Listed with Nepal Stock Exchange  |

- Main feature of the Subordinated debt – 10.25% Sunrise Bank Debenture 2083:

|                                      |  |
|--------------------------------------|--|
| <b>Name</b>                          | Sunrise Bank Debenture - 2083                          |
| <b>Amount</b>                        | NPR 3,000,000,000.00 (Three Billion Only)              |
| <b>Interest Rate</b>                 | 10.25% per annum (before tax) payable half yearly      |
| <b>Type</b>                          | Unsecured and Redeemable at Maturity.                  |
| <b>No. of Debentures</b>             | 3,000,000 (Three Million Only)                         |
| <b>Face Value</b>                    | NPR 1,000.00   |
| <b>Maturity Period</b>               | 7 Years  |
| <b>Priority to Debenture Holders</b> | At the time of liquidation, priority of payment to the |
| <b>Listing</b>                       | 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                  | 339,139,716        |
| Risk weighted exposures for Operational Risk             | 12,558,139         |
| Risk weighted exposures for Market Risk                  | 420,525            |
| % of the total deposit due to insufficient liquid assets | -                  |
| 3% of Gross Income under supervisory review              | 4,067,321          |
| 3% additional RWE under supervisory review               | 10,563,551         |
| <b>Total Risk Weighted Exposures</b>                     | <b>366,749,252</b> |

- 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                          | 6,814,746          |
| d) Claims on corporate & securities firms   | 159,975,407        |
| e) Claims on regulatory retail portfolio    | 37,563,242         |
| f) Claims secured by residential properties | 10,235,182         |
| g) Claims secured by commercial real state  | 7,172,393          |
| h) Past due claims                          | 16,798,637         |
| i) High risk claims                         | 15,404,014         |
| j) Other assets                             | 31,404,888         |
| k) Off balance sheet items                  | 53,771,208         |
| <b>Total</b>                                | <b>339,139,716</b> |

- Total Risk Weighted Exposure calculation table:

| Particulars  | NPR in '000        |
|--|--------------------|
| Risk weighted exposures for Credit Risk                  | 339,139,716        |
| Risk weighted exposures for Operational Risk             | 12,558,139         |
| Risk weighted exposures for Market Risk                  | 420,525            |
| % of the total deposit due to insufficient liquid assets | -                  |
| 3% of Gross Income under supervisory review              | 4,067,321          |
| 3% additional RWE under supervisory review               | 10,563,551         |
| <b>Total Risk Weighted Exposures</b>                     | <b>366,749,252</b> |
| <b>Total Capital Fund</b>                                | <b>43,119,653</b>  |
| <b>Total Capital to Total Risk Weighted Exposures</b>    | <b>11.76%</b>      |

- Amount of NPAs (both Gross and Net) *(NPR in '000)*
  - o Restructured/ Rescheduled Loan
    - Gross NPR 5,895
    - Net NPR 5,158
  - o Substandard Loan
    - Gross NPR 4,220,019
    - Net NPR 3,171,976
  - o Doubtful Loan
    - Gross NPR 5,219,270
    - Net NPR 2,630,354
  - o Loss Loan
    - Gross NPR 7,332,489
    - Net NPR 129,933
- NPA ratios
  - o Gross NPA to gross loans and advances
    - 5.86%
  - o Net NPA to net loans and advances
    - 2.19%
- Movement of Non Performing Assets during this quarter (NPR in '000)
 

|                               |             |
|-------------------------------|-------------|
| Reduction in Substandard Loan | NPR 564,307 |
| Addition in Doubtful Loan     | NPR 972,850 |
| Addition in Loss Loan         | NPR 652,842 |
- Write off of Loans and Interest Suspense (NPR in '000)
 

|                                |             |
|--------------------------------|-------------|
| Write off of Loans             | NPR 140,137 |
| Write off of Interest Suspense | NPR 69,754  |
- Movements in Loan Loss Provisions and Interest Suspense during this quarter (NPR in '000)
 

|                                       |               |
|---------------------------------------|---------------|
| Addition in Loan Loss Provision (net) | NPR 1,269,269 |
| Addition in Interest Suspense         | NPR 6,658     |
- Details of Additional Loan Loss Provisions (NPR in '000)
 

|                                |     |
|--------------------------------|-----|
| Additional Loan loss provision | NIL |
|--------------------------------|-----|

*(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 64,594,090 |
| Available for Sale | NPR 7,408,073  |