

## 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	26,781,163
Calls in Advances	-
Share Premium	-
Proposed Bonus Share (including fractions carried forward)	-
Statutory General Reserves	7,305,278
Retained Earnings	401,567
Unaudited Profit for the year	(1,244,281)
Capital Redemption Reserve	4,750,000
Capital Adjustment Reserve	-
Other Free Reserves	-
<i>Less: Deduction from Core Capital</i>	(1,881,893)
<b>Core Capital</b>	<b>36,111,834</b>

- Tier 2 capital and breakdown of its components:

Particulars	NPR in '000
Subordinated Term Debt	3,200,000
1.2 Bio: 10% Laxmi Bank Debenture, 2086 (discounted at 40%)	
2 Bio: 8.50% Laxmi Bank Debenture, 2088	
General Loan Loss Provision ( <i>eligible amount</i> )	4,368,444
Exchange Equalization Reserve	100,893
Investment Adjustment Reserves	3,000
Accrued Interest Receivable on pass loan included in Regulatory Reserve	513,726
Regulatory reserve for non-banking assets recorded within the last 24 months	600,486
Interest Capitalized Reserve included in Regulatory Reserve	46,474
Other Reserve	-
<b>Supplementary Capital</b>	<b>8,833,023</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.

10.25% Sunrise Bank Debenture, 2083	- Outstanding Amount	NPR 3 Bio
	- Maturity	25th Dec 2026
	- Amount eligible for Tier 2 capital fund	NIL
10% Laxmi Bank Debenture, 2086		
	- Outstanding Amount	NPR 2 Bio
	- Maturity	16th Nov 2029
	- Amount eligible for Tier 2 capital fund	1.2 Bio
8.50% Laxmi Bank Debenture, 2088		
	- Outstanding Amount	NPR 2 Bio
	- Maturity	25th Jul 2031
	- Amount eligible for Tier 2 capital fund	2 Bio

- Deductions from capital:

Particulars	NPR in '000
Deferred Tax Assets	-
Intangible Assets	109,975
Investment in equity of institutions with financial interests	746,168
Purchase of land & building in excess of limit and unutilized	25,750
Investment in Private Equity	1,000,000
<b>Total</b>	<b>1,881,893</b>

- Total qualifying capital:

Particulars	NPR in '000
Tier 1 Capital	36,111,834
Tier 2 Capital	8,833,023
<b>Total Qualifying Capital (Total Capital Fund)</b>	<b>44,944,857</b>

- Capital Adequacy Ratio:

- **11.79%**

- 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 – 10.25% 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 debenture holders will be after the depositors
<b>Listing</b>	Listed with Nepal Stock Exchange

- 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

## 2. Risk exposures

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

Particulars	NPR in '000
Risk weighted exposures for Credit Risk	349,475,530
Risk weighted exposures for Operational Risk	16,572,966
Risk weighted exposures for Market Risk	272,398
% of the total deposit due to insufficient liquid assets	-
3% of Gross Income under supervisory review	3,861,523
3% additional RWE under supervisory review	10,989,627
<b>Total Risk Weighted Exposures</b>	<b>381,172,044</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	8,087,595
d) Claims on corporate & securities firms	162,617,802
e) Claims on regulatory retail portfolio	42,253,240
f) Claims secured by residential properties	10,734,465
g) Claims secured by commercial real state	7,745,909
h) Past due claims	13,872,260
i) High risk claims	17,745,940
j) Other assets	35,761,828
k) Off balance sheet items	50,656,492
<b>Total</b>	<b>349,475,530</b>

- Total Risk Weighted Exposure calculation table:

Particulars	NPR in '000
Risk weighted exposures for Credit Risk	349,475,530
Risk weighted exposures for Operational Risk	16,572,966
Risk weighted exposures for Market Risk	272,398
% of the total deposit due to insufficient liquid assets	-
3% of Gross Income under supervisory review	3,861,523
3% additional RWE under supervisory review	10,989,627
<b>Total Risk Weighted Exposures</b>	<b>381,172,044</b>
<b>Total Capital Fund</b>	<b>44,944,857</b>
<b>Total Capital to Total Risk Weighted Exposures</b>	<b>11.79%</b>

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

o Restructured/ Rescheduled Loan	-
• Gross	-
• Net	-
o Substandard Loan	
• Gross	NPR 3,394,548
• Net	NPR 2,529,860
o Doubtful Loan	
• Gross	NPR 3,464,088
• Net	NPR 1,729,937
o Loss Loan	
• Gross	NPR 9,729,105
• Net	NPR 133,586

- NPA ratios

o Gross NPA to gross loans and advances	
• 5.50%	
o Net NPA to net loans and advances	
• 1.55%	

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

Reduction in Substandard Loan	NPR 1,217,478
Addition in Doubtful Loan	NPR 1,427,915
Addition in Loss Loan	NPR 484,248

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

Write off of Loans	NPR 132,087
Write off of Interest Suspense	NPR 38,464

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

Addition in Loan Loss Provision (net)	NPR 2,538,334
Reduction in Interest Suspense	NPR 630,567

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

Additional Loan loss provision	NIL
<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 91,260,855
Available for Sale	NPR 8,947,037