

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	23,187,155
Calls in Advances	-
Share Premium	-
Proposed Bonus Share (including fractions carried forward)	-
Statutory General Reserves	6,496,566
Retained Earnings	(139,763)
Unaudited Profit for the year	1,426,942
Capital Redemption Reserve	3,333,333
Capital Adjustment Reserve	-
Other Free Reserves	-
<i>Less: Deduction from Core Capital</i>	<i>(1,418,233)</i>
Core Capital	32,886,000

- Tier 2 capital and breakdown of its components:

Particulars	NPR in '000
Subordinated Term Debt	5,200,000
2 Bio: 10% Laxmi Bank Debenture, 2086	
2 Bio: 8.50% Laxmi Bank Debenture, 2088	
1.2 Bio: 10.25% Sunrise Bank Debenture, 2083 (discounted at 60%)	
General Loan Loss Provision (<i>eligible amount</i>)	3,794,320
Exchange Equalization Reserve	91,563
Investment Adjustment Reserves	3,000
Other Reserve	-
Supplementary Capital	9,088,883

- 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 November 2029
 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
10.25% Sunrise Bank Debenture, 2083	
- Outstanding Amount	NPR 3 Bio
- Maturity	12th Jan 2026
- Amount eligible for Tier 2 capital fund	1.2 Bio

- Deductions from capital:

Particulars	NPR in '000
Deferred Tax Assets	-
Intangible Assets	144,970
Purchase of land & building in excess of limit and unutilized	25,750
Investment in equity of institutions with financial interests	1,247,513
Total	1,418,233

- Total qualifying capital:

Particulars	NPR in '000
Tier 1 Capital	32,886,000
Tier 2 Capital	9,088,883
Total Qualifying Capital (Total Capital Fund)	41,974,883

- Capital Adequacy Ratio:

- - 13.11%

- 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 – 10.25% 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	303,545,628
Risk weighted exposures for Operational Risk	8,056,207
Risk weighted exposures for Market Risk	288,249
% of the total deposit due to insufficient liquid assets	-
2% additional RWE under supervisory review	6,237,802
3% of Gross Income under supervisory review	1,970,348
Total Risk Weighted Exposures	320,098,234

- 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	6,346,292
d) Claims on corporate & securities firms	141,243,223
e) Claims on regulatory retail portfolio	39,734,282
f) Claims secured by residential properties	10,304,732
g) Claims secured by commercial real state	5,120,634
h) Past due claims	11,295,745
i) High risk claims	14,610,077
j) Other assets	27,293,012
k) Off balance sheet items	47,597,630
Total	303,545,628

- Total Risk Weighted Exposure calculation table:

Particulars	NPR in '000
Risk weighted exposures for Credit Risk	303,545,628
Risk weighted exposures for Operational Risk	8,056,207
Risk weighted exposures for Market Risk	288,249
% of the total deposit due to insufficient liquid assets	-
2% additional RWE under supervisory review	6,237,802
3% of Gross Income under supervisory review	1,970,348
Total Risk Weighted Exposures	320,098,234
Total Capital Fund	41,974,883
Total Capital to Total Risk Weighted Exposures	13.11%

- Amount of NPAs (both Gross and Net) (NPR in '000)
 - o Restructured/ Rescheduled Loan
 - Gross NPR 2,348
 - Net NPR 0
 - o Substandard Loan
 - Gross NPR 3,762,679
 - Net NPR 2,836,771
 - o Doubtful Loan
 - Gross NPR 3,712,115
 - Net NPR 1,884,543
 - o Loss Loan
 - Gross NPR 4,722,996
 - Net NPR 106,594
- NPA ratios
 - o Gross NPA to gross loans and advances
 - 4.72%
 - o Net NPA to net loans and advances
 - 1.96%
- Movement of Non Performing Assets during this quarter (NPR in '000)

Reduction in Substandard Loan	NPR 659,420
Reduction in Doubtful Loan	NPR 928,007
Reduction in Loss Loan	NPR 357,914
- Write off of Loans and Interest Suspense (NPR in '000)

Write off of Loans	NPR 294,013
Write off of Interest Suspense	NPR 70,431
- Movements in Loan Loss Provisions and Interest Suspense during this quarter (NPR in '000)

Reduction in Loan Loss Provision (net)	NPR 582,606
Reduction in Interest Suspense	NPR 393,947
- Details of Additional Loan Loss Provisions (NPR in '000)

Additional Loan loss provision	NIL
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(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 82,197,267
Available for Sale	NPR 4,382,371