

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	6,603,838
Retained Earnings	1,287,179
Unaudited Profit for the year	203,772
Capital Redemption Reserve	3,569,444
Capital Adjustment Reserve	-
Other Free Reserves	-
<i>Less: Deduction from Core Capital</i>	<i>(1,754,640)</i>
Core Capital	33,096,748

- 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>)	3,926,713
Exchange Equalization Reserve	92,274
Investment Adjustment Reserves	3,000
Accrued Interest Receivable on pass loan included in Regulatory Reserve	547,296
Interest Capitalized Reserve included in Regulatory Reserve	-
Other Reserve	-
Supplementary Capital	9,769,283

- 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	132,722
Investment in equity of institutions with financial interests	746,168
Purchase of land & building in excess of limit and unutilized	25,750
Other Deductions	850,000
Total	1,754,640

- Total qualifying capital:

Particulars	NPR in '000
Tier 1 Capital	33,096,748
Tier 2 Capital	9,769,283
Total Qualifying Capital (Total Capital Fund)	42,866,031

- Capital Adequacy Ratio:
- - 12.71%
- 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	314,137,055
Risk weighted exposures for Operational Risk	12,176,795
Risk weighted exposures for Market Risk	507,946
% of the total deposit due to insufficient liquid assets	-
3% of Gross Income under supervisory review	3,838,525
2% additional RWE under supervisory review	6,536,436
Total Risk Weighted Exposures	337,196,757

- 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	6,192,673
d) Claims on corporate & securities firms	144,749,538
e) Claims on regulatory retail portfolio	38,136,434
f) Claims secured by residential properties	10,231,962
g) Claims secured by commercial real state	6,891,063
h) Past due claims	14,326,067
i) High risk claims	15,516,654
j) Other assets	28,908,132
k) Off balance sheet items	49,184,533
Total	314,137,055

- Total Risk Weighted Exposure calculation table:

Particulars	NPR in '000
Risk weighted exposures for Credit Risk	314,137,055
Risk weighted exposures for Operational Risk	12,176,795
Risk weighted exposures for Market Risk	507,946
% of the total deposit due to insufficient liquid assets	-
3% of Gross Income under supervisory review	3,838,525
2% additional RWE under supervisory review	6,536,436
Total Risk Weighted Exposures	337,196,757
Total Capital Fund	42,866,031
Total Capital to Total Risk Weighted Exposures	12.71%

- 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 5,958,918
 - Net NPR 4,483,489
 - o Doubtful Loan
 - Gross NPR 2,649,362
 - Net NPR 1,351,952
 - o Loss Loan
 - Gross NPR 5,933,081
 - Net NPR 112,458
- NPA ratios
 - o Gross NPA to gross loans and advances
 - 5.44%
 - o Net NPA to net loans and advances
 - 2.34%
- Movement of Non Performing Assets during this quarter (NPR in '000)

Addition in Substandard Loan	NPR 2,196,239
Reduction in Doubtful Loan	NPR 1,062,752
Addition in Loss Loan	NPR 1,210,085
- Write off of Loans and Interest Suspense (NPR in '000)

Write off of Loans	NIL
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 1,167,991
Addition in Interest Suspense	NPR 912,556
- 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 82,950,858
Available for Sale	NPR 6,817,196