



सन्राइज बैंक लिमिटेड
SUNRISE BANK LIMITED

RISING TO SERVE

www.sunrisebank.com.np

ANNUAL REPORT

2012 /13 A.D (2069/70 B.S)



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BOARD OF DIRECTORS



MR. MOTILAL DUGAR
Chairman



MR. SRINIWAS SARDA
Director



DR. BHOGEN德拉 GURAGAIN
Director



ER. BACHH RAJ TATER
Director



MR. SHRAWAN KUMAR GOYAL
Director



MR. MALCHAND DUGAR
Director



**DR. DEEPAK PRASAD
BHATTARAI**
Director



MR. DEEPAK NEPAL
Director



**MR. MAHENDRANATH
KARMACHARYA**
Director

FINANCIAL GLANCE OF THE YEAR 2012-13

DEPOSITS

23,271M

↑ 24%

GROSS LOANS

18,402 M

↑ 24%

NET PROFIT

312 M

↑ 180%

NET INTEREST INCOME

989 M

↑ 67%

OTHER OPERATING INCOME

270 M

↑ 51%

STAFF & OPERATING COST

548 M

↑ 16%

LOAN LOSS PROVISION

368 M

↑ 27%

PROVISION WRITE BACK

209 M

↑ 30%

TAX TO GOVERNMENT

141 M

↑ 212%

NET INTEREST SPREAD

4.66%

↑ 1.12%

NPA PERCENTAGE

3.74%

↑ 0.22%

DIVIDEND RATE

11.58%

(BONUS & CASH)

↑ 6.32%

CAPITAL ADEQUACY

11.80%

↑ 0.02%

EARNING PER SHARE

15.56

↑ 9.94

CLOSING SHARE PRICE

232

↑ 87

NO OF EMPLOYEES

454

↓ 5

NO OF BRANCHES/ATM

49/57*

↑ 0/1

NO OF ACCOUNTS

2,12,578

↑ 15%

(* Dumre & Butwal Branches has been established in September 2013 & January 2014 respectively. Now bank has 51 Branches & 61 ATMs)
(M=million)

CHAIRMAN'S MESSAGE



Dear Shareholders,

I am pleased to state that bank has almost trebled its net profit during the year, which we considered as the major achievement of the year. Despite of the competitive market and unstable political condition, we have been able to achieve the success. The bank has recorded an increase of 23% in balance sheet size, 24% in Loan & Advances and Deposits.

Bank has always focused on increasing the quality of assets, but NPA level has risen up to 3.74% in the year 2012-13 due to some old exposures and non of the new accounts has been provisioned although we have a prudent provisioning policy.

I am also glad to inform that bank has capital adequacy of the 11.80%, which is higher than the prescribed regulatory requirement.

I feel very privileged to announce that Sixth AGM has passed the issue of 11% Bonus shares and 0.5789% of Cash Dividend.

Although we did not established any of the branch during the review period, I am glad to inform that bank has established two new

branches in Dumre & Butwal and is set to establish new branch in Lahan by the end of the year. Currently bank has extended its modern service through 51 branches and 61 ATMs. Our ATM terminal accepts ATM Card issued by SCT & Visa Network.

The performance of the bank in the current financial year is very encouraging. The bank will continue to strive for improving its performance and better results in the upcoming years.

On behalf of the Board, I would like to thank the statutory authorities: Nepal Rastra Bank, Securities Exchange Board of Nepal, Nepal Stock Exchange, Company Registrar Office, Finance Ministry, Nepal Government and Other Statutory bodies. At last we thank our hard-working employees who gave their best in all situation of the bank.

Thank You,
Motilal Dugar
Chairman

FROM THE DESK OF CHIEF EXECUTIVE OFFICER



I feel very privileged and proud to share with you one more successful year of Sunrise Bank Limited. We have been able to bring the Operating Profit before loan loss provision, staff bonus and tax to NPR 710.52 million from NPR 295.10 million in the previous year. Our deposit base has grown to NPR 23.27 billion and lending base has increased to NPR 18.40 billion resulting into 180% increase in Net Profit. I would like to reiterate here that it has been possible only with your untiring and joint support. The bank's achievement are a testament to the support of all the stakeholders who are striving for excellence every day. Hence, I would like to appreciate your day and night untiring efforts of Staff members in bringing the bank in this position and would like to thank and congratulate all for the efforts.

Although the year continued to remain difficult for the business in Nepal as political uncertainties, power cut, volatile financial market, increasing operational risk have challenged the performance of the bank. Irrespective of such uncertainties and the unhealthy competitions, we have managed to treble the profitability without increasing the risk in the business.

As I look at the growth over the years since our inception, I am extremely proud of what we have achieved, and even more excited about our outlook for an equally promising future. We have successfully transitioned from the start-up to become a respected bank, garnering business from across the nation, while earning our clients' trust along the way. It is satisfying to know that we have been able to help our clients build the stra-

tegic blueprints that enable them to connect and operate pivotal aspects of their business more efficiently and economically. Customer satisfaction is the hallmark by which we measure our performance, and we hold ourselves, as do our clients, to the highest standards of quality.

I feel even glad to announce that our human capital is highly dedicated & qualified for the respective jobs. Our young and energetic team has always put their 100% for the betterment of the bank. This successful year has been possible because of the talented people we have in our bank. I feel, among our most important assets is the extensive knowledge base, deep-rooted professionalism and unwavering commitment of our highly-qualified and diverse staff. Our team of staff is committed to delivering the highest quality product and providing unparalleled service to our customers. We have many more goals lined up for next year and I am sure with our team's dedication and determination we will be able to complete those also in time. I on behalf of all the stakeholders thank our team for their support and hope this dedication continues and we achieve success together.

In short, the current circumstances are all quite challenging to work in. But no matter what the circumstances are, we must not lose sight of our priority: to be strong and financially sustainable bank that put the customer at the heart of everything we do. Showing our customers how we can support them in their financial needs by providing advice when needed, flexibility where possible and a range of clear and simple products.

We have moved forward into the new operating year focused on continued operational improvement in order to increase the profitability without compromising on the assets quality and quality of the service being delivered by our bank and to establish our bank at a very remarkable place in the market.

Finally, I would like to thank our customers, shareholders, business partners, all stakeholders and regulators for their support throughout the year. I would like to express my sincere thanks to Sunrise Bank Team and Board of Directors and assure the better success than expected by the shareholders.

Thank You,
Surendra Man Pradhan
Chief Executive Officer

DIRECTOR'S REPORT

Respected Shareholders,

I'm glad to present on behalf of Board of Directors the Balance Sheet, Profit & Loss Account and Cash Flow Statements of Financial Year 2012-13 along with summary of Banks progress & developments, Operational Challenges and complete banking sector analysis. This report is prepared in accordance to Company Act, 2063, Banks & Financial Institution Act, 2063 and NRB Circulars & Directives issued from time to time.

GLOBAL ECONOMIC CONDITION

The global economy has now shown the positive response as the adverse effect of global recession started in 2008 has slowed down and the Euro Zone debt crises also shown an improvement. According to IMF the World's economic growth is forecasted to be 3.3% & 4% on 2013 & 2014 respectively. The US economy is expected to grow by 1.9% and Euro Zone economy by 0.3% in 2013. The economy of the emerging nations is expected to grow by 5.3%. Neighbouring country India's economy is expected to grow by 5.3% where as the Chinese economy is forecasted to grow by 8%.

In context to weak global aggregate demands it is assumed that there will be low pressure in overall inflation of the world. According to IMF the inflation of developed economies is forecasted as 1.9% where as it is 5.9% for the developing & emerging economies. Neighbouring countries India & China are expected inflation as 10.8% & 3% respectively (Previous year 9.3% & 2.6%) for the year 2013.

NATION'S ECONOMIC CONDITION

As per the initial projection of Nepal Government and Central Bureau of Statistic the Gross Domestic Product of the nation during the financial year stood 3.6% on the basis of Par Value (Previous Year 4.5%) and 3.7% on the basis of Market Value (Previous Year 4.9%). During the year nation suffered the 9.9% inflation as compared to the 8.3%

of the previous year. But the inflation of the month of Mid June reached to 8.2% continuously declining from the last three months. During the year the government expenditure increased by 2.7% reaching NPR 286 Billion. Among them only NPR 30.74 Billion was used as the Capital Expenditure where as NPR 42.49 Billion was used for the Financial Expenditure. During the year, revenue collection increased by 21.3%. As a result of high increase in revenue collection and low increase in expenditure NRB maintained 32.72 Billion as Cash Reserve as on 5th July 2013.

During the year imports increased by 21.2% where as export increased only by 4% resulting in huge increase in trade deficits. But due to increased remittance inflow overall balance of payments remained as NPR 52.69 Billion (as on Mid-June 2013). The foreign exchange reserve of the country is \$ 5.52 Billion (as on Mid-June 2013), which is expected to be sufficient for next eleven months.

DECLINING RUPEE

Due to financial crises in Indian Market, Indian rupee continuously depreciated as compared to US Dollars. The same has affected the Nepalese financial market. US Dollar was only NPR 88.35/\$ in Mid July 2012 which rose to NPR 98.35/\$ in Mid July 2013. In end of the August 2013 US Dollar reached the record breaking mark of NPR 108/\$. This depreciation of Nepalese Currency over US Currency may bring a serious adverse affect in Bank's profitability and overall nation's economy in the foreseeable future.

FINANCIAL SECTOR'S CONDITION IN NEPAL

During the previous year, decline in Real Estate Sector and declining CD Ratio has suffered the financial sector a lot. But during the year performance of financial sector increased a lot. During the year, net profit of commercial banks increased by 42%. Net profit of the all the commercial banks accumulated to NPR 20 Billion (Previous year it was NPR 14 Billion). 29 Commercial Banks including Sunrise Bank recorded the increase in Net Profit as compared to previous year. During the year Loans & Deposits of Commercial Bank increased by about 24% & 20% respectively. By the year end Commercial Banks collected the deposit of over NPR 1 trillion and mobilized credit more than NPR 750 Billion. Average Credit Deposit ratio of commercial bank stood 71.7% as on year end where as the average base rate remained 9.8%. Short term interest rate remained low except during month of March & April which has directly hammered the investment returns of the Bank & Financial Institution.

Freezing of National Budget for the long time due to untimely release of the budget has hammered the financial sector immensely. Financial sector would have done better if there was stable government and timely release of the budget. Lack of power backups, falling industrial growth in the nation and declining rupee has adversely affected the financial sector of Nepal.

During the year 3 Development Banks and 7 Micro Finance Development Bank has been increased in our country, whereas one finance company was self-liquidated. There have been many cases of merger during the year including the merger of two commercial banks. At the end of the year the number of Bank & Financial Institution remained 207 (previous year 213). The branches of Commercial bank at the end of the year increased to 1,486 (previous year 1,425). Apart from NRB licensed institutions 12,614 co-operatives has collected NPR 115 Billion deposits and mobilized NPR 97.55 Billion.

NATIONAL STOCK MARKET

In 2012/13, stock market indicators improved. The year to year NEPSE index increased by 33 percent to 518.3 points in Mid-June 2013. The year to year stock market capitalization increased by 42.2% to NPR 489.86 billion in Mid-June 2013, which was 28.8% of GDP. Total paid up capital of the listed companies in NEPSE on year to year basis increased by 15.7 percent to NPR 125.97 billion in Mid-June 2013. Additional securities worth of NPR 13.51 billion comprising ordinary share of NPR 8.02 billion, bonus share of NPR 3.66 billion, right share of NPR 0.28 billion, commercial bank's debenture of NPR 0.80 billion and mutual fund of NPR 0.75 billion were listed during eleven months of 2069/70.

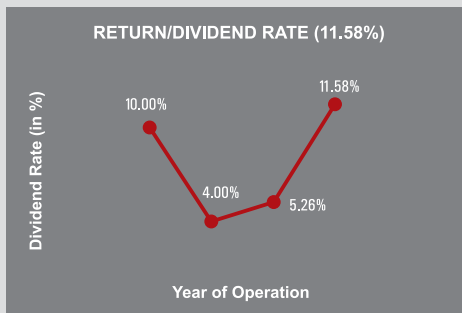
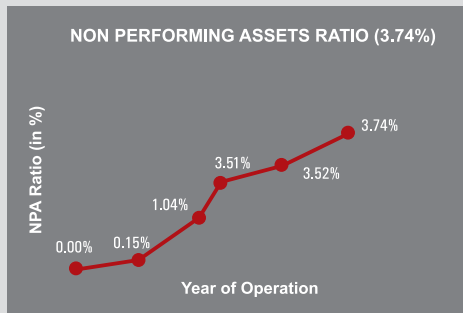
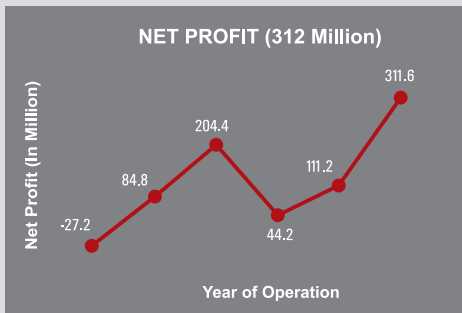
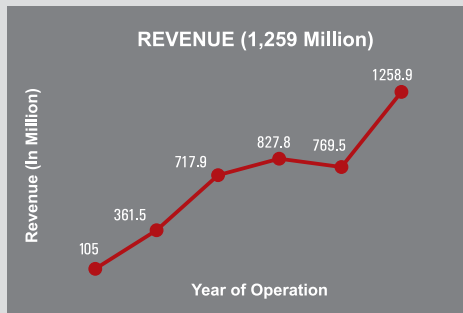
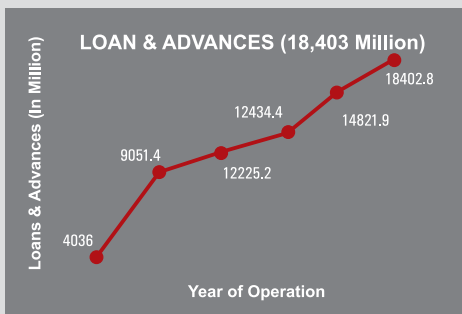
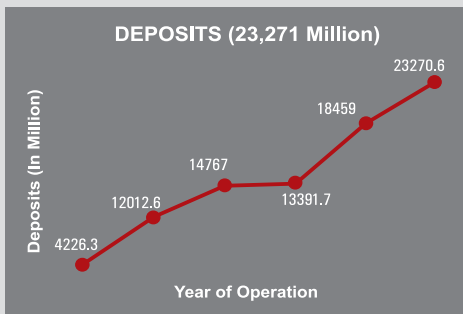
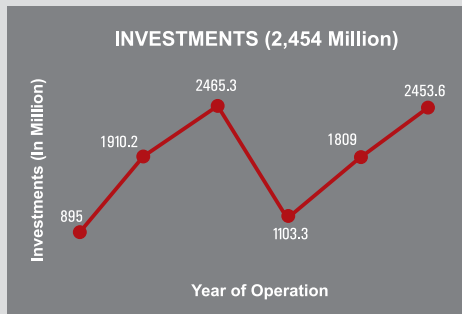
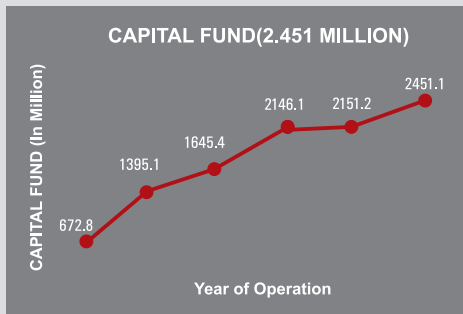
ECONOMIC DEVELOPMENT & BANKING CHALLENGES

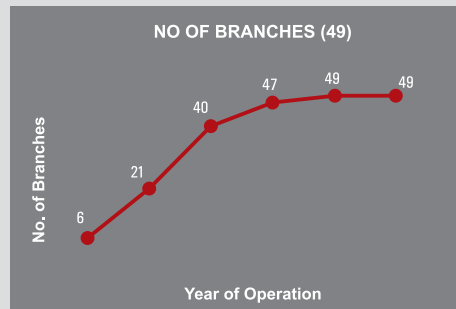
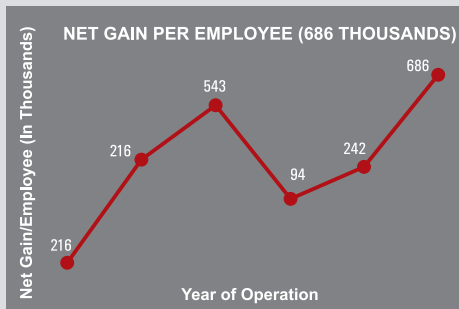
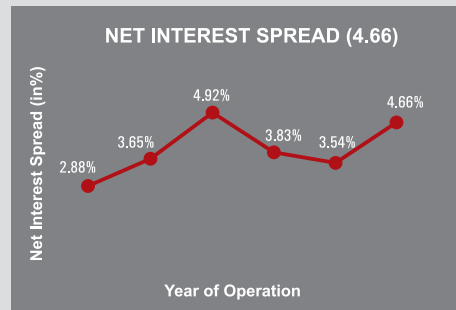
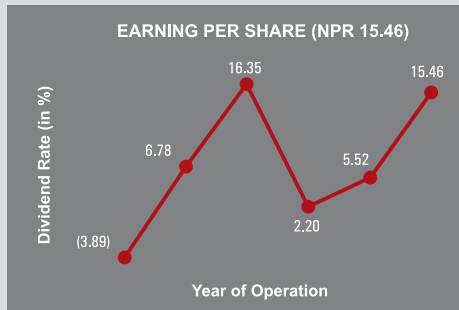
We are all aware about the slowdown in economic growth of the nation due to frequent governmental changes, decline in industrial sector, and lack of budget in capital expenditure. Though we observed the increase in governmental revenue but the main cause of the same is only increase in imports. The internal revenue collection does not have any significant share in the total revenue. The effect of same has been seen on Employment sector, due to which the number of youths migrating for foreign employment is increasing, which has created dissatisfaction between the ones working in the country. Due to unfriendly investment economic condition and the unstable government policies, the investment opportunities could not be created. The effect of same has seen the increasing migration to urban sector and change in consumer behavior towards imports and retail business due to increase in remittance income.

Along with these challenges Nepal Rastra Bank has implemented the 5% ceiling on the net interest spread (difference between loan's yield rate and deposit cost rate) of the bank. This ceiling will adversely affect the profitability of the overall financial institutions.

ANALYSIS OF BANK'S PROGRESS

Summary of the banks progress in different field from the year of operation has been presented below:





REVIEW OF THE YEAR 2012-13

The overall position and growth of the bank has been summarized below.

Amount in Thousands

PARTICULARS	MID JULY 2013	MID JULY 2012	CHANGE
Paid Up Capital *	2,236,650	2,015,000	11%
Deposits	23,270,603	18,759,000	24%
Gross Loans & Advances	18,402,770	14,821,944	24%
Total Assets	26,128,839	21,279,008	23%
Net Worth	2,451,146	2,151,202	14%
Net Profit	311,609	111,194	180%

*After the Proposed Bonus Issue.

The Balance Sheet grew by remarkable 23%. The total balance sheet size of the bank has now crossed NPR 26 Billion. Loans & Deposit has grown by 24% as compared to previous year. In line with the increase in business profit of the bank has shown tremendous growth of 180%.

INDUSTRIAL COMPARISON

Following are the one year growth comparison with the Nepalese commercial banking industry.

Amount in Thousands

PARTICULARS	WE GREW BY	INDUSTRY GREW BY
Loans & Advances	24%	22%
Deposits	24%	18%
Net Interest Income	67%	40%
Operating Profit	141%	52%
Net Profit	187%	44%

* As per the Quarterly Published Datas.

DEPOSITS

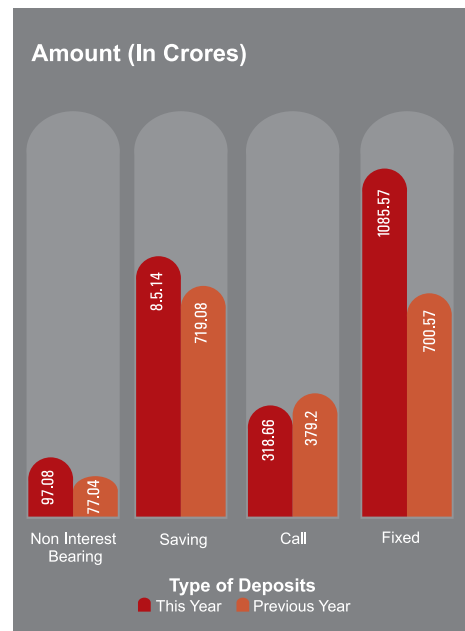
Deposit is the resource for the banking business. It is NPR 23 billion at the end of the year 2012. Total Deposits of the bank has shown a tremendous growth of 24% and reached NPR 23.37 billion by the year end. Among such the Foreign Currency Account reached NPR 1.08 Billion (64% growth). During the year, the bank has focused on tapping stable deposits rather than the volatile deposits. The result of same has showed the fixed deposits showed tremendous 54.95% increase outstanding NPR 10.86 Billion as on year end. Launching of “15 Months Bishesh Mud-dati” during the mid way of the year is the cause of such an increase in the fixed deposit volume. Currently fixed deposit (both local & foreign currency) shares 46.65% of total deposit as compared to 37.35% of previous year.

Along with increasing the fixed deposit portfolio, bank has also focused on increasing retail portfolio i.e. saving deposits. During the year bank increased its saving portfolio by 14.83%. But this has diluted the saving deposits share in total deposit to 35.48% from 38.33% as on previous year. The outstanding balance of the saving deposit at the end of the year remains NPR 8.26 Billion.

With strategy of reducing its volatile deposits, Bank was able to reduce the outstanding call deposits by 15.96% diluting its share to 13.69% (previous year 20.21%).

Non Interest Bearing deposit increased in line with the total deposit.

At the end of the year 2012/13 mix up of the bank deposit stands as follows:



LOANS & ADVANCES

The loans and advances of the bank showed an increase of 24% totaling NPR 18.40 billion as on year end. Due

to the emphasis of bank in Retail & SME sector the growth was achieved.

The Retail & SME constitute 30% of the total Loan & Advances of the bank. Bank is continuously focusing on reducing the low yield but high risk corporate loans.

Due to increasing liquidity the Loan and Advances disbursement has shown a slight increase but the slowdown in Real Estate Sector has totally hampered the earning of the banks. This has declined the Real Estate Loan's share to 15.59% from 17.84% as compared to previous year.

Despite of adverse market conditions bank has been successful on recovering the bad loans amounting NPR 209 Million. Bank has increased the resources in recovery of the bad loans and we expect greater recovery in the coming year. During the year bank has written off loans amounting NPR 62 Million. But bank was successful on recovering the written off loans to the extent of NPR 10 Million.

Bank has always maintained high safety on Risk Management. As per the NRB directives the Risk Bearing Fund comprises 672 Million as on year end. The increase of NPR 368 Million has been charged to Profit & Loss Account during the year. The share of Loan Loss Provisioning in Total Loans and Advances is 3.65% and the NPA percentage at the end of the year is 3.74% which has risen by 0.22% as compared to previous year.

CREDIT DEPOSIT RATIO & LIQUIDITY ISSUE

Bank has not faced liquidity crises in any of the time during the previous year. Bank has always maintained the CCD ratio below 80%. At the yearend bank maintained the CCD ratio to 74.78%.

TREASURY OPERATION

The small market and excess liquidity has significantly affected the bank's treasury operations. The capital market of the nation has been significantly affected due to which continuous decline in investment returns were observed. The sluggish move of capital market has reduced the inter bank transactions and the earning scope of the bank has been significantly reduced.

Despite of such adverse condition the Investments of the bank has increased by 35.63% reaching 2.45 billion at the year end. Among the investments 76% is occupied by the Governmental Securities whereas 15% is occupied by the Investments in Foreign Financial Institutions. Treasury bill rate fell below 1% by the year end making the capital market more adverse.

Despite of high competition in USD deposits, the bank has managed to accumulate sizeable USD deposits. The bank has invested the same in foreign banks as per the NRB guidelines. Bank is earning the interest on such investments.

In the case of Inter Bank Transactions bank has an approved policy which is being continuously monitored and controlled.

UNPAID DIVIDEND

The amount of unpaid dividend at the end of the year is NPR 37 Million which comprises the dividend of preceding three years.

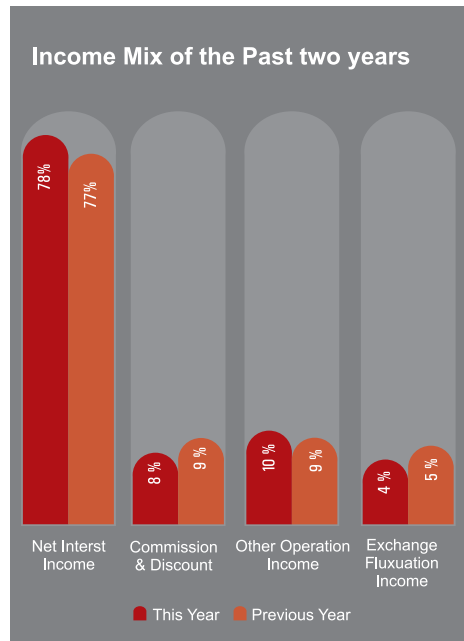
NET INTEREST INCOME

During the year bank has earned net interest income of NPR 989 Million which is an astonishing increase of 67%. Recovery of interest of past due loan and decline of deposit cost has made it achievable.

OTHER INCOME

Commission & Discount, Other Operating Income and Foreign Exchange Gain are other income of the Bank. During the year bank has earned NPR 270 Million as other income. Trade Finance and Loan Management Fees are the major source of these incomes. During the year bank earned NPR 95 Million as Commission & Discount which is 35% increase as compared to previous year. The Other Operation Income comprises NPR 125 Million and foreign exchange gain comprises NPR 50 Million.

The share of different types of income for the year is detailed below:



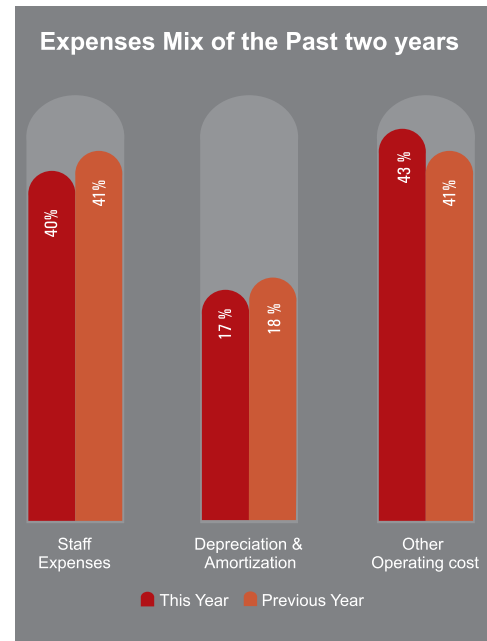
OPERATING COST

During the year the operating cost of the bank has increased by 15.59% and totalling NPR 548 Million.

The share of Staff Cost in Operating Cost is 40% which was 41% in previous year. There was not salary revision but due to performance appraisal of the staffs the staff cost increased by 12% diluting its share to total operating cost by 1%.

Depreciation & Amortization showed a slight increase of 9% and also diluted its share by 1% where as other operating cost increased by 22%.

The Actual Operating Cost Mix is highlighted with the diagram below:



PROFIT & LOSS APPROPRIATION

The Net profit of NPR 312 Million earned by the bank during the year has been appropriated as follows:

Amount in NPR Thousand

PARTICULARS	CURRENT YEAR	LAST YEAR
Profit for the year	311,609	111,194
Profit up to Previous year	7,444	28,804
Investment Adjustment Reserve	-	-
Total	319,053	139,998
Appropriation		
General Reserve	62,322	22,239
Exchange Fluctuation Reserve	1,890	2,307
Investment Adjustment Reserve	147	-
Deferred Tax Reserve	3,714	1,956
Profit Attributable For Distribution	250,980	113,496
Proposed Bonus Shares	221,650	
Proposed Dividend	11,666	106,053
Retained Earnings	17,664	7,444

Balancing the Capital Adequacy and Investors Security, board has proposed bonus shares of 11% and Cash dividend of 0.5789% for tax thereof.

EVENT AFTER BALANCE SHEET DATE

Any event significantly affecting the Financial Position of the Bank has not occurred till date.

CURRENT YEARS PROGRESS

The progress of First Quarter of the Bank as compared to First quarter of the previous year is analysed as:

Amount in NPR Thousand

PARTICULARS	MID JANUARY 2014	MID JANUARY 2013	CHANGE
Operating Profit (Before LLP)	390,927	290,984	34%
Net Profit	205,830	126,295	63%
Total Deposits	25,329,557	22,157,741	14%
Gross Loans & Advances	20,819,108	17,901,047	16%

The second quarter of current year remained good for the Bank. The Loans & Advances increased by 16% where as deposit increased by 14% as compared to same period of previous year. The Operating Profit also showed the 50% increase where as the Net Profit increased by 107%. Despite of slower recovery of Interest Suspense, Operating Profit has risen. Poor economic condition of nation, increasing competition will certainly affect the banks future conditions, but the board is certain that bank will encounter such problem tactfully.

BRANCH EXPANSION

Regular Analysis of need of branch is being done for the current year. Though there is not addition of branches during the year 2012/13, bank has already established 50th branch in Dumre at the end of September 2013 and 51st Branch in Butwal at the end of January 2014. Bank is almost set to open another branch by the end of the year 2013/14. During the year Bank has relocated its three branches in Dhalku, Harisiddi & Thamel to Jyatha, Lagankhel & Putalisadak respectively

SERVICE EXPANSION

Bank is always in the process of developing its services. Bank never compromised on its Quality and Services. As a result bank has developed different types of Deposits account as per the need of the Customer. Bank is planning to launch Visa Credit Card system very soon. We have been offering service to our valuable customers via 51 branches and 61 Automatic Teller Machine (ATM).

MERGER & ACQUISITION

To strengthen the capital base and expanding the business bank had already made an approach to merge other financial institutions.

TECHNICAL DEVELOPMENT & INFORMATION SYSTEM MANAGEMENT

Bank is always in the favor of implementing advanced technologies. All the Branches are well equipped with Optical Fiber and VSAT, which has facilitated the Real Time Book Keeping Systems reducing the problem of Data Redundancy and Data Error With the implementation of new banking software T24 during the year 2011/12 and approved policy of the Information Technology bank has safeguarded the interest of the stakeholders. The MIS system of the bank has improved a lot. We have also implemented Business Insight (BI) for the ease of the data availability. The Data Centre Operation, Hardware, Network Security and Computer System are regularly monitored by Compliance Department and Internal Audit Department.

REMITTANCE BUSINESS

Remittance business is increased by the bank via agreement with remittance agencies like Western Union, Habib Express, Three Star Remit. Apart

from this bank is also promoting its own remittance business named Suryodaya Remit.

We have also arranged services via different Exchange Companies of United States, United Kingdom, Australia, Qatar, Israel, Oman, UAE, Malaysia and Italy. We have also arranged the remittance services for the Branch less area via more than 200 centers of KRS Solution Pvt Ltd. We are also working for the need of the services and area for the improvement.

HUMAN RESOURCE

Bank always considers its human resource as the important resource. With the increasing business volume and branches, the number of employee has increased during the year. We consider the skilled manpower can improve the daily work and can generate new ideas, so we are regularly providing different internal and external trainings to our staff.

STOCK WATCH

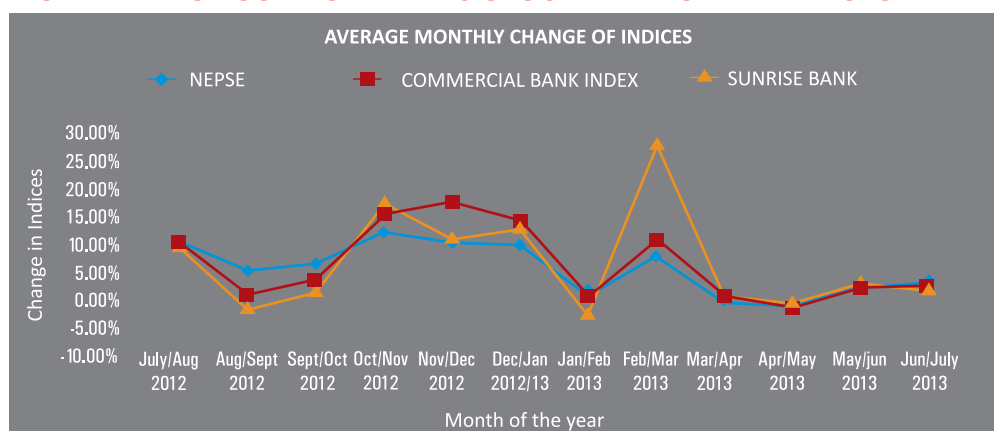
During the year shares of Sunrise Bank Limited have been traded in all the 232 days, that stock market has been operated. Seven hundred and Eighty Thousands shares have been traded during the year with total volume of NPR 152 Million. During the year bank's share has traded at maximum of Rs 253, minimum of Rs 136 and average of NPR 196. The stock price of the bank was NPR 231 at the end of the year.

During the year movement of bank's stock was along with the commercial bank's index except in the month of March 2013, where the stock of bank increased by 25%, where as the Commercial Bank index grew only by 7%. The month to month details of stock of bank and the movement of the bank stock with the other indices has been presented below:

MONTHLY DETAILS OF THE SUNRISE BANK'S STOCK

Amount in NPR Thousand

MONTH	NO OF TRADED SHARES (IN 000)	PRICE OF STOCK (IN NPR)			
		HIGH	LOW	CLOSING	AVERAGE
July/Aug 2012	57.00	165	140	148	151
Aug/Sept 2012	33.14	151	139	145	145
Sept/Oct 2012	30.58	154	136	144	143
Oct/Nov 2012	53.85	182	145	173	163
Nov/Dec 2012	78.09	192	164	177	177
Dec/Jan 2012/13	113.95	219	174	190	194
Jan/Feb 2013	42.40	202	171	202	183
Feb/Mar 2013	90.81	253	206	238	229
Mar/Apr 2013	100.57	246	210	233	225
April/May 2013	76.85	237	200	214	218
May/June 2013	62.58	224	211	217	218
June/July 2013	40.85	231	205	231	216
YEAR 2012/13	780.67	253	136	231	196

MOVEMENT OF SUNRISE BANK'S STOCK WITH OTHER INDICES**BOARD OF DIRECTORS**

Board of Directors of the bank is same as previous year. As per the Companies Act, 2063 and Banks & Financial Institution Act, 2063 we have 6 Promoter Directors and 2 Public Directors & 1 Professional Director. All the directors have signed the code of ethics issued by Nepal Rastra Bank. The major responsibility of the Board is to formulate the plans and policies for the bank's operation, supervise the implemented Bank's Policies, review of the bank's progress, to comply with the regulatory requirements and to ensure overall safety for the Depositors and Shareholders.

Bank has elected 2 Public Directors in the Sixth General Meeting, as the tenure of the directors of that group has expired.

BOARD MEETINGS

Board Meetings are regularly held as per the prevailing laws. During the year, 39 board meetings were held with board meeting allowance totaling to NPR 1.3 Million.

AUDIT COMMITTEE

As per the Nepal Rastra Bank Directions, bank has an independent Audit Committee chaired by the Non-Executive Director. The main responsibility of

the committee is to review the internal control system, review of internal audit system, Economic Analysis and assurance of the correctness of financial data of the Banks. The committee is actively participating in the internal control analysis and always providing suggestions on development of the Bank's Services. The committee analyzes the report of the both Internal and Statutory Auditors. The analysis and review of the implementation of the suggestions made by both type of auditors is done by the committee. The top management of the banks is also invited in the Committee as per the requirement.

The Committee is regularly analyzing the reports of Internal Auditor and suggesting the branches/departments/managements for the improvements. The committee has also been analyzing the Statutory Auditor's report and provides suggestions to the Board for the improvements. During the year total 8 Audit Committee Meetings were held and the total meeting allowance amounted to NPR 0.10 Million.

The Bank has improvised its internal control process. The banks has also implied policies, directions, processes, Laws, Directives of Nepal Rastra bank in order to minimize, mitigate and manage the long term challenges and risks related to credit and operation of the Bank.

STATUTORY AUDITOR

MS. M.Khanal & Co was the Statutory Auditor of the bank for the year 2012/13. As per the Section 111 of the Company Act, 2063 there must be change of auditor at least every three year. As MS. M.Khanal & Co has completed the three year of audit of Sunrise Bank, so Sixth AGM has appointed Mr.Parakram Sharma & Associates as the Statutory Auditor for year 2013/14.

CORPORATE GOVERNANCE

Bank has always considered Corporate Governance as the major factor for its transparency rather than regulatory requirements. Board is always ahead for the fair work & responsibility and increase the efficiency of the bank.

Bank has always followed the three parts of Corporate Governance i.e. Integrity, Transparency & Fairness and is always ahead for increasing quality of services for the Shareholders, Service Receivers & Stakeholders.

CORPORATE SOCIAL RESPONSIBILITY

Bank has always taken an active participation for the Corporate Social Responsibility. Bank is always ahead for the fulfillment of its Corporate Social Responsibility through Blood Donation Program and Other relief works which bank has been organizing regularly. Bank also yearly provides Dress is and other donations for the Orphan Children of Nepal Children Organization.

FUTURE CHALLENGES, OPPORTUNITIES & BANK'S STRATEGY

The unstable government and current political situation will continue as the challenge for the current year also. Apart from this increasing competition and lack of skilled manpower will stand as the major challenges as always. The government that formed after the Constitutional Assembly Pool may bring out the positive effect on Nepalese Banking industry. Along with this new technologies and services are considered as opportunities for the bank.

Considering the Challenges and Opportunities, bank has planned to expand its services to needed areas, introduce new technologies etc.

THANKING YOU

As Shareholders are the people helping us in each stage of our banks operations, we need your suggestions for the overall progress of the bank. We are glad to receive your affections towards the Bank & the Board of Directors and we expect the same in future.

We are also thankful to the statutory authorities: Nepal Rastra Bank, Securities Exchange Board of Nepal,

Nepal Stock Exchange, Company Registrar Office, Finance Ministry, Nepal Government and Other Statutory bodies.

At last we thank our hardworking employees who gave their best in all situation of the bank.

Thanking You
Motilal Dugar
On Behalf of Board of Directors



ORGANIZATION STRUCTURE

