

**DISCLOSURE AS PER BASEL II:
As of Asadh End 2069 (15 July 2012)**

1. Capital structure and capital adequacy

- **Tier 1 capital and a breakdown of its components;**

Particulars	NPR in '000
Paid Up Capital	2,000,000
Share Premium	25,965
Statutory General Reserves	140,926
Retained Earnings	19,548
Profit/Loss of Current year	176.671
Core Capital	2,363,110

- **Tier 2 capital and a breakdown of its components;**

Particulars	NPR in '000
General Loan Loss Provision	121,163
Exchange Equalization Reserves	10,319
Investment Adjust Reserve	81
Supplementary Capital	131,563

- **Detailed information about the Subordinated Term Debts with information on the outstanding amount, maturity, and amount rose during the year and amount eligible to be reckoned as capital funds.**

- The bank does not have any Subordinated Term Debts

- **Deductions from capital;**

- There is no item to be deducted from capital.

- **Total qualifying capital;**

Particulars	NPR in '000
Core Capital	2,363,110
Supplementary Capital	131,563
Total Qualifying Capital (Total Capital Fund)	2,494,673

- **Capital Adequacy Ratio;**

- 16.81%

- **Summary of the bank’s internal approach to assess the adequacy of its capital to support current and future activities, if applicable;**

Bank’s current paid up capital NPR 2 Billion. Bank’s activities are weighed in terms of risk and return in light of capital requirement. Bank has established a culture whereby return on capital needs to be justified in light of risk involved in each investing and operating activity. In order to assess the adequacy of capital, all major risks such as credit, credit concentration, operational, market, liquidity, reputational etc are identified, measured and reported on periodic basis. These are monitored by the Bank’s board and senior management periodically in addition to the monthly review and certification by the Internal Audit and Compliance Department of the Bank.

- **Summary of the terms, conditions and main features of all capital instruments, especially in case of subordinated term debts including hybrid capital instruments.**

Bank does not have any other capital instruments except fully paid equity shares as qualifying capital

2. Risk Exposures

- **Risk weighted exposures for Credit Risk, Market Risk and Operational Risk;**

Particulars	NPR in ‘000
Risk weighted exposures for Credit Risk	13,656,725
Risk weighted exposures for Operational Risk	846,600
Risk weighted exposures for Market Risk	44,101
Add: 2% on Total Risk Weighted Exposure as directed by NRB	290,949
Total	14,838,374

- **Risk Weighted Exposures under each of 11 categories of Credit Risk;**

NPR in ‘000

Claims on government & central bank	-
Claims on Public sector entity	117,248
Claims on banks	166,479
Claims on corporate & securities firms	5,769,563
Claims on regulatory retail portfolio	1,251,324
Claims secured by residential properties	627,309
Claims secured by commercial real state	1,654,958
Past due claims	2,447,641
High risk claims/Other Loans	600,029
Other assets	454,119
Off balance sheet items	568,056
Total	13,656,725

- **Total Risk Weighted Exposure calculation table;**

Particulars	NPR in '000
Risk weighted exposures for Credit Risk	13,656,725
Risk weighted exposures for Market Risk	846,599
Risk weighted exposures for Operational Risk	44,101
Add: 2% on Total Risk Weighted Exposure as directed by NRB	290,949
Total Risk Weighted Exposure	14,838,374
Total Capital Fund	2,494,673
Total Capital to Total Risk Weighted Exposures	16.81%

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

<input type="checkbox"/> Restructure/Reschedule Loan	
▪ Nil	
<input type="checkbox"/> Substandard Loan	
▪ Gross	- NPR 276,903,874
▪ Net	- NPR 207,677,905
<input type="checkbox"/> Doubtful Loan	
▪ Gross	- NPR 104,458,613
▪ Net	- NPR 52,229,307
<input type="checkbox"/> Loss Loan	
▪ Gross	- NPR 21,488,185
▪ Net	- Nil

- **NPA ratios**

<input type="checkbox"/> Gross NPA to gross advances	3.22%
<input type="checkbox"/> Net NPA to net advances	2.12%

- **Movement of Non Performing Assets**

Figures in NPR

Non Performing Assets Category	This Quarter	Last Quarter	Change
Substandard Loan	276,903,874	134,596,471	142,307,403
Doubtful Loan	104,458,613	49,624,301	54,834,312
Loss Loan	21,488,185	111,969,891	(90,481,706)

- **Write off of Loans and Interest Suspense**

▪ Nil

- **Movements in Loan Loss Provisions and Interest Suspense**

Fig in NPR

	This Quarter	Last Quarter	Change
Loan Loss Provision	264,106,229	289,925,730	(25,819,501)
Interest Suspense	102,426,571	125,088,995	(22,662,424)

- **Details of additional Loan Loss Provisions**
 - Nil
- **Segregation of Investment Portfolio into held for trading, Held to maturity and available for sale Category.**

Investment Portfolio	Amount in NPR '000'
Held for trading	NIL
Held to Maturity	1,894,269
Available for Sale	4,050