

**DISCLOSURE AS PER BASEL II:
As of Aswin End 2068 (17 Oct, 2011)**

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	96,748
Retained Earnings	19,548
Profit/Loss of Current year	43,371
Core Capital	2,185,631

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

Particulars	NPR in '000
General Loan Loss Provision	121,088
Exchange Equalization Reserves	10,284
Investment Adjust Reserve	74
Supplementary Capital	131,446

- **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	2,185,631
Supplementary Capital	131,446
Total Qualifying Capital (Total Capital Fund)	2,317,077

- **Capital Adequacy Ratio;**

- 15.72%

- **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 has reached to 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	13,354,048
Risk weighted exposures for Market Risk	852,384
Risk weighted exposures for Operational Risk	240,531
Add: 2% on Total Risk Weighted Exposure as directed by NRB	288,939
Total	14,735,903

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

NPR in '000

Claims on government & central bank	-
Claims on Public sector entity	84,623
Claims on banks	206,277
Claims on corporate & securities firms	5,850,381
Claims on regulatory retail portfolio	1,244,829
Claims secured by residential properties	469,551
Claims secured by commercial real state	2,279,105
Past due claims	1,183,304
High risk claims/Other Loans	808,367
Other assets	702,676
Off balance sheet items	524,934
Total	13,354,048

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

Particulars	NPR in '000
Risk weighted exposures for Credit Risk	13,354,048
Risk weighted exposures for Market Risk	852,384
Risk weighted exposures for Operational Risk	240,531

Add: 2% on Total Risk Weighted Exposure as directed by NRB	288,939
Total Risk Weighted Exposure	14,735,903
Total Capital Fund	2,317,077
Total Capital to Total Risk Weighted Exposures	15.72%

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

- Restructure/Reschedule Loan
 - Nil
- Substandard Loan
 - Gross - NPR 50,529,253
 - Net - NPR 37,896,939
- Doubtful Loan
 - Gross - NPR 73,300
 - Net - NPR 36,650
- Loss Loan
 - Gross - NPR 101,667,442
 - Net - Nil

- **NPA ratios**

- Gross NPA to gross advances
1.24%
- Net NPA to net advances
0.32%

- **Movement of Non Performing Assets**

Figures in NPR

Non Performing Assets Category	This Quarter	Last Quarter	Change
Substandard Loan	50,529,253	64,925,051	(14,395,798)
Doubtful Loan	73,300	1,716,748	(1,643,448)
Loss Loan	101,667,442	99,988,143	1,679,299

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

- Nil

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

Fig in NPR

	This Quarter	Last Quarter	Change
Loan Loss Provision	235,424,205	234,143,123	1,281,082
Interest Suspend	81,231,786	51,515,107	29,716,679

- **Details of additional Loan Loss Provisions**

There is increase in provision by NPR 1,281,082

- **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	2,099,431
Available for Sale	3,700