

**DISCLOSURE AS PER BASEL II:
As of Aswin End 2069 (16 October 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	196,219
Profit/Loss of Current year	65,020
Core Capital	2,428,130

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

Particulars	NPR in '000
General Loan Loss Provision	129,135
Exchange Equalization Reserves	10,319
Investment Adjust Reserve	81
Supplementary Capital	139,535

- 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	2,428,130
Supplementary Capital	139,535
Total Qualifying Capital (Total Capital Fund)	2,567,665

- Capital Adequacy Ratio;**

- 15.06%

- **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	15,528,009
Risk weighted exposures for Operational Risk	1,085,911
Risk weighted exposures for Market Risk	104,356
Add: 2% on Total Risk Weighted Exposure as directed by NRB	334,366
Total	17,052,642

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

NPR in ‘000

Claims on government & central bank	-
Claims on Public sector entity	115,865
Claims on banks	412,610
Claims on corporate & securities firms	6,512,116
Claims on regulatory retail portfolio	1,352,621
Claims secured by residential properties	734,387
Claims secured by commercial real state	1,616,091
Past due claims	2,176,994
High risk claims/Other Loans	546,012
Other assets	1,278,400
Off balance sheet items	782,912
Total	15,528,009

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

Particulars	NPR in '000
Risk weighted exposures for Credit Risk	15,528,009
Risk weighted exposures for Market Risk	1,085,911
Risk weighted exposures for Operational Risk	104,356
Add: 2% on Total Risk Weighted Exposure as directed by NRB	334,366
Total Risk Weighted Exposure	17,052,642
Total Capital Fund	2,567,665
Total Capital to Total Risk Weighted Exposures	15.06%

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

<input type="checkbox"/> Restructure/Reschedule Loan	
▪ Nil	
<input type="checkbox"/> Substandard Loan	
▪ Gross	- NPR 169,721,329
▪ Net	- NPR 127,290,997
<input type="checkbox"/> Doubtful Loan	
▪ Gross	- NPR 312,560,442
▪ Net	- NPR 156,280,221
<input type="checkbox"/> Loss Loan	
▪ Gross	- NPR 14,266,690
▪ Net	- Nil

- **NPA ratios**

<input type="checkbox"/> Gross NPA to gross advances	3.70%
<input type="checkbox"/> Net NPA to net advances	2.17%

- **Movement of Non Performing Assets**

Non Performing Assets Category	This Quarter	Last Quarter	Change
Substandard Loan	169,721,329	276,903,874	(107,182,545)
Doubtful Loan	312,560,442	104,458,613	208,101,829
Loss Loan	14,266,690	21,488,185	(7,221,495)

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

- Nil

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

	This Quarter	Last Quarter	Change
Loan Loss Provision	342,112,462	353,206,231	(11,093,769)
Interest Suspense	130,089,471	89,577,072	40,512,399

- **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	2,397,373
Available for Sale	7,200