

**DISCLOSURE AS PER BASEL II:
As of Chaitra End 2068 (12 April 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	96,748
Retained Earnings	19,548
Profit/Loss of Current year	117,352
Core Capital	2,259,612

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

Particulars	NPR in '000
General Loan Loss Provision	119,495
Exchange Equalization Reserves	10,284
Investment Adjust Reserve	74
Supplementary Capital	129,852

- 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	2,259,612
Supplementary Capital	129,852
Total Qualifying Capital (Total Capital Fund)	2,389,465

- Capital Adequacy Ratio;**

- 15.31%

- **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	14,415,280
Risk weighted exposures for Operational Risk	852,384
Risk weighted exposures for Market Risk	29,050
Add: 2% on Total Risk Weighted Exposure as directed by NRB	305,934
Total	15,602,648

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

NPR in ‘000

Claims on government & central bank	-
Claims on Public sector entity	132,898
Claims on banks	370,328
Claims on corporate & securities firms	5,648,170
Claims on regulatory retail portfolio	1,215,128
Claims secured by residential properties	564,138
Claims secured by commercial real state	2,194,703
Past due claims	1,480,281
High risk claims/Other Loans	678,301
Other assets	1,554,349
Off balance sheet items	576,984
Total	14,415,280

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

Particulars	NPR in '000
Risk weighted exposures for Credit Risk	14,415,280
Risk weighted exposures for Market Risk	852,384
Risk weighted exposures for Operational Risk	29,050
Add: 2% on Total Risk Weighted Exposure as directed by NRB	305,934
Total Risk Weighted Exposure	15,602,648
Total Capital Fund	2,389,465
Total Capital to Total Risk Weighted Exposures	15.31%

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

<input type="checkbox"/> Restructure/Reschedule Loan	
▪ Nil	
<input type="checkbox"/> Substandard Loan	
▪ Gross	- NPR 134,596,471
▪ Net	- NPR 100,947,353
<input type="checkbox"/> Doubtful Loan	
▪ Gross	- NPR 49,624,301
▪ Net	- NPR 24,812,150
<input type="checkbox"/> Loss Loan	
▪ Gross	- NPR 111,969,891
▪ Net	- Nil

- **NPA ratios**

<input type="checkbox"/> Gross NPA to gross advances	2.42%
<input type="checkbox"/> Net NPA to net advances	1.05%

- **Movement of Non Performing Assets**

Non Performing Assets Category	Figures in NPR		
	This Quarter	Last Quarter	Change
Substandard Loan	134,596,471	196,766,437	(62,169,966)
Doubtful Loan	49,624,301	5,592,393	44,031,908
Loss Loan	111,969,891	11,745,742	100,224,149

- **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	289,925,730	182,870,533	107,055,197
Interest Suspense	125,088,995	103,645,645	21,443,350

- **Details of additional Loan Loss Provisions**

There is additional loan loss provision by NPR 107,055,197 (Year to date).

- **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	3,493,894
Available for Sale	3,700