

**DISCLOSURE AS PER BASEL II:
As of Poush End 2068 (14 January 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	116,061
Core Capital	2,258,322

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

Particulars	NPR in '000
General Loan Loss Provision	119,137
Exchange Equalization Reserves	10,284
Investment Adjust Reserve	74
Supplementary Capital	129,495

- **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	2,258,322
Supplementary Capital	129,495
Total Qualifying Capital (Total Capital Fund)	2,387,817

- **Capital Adequacy Ratio;**

- 15.34%

- **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 is 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	14,224,093
Risk weighted exposures for Market Risk	852,384
Risk weighted exposures for Operational Risk	180,231
Add: 2% on Total Risk Weighted Exposure as directed by NRB	305,134
Total	15,561,843

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

NPR in ‘000

Claims on government & central bank	-
Claims on Public sector entity	29,960
Claims on banks	252,174
Claims on corporate & securities firms	5,554,132
Claims on regulatory retail portfolio	1,240,853
Claims secured by residential properties	527,921
Claims secured by commercial real state	2,188,688
Past due claims	1,622,909
High risk claims/Other Loans	790,256
Other assets	1,520,374
Off balance sheet items	496,826
Total	14,224,093

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

Particulars	NPR in ‘000
Risk weighted exposures for Credit Risk	14,224,093
Risk weighted exposures for Market Risk	852,384
Risk weighted exposures for Operational Risk	180,231

Add: 2% on Total Risk Weighted Exposure as directed by NRB	305,134
Total Risk Weighted Exposure	15,561,843
Total Capital Fund	2,387,817
Total Capital to Total Risk Weighted Exposures	15.34%

- **Amount of NPAs (both Gross and Net) in NPR “000”**

- Restructure/Reschedule Loan
 - Nil
- Substandard Loan
 - Gross - NPR 196,766,437
 - Net - NPR 147,574,828
- Doubtful Loan
 - Gross - NPR 5,592,393
 - Net - NPR 2,796,197
- Loss Loan
 - Gross - NPR 11,745,742
 - Net - Nil

- **NPA ratios**

- Gross NPA to gross advances
1.77%
- Net NPA to net advances
1.26%

- **Movement of Non Performing Assets**

Figures in NPR “000”

Non Performing Assets Category	This Quarter	Last Quarter	Change
Substandard Loan	196,766,437	50,529,253	146,237,184
Doubtful Loan	5,592,393	73,300	5,519,093
Loss Loan	11,745,742	101,667,442	(89,921,700)

- **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	182,870,533	235,424,205	(52,553,672)
Interest Suspense	103,645,645	81,231,786	22,413,859

- **Details of additional Loan Loss Provisions**

There is write back of provision by NPR 51,272,589.87(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	3,429,950
Available for Sale	3,700