

Disclosure of Capital Adequacy (Basel II)
As on 13th April 2011 (30st Chaitra 2067)

1. Capital Structure and Capital Adequacy

In NPR

1. 1 RISK WEIGHTED EXPOSURES		Current Month	Previous Month
a	Risk Weighted Exposure for Credit Risk	17,588,815,840	17,171,729,761
b	Risk Weighted Exposure for Operational Risk	1,126,733,348	1,126,733,348
c	Risk Weighted Exposure for Market Risk	91,288,908	67,419,577
Adjustment under Pillar II			
	Add: 3% of the total RWE due to non-compliance of Disclosure Requirement (6.4 a10)	-	-
	Add: 1% of the total deposit due to insufficient Liquid Assets (6.4 a6)	164,692,118	-
	Add: 1% of the total Risk Weighted exposure as per NRB inspection	188,068,381	183,658,827
Total Risk Weighted Exposures (a+b+c)		19,159,598,595	18,549,541,512
1.2 CAPITAL Current Period Previous Period		Current Period	Current Period
Core Capital (Tier 1)		2,106,594,373	2,099,464,051
a	Paid up Equity Share Capital	1,311,552,000	1,311,552,000
b	Irredeemable Non-cumulative preference shares		
c	Proposed Bonus Equity Shares	-	-
d	Share Premium	41,873,580	41,873,580
e	Statutory General Reserves	310,539,220	310,539,220
f	Retained Earnings	2,094,621	2,094,621
g	Un-audited current year cumulative profit	355,931,958	348,824,213
h	Bond Redemption Reserve	82,191,781	82,191,781
i	Defferred Tax Reserve	2,775,018	2,775,018
j	Capital Adjustment Reserve	-	-
k	Dividend Equalization Reserves	-	-
l	Other Free Reserve	-	-
m	Less: Goodwill	-	-
n	Less: Miscellaneous Expenditure not written off	363,805	386,383
o	Less: Investment in equity in licensed Financial Institutions	-	-
p	Less: Investment in equity of institutions with financial interests	-	-
q	Less: Investment in equity of institutions in excess of limits	-	-
r	Less: Investments arising out of underwriting commitments	-	-
s	Less: Reciprocal crossholdings	-	-
t	Less: Other Deductions	-	-
Adjustment under Pillar II			
	Less: Shortfall in Provisions (6.4 a 1)	-	-
	Less: Loans and Facilities extended to Related Parties and Restricted Lending (6.4 a 2)	-	-
Supplementary Capital (Tier 2)		285,550,485	273,637,449
a	Cumulative and/or Redeemable Preference Share	-	-
b	Subordinated Term Debt	117,808,219	117,808,219
c	Hybrid Capital Instruments	-	-
d	General loan loss provision	153,816,318	141,903,282
e	Exchange Equalization Reserve	13,421,328	13,421,328
f	Investment Adjustment Reserve	504,620	504,620
g	Assets Revaluation Reserve	-	-
h	Other Reserves	-	-
Total Capital Fund (Tier I and Tier II)		2,392,144,858	2,373,101,500
1.3 CAPITAL ADEQUACY RATIOS		Current Period	Current Period
Tier 1 Capital to Total Risk Weighted Exposures		10.99%	11.32%
Tier 1 and Tier 2 Capital to Total Risk Weighted Exposures		12.49%	12.79%
Minimum Capital fund required to be maintained on the basis of Risk Weighted Assets			
	Capital Fund (@ 10 Percent for this year)	1,915,959,859	1,854,954,151
	Core Capital (@ 6 Percent for this year)	1,149,575,916	1,112,972,491
4.99%	Excess to Core Capital	957,018,457	986,491,560
2.49%	Excess to Capital Fund	476,184,998	518,147,348

Detail information of Subordinated Term Debts:

NIC Bond 2070

Face Value	:	Rs 1,000 each,
Total Value	:	Rs 200 Million
Issue date	:	26 June 2006
Maturity date	:	25 th June 2013

Redemption Reserve

For FY 2066/67	:	Rs 40,000,000
For FY 2065/66	:	Rs 40,000,000
For FY 2064/65	:	<u>Rs 2,191,781</u>
Total		Rs 82,191,781

2. Risk Exposure

Risk weighted exposures for Credit Risk, Market Risk and Operational Risk

NPR in 000'

Risk weighted Exposures	Current Month
a. Risk Weighted Exposure for Credit Risk	17,588,816
b. Risk Weighted Exposure for Operational Risk	1,126,733
c. Risk Weighted Exposure for Market Risk	91,289
d. Additional Risk Weighted Exposure due to insufficient Liquid Assets	164,692
e. Additional Risk Weighted exposure as per NRB inspection	188,068
Total Risk Weighted Exposures (a + b + c)	19,159,599

Risk Weighted Exposures under each of 11 Categories of Credit Risk

NPR in 000'

Particulars	Current Month
Claims on Government and Central Bank	-
Claims on Other Official Entities	-
Claims on Banks	1,026,454
Claims on Corporate and securities firms	8,505,106
Claims on regulatory retail Portfolio	2,645,517
Claims secured by Residential Properties	733,402
Claims secured by Commercial real estate	293,591
Past due Claims	39,858
High Risk Claims	2,254,874
Other Assets	817,860
Off Balance- Sheet Items	1,272,153
Total	17,588,816

Non Performing Assets

NPR in '000

Particulars	NPR in '000	
	Gross NPAs	Net NPAs
Restructured / Reschedule Loans		
Sub Standard Loans	24,176	18,132
Doubtful Loans	21,032	10,516
Loss	61,355	-
Total NPAs	106,563	28,648

Ratio of Non Performing Asset

Particulars	
Gross NPA to gross advances	0.69%
Net NPA to net advances	0.19%

Movement of Non performing Assets

NPR in 000'

Particulars	
Opening NPA	92,493
Addition during the Year	14,070
NPA recovery during the Year	-
Closing NPA	106,562

Write off Loan and Interest Suspense:

NPR in 000'

Particulars	
Write off Loan	-
Write off Interest	-

Movements in LLP and Interest Suspense:

NPR in 000'

Particulars	
Movements in Interest Suspense	15,989
Additional LLP during Nine Months	34,441

Summary of Bank's Internal Approach to assess Capital Adequacy

As per capital plan of the Bank, the requirement of capital fund is intended to be fulfilled by incremental annual transfer of profits. The bank shall grow its size gradually and steadily keeping in mind the capital requirements to support the business growth and maintaining robust standards of risk management of processes.