

Disclosure of Capital Adequacy (Basel II)
As on 13th April 2013 (31 Chaitra 2069)

1. Capital Structure and Capital Adequacy

1.1 RISK WEIGHTED EXPOSURES		Current Month	Previous Month
a	Risk Weighted Exposure for Credit Risk	21,186,680,284	20,562,802,668
b	Risk Weighted Exposure for Operational Risk	1,604,263,388	1,604,263,388
c	Risk Weighted Exposure for Market Risk	75,847,382	162,083,482
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)	-	-
	Add: 1% of the total Risk Weighted exposure as per NRB inspection	228,667,911	223,291,495
Total Risk Weighted Exposures (a+b+c)		23,095,458,964	22,552,441,034
1.2 CAPITAL Current Period Previous Period		Current Period	Previous Period
Core Capital (Tier 1)		2,446,228,005	2,389,646,079
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	488,035,811	488,035,811
f	Retained Earnings	30,877,384	30,877,384
g	Un-audited current year cumulative profit	400,558,137	344,057,276
h	Bond Redemption Reserve	162,191,781	162,191,781
i	Deffered Tax Reserve	12,539,868	12,539,868
j	Capital Adjustment Reserve	-	-
k	Dividend Equalization Reserves	-	-
l	Other Free Reserve	-	-
m	Less: Goodwill	-	-
n	Less: Fictitious Assets	1,400,556	1,481,621
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)		242,365,699	232,383,578
a	Cumulative and/or Redeemable Preference Share	-	-
b	Subordinated Term Debt	37,808,219	37,808,219
c	Hybrid Capital Instruments	-	-
d	General loan loss provision	189,391,179	179,409,057
e	Exchange Equalization Reserve	14,661,681	14,661,681
f	Investment Adjustment Reserve	504,620	504,620
g	Assets Revaluation Reserve	-	-
h	Other Reserves	-	-
Total Capital Fund (Tier I and Tier II)		2,688,593,704	2,622,029,657
1.3 CAPITAL ADEQUACY RATIOS		Current Period	Previous Period
Tier 1 Capital to Total Risk Weighted Exposures (after adjustment of P-2)		10.59%	10.60%
Tier 1 and Tier 2 Capital to Total Risk Weighted Exposures (after adjustment of P-2)		11.64%	11.63%
Minimum Capital fund required to be maintained on the basis of Risk Weighted Assets			
	Capital Fund (@ 10 Percent for this year)	2,309,545,896	2,255,244,103
	Core Capital (@ 6 Percent for this year)	1,385,727,538	1,353,146,462
4.59%	Excess to Core Capital	1,060,500,467	1,036,499,617
1.64%	Excess to Capital Fund	379,047,808	366,785,554

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 2068/69	:	Rs 40,000,000
For FY 2067/68	:	Rs 40,000,000
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 162,191,781

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	21,186,680
b. Risk Weighted Exposure for Operational Risk	1,604,263
c. Risk Weighted Exposure for Market Risk	75,847
d. Additional Risk Weighted Exposure due to insufficient Liquid Assets	228,668
Total Risk Weighted Exposures (a + b + c)	23,095,459

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	436,766
Claims on Corporate and securities firms	10,492,117
Claims on regulatory retail Portfolio	3,528,987
Claims secured by Residential Properties	1,284,613
Claims secured by Commercial real estate	154,508
Past due Claims	93,223
High Risk Claims	1,494,866
Other Assets	1,870,504
Off Balance- Sheet Items	1,831,096
Total	21,186,680

Non Performing Assets

NPR in '000

Particulars	NPR in '000	
	Gross NPAs	Net NPAs
Restructured / Reschedule Loans		
Sub Standard Loans	46,556	34,917
Doubtful Loans	67,588	33,794
Loss	95,626	-
Total NPAs	209,769	68,711

Ratio of Non Performing Asset

Particulars	
Gross NPA to gross advances	1.10 %
Net NPA to net advances	0.37 %

Movement of Non performing Assets

NPR in 000'

Particulars	
Opening NPA	217,622
Addition during the Quarter	60,412
NPA recovery during the Quarter	68,265
Closing NPA	209,769

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	10,542
Additional LLP during Three Months	12,899

Segregation of Investment Portfolio

NPR in '000'

Particulars	Current Quarter	Previous Quarter
Held for Trading	-	-
Held for Maturity	4,401,336	4,056,847
Available for Sale	30,543	30,543

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.