

Disclosure of Capital Adequacy (Basel II)
As on 14th Jan 2012 (30 Poush 2068)

1. Capital Structure and Capital Adequacy

1.1 RISK WEIGHTED EXPOSURES		Current Month	Previous Month
a	Risk Weighted Exposure for Credit Risk	17,020,868,170	16,332,871,039
b	Risk Weighted Exposure for Operational Risk	1,414,789,813	1,414,789,813
c	Risk Weighted Exposure for Market Risk	34,944,208	29,088,520
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	184,706,021.91	177,767,494
Total Risk Weighted Exposures (a+b+c)		18,655,308,213	17,954,516,866
1.2 CAPITAL Current Period Previous Period			
Core Capital (Tier 1)		2,111,593,730	2,103,807,265
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	409,679,955	409,679,955
f	Retained Earnings	68,169,100	68,169,100
g	Un-audited current year cumulative profit	154,952,045	147,246,645
h	Bond Redemption Reserve	122,191,781	122,191,781
i	Deferred Tax Reserve	5,791,799	5,791,799
j	Capital Adjustment Reserve	-	-
k	Dividend Equalization Reserves	-	-
l	Other Free Reserve	-	-
m	Less: Goodwill	-	-
n	Less: Miscellaneous Expenditure not written off	2,616,530	2,697,595
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)		267,808,838	261,761,006
a	Cumulative and/or Redeemable Preference Share	-	-
b	Subordinated Term Debt	77,808,219	77,808,219
c	Hybrid Capital Instruments	-	-
d	General loan loss provision	150,913,390	144,865,558
e	Exchange Equalization Reserve	13,856,229	13,856,229
f	Investment Adjustment Reserve	25,231,000	25,231,000
g	Assets Revaluation Reserve	-	-
h	Other Reserves	-	-
Total Capital Fund (Tier I and Tier II)		2,379,402,568	2,365,568,271
1.3 CAPITAL ADEQUACY RATIOS			
Tier 1 Capital to Total Risk Weighted Exposures		11.32%	11.72%
Tier 1 and Tier 2 Capital to Total Risk Weighted Exposures		12.75%	13.18%
Minimum Capital fund required to be maintained on the basis of Risk Weighted Assets			
	Capital Fund (@ 10 Percent for this year)	1,865,530,821	1,795,451,687
	Core Capital (@ 6 Percent for this year)	1,119,318,493	1,077,271,012
5.32%	Excess to Core Capital	992,275,238	1,026,536,253
2.75%	Excess to Capital Fund	513,871,747	570,116,584

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 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 122,191,781

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	17,020,868
b. Risk Weighted Exposure for Operational Risk	1,414,790
c. Risk Weighted Exposure for Market Risk	34,944
d. Additional Risk Weighted Exposure due to insufficient Liquid Assets	184,706
Total Risk Weighted Exposures (a + b + c)	18,655,308

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	742,567
Claims on Banks	193,375
Claims on Corporate and securities firms	7,920,090
Claims on regulatory retail Portfolio	2,780,514
Claims secured by Residential Properties	813,691
Claims secured by Commercial real estate	160,545
Past due Claims	94,445
High Risk Claims	1,663,840
Other Assets	943,153
Off Balance- Sheet Items	1,708,649
Total	17,020,868

Non Performing Assets

Particulars	NPR in '000	
	Gross NPAs	Net NPAs
Restructured / Reschedule Loans		
Sub Standard Loans	66,320	49,740
Doubtful Loans	28,099	14,049
Loss	137,117	-
Total NPAs	231,535	63,789

Ratio of Non Performing Asset

Particulars	
Gross NPA to gross advances	1.51 %
Net NPA to net advances	0.43 %

Movement of Non performing Assets

Particulars	NPR in 000'
Opening NPA	206,182
Addition during the Quarter	25,353
NPA recovery during the Quarter	
Closing NPA	231,535

Write off Loan and Interest Suspense:

Particulars	NPR in 000'
Write off Loan	-
Write off Interest	-

Movements in LLP and Interest Suspense:

Particulars	NPR in 000'
Movements in Interest Suspense	13,422
Additional LLP during Three Months	18,369

Segregation of Investment Portfolio

Particulars	Current Quarter	Previous Quarter
Held for Trading	-	-
Held for Maturity	4,544,771	4,555,316
Available for Sale	30,167	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.