

**DISCLOSURE AS PER BASEL II:  
As of Poush End 2066 (14 Jan 2010)**

**1. Capital structure and capital adequacy**

- **Tier 1 capital and a breakdown of its components;**

Particulars	NPR
Paid Up Capital	1,053,225,000
Statutory General Reserves	13,191,069
Retained Earnings	1,617,442
Un-audited current year cumulative profit	96,309,433
<b>Core Capital</b>	<b>1,164,342,944</b>

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

Particulars	NPR
General Loan Loss Provision	105,121,244
Exchange Equalization Reserves	1,146,836
<b>Supplementary Capital</b>	<b>106,268,080</b>

- **Detailed information about the Subordinated Term Debts with information on the outstanding amount, maturity, and amount raised 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
Core Capital	<b>1,164,342,944</b>
Supplementary Capital	<b>106,268,080</b>
<b>Total Qualifying Capital (Total Capital Fund)</b>	<b>1,270,611,024</b>

- **Capital Adequacy Ratio;**

- 10.84%

- **Risk weighted exposures for Credit Risk, Market Risk and Operational Risk;**

Particulars	Amount in NPR
Risk weighted exposures for Credit Risk	11,390,927,019
Risk weighted exposures for Market Risk	273,658,350
Risk weighted exposures for Operational Risk	53,778,551
<b>Total</b>	<b>11,718,363,921</b>

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

a) Claims on government & central bank	-
b) Claims on other official entities	-
c) Claims on banks	416,948,177
d) Claims on corporate & securities firms	4,404,398,989
e) Claims on regulatory retail portfolio	1,874,975,528
f) Claims secured by residential properties	462,615,467
g) Claims secured by commercial real state	2,750,750,010
h) Past due claims	62,719,579
i) High risk claims/Other Loans	742,102,490
j) Other assets	326,797,962
k) Off balance sheet items	349,618,817
<b>Total</b>	<b>11,390,927,019</b>

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

<b>Particulars</b>	<b>Amount in NPR</b>
Risk weighted exposures for Credit Risk	11,390,927,019
Risk weighted exposures for Market Risk	273,658,350
Risk weighted exposures for Operational Risk	53,778,551
<b>Total Risk Weighted Exposure</b>	<b>11,718,363,921</b>
<b>Total Capital Fund</b>	<b>1,270,611,024</b>
<b>Total Capital to Total Risk Weighted Exposures</b>	<b>10.84%</b>

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

- Restructure/Reschedule Loan
  - Nil
- Substandard Loan
  - Gross - NPR 3,766,528
  - Net - NPR 2,824,896
- Doubtful Loan
  - Nil
- Loss Loan
  - Nil

- **NPA ratios**
  - Gross NPA to gross advances  
0.04%
  - Net NPA to net advances  
0.03%

- **Movement of Non Performing Assets**

<b>Non Performing Assets Category</b>	<b>This Quarter</b>	<b>Last Quarter</b>	<b>Change</b>
Substandard Loan	3,766,528	-	3,766,528
Doubtful Loan	-	421,114	(421,114)
Loss Loan	-	-	-

- **Write off of Loans and Interest Suspense**
  - Nil

- **Movements in Loan Loss Provisions and Interest Suspense**

	<b>Last Quarter</b>	<b>This Quarter</b>	<b>Increase/ (Decrease)</b>
Loan Loss Provision	93,518,672	106,062,876	12,544,204
Interest Suspense	9,975,016	8,530,744	(1,444,272)

- **Details of additional Loan Loss Provisions**

There is no additional loan loss provision.

- **Segregation of Investment Portfolio into held for trading, Held to maturity and available for sale Category.**

<b>Investment Portfolio</b>	<b>Amount in NPR '000'</b>
Held for trading	NIL
Held to Maturity	2,470,694
Available for Sale	NIL

- **Summary of the bank's internal approach to assess the adequacy of its capital to support current and future activities, if applicable;**

The Bank is required to raise its paid up capital to NPR 2 Billion by Chaitra End 2067 as per the NRB Directives. In line with this NRB Directive and Bank's capital requirement for the current and next fiscal years, we have got approval from the second AGM to issue right shares to its shareholders in the ratio of 2:1. This Right share shall be issued within the current FY 2066/67 which will increase our paid up capital to NPR 1.5 Billion and remaining capital is to be issued within the deadline stipulated in NRB Directives.

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 is 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