

**DISCLOSURE AS PER BASEL II:
As of Aswin End 2066 (17 Oct 2009)**

1. Capital structure and capital adequacy

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

Particulars	NPR
Paid Up Capital	1,000,000,000
Statutory General Reserves	13,191,069
Retained Earnings	1,617,442
Un-audited current year cumulative profit	44,217,292
Core Capital	1,059,025,803

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

Particulars	NPR
General Loan Loss Provision	91,794,699
Exchange Equalization Reserves	1,146,836
Supplementary Capital	92,941,535

- **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	1,059,025,803
Supplementary Capital	92,941,535
Total Qualifying Capital (Total Capital Fund)	1,151,967,338

- **Capital Adequacy Ratio;**

- 10.96%

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

Particulars	Amount in NPR
Risk weighted exposures for Credit Risk	10,168,325,762
Risk weighted exposures for Market Risk	273,658,350
Risk weighted exposures for Operational Risk	65,160,663
Total	10,507,144,775

- **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	361,973,184
d) Claims on corporate & securities firms	3,873,401,233
e) Claims on regulatory retail portfolio	1,312,255,825
f) Claims secured by residential properties	388,813,544
g) Claims secured by commercial real state	2,678,738,206
h) Past due claims	22,111,806
i) High risk claims/Other Loans	819,543,153
j) Other assets	270,500,551
k) Off balance sheet items	440,988,261
Total	10,168,325,762

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

Particulars	Amount in NPR
Risk weighted exposures for Credit Risk	10,168,325,762
Risk weighted exposures for Market Risk	273,658,350
Risk weighted exposures for Operational Risk	65,160,663
Total Risk Weighted Exposure	10,507,144,775
Total Capital Fund	1,151,967,338
Total Capital to Total Risk Weighted Exposures	10.96%

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

- Restructure/Reschedule Loan
 - Nil
- Substandard Loan
 - Gross - NPR 6,053,663
 - Net - NPR 4,540,427
- Doubtful Loan
 - Gross - NPR 421,114
 - Net - NPR 210,557
- Loss Loan
 - Nil

- **NPA ratios**

- Gross NPA to gross advances
0.07%
- Net NPA to net advances
0.05%

- **Movement of Non Performing Assets**

Non Performing Assets Category	Last Quarter	This Quarter	Change
Substandard Loan	-	6,053,663	6,053,663
Doubtful Loan	421,114	421,114	0
Loss Loan	-	-	-

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

- Nil

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

	Last Quarter	This Quarter	Increase/ (Decrease)
Loan Loss Provision	77,337,284	93,518,672	16,181,387
Interest Suspense	3,410,986	9,975,016	6,564,030

- **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.**

Investment Portfolio	Amount in NPR '000'
Held for trading	NIL
Held to Maturity	1,394,928
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;**

Bank's current paid up capital has reached to NPR 1 Billion after issuance of shares of NPR 300M to general public. As per the licensing condition of NRB, Bank is required to have paid up capital of NPR 2 billion by Fiscal Year End 2066/2067.

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