

**DISCLOSURE AS PER BASEL II:  
As of Asadh End 2066 (15 July 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	892,332
Retained Earnings	3,313,650
Un-audited current year cumulative profit	60,602,529
<b>Core Capital</b>	<b>1,064,808,511</b>

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

Particulars	NPR
General Loan Loss Provision	77,126,728
Exchange Equalization Reserves	1,146,836
<b>Supplementary Capital</b>	<b>78,273,564</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>1,064,808,511</b>
Supplementary Capital	<b>78,273,564</b>
<b>Total Qualifying Capital (Total Capital Fund)</b>	<b>1,143,082,075</b>

- Capital Adequacy Ratio;**

- 12.45%

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

Particulars	Amount in NPR
Risk weighted exposures for Credit Risk	8,853,810,462
Risk weighted exposures for Market Risk	273,658,350
Risk weighted exposures for Operational Risk	50,666,673
<b>Total</b>	<b>9,178,135,485</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	593,950,049
d) Claims on corporate & securities firms	2,842,258,456
e) Claims on regulatory retail portfolio	984,210,872
f) Claims secured by residential properties	261,323,396
g) Claims secured by commercial real state	2,834,567,353
h) Past due claims	13,980,538
i) High risk claims/Other Loans	769,170,487
j) Other assets	249,766,833
k) Off balance sheet items	304,582,477
<b>Total</b>	<b>8,853,810,462</b>

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

<b>Particulars</b>	<b>Amount in NPR</b>
Risk weighted exposures for Credit Risk	8,853,810,462
Risk weighted exposures for Market Risk	273,658,350
Risk weighted exposures for Operational Risk	50,666,673
<b>Total Risk Weighted Exposure</b>	<b>9,178,135,485</b>
<b>Total Capital Fund</b>	<b>1,143,082,075</b>
<b>Total Capital to Total Risk Weighted Exposures</b>	<b>12.45%</b>

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

- Restructure/Reschedule Loan
  - Nil
- Substandard Loan
  - Nil
- Doubtful Loan
 

Gross	- NPR 421,114
Net	- NPR 210,557
- Loss Loan
  - Nil

- **NPA ratios**

- Gross NPA to gross advances  
0.01%

- Net NPA to net advances  
0.0028%

- **Movement of Non Performing Assets**

<b>Non Performing Assets Category</b>	<b>Last Year</b>	<b>This Year</b>	<b>Change</b>
Substandard Loan	-	-	-
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	51,194,492	63,417,953	12,223,461
Interest Suspense	2,014,600	3,214,362	1,199,762

- **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	2,642,086
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