Disclosure of Capital Adequacy (Basel II)

As on 11 February 2009 (29 Poush 2065)

1. Capital Structure and Capital adequacy

NPR

	Core Capital (Tier 1)	**1,520,674,919**
a	Paid up Equity Share Capital	1,140,480,000
b	Irredeemable Non-cumulative preference shares	-
c	Proposed Bonus Equity Shares	-
d	Share Premium	41,873,580
e	Statutory General Reserves	157,083,652
f	Retained Earnings	1,627,084
g	Un-audited current year cumulative profit	177,778,782
h	Capital Redemption Reserve	2,191,781
I	Capital Adjustment Reserve	-
j	Dividend Equalization Reserves	-
k	Other Free Reserve	-
l	Less: Goodwill	-
m	Less: Miscellaneous Expenditure not written off	359,961
n	Less: Investment in equity in licensed Financial Institutions	-
o	Less: Investment in equity of institutions with financial interests	-
p	Less: Investment in equity of institutions in excess of limits	-
q	Less: Investments arising out of underwriting commitments	-
r	Less: Reciprocal crossholdings	-
s	Less: Other Deductions	-
	Supplementary Capital (Tier 2)	**331,146,620**
a	Cumulative and/or Redeemable Preference Share	-
b	Subordinated Term Debt	197,808,219
c	Hybrid Capital Instruments	-
d	General loan loss provision	124,771,119
e	Exchange Equalization Reserve	8,567,282
f	Investment Adjustment Reserve	-
g	Assets Revaluation Reserve	-
h	Other Reserves	-
	Total Capital Fund (Tier I and Tier II)	**1,851,821,538**

1.3 CAPITAL ADEQUACY RATIOS		**Current Period**
Tier 1 Capital to Total Risk Weighted Exposures		10.75%
Tier 1 and Tier 2 Capital to Total Risk Weighted Exposures		13.09%
Minimum Capital fund required to be maintained on the basis of Risk Weighted Assets		
	Capital Fund (@ 10 Percent for this quarter)	**1,414,275,146**
	Core Capital (@ 6 Percent for this quarter)	**848,565,088**
4.75%	**Excess to Core Capital**	**672,109,831**
3.09%	**Excess to Capital Fund**	**437,546,392**

Details information of Subordinated Term Debts

NIC Bond 2070 of Rs 1,000 each, total value of Rs 200 Million
Issued 26 June 2006 Maturing on 25 June 2013
(Redemption Reserve: - (Rs 2,191,781)

2. Risk Exposures

Risk weighted exposures for Credit risk, Market risk and Operational risk

RISK WEIGHTED EXPOSURES		AMOUNT
a	Risk Weighted Exposure for Credit Risk	13,446,720,076
b	Risk Weighted Exposure for Operational Risk	647,081,764
c	Risk Weighted Exposure for Market Risk	48,949,621
Total Risk Weighted Exposures (a+b+c)		**14,142,751,460**

Risk weighted exposures under each of 11 categories of Credit risk

Claims on government and central bank	-
Claims on other official entities	18,798,948
Claims on banks	237,918,659
Claims on corporate and securities firms	6,335,180,850
Claims on regulatory retail Portfolio	1,799,154,281
Claims secured by residential properties	763,193,181
Claims secured by commercial real estate	536,362,324
Past due claims	107,235,411
High risk claims	2,234,003,532
Other Assets	384,921,889
Off Balance - sheet items	1,029,951,001
Total	**13,446,720,076**

Non Performing Assets

	Gross NPAs	Net NPAs
Restructured/ Reschedule Loan	16,319,473	14,279,539
Sub Standard Loan	21,442,263	16,081,697
Doubtful	24,693,176	12,346,588
Loss	70,796,033	-
Total NPAs	**133,250,945**	**42,707,824**

Ratio of Non Performing Asset

Gross NPA to Gross Advances: - 1.06%
Net NPA to net advances : - 0.34%

Movement of Non performing Assets

NPA additions during this quarter: 14,778,945

Write off Loan and Interest Suspense

Write off Loan:	3000,000
Write off Interest:	-

Movements in LLP and interest Suspense

Movements in Loan Loss Provisions:	14,612,606
Movements in Interest Suspense:	-

Details of Additional Loan Loss Provisions

Additional LLP during this quarter:	8,767,928

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.