

Disclosure of Capital Adequacy (Basel II)

As on 13 April 2009 (31 Chaitra 2065)

1. Capital Structure and Capital adequacy

		<i>NPR</i>
Core Capital (Tier 1)		1,594,236,620
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	251,307,474
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	326,951
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 II)		336,814,479
a	Cumulative and/or Redeemable Preference Share	-
b	Subordinated Term Debt	197,808,219
c	Hybrid Capital Instruments	-
d	General loan loss provision	130,438,978
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)		1,931,051,099
1.3 CAPITAL ADEQUACY RATIOS		Current Period
Tier 1 Capital to Total Risk Weighted Exposures		10.80%
Tier 1 and Tier 2 Capital to Total Risk Weighted Exposures		13.08%
Minimum Capital fund required to be maintained on the basis of Risk Weighted Assets		
Capital Fund (@ 10 Percent for this quarter)		1,476,387,947
Core Capital (@ 6 Percent for this quarter)		885,832,768
4.80%	Excess to Core Capital	708,403,852
3.08%	Excess to Capital Fund	454,663,152

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	14,069,376,873
b	Risk Weighted Exposure for Operational Risk	647,081,764
c	Risk Weighted Exposure for Market Risk	47,420,829
Total Risk Weighted Exposures (a+b+c)		14,763,879,465

Risk weighted exposures under each of 11 categories of Credit risk

Claims on government and central bank	-
Claims on other official entities	97,616,446
Claims on banks	258,978,179
Claims on corporate and securities firms	6,708,940,049
Claims on regulatory retail Portfolio	2,156,232,268
Claims secured by residential properties	751,442,843
Claims secured by commercial real estate	300,971,700
Past due claims	101,691,137
High risk claims	2,242,828,079
Other Assets	321,340,613
Off Balance - sheet items	1,129,335,559
Total	14,069,376,873

Non Performing Assets

	Gross NPAs	Net NPAs
Restructured/ Reschedule Loan	15,951,800	13,957,825
Sub Standard Loan	42,811,875	32,108,906
Doubtful	7,865,963	3,932,982
Loss	70,199,739	-
Total NPAs	136,829,377	49,999,713

Ratio of Non Performing Asset

Gross NPA to Gross Advances: - 1.04%
 Net NPA to net advances : - 0.39%

Movement of Non performing Assets

NPA additions during this quarter: 19,612,732

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:	16,612,732
Movements in Interest Suspense:	-

Details of Additional Loan Loss Provisions

Additional LLP during this quarter:	1,955,000
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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.