

Disclosure of Capital Adequacy (Basel II)

As on 17 October 2009 (31st Ashwin 2066)

1. Capital Structure and Capital Adequacy

In NPR

1.1 RISK WEIGHTED EXPOSURES		Current Month	Previous Month
a	Risk Weighted Exposure for Credit Risk	15,189,663,642	15,102,031,049
b	Risk Weighted Exposure for Operational Risk	851,163,538	647,081,764
c	Risk Weighted Exposure for Market Risk	106,457,623	99,981,682
Total Risk Weighted Exposures (a+b+c)		16,147,284,803	15,849,094,495
1.2 CAPITAL Current Period Previous Period		Current Period	Previous Period
Core Capital (Tier 1)		1,756,445,622	1,723,777,160
a	Paid up Equity Share Capital	1,140,480,000	1,140,480,000
b	Irredeemable Non-cumulative preference shares		
c	Proposed Bonus Equity Shares	171,072,000	-
d	Share Premium	41,873,580	41,873,580
e	Statutory General Reserves	220,570,480	220,570,480
f	Retained Earnings	30,557,473	201,629,473
g	Un-audited current year cumulative profit	107,370,467	77,836,196
h	Bond Redemption Reserve	42,191,781	42,191,781
i	Deferred Tax Reserve	3,100,041	3,100,041
j	Capital Adjustment Reserve	-	-
k	Dividend Equalization Reserves	-	-
l	Other Free Reserve	-	-
m	Less: Goodwill	-	-
n	Less: Miscellaneous Expenditure not written off	770,200	804,350
o	Less: Investment in equity in licensed Financial Institutions	-	-
p	Less: Investment in equity of institutions with financial interests	-	-
q	Less: Investment in equity of institutions in excess of limits	-	-
r	Less: Investments arising out of underwriting commitments	-	-
s	Less: Reciprocal crossholdings	-	-
t	Less: Other Deductions	-	-
Supplementary Capital (Tier 2)		308,318,810	305,927,368
a	Cumulative and/or Redeemable Preference Share	-	-
b	Subordinated Term Debt	157,808,219	157,808,219
c	Hybrid Capital Instruments	-	-
d	General loan loss provision	140,102,217	137,710,774
e	Exchange Equalization Reserve	10,408,374	10,408,374
f	Investment Adjustment Reserve	-	-
g	Assets Revaluation Reserve		
h	Other Reserves	-	-
Total Capital Fund (Tier I and Tier II)		2,064,764,432	2,029,704,528
1.3 CAPITAL ADEQUACY RATIOS		Current Period	Previous Period
Tier 1 Capital to Total Risk Weighted Exposures		10.88%	10.88%
Tier 1 and Tier 2 Capital to Total Risk Weighted Exposures		12.79%	12.81%
Minimum Capital fund required to be maintained on the basis of Risk Weighted Assets			
	Capital Fund (@ 10 Percent for this year)	1,614,728,480	1,584,909,450
	Core Capital (@ 6 Percent for this year)	968,837,088	950,945,670
4.88%	Excess to Core Capital	787,608,534	772,831,490
2.79%	Excess to Capital Fund	450,035,952	444,795,078

Detail information of Subordinated Term Debts:

NIC Bond 2070

Face Value	:	Rs 1,000 each,
Total Value	:	Rs 200 Million
Issue date	:	26 June 2006
Maturity date	:	25 th June 2013
Redemption Reserve		
For FY 2065/66	:	Rs 40,000,000
For FY 2064/65	:	<u>Rs 2,191,781</u>
Total		Rs 42,191,781

2. Risk Exposure

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

NPR in 000'

Risk weighted Exposures	Current Month
a. Risk Weighted Exposure for Credit Risk	15,189,663,642
b. Risk Weighted Exposure for Operational Risk	851,163,538
c. Risk Weighted Exposure for Market Risk	106,457,623
Total Risk Weighted Exposures (a + b + c)	15,189,663,642

Risk Weighted Exposures under each of 11 Categories of Credit Risk

NPR in 000'

Particulars	Current Month
Claims on Government and Central Bank	-
Claims on Other Official Entities	-
Claims on Banks	344,382
Claims on Corporate and securities firms	7,248,235
Claims on regulatory retail Portfolio	1,726,629
Claims secured by Residential Properties	1,144,403
Claims secured by Commercial real estate	477,616
Past due Claims	121,760
High Risk Claims	2,473,861
Other Assets	441,450
Off Balance- Sheet Items	1,211,328
Total	15,189,664

Non Performing Assets

NPR in '000

Particulars	NPR in '000	
	Gross NPAs	Net NPAs
Restructured / Reschedule Loans	15,215	13,313
Sub Standard Loans	47,614	35,711
Doubtful Loans	45,702	25,851
Loss	63,992	-
Total NPAs	172,523	46,028

Ratio of Non Performing Asset

Particulars	
Gross NPA to gross advances	1.22%
Net NPA to net advances	0.52%

Movement of Non performing Assets

NPR in 000'

Particulars	
Opening NPA	144,772
Addition during the Year	50,589
NPA recovery during the Year	22,838
Closing NPA	172,523

Write off Loan and Interest Suspense:

NPR in 000'

Particulars	
Write off Loan	-
Write off Interest	-

Movements in LLP and Interest Suspense:

NPR in 000'

Particulars	
Movements in Interest Suspense	-
Additional LLP during the Quarter	4,294

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.