

Disclosure of Capital Adequacy (Basel II)
As on 13 April 2010 (31st Chaitra 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	15,238,342,359	15,822,724,714
b	Risk Weighted Exposure for Operational Risk	851,163,538	851,163,538
c	Risk Weighted Exposure for Market Risk	30,659,827	52,804,615
Adjustment under Pillar II			
	Add: 3% of the total RWE due to non compliance of Disclosure Requirement (6.4 a10)	-	-
	Add: 9% of the total deposit due to insufficient Liquid Assets (6.4 a6)	1,245,952,350	867,138,958
Total Risk Weighted Exposures (a+b+c)		17,366,118,074	17,593,831,825
1.2 CAPITAL Current Period Previous Period		Current Period	Previous Period
Core Capital (Tier 1)		1,967,907,409	1,942,621,233
a	Paid up Equity Share Capital	1,311,552,000	1,311,552,000
b	Irredeemable Non-cumulative preference shares		
c	Proposed Bonus Equity Shares	-	-
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	30,557,473
g	Un-audited current year cumulative profit	318,696,787	293,433,189
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	634,733	657,311
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	-	-
Adjustment under Pillar II			
	Less: Shortfall in Provisions (6.4 a 1)	-	-
	Less: Loans and Facilities extended to Related Parties and Restricted Lending (6.4 a 2)	-	-
Supplementary Capital (Tier 2)		308,504,037	313,796,724
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	140,287,444	145,580,131
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)		2,276,411,446	2,256,417,957
1.3 CAPITAL ADEQUACY RATIOS		Current Period	Previous Period
Tier 1 Capital to Total Risk Weighted Exposures		11.33%	11.04%
Tier 1 and Tier 2 Capital to Total Risk Weighted Exposures		13.11%	12.83%
Minimum Capital fund required to be maintained on the basis of Risk Weighted Assets			
	Capital Fund (@ 10 Percent for this year)	1,736,611,807	1,759,383,182
	Core Capital (@ 6 Percent for this year)	1,041,967,084	1,055,629,909
5.33%	Excess to Core Capital	925,940,324	886,991,323
3.11%	Excess to Capital Fund	539,799,639	497,034,775

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	:	Rs 2,191,781
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	15,238,342
b. Risk Weighted Exposure for Operational Risk	851,164
c. Risk Weighted Exposure for Market Risk	30,660
d. Additional Risk Weighted Exposure due to insufficient Liquid Assets	1,245,952
Total Risk Weighted Exposures (a + b + c)	17,366,118

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	500,328
Claims on Corporate and securities firms	7,361,118
Claims on regulatory retail Portfolio	2,233,306
Claims secured by Residential Properties	693,352
Claims secured by Commercial real estate	370,421
Past due Claims	85,027
High Risk Claims	2,595,089
Other Assets	395,406
Off Balance- Sheet Items	1,004,295
Total	15,238,342

Non Performing Assets

NPR in '000

Particulars		
	Gross NPAs	Net NPAs
Restructured / Reschedule Loans	14,256	12,474
Sub Standard Loans	16,712	12,534
Doubtful Loans	67,572	33,786
Loss	72,454	-
Total NPAs	170,994	58,794

Ratio of Non Performing Asset

Particulars	
Gross NPA to gross advances	1.20%
Net NPA to net advances	0.42%

Movement of Non performing Assets

NPR in 000'

Particulars	
Opening NPA	144,772
Addition during the Year	53,527
NPA recovery during the Year	27,306
Closing NPA	170,993

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	4,954
Additional LLP during Six Months	16,031

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.