

**DISCLOSURE AS PER BASEL II:
As of Chaitra End 2065 (13 April 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	32,032,277
Core Capital	1,036,238,259

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

Particulars	NPR
General Loan Loss Provision	61,748,763
Exchange Equalization Reserves	255,676
Supplementary Capital	62,004,439

- **Detailed information about the Subordinated Term Debts with information on the outstanding amount, maturity, 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	1,036,238,259
Supplementary Capital	62,004,439
Total Qualifying Capital (Total Capital Fund)	1,098,242,698

- **Capital Adequacy Ratio;**

- 16.51%

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

Particulars	Amount in NPR
Risk weighted exposures for Credit Risk	6,497,789,038
Risk weighted exposures for Market Risk	36,217,722
Risk weighted exposures for Operational Risk	118,194,717
Total	6,652,201,477

- **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	400,380,377
d) Claims on corporate & securities firms	3,057,271,484
e) Claims on regulatory retail portfolio	559,770,992
f) Claims secured by residential properties	154,569,624
g) Claims secured by commercial real state	1,748,643,199
h) Past due claims	7,511,358
i) High risk claims/Other Loans	726,489,766
j) Other assets	161,481,127
k) Off balance sheet items	241,442,103
Total	6,497,789,038

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

Particulars	Amount in NPR
Risk weighted exposures for Credit Risk	6,497,789,038
Risk weighted exposures for Market Risk	36,217,722
Risk weighted exposures for Operational Risk	118,194,717
Total Risk Weighted Exposure	6,652,201,477
Total Capital Fund	1,098,242,698
Total Capital to Total Risk Weighted Exposures	16.51%

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

- Restructure/Reschedule Loan
 - Nil
- Substandard Loan
 - Gross 6,676,763, Net 5,007,572
- Doubtful Loan
 - Nil
- Loss Loan
 - Nil

- **NPA ratios**

- Gross NPA to gross advances
0.11%

- Net NPA to net advances
0.08%

- **Movement of Non Performing Assets**

	Last Quarter	This Quarter	Increase/ (Decrease)
Sub Standard Loan	0.00	6,676,763	6,676,763

- **Write off of Loans and Interest Suspense**

- Nil

- **Movements in Loan Loss Provisions and Interest Suspense**

	Last Quarter	This Quarter	Increase/ (Decrease)
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 has been no additional loan loss provision.

- **Segregation of Investment Portfolio into held for trading, Held to maturity and available for sale Category.**

- All investments of the bank fall under ‘Held to Maturity’ category. These investments have been made with the positive intent and ability to hold until maturity.

- **Summary of the bank’s internal approach to assess the adequacy of its capital to support current and future activities, if applicable;**

- After issuance of shares of NPR 300M to general public, Bank’s current paid up capital is NPR 1 Billion. As per the licensing condition of NRB, Bank is required to have paid up capital of NPR 2 billion by FYE 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 in addition to internal control review periodically.

- **Summary of the terms, conditions and main features of all capital instruments, especially in case of subordinated term debts including hybrid capital instruments.**

- The bank has all free capital without any terms and conditions associated with the capital.