

## Disclosure under Capital Adequacy Framework 2007

As at Ashoj end 2070 of the Fiscal Year 2070/071 (Mid October of 2013)

Rs. in '000'

### 1 Capital structure and capital adequacy

Core Capital (Tier I)		Amount
a	Paid up equity Share Capital	3,965,524
b	Proposed Bonus Equity Shares	-
c	Irredeemable Non-cumulative preference shares	-
d	Share Premium	90,552
e	Statutory General Reserves	1,669,669
f	Retained Earnings	(6,339,607)
g	Un-audited current year cumulative profit	21,144
h	Capital Redemption Reserve	-
i	Capital Adjustment Reserve	342,344
j	Dividend Equalization Reserves	7,486
k	Deferred Tax Reserve	73,076
l	Capital Reserve (created for loan waived as per Nepal Govt. Direction)	259,736
m	Other Free Reserves	6,063
<b>Total Core Capital</b>		<b>95,986</b>

Supplementary Capital (Tier II)		Amount
a	Cumulative and/or Redeemable Preference Share	-
b	Subordinated Term Debt	-
c	Hybrid Capital Instruments	-
d	General loan loss provision	433,864
e	Investment Adjustment Reserve	16,513
f	Assets Revaluation Reserve	-
g	Exchange Equalization Reserve	75,620
h	Other Reserves	-
<b>Total Supplementary Capital</b>		<b>525,998</b>

#### Details of Subordinated Term Debt:

Not Applicable

#### Deduction from Capital

The Bank holds net Investment in shares and debentures amounting to Rs. 80,368 thousand.

#### Total Capital Fund

Particulars	Amount
Core Capital (Tier 1) (after deduction of qualifying amount)	15,618
Supplementary Capital (Tier 2)*	15,618
<b>Total Capital Fund*</b>	<b>31,236</b>

\*Since Tier 2 Capital is greater than Tier 1 Capital, Tier 2 Capital up to the amount of Tier 1 Capital is considered for calculating Total Capital Fund.

#### Capital Adequacy Ratio:

0.04%

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

Risk Weighted Exposures	Amount
Risk Weighted Exposure for Credit Risk	61,405,967
Risk Weighted Exposure for Operational Risk	4,060,120
Risk Weighted Exposure for Market Risk	1,481,071
<b>Total Risk Weighted Exposures</b>	<b>66,947,158</b>
<b>Supervisor's adjustment (addition)</b>	
1 % of Net Interest Income on market risk (due to poor assets-liabilities management)	25,219
2 % of Gross Income on Operational risk (due to weak operational risk management)	617,593
4 % of Risk Weighted Exposure (Supervisor's addition due to poor risk management)	2,677,886
<b>Total Risk Weighted Exposures (after supervisor's adjustment)</b>	<b>70,267,857</b>

**Risk weighted exposures under each 11 categories of Credit Risk**

S. N.	Categories	Risk Weighted Exposure
1	Claims on Government and Central Bank	-
2	Claims on Other Financial Entities	-
3	Claims on Banks	1,532,175
4	Claims on Domestic Corporates and Securities Firms	-
5	Claims on Regulatory Retail Portfolio	-
6	Claims secured by residential properties	3,590,503
7	Claims Secured by Commercial real estate	-
8	Past due claims	-
9	High Risk claims	46,684,172
10	Other Assets	6,701,949
11	Off Balance Sheet Items	2,897,167
<b>Total</b>		<b>61,405,967</b>

**Amount of Non Performing Assets (both Gross and Net)**

Particulars	Amount		
	Gross	Provision	Net
Bass B (Restructured)	77,875	9,734	68,141
Substandard	91,879	22,970	68,909
Doubtful	49,825	24,913	24,913
Bad	1,532,707	1,532,707	-
<b>Total</b>	<b>1,752,286</b>	<b>1,590,324</b>	<b>161,962</b>

**NPA Ratios**

Gross NPA to Gross Advances	4.72%
Net NPA to Net Advances	0.46%

**Movement in Non Performing Assets**

Particulars	This Quarter	Previous Quarter	Changes %
Non Performing Assets (Rs. in 000')	1,752,286	1,714,866	2.14%
Non Performing Assets (%)	4.72%	4.53%	0.19%

**Write off of Loans and Interest Suspense in the Quarter**

Particulars	Amount
Write off Loans	-
Write off of Interest Suspense	-

**Movement in Loan Loss Provision and Interest Suspense:**

Particulars	This Quarter	Previous Quarter	Changes %
Loan Loss Provision	2,024,188	1,994,082	1.5%
Interest Suspense	3,697,151	3,307,502	11.8%

**Details of Additional Loan Loss Provision**

None

**Segregation of Investment Portfolio**

Particulars	Amount
Held for Trading	-
Held to Maturity	14,216,849
Available for sale	80,368
<b>Total</b>	<b>14,297,218</b>