

Disclosure under Capital Adequacy Framework 2007

As at Ashad end 2069 of the Fiscal Year 2068/069 (Mid July of 2012)

Rs. in '000'

1 Capital structure and capital adequacy

Core Capital (Tier I)		Amount
a	Paid up equity Share Capital	1,772,828
b	Proposed Bonus Equity Shares	-
c	Irredeemable Non-cumulative preference shares	-
d	Share Premium	-
e	Statutory General Reserves	1,634,397
f	Retained Earnings	(7,190,814)
g	Un-audited current year cumulative profit	406,727
h	Capital Redemption Reserve	-
i	Capital Adjustment Reserve	304,306
j	Dividend Equalization Reserves	7,486
k	Capital Reserve (created for loan waived as per Nepal Govt. Direction)	259,736
l	Other Free Reserves	6,063
Total Core Capital		(2,799,273)

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	364,915
e	Investment Adjustment Reserve	137
f	Assets Revaluation Reserve	-
g	Exchange Equalization Reserve	67,968
h	Other Reserves	-
Total Supplementary Capital		433,020

Details of Subordinated Term Debt:

Not Applicable

Deduction from Capital

The Bank holds net Investment in shares and debentures amounting to Rs. 208,060 thousand.

Total Capital Fund

Particulars	Amount
Core Capital (Tier 1) (after deduction of qualifying amount)	(3,007,333)
Supplementary Capital (Tier 2)	433,020
Total Capital Fund*	(3,007,333)

*Since the Tier 1 Capital is negative, Tier 2 Capital is not considered for calculating Total Capital Fund.

Capital Adequacy Ratio:

-5.46%

2 Risk weighted exposures for Credit, Market and Operational Risk

Risk Weighted Exposures	Amount
Risk Weighted Exposure for Credit Risk	47,769,735
Risk Weighted Exposure for Operational Risk	3,192,401
Risk Weighted Exposure for Market Risk	1,408,272
Total Risk Weighted Exposures	52,370,408
Supervisor's adjustment (addition)	
1 % of Net Interest Income on market risk (due to poor assets-liabilities management)	185,665
2 % of Gross Income on Operational risk (due to weak operational risk management)	470,933
4 % of Risk Weighted Exposure (Supervisor's addition due to poor risk management)	2,094,816
Total Risk Weighted Exposures (after supervisor's adjustment)	55,121,821

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	1,436,815
4	Claims on Domestic Corporates and Securities Firms	-
5	Claims on Regulatory Retail Portfolio	-
6	Claims secured by residential properties	2,899,638
7	Claims Secured by Commercial real estate	-
8	Past due claims	-
9	High Risk claims	35,653,691
10	Other Assets	5,484,088
11	Off Balance Sheet Items	2,295,503
	Total	47,769,735

Amount of Non Performing Assets (both Gross and Net)

Particulars	Amount		
	Gross	Provision	Net
Bass B (Restructured)	193,517	24,190	169,328
Substandard	50,698	12,675	38,024
Doubtful	30,161	15,078	15,083
Bad	1,279,541	1,279,571	(30)
Total	1,553,918	1,331,513	222,405

NPA Ratios

Gross NPA to Gross Advances	5.23%
Net NPA to Net Advances	0.79%

Movement in Non Performing Assets

Particulars	This Quarter	Previous Quarter	Changes %
Non Performing Assets (Rs. in 000')	1,553,918	1,568,092	-0.91%
Non Performing Assets (%)	5.23%	5.44%	-0.21%

Write off of Loans and Interest Suspense in the Quarter

Particulars	Amount
Write off Loans	76,880
Write off of Interest Suspense	85,589

Movement in Loan Loss Provision and Interest Suspense:

Particulars	This Quarter	Previous Quarter	Changes %
Loan Loss Provision	1,696,428	1,640,921	3.3%
Interest Suspense	3,311,489	3,446,882	-3.9%

Details of Additional Loan Loss Provision

None

Segregation of Investment Portfolio

Particulars	Amount
Held for Trading	-
Held to Maturity	8,311,058
Available for sale	80,668
Total	8,391,726