

DISCLOSURE UNDER BASEL II

1. Capital Structure & Capital Adequacy Tier 1 Capital and breakdown of its components

	Core Capital (Tier I)	Current Period
a.	Paid up Equity Share Capital	1,000,000,000
b.	Proposed Bonus Equity Shares	105,263,158
c.	Statutory General Reserves	97,194,137
d.	Retained Earnings	11,023,482
e.	Unaudited Current Year Cumulative Profit	42,750,000
	Total	1,256,230,777

Supplementary Capital and Breakdown of its components

	Supplementary Capital (Tier 2)	Current Period
	General Loan Loss provision	29,414,983
	Total	29,414,983

Information about Subordinated Term Debts	NONE
Deductions from Capital	NONE
Total Qualifying Capital	Rs 1,256,230,777
Capital Adequacy Ratio	27.70 %

Risk Exposures

	Particulars	Current Period
a.	Risk Weighted Exposure for Credit Risk	4,407,575,880
b.	Risk Weighted Exposure for Operational Risk	222,171,636
c.	Risk Weighted Exposure for Market Risk	11,211,471
Total Risk Weighted Exposures (a+b+c)		4,640,958,986

Risk Weighted exposure under each of 11 categories of Credit Risk

	Particulars	Risk Weighted Exposure
a.	Claims on government & central bank	NIL
b.	Claims on other official entities	30,000,000
c.	Claims on banks	228,210,541
d.	Claims on corporate & securities firms	1,147,974,424
e.	Claims on regulatory retail portfolio	NIL
f.	Claims secured by residential properties	335,060,529
g.	Claims secured by commercial real state	292,398,479
h.	Past due claims	10,302,607
i.	High risk claims	1,216,132,643
j.	Other assets	980,321,250
k.	Off Balance Sheet items	152,143,696
TOTAL		4,392,544,170

Total Risk Weighted calculation Table

	Particulars	Current Period
a.	Risk Weighted Exposure for Credit Risk	4,407,575,880
b.	Risk Weighted Exposure for Operational Risk	222,171,636
c.	Risk Weighted Exposure for Market Risk	11,211,471
Total Risk Weighted Exposures (a+b+c)		4,640,958,986

Amount of NPAs

Category	Gross	Provision	Net
Substandard	19,688,710	4,922,177	14,766,533
Doubtful	4,719,971	2,359,986	2,359,985
Loss	20,426,939	20,426,939	NIL
Total Nonperforming Loan	44,835,620	27,709,102	17,126,518

NPA Ratio

Gross NPA to Gross Advances 1.53%

Net NPA to Net Advances 0.60 %

Movement of NPA

Particulars	Opening Balance	Closing Balance	Movement
Substandard	16,221,081	19,688,710	3,467,629
Doubtful	649,473	4,719,971	4,070,498
Loss	20,391,263	20,426,939	35,676
Non Performing Loan	37,261,817	44,835,620	7,573,803

Write off of Loans & Interest Suspense: NIL

Movement of Loan Loss Provision & Interest Suspense

	Category	Opening Balance	Closing Balance	Movement
1.	Pass	36,818,490	39273225	2,454,735
2.	Restructured	1,674,488	1,674,488	NIL
3.	Substandard	4,055,270	4,922,177	866,907
4.	Doubtful	324,736	2,359,986	2,035,250
5.	Loss	20,391,263	20,426,939	35,676
	Total Loan Provision	63,264,247	68,656,815	5,392,568

Interest Suspense

Particulars	Opening Balance	Closing Balance	Movement
Interest Suspense	20,482,722	1,985,6563	(626,159)

Details of Additional Loan Loss Provision

	Category	Current Period
1.	Pass	8,992,062
2.	Restructured	488,611
3.	Substandard	4,762,697
4.	Doubtful	2,046,196
5.	Loss	35,676
Total Additional Loan Loss Provision		16,325,242

Segregation of Investment Portfolio

Particulars	Current Period
Held for Trading	NIL
Held to Maturity	875,232,757
Available for Sale	18,738,503
Total Investment Portfolio	893,971,260

Eligible Credit Risk Mitigants(CRM) availed

Particulars	Current Period
Deposit with Bank	30,506,000
Deposit with other Banks / Financial Institutions	23,545,000
Government and NRB Securities	48,000,000
Total CRM	102,051,000

Summary of the Banks internal approach to assess the adequacy of its capital to support current & future activities:

- Regular monitoring by the Compliance Department
- Supervision by the Top level Management