

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	1,100,000,000
b.	Statutory General Reserves	97,194,137
c.	Retained Earnings	11,023,482
d.	Unaudited Current Year Cumulative Profit	55,936,563
	Total	1,264,154,182

Supplementary Capital and Breakdown of its components

	Supplementary Capital (Tier 2)	Current Period
	General Loan Loss provision	40,555,325
	Total	40,555,325

Information about Subordinated Term Debts NONE

Deductions from Capital NONE

Total Qualifying Capital Rs 1,304,709,507

Capital Adequacy Ratio 19.59 %

Risk Exposures

	Particulars	Current Period
a.	Risk Weighted Exposure for Credit Risk	6,219,931,586
b.	Risk Weighted Exposure for Operational Risk	222,171,636
c.	Risk Weighted Exposure for Market Risk	12,513,489
Total Risk Weighted Exposures (a+b+c)		6,454,616,711

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	136,594,390
c.	Claims on banks	1,407,866,959
d.	Claims on corporate & securities firms	1,868,662,833
e.	Claims on regulatory retail portfolio	NIL
f.	Claims secured by residential properties	359,065,043
g.	Claims secured by commercial real state	481,180,590
h.	Past due claims	11,786,450
i.	High risk claims	1,390,867,657
j.	Other assets	377,655,056
k.	Off Balance Sheet items	171,220,899
TOTAL		6,204,899,877

Total Risk Weighted calculation Table

	Particulars	Current Period
a.	Risk Weighted Exposure for Credit Risk	6,219,931,586
b.	Risk Weighted Exposure for Operational Risk	222,171,636
c.	Risk Weighted Exposure for Market Risk	12,513,489
Total Risk Weighted Exposures (a+b+c)		6,454,616,711

Amount of NPAs

Category	Gross	Provision	Net
Substandard	15,302,771	3,825,693	11,477,078
Doubtful	6,446,744	3,223,372	3,223,372
Loss	16,481,828	16,481,828	NIL
Total Nonperforming Loan	38,231,343	23,530,893	14,700,450

NPA Ratio

Gross NPA to Gross Advances 0.94%

Net NPA to Net Advances 0.37 %

Movement of NPA

Particulars	Opening Balance	Closing Balance	Movement
Substandard	19,688,710	15,302,771	(4,385,939)
Doubtful	4,719,971	6,446,744	1,726,773
Loss	20,426,939	16,481,828	(3,945,111)
Non Performing Loan	44,835,620	38,231,343	(6,604,277)

Write off of Loans & Interest Suspense: NIL

Movement of Loan Loss Provision & Interest Suspense

	Category	Opening Balance	Closing Balance	Movement
1.	Pass	39,273,225	50,421,068	11,147,843
2.	Restructured	1,674,488	1,674,488	NIL
3.	Substandard	4,922,177	3,825,693	(1,096,484)
4.	Doubtful	2,359,986	3,223,372	863,386
5.	Loss	20,426,939	16,481,828	(3,945,111)
	Total Loan Provision	68,656,815	75,626,449	6,969,634

Interest Suspense

Particulars	Opening Balance	Closing Balance	Movement
Interest Suspense	19,856,563	19,970,719	114,156

Details of Additional Loan Loss Provision

	Category	Current Period
1.	Pass	20,441,699
2.	Restructured	488,611
3.	Substandard	5,399,556
4.	Doubtful	3,695,607
5.	Loss	91,676
Total Additional Loan Loss Provision		30,117,149

Segregation of Investment Portfolio

Particulars	Current Period
Held for Trading	NIL
Held to Maturity	387,687,300
Available for Sale	18,738,503
Total Investment Portfolio	406,425,803

Eligible Credit Risk Mitigants (CRM) availed

Particulars	Current Period
Deposit with Bank	7,870,633
Deposit with other Banks / Financial Institutions	27,721,607
Government and NRB Securities	50,534,580
Total CRM	86,126,820

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