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	1,430,000,000
b.	Share Premium	14,483,571
c.	Statutory General Reserves	109,784,693
d.	Retained Earnings	52,596,939
e.	Unaudited Current Year Cumulative Profit	104,460,838
f.	Deferred Tax Reserve	4,709,933
	Total	**1,716,035,974**

Supplementary Capital and Breakdown of its components

	Supplementary Capital (Tier 2)	Current Period
	General Loan Loss provision	73,854,733
	Exchange Equalization Reserve	320,494
	Investment Adjustment Reserve	374,770
	Total	**74,549,997**

Detailed information about Subordinated Term Debts with information on the outstanding amount, maturity, amount raised during the year and amount eligible to be reckoned as capital funds Not Applicable

Deductions from Capital Nil

Total Qualifying Capital Rs 1,790,585,970

Capital Adequacy Ratio 18.03%

Summary of the terms, conditions and main features of all capital instruments, especially in case of subordinated term debts including hybrid capital instruments Not applicable

Risk Exposures

	Particulars	Current Period
a.	Risk Weighted Exposure for Credit Risk	9,612,345,978
b.	Risk Weighted Exposure for Operational Risk	291,059,505
c.	Risk Weighted Exposure for Market Risk	30,198,467
Total Risk Weighted Exposures (a+b+c)		**9,933,603,950**

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	633,560,664
d	Claims on corporate & securities firms	3,819,952,281
e.	Claims on regulatory retail portfolio	360,156,893
f.	Claims secured by residential properties	328,240,227
g	Claims secured by commercial real state	1,430,273,982
h.	Past due claims	28,257,553
i.	High risk claims	1,503,433,713
j.	Other assets	1,020,931,030
k.	Off Balance Sheet items	457,539,635
TOTAL		**9,612,345,978**

Amount of NPAs

Category	Gross	Provision	Net
Restructured/ Rescheduled Loan	11,751,644	9,854,651	1,896,993
Substandard	2,758,293	689,573	2,068,720
Doubtful	1,143,778	571,889	571,889
Loss	21,607,243	21,607,243	NIL
Total	**24,335,269**	**22,592,183**	**4,537,602**

NPA Ratio 0.34%

Movement of NPA

Particulars	Opening Balance	Closing Balance	Movement
Substandard	2,143,847	2,758,294	614,446
Doubtful	270,402	1,143,778	873,376
Loss	21,921,020	21,607,243	(313,777)
Non Performing Loan	**24,335,269**	**25,509,315**	**1,174,045**

Write off of Loans & Interest Suspense: NIL

Movement of Loan Loss Provision & Interest Suspense

	Category	Opening Balance	Closing Balance	Movement
1.	Pass	68,456,357	73,854,733	5,398,376
2.	Restructured	10,048,687	9,854,651	(194,036)
3.	Substandard	535,962	689,573	153,611
4.	Doubtful	135,201	571,889	436,688
5.	Loss	21,921,020	21,607,243	(313,777)
	Total Loan Provision	**101,097,227**	**106,578,089**	**5,480,862**

Interest Suspense

Particulars	Opening Balance	Closing Balance	Movement
Interest Suspense	26,036,570	29,447,350	3,410,780

Details of Additional Loan Loss Provision

	Category	Current Period
1.	Pass	21,429,803
2.	Restructured	113,101
3.	Substandard	689,573
4.	Doubtful	558,153
5.	Loss	747,043
Total Additional Loan Loss Provision		**23,537,673**

Segregation of Investment Portfolio

Particulars	Current Period
Held for Trading	NIL
Held to Maturity	1,173,338,126
Available for Sale	18,738,503
Total Investment Portfolio	**1,192,076,629**

Eligible Credit Risk Mitigants (CRM) availed

Particulars	Current Period
Deposit with Bank	20,106,721
Deposit with other Banks / Financial Institutions	20,160,000
Government and NRB Securities	79,628,340
Total CRM	**119,895,061**

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