Disclosure as per Basel II
For The Quarter Ended Ashwin 2070

Capital Structure and Capital Adequacy:

a. Core Capital and its components

Description	Amount Rs
Paid up Equity Share Capital	2,101,840,000
Statutory General Reserve	236,121,303
Retained Earning	2,649,788
Share Premium	2,971,617
Unaudited Current Year Cummulative Profit	103,787,393
Deferred tax Reserve	32,883,855
Deductions	
Miscellaneous Expenditure not written off	(18,817,700)
Core Capital (Tier 1)	**2,461,436,256**

b. Supplementary Capital and its components:

Description	Amount Rs
General Loan Loss Provision	188,210,071
Exchange Equilisation Reserve	3,120,719
Investment Adjustment Reserve	138,000
Supplementary Capital (Tier 2)	**191,468,790**

c. Subordinated Term Debt

Nil.

d. Deduction from Capital

Unamortized portion of Premium paid on Development Bond Rs. 18,817,700 has been deducted from Capital.

e. Total Qualifying Capital

Description	Amount Rs
Core Capital (Tier 1)	2,461,436,256
Supplementary Capital (Tier 2)	191,468,790
Total Capital Fund	**2,652,905,045**

f. Capital Adequacy Ratio

Description	Percentage
Tier 1 Capital to Total Risk Weighted Exposures	9.79%
Tier 2 Capital to Total Risk Weighted Exposures	0.76%

g. Summary of the bank’s internal approach to assess the adequacy of its capital to support current and future activities, if applicable.

The current paid up capital of the bank stands at NPR 2,101,840,000 which fulfills the capital requirement of the bank. The issued capital of the bank is at NPR 3,000,000,000, which means that the bank has the ability to increase its capital as per the requirement. The bank will analyze the requirements on the future activities and look at increasing the paid up capital, as per the requirement.

h. Summary of the terms,conditions and main features of all capital instruments,specially in case of subordinated term debts including hybrid capital instrument.

All the capital of the banks are unconditional.We do not have any subordinated term debts.

Brief About Risk Assets

a. Risk Weightage Assets

Risk Weightage Assets	Amount Rs
Risk Weighted Exposure for Credit Risk	22,529,005,184
Risk Weighted Exposure for Operational Risk	1,379,570,080
Risk Weighted Exposure for Market Risk	368,221,205
Adjustment Under Pillar- II	
Add: 1% of Net Interest Income as Supervisory Haircut	
Add: 2% of RWE as Supervisory Haircut	485,535,929
Add: 3% of Operational Risk as Supervisory Haircut	391,828,890
Total Risk Weighted Exposures (after bank's adjustments of Pillar II)	**25,154,161,287**

b. Categories of Credit Risk Assets

Risk Weighted Exposure	Amount Rs
Claims On Government and Central Bank	-
Claims On Other Official Entities	189,596,184
Claims On Banks	1,068,278,244
Claims on Corporate And Securities Firms	10,307,713,084
Claims On Regulatory Retail Portfolio	2,489,951,952
Claims Secured By Resedential Properties	493,184,101
Claims Secured By Commercial Real Estate	1,786,951,259
Past Due Claims	822,078,757
High Risk Claims	1,383,310,215
Other Assets	2,898,042,296
Off Balance Sheet Items	1,089,899,092
Total Credit Risk Assets	**22,529,005,184**

c. Computation of Capital Adequacy Ratio

Particulars	Amount Rs
Total Risk Weightage Assets	25,154,161,287
Total Core Capital	2,461,436,256
Total Capital Fund	2,652,905,045
Core Capital to Total Risk Weighted Exposures	9.79%
Total Capital Fund to Total Risk Weighted Exposures	10.55%

d. Non Performing Assets

Particulars	Amount Rs	Provision Rs	Net NPL Rs
Rescheduled / Resctructured	-	-	-
Sub Standard	169,462,165	42,365,541	127,096,623
Doubtful	241,317,571	120,658,786	120,658,786
Loss	103,593,091	103,593,091	-
Total	**514,372,827**	**266,617,418**	**247,755,409**

e. Ratio of Non Performing Assets

Particulars	Percentage
Total NPL to Total Loans & Advances	2.66%
Net NPL to Net Loans & Advances	1.31%

f. Change in Non Performing Assets

Particulars	Previous Quarter Rs	Current Quarter Rs	Change
Rescheduled / Resctructured	-	-	-
Sub Standard	70,360,735	169,462,165	141%
Doubtful	185,291,973	241,317,571	30%
Loss	106,204,424	103,593,091	-2%
Total	**361,857,132**	**514,372,827**	**42%**

g. Written Off Loans & Advances

Particulars	Previous Quarter Rs	Current Quarter Rs	Change
Loan written off	82,006,282.00	-	100%
Interest Suspense written off	70,646,000.00	-	100%

h. Change in Possible Loss on Loans & Advances

Particulars	Previous Quarter Rs	Current Quarter Rs	Additional Provision in Current Quarter Rs	Change
Rescheduled / Resctructured	-	-	-	0%
Sub Standard	17,590,184	42,365,541	24,775,357	141%
Doubtful	92,645,987	120,658,786	28,012,799	30%
Loss	106,204,424	103,593,091	(2,611,333)	-2%
Additional	-	-	-	0%
Total	**216,440,595**	**266,617,418**	**50,176,823**	**23%**
Interest Suspense	**157,267,810**	**217,267,428**	**59,999,618**	**38%**

i. Additional Loan Loss Provision

Particulars	Previous Quarter Rs	Current Quarter Rs	Change
Loan Loss Provision	397,375,476	454,827,489	14%

j. Investments.

Particulars	Classification	Amount Rs
Investment in Equity Shares	Held For Trading	10,600,000
Investment in Treasury Bills	Held To Maturity	904,879,579
Investment in Government Bonds	Held To Matuirirty	613,725,000
Placements In banks	Held To Maturity	1,060,613,967
Total		**2,589,818,546**

Risk Management System

1. Bank recognizes the importance of Risk Management and has accordingly invested in processes, people and a management structure. Overall risk management function of the bank is supervised by Risk Management Committee and Internal Audit Committee represented by BOD members and Senior Executives. Risk Management Committee reviews the asset quality at frequent intervals and Internal Audit Committee provides assurance on the internal control systems of the bank are in place. The human capital is also managed by Human Resource Management and Compensation Committee represented by BOD members and Senior Executives. There is Assets and Liabilities Management Committee (ALCO) represented by Senior Executives of the bank to monitor the interest rate risk, liquidity risk, exchange risk, market risk, etc. Authority, responsibility and accountability has been fixed to the executives of the bank. Product policies and programs are duly approved before any new product launches and are reviewed regularly.

2. Credit Risk Management Department analyzes the inherent risks in a particular product. As such the Bank has drawn a clear demarcation between the Credit Business Unit (CBU) and the Risk Management Unit (RMU). A lending process completes once it undergoes both of these units, one business generating the other risk monitoring and controlling. The bank has standard Credit Policies Guidelines that define the bank's credit policies, risk mitigating measures, and the single obligor limit.

3. Credit risk mitigants used by the bank are deposit of the borrower within the bank, cash margin and deposit with other banks and financial institutions applying supervisory haircut of 20% for capital adequacy. Such mitigatants have minimum impact on the overall capital adequacy of the bank.