Disclosure as per Basel II
For the Quarter Ended Ashadh 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	234,490,450
Retained Earning	319,673,375
Share Premium	2,971,617
Unaudited Current Year Cummulative Profit	-
Deferred tax Reserve	24,613,062
Deductions	
Miscellaneous Expenditure not written off	(21,627,925)
Core Capital (Tier 1)	**2,661,960,580**

b. Supplementary Capital and its components:

Description	Amount Rs
General Loan Loss Provision	180,750,023
Exchange Equilisation Reserve	3,120,719
Investment Adjustment Reserve	138,000
Supplementary Capital (Tier 2)	**184,008,742**

c. Subordinated Term Debt

Nil.

d. Deduction from Capital

Unamortized portion of Premium paid on Development Bond Rs. 21,627,925 has been deducted from Capital.

e. Total Qualifying Capital

Description	Amount Rs
Core Capital (Tier 1)	2,661,960,580
Supplementary Capital (Tier 2)	184,008,742
Total Capital Fund	**2,845,969,322**

f. Capital Adequacy Ratio

Description	Percentage
Tier 1 Capital to Total Risk Weighted Exposures	12.70%
Tier 2 Capital to Total Risk Weighted Exposures	0.88%

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	18,457,766,904
Risk Weighted Exposure for Operational Risk	1,012,686,729
Risk Weighted Exposure for Market Risk	857,702,823
Adjustment Under Pillar- II	
Add: 1% of Net Interest Income as Supervisory Haircut	
Add: 2% of RWE as Supervisory Haircut	406,563,129
Add: 3% of Operational Risk as Supervisory Haircut	220,742,564
Total Risk Weighted Exposures (after bank's adjustments of Pillar II)	**20,955,462,150**

b. Categories of Credit Risk Assets

Risk Weighted Exposure	Amount Rs
Claims On Government and Central Bank	-
Claims On Other Official Entities	80,361,228
Claims On Banks	486,649,224
Claims on Corporate And Securities Firms	9,216,668,895
Claims On Regulatory Retail Portfolio	2,358,740,078
Claims Secured By Resedential Properties	446,999,413
Claims Secured By Commercial Real Estate	1,858,704,440
Past Due Claims	767,503,345
High Risk Claims	1,238,572,813
Other Assets	817,519,505
Off Balance Sheet Items	1,186,047,964
Total Credit Risk Assets	**18,457,766,904**

c. Computation of Capital Adequacy Ratio

Particulars	Amount Rs
Total Risk Weightage Assets	20,955,462,150
Total Core Capital	2,661,960,580
Total Capital Fund	2,845,969,322
Core Capital to Total Risk Weighted Exposures	12.70%
Total Capital Fund to Total Risk Weighted Exposures	13.58%

d. Non Performing Assets

Particulars	Amount Rs	Provision Rs	Net NPL Rs
Rescheduled / Resctructured	-	-	-
Sub Standard	70,360,735	17,590,184	52,770,551
Doubtful	185,291,973	92,645,986	92,645,986
Loss	106,204,424	106,204,424	-
Total	**361,857,132**	**216,440,595**	**145,416,538**

e. Ratio of Non Performing Assets

Particulars	Percentage
Total NPL to Total Loans & Advances	2.02%
Net NPL to Net Loans & Advances	0.83%

f. Change in Non Performing Assets

Particulars	Previous Quarter Rs	Current Quarter Rs	Change
Rescheduled / Resctructured	-	-	-
Sub Standard	217,618,381	70,360,735	-68%
Doubtful	133,788,923	185,291,973	38%
Loss	91,580,957	106,204,424	16%
Total	**442,988,261**	**361,857,132**	**-18%**

g. Written Off Loans & Advances

Particulars	Previous Quarter Rs	Current Quarter Rs	Change
Loan written off	82,006,282	82,006,282	-
Interest Suspense written off	70,646,000	70,646,000	-

h. Change in Possible Loss on Loans & Advances

Particulars	Previous Quarter Rs	Current Quarter Rs	Additional Provision in Current Quarter Rs	Change
Rescheduled / Resctructured	-	-	-	-
Sub Standard	54,404,595	17,590,184	(36,814,411)	-68%
Doubtful	66,894,462	92,645,986	25,751,525	38%
Loss	91,580,957	106,204,424	14,623,468	16%
Additional	53,245,002	4,960,241	(48,284,762)	-91%
Total	**266,125,016**	**221,400,835**	**(44,724,181)**	**-17%**
Interest Suspense	**139,759,716**	**157,267,810**	**17,508,094**	**13%**

i. Additional Loan Loss Provision

Particulars	Previous Quarter Rs	Current Quarter Rs	Change
Loan Loss Provision	442,339,222	397,190,617	-10%

j. Investments.

Particulars	Classification	Amount Rs
Investment in Equity Shares	Held For Trading	10,600,000
Investment in Treasury Bills	Held To Maturity	1,826,717,672
Investment in Government Bonds	Held To Matuirirty	613,725,000
Placements In banks	Held To Maturity	268,948,741
Total		**2,719,991,413**

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.