

**Disclosure under Capital Adequacy Framework 2007**  
**As at Aswin end 2071 of the Fiscal Year 2071/072 (Mid October of 2014)**

Rs. in '000

**1 Capital structure and capital adequacy**

<b>Core Capital (Tier I)</b>		<b>Amount</b>
a	Paid up equity Share Capital	6,465,002
b	Proposed Bonus Equity Shares	-
c	Irredeemable Non-cumulative preference shares	-
d	Share Premium	90,552
e	Statutory General Reserves	1,820,705
f	Retained Earnings	(5,381,685)
g	Un-audited current year cumulative profit	269,199
h	Capital Redemption Reserve	-
i	Capital Adjustment Reserve	380,383
j	Dividend Equalization Reserve	7,486
k	Special Reserve	22,246
l	Deferred Tax Reserve	93,520
m	Capital Reserve (created for loan waived as per Nepal Govt. Direction)	259,736
n	Other Free Reserves	6,063
<b>Total Core Capital</b>		<b>4,033,205</b>

<b>Supplementary Capital (Tier II)</b>		<b>Amount</b>
a	Cumulative and/or Redeemable Preference Share	-
b	Subordinated Term Debt	-
c	Hybrid Capital Instruments	-
d	General loan loss provision	402,647
e	Investment Adjustment Reserve	17,594
f	Assets Revaluation Reserve	-
g	Exchange Equalization Reserve	84,449
h	Other Reserves	-
<b>Total Supplementary Capital</b>		<b>504,689</b>

**Details of Subordinated Term Debt:**

Not Applicable

**Deduction from Capital**

The Bank holds net Investment in shares amounting to Rs. 191,337 thousand.

**Total Capital Fund**

<b>Particulars</b>	<b>Amount</b>
Core Capital (Tier 1) (after deduction of qualifying amount)	3,841,868
Supplementary Capital (Tier 2)	504,689
<b>Total Capital Fund</b>	<b>4,346,557</b>

**Capital Adequacy Ratio:**

**5.28%**

**2 Risk weighted exposures for Credit, Market and Operational Risk**

<b>Risk Weighted Exposures</b>	<b>Amount</b>
Risk Weighted Exposure for Credit Risk	71,707,270
Risk Weighted Exposure for Operational Risk	4,784,663
Risk Weighted Exposure for Market Risk	1,525,852
<b>Total Risk Weighted Exposures</b>	<b>78,017,785</b>
<b>Supervisor's adjustment (addition)</b>	
1 % of Net Interest Income on market risk (due to poor assets-liabilities management)	28,243
3 % of Gross Income on Operational risk (due to weak operational risk management)	1,139,519
4 % of Risk Weighted Exposure (Supervisor's addition due to poor risk management)	3,120,711
<b>Total Risk Weighted Exposures (after supervisor's adjustment)</b>	<b>82,306,259</b>

### Risk weighted exposures under each 11 categories of Credit Risk

S. N.	Categories	Risk Weighted Exposure
1	Claims on Government and Central Bank	-
2	Claims on Other Financial Entities	-
3	Claims on Banks	1,153,485
4	Claims on Domestic Corporates and Securities Firms	-
5	Claims on Regulatory Retail Portfolio	-
6	Claims secured by residential properties	4,003,159
7	Claims Secured by Commercial real estate	-
8	Past due claims	-
9	High Risk claims	53,168,548
10	Other Assets	8,561,663
11	Off Balance Sheet Items	4,820,415
<b>Total</b>		<b>71,707,270</b>

### Amount of Non Performing Assets (both Gross and Net)

Particulars	Amount		
	Gross	Provision	Net
Bass B (Restructured)	40,000	5,000	35,000
Substandard	295,708	73,927	221,781
Doubtful	81,395	40,698	40,698
Bad	1,598,491	1,598,491	-
<b>Total</b>	<b>2,015,594</b>	<b>1,718,116</b>	<b>297,479</b>

### NPA Ratios

Gross NPA to Gross Advances	4.78%
Net NPA to Net Advances	0.74%

### Movement in Non Performing Assets

Particulars	This Quarter	Previous Quarter	Changes %
Non Performing Assets (Rs. in 000')	2,015,594	1,953,779	3.07%
Non Performing Assets (%)	4.78%	4.74%	0.04%

### Write off of Loans and Interest Suspense in the Quarter

Particulars	Amount
Write off Loans	-
Write off of Interest Suspense	-

### Movement in Loan Loss Provision and Interest Suspense:

Particulars	This Quarter	Previous Quarter	Changes %
Loan Loss Provision	2,120,762	2,064,489	2.7%
Interest Suspense	3,696,388	3,589,700	3.0%

### Details of Additional Loan Loss Provision

None

### Segregation of Investment Portfolio

Particulars	Amount
Held for Trading	-
Held to Maturity	20,398,086
Available for sale	191,337
<b>Total</b>	<b>20,589,423</b>