

DISCLOSURE UNDER CAPITAL ADEQUACY FRAMEWORK OF NRB (BASEL II)
As on 32 Ashad 2075 (16 July 2018)

1. CAPITAL STRUCTURE & CAPITAL ADEQUACY

i. Core Capital (Tier I) **(NRs. '000')**

	Particulars	Amount
A	Paid-up Equity Share Capital	2,633,797
B	Share Premium	-
C	Statutory General Reserve	778,716
D	Proposed Bonus Equity Shares	210,704
E	Accumulated Profit/(Loss)	8,822
F	Capital Adjustment Reserve	-
G	Debenture Redemption Reserve	-
H	Other Free Reserve	43,404
I	Less: Deferred Tax Assets	(43,404)
J	Less: Purchase of land & building in excess of limit and unutilized	(55,626)
	Total Core Capital (Tier I)	3,576,413

ii. Supplementary Capital (Tier II) **(NRs. '000')**

	Particulars	Amount
A	Subordinate Term Debt	-
B	General Loan Loss Provision	230,566
C	Investment Adjustment Reserve	104,150
D	Exchange Equalization Reserve	209
E	Other Reserves	-
	Total Supplementary Capital (Tier II)	334,925

iii. Information about Subordinate Term Debt

The bank does not have any subordinated Term Debts

iv. Deduction Form Capital

	Particulars	Amount
	Deferred Tax Assets	43,404
	Purchase of land & building in excess of limit and unutilized	55,626
	Total	99,030

v. TOTAL QUALIFYING CAPITAL **(NRs. '000')**

	Particulars	Amount
	Total Core Capital (Tier I)	3,576,413
	Total Supplementary Capital (Tier II)	334,925
	Total Capital Fund (Tier I + Tier II)	3,911,338

vi. Capital Adequacy Ratio

Tier 1 Capital to Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)	16.55%
Tier 1 and Tier 2 Capital to Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)	18.10%

vii. Summary of the bank's internal approach to assess the adequacy of capital to support current and future activities

The bank considers the capital adequacy requirement pursuant to the provision set by NRB. The tier 1 capital ratio of the bank as at Ashad 2075 is 16.55% and the total capital ratio is 18.10%. The bank in its strategic planning cautiously considers the capital adequacy and projects capital adequacy required for the organisation's growth.

2. RISK EXPOSURE

(NRs. '000')

i. Risk Weighted Exposure for Credit Risk, Market Risk and Operational Risk

	Particulars	Amount
A	Risk Weighted Exposure for Credit Risk	19,505,341
B	Risk Weighted Exposure for Operational Risk	2,073,478
C	Risk Weighted Exposure for Market Risk	27,330
D	Add: 2% of the total RWE as per NRB Direction.	-
E	Add: 2% of the Gross Income as per NRB Direction	-
	Total Risk Weighted Exposure (A+B+C+D)	21,606,149

(NRs. '000')

ii. Risk Weighted Exposure under each 11 Categories of Credit Risk

S.No.	Categories	Amount
1	Claims on Government and Central Bank	-
2	Claims on Other Official Entities	-
3	Claims on Banks	1,329,822
4	Claims on Corporate and Securities Entities	5,968,543
5	Claims on Regulatory Retail Portfolio	7,415,970
6	Claims Secured by Residential Properties	974,999
7	Claims Secured by Commercial Real Estate	940,449
8	Past Due Claims	287,116
9	High Risk Claims	2,151,216
10	Other Assets	222,119
11	Off Balance Sheet Items	215,106
	Total	19,505,341

iii. Amount of Non Performing Assets (Gross and Net Amount)*(NRs. '000')*

	Particulars	Gross Amount	Provision	Net Amount
A	Restructured	8,682	1,085	7,596
B	Sub-standard	328,206	82,051	246,154
C	Doubtful	220,472	110,236	110,236
D	Loss	290,849	290,849	-
	Total	848,209	484,222	363,987

iv. Non Performing Assets (NPA) Ratios

NPA Ratios		Percentage (%)
- Gross NPA to Gross Advances		3.92%
- Net NPA to Net Advances		1.74%

v. Movement of Non Performing Assets*(NRs. '000')*

S.No.	Particulars	Opening Balance (Ashad End 2074)	Closing Balance (Ashad End 2075)	Movement
	Non Performing Loan			
1	Restructured Loan	-	8682	8,682
2	Sub-Standard	312,393	328206	15,812
3	Doubtful	102,797	220472	117,675
4	Loss	395,573	290849	(104,724)
	Total	810,763	848,209	37,445

vi. Write Off Of Loans and Interest Suspense:

During the FY 2074/75 bank has written off of the loan amounting to NRs. 16,380 thousand.

vii. Movement Of Loan Loss Provison and Interest Suspense**Loan Loss Provision***(NRs. '000')*

S.No.	Particulars	Opening Balance (Ashad End 2074)	Closing Balance (Ashad End 2075)	Movement
1	Pass	190,175	199,687	9,512
2	Watch List	44,708	42,131	(2,577)
3	Restructure	-	1,085	1,085
4	Sub-Standard	78,098	82,051	3,953
5	Doubtful	51,399	110,236	58,838
6	Loss	395,573	290,849	(104,724)
	Total Loan Loss Provision	759,953	726,040	(33,913)

viii. Interest Suspense*(NRs. '000')*

S.No.	Particulars	Opening Balance (Ashad End 2074)	Closing Balance (Ashad End 2075)	Movement
	Interest Suspense	290,373	268,728	(21,645)

* Interest suspense of last year is the figure after the recovery of 15 days interest however this year figure is the interest suspense as on Ashad end 2075.

ix. Details of Additional Loan Loss Provision*(NRs. '000')*

S.No.	Particulars	Ashad End 2075
1	Pass	9,512
2	Watch List	(2,577)
3	Restructure	1,085
4	Sub-Standard	3,953
5	Doubtful	58,838
6	Loss	(104,724)
	Total	(33,913)

3. Segregation of the Bank's Investment portfolio

Investments are segregated as per NRB Directive.

Held For Trading	Nil
Held To Maturity	1,381,875,000
Available For Sale	385,481,550