

Capital Adequacy Table
At the quarter end of Chaitra, 2076

(Rs. in '000)

1.1 RISK WEIGHTED EXPOSURES		Current Period	Previous Period
a	Risk Weighted Exposure for Credit Risk	4,661,930.94	4,333,070.98
b	Risk Weighted Exposure for Operational Risk	1,026,455.16	1,026,455.16
c	Risk Weighted Exposure for Market Risk	-	-
Total Risk Weighted Exposures (Before adjustments of Pillar II)		5,688,386.10	5,359,526.14
Adjustments under Pillar II		-	-
Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)		5,688,386.10	5,359,526.14

1.2 CAPITAL		Current Period	Previous Period
(A) Core Capital (Tier 1)		1,028,847.25	1,004,904.11
	Paid up Equity Share Capital	829,035.00	810,000.00
	Statutory General Reserves	179,761.55	179,761.55
	Retained Earnings	1,040.29	106,340.29
	Un-audited current year cumulative profit/(loss)	89,312.65	23,500.69
	Less: Purchase of land & building in excess of limit and unutilized	(70,302.24)	(70,302.24)
Adjustments under Pillar II		-	-
(B) Supplementary Capital (Tier 2)		51,467.57	45,938.02
	General loan loss provision	50,618.68	42,124.37
	Investment Adjustment Reserve	848.89	848.89
Total Capital Fund (Tier I and Tier II)		1,080,314.82	1,050,842.13

1.3 CAPITAL ADEQUACY RATIOS		Current Period	Previous Period
Tier 1 Capital to Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)		18.09%	18.75%
Tier 1 and Tier 2 Capital to Total Risk Weighted Exposures(After Bank's adjustments of Pillar II)		18.99%	19.61%

Risk Weighted Exposure for Credit Risk
At the month end of Chaitra, 2076

(Rs. in '000)

A. Balance Sheet Exposures	Book Value	Specific Provision	Eligible CRM	Net Value	Risk Weight	Risk Weighted Exposures
	A	b	C	d=a-b-c	e	f=d*e
Cash Balance	57,586.70			57,586.70	0%	
Balance With Nepal Rastra Bank	161,306.94			161,306.94	0%	
Gold					0%	
Investment in Nepalese Government Securities	351,200.00			351,200.00	0%	
All Claims on Government of Nepal					0%	
Investment in Nepal Rastra Bank securities					0%	
All claims on Nepal Rastra Bank					0%	
Claims on Foreign Government and Central Bank (ECA 0-1)					0%	
Claims on Foreign Government and Central Bank (ECA -2)					20%	
Claims on Foreign Government and Central Bank (ECA -3)					50%	
Claims on Foreign Government and Central Bank (ECA-4-6)					100%	
Claims on Foreign Government and Central Bank (ECA -7)					150%	
Claims On BIS, IMF, ECB, EC and MDB's recognized by the framework					0%	
Claims on Other Multilateral Development Banks					100%	
Claims on Domestic Public Sector Entities					100%	
Claims on Public Sector Entity (ECA 0-1)					20%	
Claims on Public Sector Entity (ECA 2)					50%	
Claims on Public Sector Entity (ECA 3-6)					100%	
Claims on Public Sector Entity (ECA 7)					150%	
Claims on domestic banks that meet capital adequacy requirements	993,401.90			993,401.90	20%	198,680.38
Claims on domestic banks that do not meet capital adequacy requirements					100%	
Claims on foreign bank (ECA Rating 0-1)					20%	
Claims on foreign bank (ECA Rating 2)					50%	
Claims on foreign bank (ECA Rating 3-6)					100%	
Claims on foreign bank (ECA Rating 7)					150%	
Claims on foreign bank incorporated in SAARC region operating with a					20%	

buffer of 1% above their respective regulatory capital requirement						
Claims on Domestic Corporates	1,275,748.31			1,275,748.31	100%	1,275,748.31
Claims on Foreign Corporates (ECA 0-1)					20%	
Claims on Foreign Corporates (ECA 2)					50%	
Claims on Foreign Corporates (ECA 3-6)					100%	
Claims on Foreign Corporates (ECA 7)					150%	
Regulatory Retail Portfolio (Not Overdue)	1,211,527.73		39,798.11	1,171,729.61	75%	878,797.21
Claims fulfilling all criterion of regularity retail except granularity	125,876.24			125,876.24	100%	125,876.24
Claims secured by residential properties	852,176.49			852,176.49	60%	511,305.89
Claims not fully secured by residential properties					150%	
Claims secured by residential properties (Overdue)	2,283.90			2,283.90	100%	2,283.90
Claims secured by Commercial real estate	688,790.58			688,790.58	100%	688,790.58
Past due claims (except for claims secured by residential properties)	30,509.32	18,146.75		12,362.57	150%	18,543.86
High Risk claims	255,500.00			255,500.00	150%	383,250.00
Lending Against Securities (Bonds & Shares)	226,306.32			226,306.32	100%	226,306.32
Investments in equity and other capital instruments of institutions listed in stock exchange	49,363.14			49,363.14	100%	49,363.14
Investments in equity and other capital instruments of institutions not listed in the stock exchange	752.50			752.50	150%	1,128.75
Staff loan secured by residential property	35,750.90			35,750.90	50%	17,875.45
Interest Receivable/claim on government securities	2,307.16			2,307.16	0%	
Cash in transit and other cash items in the process of collection					20%	
Other Assets (as per attachment)	289,289.66	5,358.76		283,930.90	100%	283,930.90
TOTAL (A)	6,609,677.78	23,505.51	39,798.11	6,546,374.16		4,661,880.94
B. Off Balance Sheet Exposures	Book Value	Specific Provision	Eligible CRM	Net Value	Risk Weight	Risk Weighted Exposures
Revocable Commitments					0%	
Bills Under Collection					0%	
Forward Exchange Contract Liabilities					10%	
LC Commitments With Original Maturity Upto 6 months domestic counterparty					20%	
Foreign counterparty (ECA Rating 0-1)					20%	
Foreign counterparty (ECA Rating 2)					50%	
Foreign counterparty (ECA Rating 3-6)					100%	
Foreign counterparty (ECA Rating 7)						

					150%	
LC Commitments With Original Maturity Over 6 months domestic counterparty					50%	
Foreign counterparty (ECA Rating 0-1)					20%	
Foreign counterparty (ECA Rating 2)					50%	
Foreign counterparty (ECA Rating 3-6)					100%	
Foreign counterparty (ECA Rating 7)					150%	
Bid Bond, Performance Bond and Counter guarantee domestic counterparty	100.00			100.00	50%	50.00
Foreign counterparty (ECA Rating 0-1)					20%	
Foreign counterparty (ECA Rating 2)					50%	
Foreign counterparty (ECA Rating 3-6)					100%	
Foreign counterparty (ECA Rating 7)					150%	
Underwriting commitments					50%	
Lending of Bank's Securities or Posting of Securities as collateral					100%	
Repurchase Agreements, Assets sale with recourse					100%	
Advance Payment Guarantee					100%	
Financial Guarantee					100%	
Acceptances and Endorsements					100%	
Unpaid portion of Partly paid shares and Securities					100%	
Irrevocable Credit commitments (short term)					20%	
Irrevocable Credit commitments (long term)					50%	
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement					20%	
Other Contingent Liabilities					100%	
Unpaid Guarantee Claims					200%	
TOTAL (B)	100.00			100.00		50.00
Total RWE for credit Risk Before Adjustment (A) +(B)	6,609,777.78	23,505.51	39,798.11	6,546,474.16		4,661,930.94
<i>Adjustments under Pillar II</i>						
SRP 6.4a(3) - Add 10% of the loans & facilities in excess of Single Obligor Limits to RWE						
SRP 6.4a(4) - Add 1% of the contract (sale) value in case of the sale of credit with recourse to RWE						
Total RWE for Credit Risk after Bank's adjustments under Pillar II	6,609,777.78	23,505.51	39,798.11	6,546,474.16		4,661,930.94

Risk Weighted Exposure for Operational Risk
At the quarter end of Chaitra, 2076

(Rs. in '000)

S.N.	Particulars	Fiscal Year		
		2073/074	2074/075	2075/076
1	Net Interest Income	132,611.37	187,720.56	255,182.92
2	Commission and Discount Income	638.77	1,377.12	1,040.49
3	Other Operating Income	19,511.29	40,092.17	37,734.93
4	Exchange Fluctuation Income			
5	Addition/Deduction in Interest Suspense during the period	334,116.94	449,729.39	593,154.39
6	Gross income (a)	486,878.37	678,919.23	887,112.73
7	Alfa (b)	15%	15%	15%
8	Fixed Percentage of Gross Income [c=(a×b)]	73,031.75	101,837.89	133,066.91
9	Capital Requirement for operational risk (d) (average of c)	102,645.52		
10	Risk Weight (reciprocal of capital requirement of 10%) in times (e)	10		
11	Equivalent Risk Weight Exposure [f=(d×e)]	1,026,455.16		

SRP 6.4a (8) Adjustments under Pillar II (If Gross Income for the last three years is negative)

1	Total Credit and Investment (net of Specific Provision) of related month	-
2	Capital Requirement for Operational Risk (5% of net credit and investment)	-
3	Risk Weight (reciprocal of capital requirement of 11%) in times	9.09
4	Equivalent Risk Weight Exposure (g)	-
5	Equivalent Risk Weight Exposure [h=f+g]	1,026,455.16

Non-Performing Assets*(Rs. in '000)*

Particulars	Current Period			Previous Period		
	Gross NPAs	Provision	Net NPAs	Gross NPAs	Provision	Net NPAs
Restructured/Rescheduled	-	-	-	-	-	-
Substandard	13,940	3,485	1,083	9,607	2,402	7,205
Doubtful	8,382	4,191	3,170	2,042	1,021	1,021
Loss	10,470	10,470	1,860	8,611	8,611	-
Gross NPA to Gross Loan%	0.70			0.44		

Segregation of Investment*(Rs. in '000)*

Particulars	Current Period	Previous Period
Held for Trading		
Held till Maturity	351,200	251,200
Available for Sale	50,115	50,750

Risk Management Function

The Company is vigilant to the risk factors and has adequate systems/ procedures to assess the risks associated with day to day business according to its portfolio size and complexity. The Company takes risk considering the risk appetite and after assessment of strengths and weaknesses in the internal and external environment. Periodic reviews are done in order to explore every possibility to gain insight on various risk factors and in order to find the best ways to mitigate the risk associated.