

Disclosure under Capital Adequacy Framework
As at Ashwin 2074

1. Capital Structure and Capital Adequacy

1.1. Capital Adequacy Ratio

Capital Adequacy Ratios	Ratio
Common Equity Tier I Ratio	15.99%
Core Capital Ratio - Tier I	15.99%
Total Capital Ratio - Tier I + Tier II	17.14%

1.2. Total Qualifying Capital:

Qualifying Capital	Amount
Core Capital (Tier I Capital)	8,509,956,073
Supplementary Capital (Tier II)	609,741,926
Total Capital Fund (Tier I and Tier II)	9,119,698,000

1.3. Tier 1 Capital and breakdowns of its Components

Particulars	Amount (Rs.)
Paid up Equity Share Capital	6,993,693,990
Share Premium	-
Proposed Bonus Equity Shares	-
Statutory General Reserves	706,924,599
Retained Earnings	1,046,238,776
Un-audited current year cumulative profit/(loss)	64,816,881
Capital Redemption Reserve	-
Capital Adjustment Reserve	4,500
Dividend Equalization Reserves	-
Other Free Reserve	42,499,858
Less: Goodwill	-
Less: Intangible Assets	60,839,596
Less: Deferred Tax Assets	42,499,858
Less: Fictitious Assets	-
Less: Investment in equity in licensed Financial Institutions	-
Less: Investment in equity of institutions with financial interests	-
Less: Investment in equity of institutions in excess of limits	-
Less: Investments arising out of underwriting commitments	-
Less: Reciprocal crossholdings	-
Less: Purchase of land & building in excess of limit and unutilized	214,928,020
Less: Cash Flow Hedge	-
Less: Defined Benefits Pension Assets	-
Less: Unrecognized Defined Benefit Pension Liabilities	-
Less: Other Deductions	25,955,056
Adjustments under Pillar II	
Less: Shortfall in Provision	-
Less: Loans & Facilities extended to related parties and restricted lending	-
Common Equity Tier I (CET I)	8,509,956,073
Perpetual Non Cumulative Preference Share Capital	-
Perpetual Debt Instruments	-
Stock Premium	-
Additional Tier I (AT I)	
Tier 1 Capital (Core Capital) (CET I + AT I)	8,509,956,073

1.4. Tier 2 Capital and breakdowns of its Components

Particulars	Amount (Rs.)
Cumulative and/or Redeemable Preference Share	-
Subordinated Term Debt	-
Hybrid Capital Instruments	-
Stock Premium	-
General Loan Loss Provision	578,064,998.26
Exchange Equalization Reserve	11,806,343.33
Investment Adjustment Reserve	8,373,556.53
Assets Revaluation Reserve	-
Other Reserves	11,497,028.19
Supplementary Capital (Tier II)	609,741,926.31

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

- a) Periodic supervision by the top management.
- b) Regular monitoring by the internal audit department

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Summary of terms, conditions and main features of all capital instruments, especially in case of subordinated term debts including hybrid capital instruments:

a) Bank does not have any other capital and instruments except fully paid equity shares as qualifying capital.

2. Risk Exposure

Risk weighted exposures for Credit Risk, Market Risk and Operational Risk:

Particulars	Amount (Rs.)
Risk Weighted Exposure for Credit Risk	47,929,539,037
Risk Weighted Exposure for Operational Risk	1,823,861,768
Risk Weighted Exposure for Market Risk	103,180,820
Total Risk Weighted Exposures	49,856,581,625
Adjustments under Pillar II	
Add: .% of the total deposit due to insufficient Liquid Assets(6.4 a 6)	
Add: 3% of the total RWE charge from NRB (6.4a (9))	1,495,697,449
Add: 3% of the total RWE charge from NRB (6.4 a 10)	1,495,697,449
Add: 2% capital charge from NRB to risk weighted exposure for operational risk	370,559,363
Total Risk weighted Exposures (After bank's Adjustment of Pillar II)	53,218,535,885

2.2 Risk Weighted Exposures under each of 11 categories of Credit Risk:

Particulars	Amount (Rs.)
a) Claims on government & central bank	-
b) Claims on other official entities	200,000,000
c) Claims on banks	1,124,853,747
d) Claims on corporate & securities firms	22,923,410,421
e) Claims on regulatory retail portfolio	10,603,632,404
f) Claims secured by residential properties	2,278,650,562
g) Claims secured by commercial real state	543,711,079
h) Past due claims	1,196,047,090
i) High risk claims	4,669,082,181
j) Other assets	1,306,197,066
k) Off balance sheet items	3,083,954,488
Total Risk Weightage Assets	47,929,539,037

Details of Non-Performing Assets (Gross amount and Net amount)

Particulars	Loan (Rs.)
Restructured and rescheduled loan	
Sub-standard loan	164,855,829
Doubtful loans	414,799,260
Bad loan	206,707,216
Total	786,362,304
Provision For Loss(Non-Performing Loans Only)	455,744,522
Net Amount	330,617,782

NPA Ratio

Particulars	Ratio
Gross NPA to Gross Advances	1.65%
Net NPA to Net Advances	0.71%

Movement of Nonperforming Assets:

Particulars	This Quarter	Previous Quarter
Non Performing Assets (Gross)	786,362,304	955,558,016
Non Performing Assets (Net of Provisions)	330,617,782	521,192,464

Write off of loans and interest Suspense during the Period :

Nil

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Movements in Loan Loss Provisions and interest suspense

Particulars	This Quarter	Previous Quarter
Loan Loss Provision	1,033,809,520	943,290,377
Interest Suspense	461,329,795	377,189,769

Details of additional Loan Loss Provision:

Particulars	This Quarter
1. a. Pass	10,811,737
1. b. WatchList	58,804,804
2. Restructured	-
3. Substandard	(102,637,970)
4. Doubtful	115,297,503
5. Loss	9,626,581
6. Provision of Non Banking Assets	-
Total Loan Loss Provision	91,902,655

Segregation of Investment Portfolio:

Particulars	This Quarter
Held for Trading	7,418,955.00
Held to Maturity	4,539,280,963.50
Available for Sale	158,859,705.21
Total Investments	4,705,559,624

3. Risk Management Function

Strategies and Processes

Credit risk process is a joint effort between business and credit areas. Relationship Managers involved in business interact with Credit Risk Officers in analyzing inherent risks in the customer's business, cash flow and structure a facility that simultaneously accommodates the Financing needs, while assuring seniority, protection and control of bank's assets and primary & secondary collateral.

The structure and organization of the relevant risk Management function

The Board of Directors (BOD) is the ultimate authority in decision making process. The process, however, is initiated at the business unit, credit risk department and goes through the CEO, and the BOD. The risk management stops at different levels depending on the Bank's policy relating to approval discretions. Further policy manuals on credit, asset liability, information technology & operations are also available to guide the staff on day to day business.

The scope and Nature of risk reporting and / or Measurement systems

Risk reporting/ measurement system is done through regular customer interactions, site inspections & annual reviews. This is a continuous process. Further, quarterly review of the bank's performance is conducted every quarter and Findings reported to the BOD.

Policies for hedging and / or mitigating risk and strategies, and processes for monitoring the continuing effectiveness of hedges / mitigants

Policies for mitigating risks & strategies are as outlined in the respective manuals and as discussed at various levels after customer interactions/ visits, during annual reviews, quarterly reviews and at meetings at various levels.

Types of eligible credit risk mitigant used and the benefits availed under CRM:

Particulars	Eligible CRM
Deposits with Bank	507,477,719
Deposits with other Banks / FI	-
Gold	170,765,043
Govt. & NRB Securities	-
Sec/ G'tee of Other Sovereigns	-
Total	678,242,762

Internal Capital Adequacy Assessment Process (ICAAP):

The bank has been preparing internal capital adequacy assessment on daily basis while it has been monitored by management committee on fortnightly basis.

Stress testing:

The bank has been conducting stress testing which is being reported to the Board of Directors on quarterly basis.