

Disclosure under Capital Adequacy Framework
As at Ashwin 2073

1. Capital Structure and Capital Adequacy

5

Tier 1 Capital and breakdowns of its Components

Particulars	Amount (Rs.)
Paid Up Capital	2,060,000,000
General Reserve	164,857,325
Retained Earning	488,862,974
Other Free Reserve	16,872,710
Less: Fictitious Assets	-
Less: Deferred Tax Assets	(16,872,710)
Less: Investment in equity of institutions with financial interests	-
Less: Loans & Facilities extended to related parties and restricted lending	-
Core Capital	2,713,720,299

Tier 2 Capital and breakdowns of its Components

Particulars	Amount (Rs.)
General Loan Loss Provision	236,862,137
Exchange Fluctuation Reserve	11,491,849
Investment Adjustment Reserve	580,000
Supplementary Capital	248,933,985

Detailed information about the Subordinated Term Debts with information on the outstanding amount, maturity, amount raised during the year and amount eligible to be reckoned as capital funds:

We have no such subordinated term debt.

Deductions from capital

Particulars	Amount (Rs.)
Premium on development Bond	-
Loans & Facilities extended to related parties and restricted lending	-
Investment in equity of institutions with financial interests	0

Total qualifying Capital

Particulars	Amount (Rs.)
Core Capital	2,713,720,299
Supplementary capital	248,933,985
Total Capital Fund	2,962,654,285

Capital Adequacy Ratio :

12.14%

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

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

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

- 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	22,246,426,538
Risk Weighted Exposure for Operational Risk	1,217,099,882
Risk Weighted Exposure for Market Risk	42,194,520
Total Risk Weighted Exposures	23,505,720,940
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 (6.4 a 10)	705,171,628
Add: 2% capital charge from NRB to risk weighted exposure for operational risk	201,473,830
Total Risk weighted Exposures (After bank's Adjustment of Pillar II)	24,412,366,399

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	130,100,000
c) Claims on banks	784,994,591
d) Claims on corporate & securities firms	13,506,295,748
e) Claims on regulatory retail portfolio	3,656,393,773
f) Claims secured by residential properties	458,905,878
g) Claims secured by commercial real state	322,527,748
h) Past due claims	231,661,937
i) High risk claims	1,165,776,616
j) Other assets	578,923,816
k) Off balance sheet items	1,410,846,431
Total Risk Weightage Assets	22,246,426,538

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

Particulars	Loan (Rs.)
Restructured and rescheduled loan	-
Sub-standard loan	11,146,600
Doubtful loans	28,784,965
Bad loan	147,412,013
Total	187,343,577
Provision For Loss(Non-Performing Loans Only)	164,591,145
Net Amount	22,752,432

NPA Ratio

Particulars	Ratio
Gross NPA to Gross Advances	0.92%
Net NPA to Net Advances	0.11%

Movement of Nonperforming Assets:

Particulars	This Quarter	Previous Quarter	Changes (%)
Non Performing Assets (Gross)	187,343,577	187,343,577	0.00%
Non Performing Assets (Net of Provisions)	22,752,432	22,752,432	0.00%

Write off of loans and interest Suspense during the Period :

0

Movements in Loan Loss Provisions and interest suspense

Particulars	This Quarter	Previous Quarter	Changes (%)
Loan Loss Provision	388,607,055	388,607,055	0.00%
Interest Suspense	89,745,251	68,971,632	30.12%

Details of additional Loan Loss Provision:

Particulars	This Quarter
1. a. Pass	10,439,785
1. b. WatchList	1,952,428
2. Restructured	-
3. Substandard	16,943,386
4. Doubtful	(11,168,274)
5. Loss	24,111,857
6. Provision of Non Banking Assets	-
Total Loan Loss Provision	42,279,182

Segregation of Investment Portfolio:

Particulars	This Quarter
Held for Trading	9,527,500.00
Held to Maturity	4,114,585,687
Available for Sale	31,302,600
Total Investments	4,155,415,787

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	153,913,097
Deposits with other Banks / FI	-
Gold	138,045,282
Govt. & NRB Securities	41,000,000
Sec/ G'tee of Other Sovereigns	-
Total	332,958,379

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.