

Capital Adequacy Disclosures
As Per the Nepal Rastra Bank Capital Adequacy Framework 2015
First Quarter-end of F.Y. 2019/20

Tier-1 Capital and Breakdown of Its Components

Particulars	Rs. In Million
1 Common Equity Tier 1 Capital	22,576.03
1.01 Paid-up Equity Share Capital	9,015.53
1.02 Proposed Bonus Shares	-
1.03 Equity Share Premium	-
1.04 Statutory General Reserves	6,951.25
1.05 Retained Earnings	3,846.64
1.06 Unaudited Current Year Cumulative Profit	599.02
1.07 Debenture Redemption Reserve	2,300.00
1.08 Other Reserves	0.23
1.09 Less: Investment in Equity of Licensed Financial Institutions	(35.17)
1.1 Less: Investment in Equity of Institutions with Financial Interest	(101.47)
1.11 Less: Deferred Tax Asset	(0.00)
2 Additional Tier 1 Capital	5,432.71
2.1 Irredeemable Non-Cumulative Preference Share Capital	5,432.71
Total	28,008.74

Tier-2 Capital and Breakdown of Its Components

Particulars	Rs. In Million
1 Subordinated Term Debt	-
2 General Loan Loss Provision	1,236.59
3 Investment Adjustment Reserve	8.05
4 Exchange Equalization Reserve	109.05
5 Other Reserves	215.94
Total	1,569.62

Total Qualifying Capital

Particulars	Rs. In Million
1 Core (Tier-1) Capital	28,008.74
1.1 Common Equity Tier-1 Capital	22,576.03
1.2 Additional Tier-1 Capital	5,432.71
2 Supplementary (Tier-2) Capital	1,569.62
Total Capital Fund (Tier 1 + Tier 2)	29,578.36

Risk Weighted Exposures

Particulars	Rs. In Million
1 Risk Weighted Exposure for Credit Risk	120,762.79
2 Risk Weighted Exposure for Operational Risk	12,590.52
3 Risk Weighted Exposure for Market Risk	107.42
Total	133,460.72

Risk Weighted Exposure under each of 11 Categories of Credit Risk

Particulars	Risk Weighted Exposure	(Rs. In Million)
1 Claims on Government and Central Bank	-	-
2 Claims on Other Official Entities	-	-
3 Claims on Banks	3,565.26	-
4 Claims on Corporate and Securities Firms	-	-
5 Claims on Regulatory Retail Portfolio	75,498.50	-
6 Claims Secured by Residential Properties	3,846.73	-
7 Claims Secured by Commercial Real State	735.38	-
8 Past Due Claims	2,268.40	-
9 High Risk Claims	-	-
10 Other Assets	6,638.15	-
11 Off-balance Sheet Items	28,210.36	-
Total	120,762.79	120,762.79

Total Risk Weighted Exposure Calculation Table

Particulars	Rs. In Million
1 Total Risk Weighted Exposures (After Supervisory Adjustment)	142,393
1.1 Total Risk Weighted Exposures (Prior to Supervisory Adjustment)	133,461
1.2 SRP 6.4 a (5) ALM Policies and Practices are not satisfactory, add 1% of net interest income to RWE	74
1.3 SRP 6.4 a (7) Add RWE equivalent to reciprocal of capital charge of 4% of Gross Income	3,520
1.4 SRP 6.4 a (9) Overall Risk Management Policies and Procedures are not Satisfactory. Add 3% of RW	5,338
2 Total Core (Tier 1) Capital	28,009
2.1 Common Equity Tier-1 Capital	22,576
2.2 Additional Tier-1 Capital	5,433
3 Total Supplementary (Tier-2) Capital	1,570
4 Total Capital Fund (Tier-1 + Tier-2)	29,578
5 Common Equity Tier-1 Capital to Total Risk Weighted Exposures	15.85%
6 Core Capital to Total Risk Weighted Exposures	19.67%
7 Total Capital Fund to Total Risk Weighted Exposures	20.77%
8 Leverage Ratio	13.66

Amount of Non-Performing Assets (NPA)

Categories	Gross NPA (Rs. In Million)	Provision (Rs. In Million)	Net NPA (Rs. In Million)
1 Reschedule/Restructured Loan	263	33	230
2 Substandard Loan	1,654	414	1,241
3 Doubtful Loan	741	371	371
4 Loss Loan	1,487	1,487	-
Total	4,145	2,304	1,842

NPA Ratio

Gross NPA to Gross Loan and Advance	3.70%
Net NPA to Net Loan and Advance	1.70%

Movement of Non-Performing Assets

Categories	This Quarter (Rs.in Million)	Previous Quarter (Rs.in Million)	Difference (Rs. in Million)
1 Reschedule/Restructured loan	263	296	(32)
2 Substandard loan	1,654	819	835
3 Doubtful loan	741	591	150
4 Loss loan	1,487	1,538	(52)
Total	4,145	3,244	901

Written-off Loan and Interest Suspende

Categories	Rs. In Million
1 Write-off Loan and Its Interest	1,962
2 Interest suspense	361
Total	2,320

Movement in Loan Loss Provision and Interest Suspende

Categories	This Quarter (Rs.in Million)	Previous Quarter (Rs.in Million)	Difference (Rs. in Million)
1 Loan loss provision	3541	3,356	185
2 Interest suspense	361	400	(39)
Total	3,902	3,756	146

Segregation of Investment Portfolio

Categories	Amount in Million
1 Held-for-trading	-
2 Held-to-maturity	27,315
3 Available-for-sale	1,082
Total	28,397

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

Bank conducts its operations based on the annual budget and programs approved by its board of directors. This is formulated by taking into accounts of the level of risk tolerance which forms the basis of determining the bank's business exposure and there by the amount of capital required. They also provide the guiding principle to assess and achieve the bank's statutory capital adequacy which are reflected in regular basis on review of achievements of targeted results throughout the year. The framework consisting various committees and department review and ensure adequacy of capital held by the bank either by influencing capital or risk exposures.