

Capital Adequacy Disclosures

As Per the Nepal Rastra Bank Capital Adequacy Framework 2015

Fourth 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	22,496.92
1.01 Paid-up Equity Share Capital	9,556.46
1.02 Proposed Bonus Shares	-
1.03 Equity Share Premium	-
1.04 Statutory General Reserves	6,918.92
1.05 Retained Earnings	390.24
1.06 Unaudited Current Year Cumulative Profit	3,468.03
1.07 Debenture Redemption Reserve	2,300.00
1.08 Other Reserves	0.23
1.09 Less: Investment in Equity of Licensed Financial Institutions	(35.50)
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	27,929.63

Tier-2 Capital and Breakdown of Its Components

Particulars	Rs. In Million
1 Subordinated Term Debt	2,500.00
2 General Loan Loss Provision	1,630.92
3 Investment Adjustment Reserve	8.05
4 Exchange Equalization Reserve	102.47
5 Other Reserves	243.84
Total	4,485.27

Total Qualifying Capital

Particulars	Rs. In Million
1 Core (Tier-1) Capital	27,929.63
1.1 Common Equity Tier-1 Capital	22,496.92
1.2 Additional Tier-1 Capital	5,432.71
2 Supplementary (Tier-2) Capital	4,485.27
Total Capital Fund (Tier 1 + Tier 2)	32,414.89

Risk Weighted Exposures

Particulars	Rs. In Million
1 Risk Weighted Exposure for Credit Risk	136,206.08
2 Risk Weighted Exposure for Operational Risk	12,590.52
3 Risk Weighted Exposure for Market Risk	67.00
Total	148,863.60

Risk Weighted Exposure under each of 11 Categories of Credit Risk

Particulars	Risk Weighted Exposure Million	(Rs. In Million)
1 Claims on Government and Central Bank	-	-
2 Claims on Other Official Entities	-	-
3 Claims on Banks	3,032.02	3,032.02
4 Claims on Corporate and Securities Firms	-	-
5 Claims on Regulatory Retail Portfolio	84,106.05	84,106.05
6 Claims Secured by Residential Properties	3,987.97	3,987.97
7 Claims Secured by Commercial Real State	685.35	685.35
8 Past Due Claims	1,388.28	1,388.28
9 High Risk Claims	-	-
10 Other Assets	8,099.64	8,099.64
11 Off-balance Sheet Items	34,906.78	34,906.78
Total	136,206.08	136,206.08

Total Risk Weighted Exposure Calculation Table

Particulars	Rs. In Million
1 Total Risk Weighted Exposures (After Supervisory Adjustment)	158,412
1.1 Total Risk Weighted Exposures (Prior to Supervisory Adjustment)	148,864
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 RWE	5,955
2 Total Core (Tier 1) Capital	27,930
2.1 Common Equity Tier-1 Capital	22,497
2.2 Additional Tier-1 Capital	5,433
3 Total Supplementary (Tier-2) Capital	4,485
4 Total Capital Fund (Tier-1 + Tier-2)	32,415
5 Common Equity Tier-1 Capital to Total Risk Weighted Exposures	14.20%
6 Core Capital to Total Risk Weighted Exposures	17.63%
7 Total Capital Fund to Total Risk Weighted Exposures	20.46%
8 Leverage Ratio	11.36

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	310	39	271
2 Substandard Loan	7	2	5
3 Doubtful Loan	1,299	650	650
4 Loss Loan	1,725	1,725	-
Total	3,341	2,415	926

NPA Ratio		
Gross NPA to Gross Loan and Advance		2.71%
Net NPA to Net Loan and Advance		0.78%

Movement of Non-Performing Assets

Categories	This Quarter (Rs.in Million)	Previous Quarter (Rs.in Million)	Difference (Rs. in Million)
1 Reschedule/Restructured loan	310	207	103
2 Substandard loan	7	1,543	(1,537)
3 Doubtful loan	1,299	1,161	138
4 Loss loan	1,725	1,546	178
Total	3,341	4,458	(1,117)

Written-off Loan and Interest Suspense

Categories	Rs. In Million
1 Write-off Loan and Its Interest	2,009
2 Interest suspense	1,044
Total	3,053

Movement in Loan Loss Provision and Interest Suspense

Categories	This Quarter (Rs.in Million)	Previous Quarter (Rs.in Million)	Difference (Rs. in Million)
1 Loan loss provision	4046	3,823	223
2 Interest suspense	491	469	22
Total	4,537	4,292	245

Segregation of Investment Portfolio

Categories	Amount in Million
1 Held-for-trading	38
2 Held-to-maturity	31,480
3 Available-for-sale	792
Total	32,310

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.