

Disclosure Under BASEL II (3rd Quarter ended 13/04/2009)**Capital Structure:**

The following is the **Tier 1 capital** and breakdown of its components:

S.No	Particulars	Amount ('000)
1.1	Paid up Equity Share Capital	1,399,558
1.2	Proposed Bonus Equity Shares	-
1.3	Statutory General Reserves	130,232
1.4	Retained Earnings	(870,593)
1.5	Un-audited current year cumulative profit	291,533
1.6	Deduction from Capital	(15,033)
	Core Capital (Tier I)	935,697

The following is the **Tier 2 capital** and breakdown of its components:

S.No	Particulars	Amount ('000)
2.1	Subordinated Term Debt	-
2.2	General loan loss provision	99,629
2.3	Exchange Equalization Reserve	886
2.4	Other Reserves	-
	Supplementary Capital (Tier II)	100,515

Subordinated Term Debt:

The Bank has not issued any Subordinated Term Debt instrument.

Deductions from Capital:

Investments in other financial institutions licensed by Nepal Rastra Bank, and promoters' financially interested companies

S.No	Particular	Amount ('000)
2.1	Ordinary Shares of Nepal Srilanka Merchant Bank (3,000 units)	233
2.2	Ordinary Shares of NB Insurance Co. (148,000 units)	14,800
	Total	15,033

Total Qualifying Assets

S.No	Particular	Amount ('000)
1	Core Capital (Tier I)	935,697
2	Supplementary Capital (Tier II)	100,515
	Total Capital Fund (Tier I and Tier II)	1,036,212

Risk weighted exposure under each of 11 categories of Credit Risk

S.No	Particular	Amount ('000)
1	Claims on government & central bank	-
2	Claims on other official entities	152,874
3	Claims on banks	299,785
4	Claims on corporate & securities firms	2,602,757
5	Claims on regulatory retail portfolio	715,380
6	Claims secured by residential properties	312,005
7	Claims secured by commercial real state	972,444
8	Past due claims	541,552
9	High risk claims	546,512
10	Other assets	407,748
11	Off balance sheet items	937,898
	Total	7,488,955

Risk weighted Exposures:

S.No	Particular	Amount ('000)
1	Risk Weighted Exposure for Credit Risk	7,488,955
2	Risk Weighted Exposure for Operational Risk	696,399
3	Risk Weighted Exposure for Market Risk	89,475
	Total Risk Weighted Exposures	8,274,829

Risk Weighted Exposure Calculation Table:

S.No	Particular	Amount ('000)
1	Total Risk Weighted Exposures	8,274,829
2	Total Core Capital (Tier I)	935,697
3	Total Capital Fund (Tier I + Tier II)	1,036,212
4	Total Core Capital to Total Risk Weighted Exposures	11.31%
5	Total Capital Fund to Total Risk Weighted Exposures	12.52%

Amount of Non -Performing Assets (Gross and Net):

				Amount '000
SN	Category		Provision	Net
1	Substandard	14,891	3,723	11,168
2	Doubtful	19,297	9,648	9,649
3	Loss	579,529	577,754	1,775
	TOTAL	613,717	591,125	22,592

NPA Ratio:

SN	NPA Ratios	Percentage
1	Gross NPA to Gross Advances	9.14%
2	Net NPA to Net Advances	0.38%

Movement of NPA:

				Amount '000
SN	Particulars		Closing Balance	Increase / (Decrease)
1	Substandard	21,154	14,891	(6,263)
2	Doubtful	19,834	19,297	(537)
3	Loss	610,631	579,529	(31,102)
	TOTAL	651,619	613,717	(37,902)

Write Off of Loans and Interest Suspense:

SN	Particular	Amount ('000)
1	Loans Written Off	54,568
2	Interest written Off	52,008
	TOTAL	106,576

Movement in Loan Loss Provision and Interest Suspense:

				Amount '000
SN	Particular	Opening Balance	Closing Balance	Increase / (Decrease)
1	Loan Loss Provision	752,493	722,806	(29,687)
2	Interest Suspense	563,483	560,635	(2,848)

Segregation of Investment Portfolio

SN	Particular	Amount ('000)
1	Held for trading	-
2	Held to maturity	166,617
3	Available for Sale	236,608
	TOTAL	403,225

Types of Eligible Credit Risk Mitigants used:

SN	Particular	Amount ('000)
1	Deposit with Own Bank	202,157
2	Deposit with other Banks / Financial Institutions	8,549
3	Gold	63,927
4	Securities of Government and NRB	712
5	Securities/ Guarantee of Foreign Bank	21,798
	TOTAL	297,143