

Disclosure Under BASEL II (1st Quarter ended 16/10/2008)**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	59,153
1.6	Deduction from Capital	(24,300)
	Core Capital (Tier I)	694,050

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	80,142
2.3	Exchange Equalization Reserve	886
2.4	Other Reserves	-
	Supplementary Capital (Tier II)	81,028

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 (120,000 units)	9,300
2.2	Ordinary Shares of NB Insurance Co. (150,000 units)	15,000
	Total	24,300

Total Qualifying Assets

S.No	Particular	Amount ('000)
1	Core Capital (Tier I)	694,050
2	Supplementary Capital (Tier II)	81,028
	Total Capital Fund (Tier I and Tier II)	775,078

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	150,000
3	Claims on banks	178,737
4	Claims on corporate & securities firms	2,416,718
5	Claims on regulatory retail portfolio	649,761
6	Claims secured by residential properties	270,108
7	Claims secured by commercial real state	741,371
8	Past due claims	545,403
9	High risk claims	211,776
10	Other assets	350,197
11	Off balance sheet items	798,464
	Total	6,312,535

Risk weighted Exposures:

S.No	Particular	Amount ('000)
1	Risk Weighted Exposure for Credit Risk	6,312,535
2	Risk Weighted Exposure for Operational Risk	696,399
3	Risk Weighted Exposure for Market Risk	93,705
	Total Risk Weighted Exposures	7,102,639

Risk Weighted Exposure Calculation Table:

S.No	Particular	Amount ('000)
1	Total Risk Weighted Exposures	7,102,639
2	Total Core Capital (Tier I)	694,050
3	Total Capital Fund (Tier I + Tier II)	775,078
4	Total Core Capital to Total Risk Weighted Exposures	9.77%
5	Total Capital Fund to Total Risk Weighted Exposures	10.91%

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

		Amount '000		
SN	Category	Gross	Provision	Net
1	Substandard	46,165	11,477	34,689
2	Doubtful	20,841	10,421	10,421
3	Loss	722,275	720,969	1,306
	TOTAL	789,282	742,866	46,415

NPA Ratio:

SN	NPA Ratios	Percentage
1	Gross NPA to Gross Advances	13.56%
2	Net NPA to Net Advances	0.93%

Movement of NPA:

		Amount '000		
SN	Particulars	Opening Balance	Closing Balance	Increase / (Decrease)
1	Substandard	24,769	46,165	21,396
2	Doubtful	110,062	20,841	(89,221)
3	Loss	732,485	722,275	(10,210)
	TOTAL	867,316	789,282	(78,034)

Movement in Loan Loss Provision and Interest Suspense:

		Amount '000		
SN	Particular	Opening Balance	Closing Balance	Increase / (Decrease)
1	Loan Loss Provision	863,194	855,899	(7,295)
2	Interest Suspense	621,687	638,064	16,377

SN	Particular	Amount ('000)
1	Held for trading	-
2	Held to maturity	8,311
3	Available for Sale	245,875
	TOTAL	254,186

Types of Eligible Credit Risk Mitigants used:

SN	Particular	Amount ('000)
1	Deposit with Own Bank	165,434
2	Deposit with other Banks / Financial Institutions	14,160
3	Gold	40,420
4	Securities of Government and NRB	-
5	Securities/ Guarantee of Foreign Bank	15,791
	TOTAL	235,805