

**Disclosure Under BASEL II ( 2nd Quarter ended 13/01/2009 )****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	198703
1.6	Deduction from Capital	(15,233)
	<b>Core Capital (Tier I)</b>	<b>842,667</b>

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	95,063
2.3	Exchange Equalization Reserve	886
2.4	Other Reserves	-
	<b>Supplementary Capital (Tier II)</b>	<b>95,949</b>

**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. (150,000 units )	15,000
	<b>Total</b>	<b>15,233</b>

**Total Qualifying Assets**

S.No	Particular	Amount ( '000)
1	Core Capital (Tier I )	842,667
2	Supplementary Capital (Tier II)	95,949
	<b>Total Capital Fund (Tier I and Tier II)</b>	<b>938,616</b>

**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	155,764.73
3	Claims on banks	284,752.69
4	Claims on corporate & securities firms	2,671,476.33
5	Claims on regulatory retail portfolio	660,627.27
6	Claims secured by residential properties	266,343.86
7	Claims secured by commercial real state	775,531.39
8	Past due claims	593,744.38
9	High risk claims	332,081.28
10	Other assets	446,752.51
11	Off balance sheet items	820,102.93
	<b>Total</b>	<b>7,007,177</b>

**Risk weighted Exposures:**

S.No	Particular	Amount ( '000)
1	Risk Weighted Exposure for Credit Risk	7,007,177
2	Risk Weighted Exposure for Operational Risk	696,399
3	Risk Weighted Exposure for Market Risk	42,496
	<b>Total Risk Weighted Exposures</b>	<b>7,746,073</b>

**Risk Weighted Exposure Calculation Table:**

S.No	Particular	Amount ( '000)
1	Total Risk Weighted Exposures	7,746,073
2	Total Core Capital (Tier I )	842,667
3	Total Capital Fund (Tier I + Tier II )	938,616
4	Total Core Capital to Total Risk Weighted Exposures	10.88%
5	Total Capital Fund to Total Risk Weighted Exposures	12.12%

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

		Amount '000		
SN	Category	Gross	Provision	Net
1	Substandard	21,154	5,288	15,866
2	Doubtful	19,834	9,917	9,917
3	Loss	610,631	608,772	1,859
	<b>TOTAL</b>	<b>651,619</b>	<b>623,977</b>	<b>27,642</b>

**NPA Ratio:**

SN	NPA Ratios	Percentage
1	Gross NPA to Gross Advances	10.32%
2	Net NPA to Net Advances	0.50%

**Movement of NPA:**

		Amount '000		
SN	Particulars	Opening Balance	Closing Balance	Increase / ( Decrease )
1	Substandard	46,165	21,154	(25,011)
2	Doubtful	20,841	19,834	(1,007)
3	Loss	722,275	610,631	(111,644)
	<b>TOTAL</b>	<b>789,282</b>	<b>651,619</b>	<b>(137,663)</b>

**Write Off of Loans and Interest Suspense:**

SN	Particular	Amount ( '000)
1	Loans Written Off	45,135
2	Interest written Off	44,571
	<b>TOTAL</b>	<b>89,706</b>

**Movement in Loan Loss Provision and Interest Suspense:**

		Amount '000		
SN	Particular	Opening Balance	Closing Balance	Increase / ( Decrease )
1	Loan Loss Provision	855,899	752,493	(103,406)
2	Interest Suspense	638,064	563,483	(74,581)

**Segregation of Investment Portfolio**

SN	Particular	Amount ( '000)
1	Held for trading	-
2	Held to maturity	166,617
3	Available for Sale	236,808
	<b>TOTAL</b>	<b>403,425</b>

**Types of Eligible Credit Risk Mitigants used:**

SN	Particular	Amount ( '000)
1	Deposit with Own Bank	184,760
2	Deposit with other Banks / Financial Institutions	5,200
3	Gold	49,584
4	Securities of Government and NRB	-
5	Securities/ Guarantee of Foreign Bank	22,386
	<b>TOTAL</b>	<b>261,929</b>