

Disclosure Under BASEL II (1st Quarter ended 2010/11)**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	1,399,672
1.2	Proposed Bonus Equity Shares	-
1.3	Statutory General Reserves	305,456
1.4	Retained Earnings	(171,423)
1.5	Un-audited current year cumulative profit	29,271
1.6	Deduction from Capital	(132,581)
	Core Capital (Tier I)	1,430,395

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	140,399
2.3	Exchange Equalization Reserve	886
2.4	Other Reserves	-
	Supplementary Capital (Tier II)	141,285

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 (1,000 units)	78
2.2	Ordinary Shares of NB Insurance Co. (146,000 units)	14,600
2.3	Loan to Harishidhi Bricks & Tile Factory	122
2.4	Loan to National Hydro Power Company	117,781
	Total	132,581

Total Qualifying Assets

S.No	Particular	Amount ('000)
1	Core Capital (Tier I)	1,430,395
2	Supplementary Capital (Tier II)	141,285
	Total Capital Fund (Tier I and Tier II)	1,571,680

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	157,525
3	Claims on banks	332,622
4	Claims on corporate & securities firms	4,711,572
5	Claims on regulatory retail portfolio	689,118
6	Claims secured by residential properties	373,653
7	Claims secured by commercial real state	484,077
8	Past due claims	379,286
9	High risk claims	1,369,260
10	Other assets	521,941
11	Off balance sheet items	1,276,661
	Total	10,295,715

Risk weighted Exposures:

S.No	Particular	Amount ('000)
1	Risk Weighted Exposure for Credit Risk	10,295,715
2	Risk Weighted Exposure for Operational Risk	876,035
3	Risk Weighted Exposure for Market Risk	60,206
	Total Risk Weighted Exposures	11,231,956

Risk Weighted Exposure Calculation Table:

S.No	Particular	Amount ('000)
1	Total Risk Weighted Exposures	11,231,956
2	Total Core Capital (Tier I)	1,430,395
3	Total Capital Fund (Tier I + Tier II)	1,571,680
4	Total Core Capital to Total Risk Weighted Exposures	12.74%
5	Total Capital Fund to Total Risk Weighted Exposures	13.99%

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

				Amount '000	
SN	Category	Gross		Provision	Net
1	Restructure/Reshedule	104,245		103,323	922
2	Substandard	36,164		9,041	27,123
3	Doubtful	59,801		29,901	29,900
4	Loss	158,898		157,627	1,271
	TOTAL	359,108		299,892	59,216

NPA Ratio:

SN	NPA Ratios	Percentage
1	Gross NPA to Gross Advances	4.11%
2	Net NPA to Net Advances	0.71%

Movement of NPA:

					Amount '000
SN	Particulars	Opening Balance		Closing Balance	Increase / (Decrease)
1	Restructure/Reshedule	116,371		104,245	(12,126)
2	Substandard	77,326		36,164	(41,162)
3	Doubtful	63,133		59,801	(3,332)
4	Loss	87,314		158,898	71,584
	TOTAL	344,144		359,108	14,964

Write Off of Loans and Interest Suspense:

SN	Particular	Amount ('000)
1	Loans Written Off	-
2	Interest written Off	-
	TOTAL	-

Movement in Loan Loss Provision and Interest Suspense:

					Amount '000
SN	Particular	Opening Balance		Closing Balance	Increase / (Decrease)
1	Loan Loss Provision	332,216		392,444	60,228
2	Interest Suspense	154,783		156,500	1,717

Segregation of Investment Portfolio

SN	Particular	Amount ('000)
1	Held for trading	-
2	Held to maturity	2,405,316
3	Available for Sale	99,226
	TOTAL	2,504,542

Types of Eligible Credit Risk Mitigants used:

SN	Particular	Amount ('000)
1	Deposit with Own Bank	337,110
2	Deposit with other Banks / Financial Institutions	-
3	Gold	154,588
4	Securities of Government and NRB	-
5	Securities/ Guarantee of Foreign Bank	-
	TOTAL	491,698