

Disclosure Under BASEL II (2nd Quarter ended 14/01/2010)**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	213,325
1.4	Retained Earnings	(539,848)
1.5	Un-audited current year cumulative profit	294,632
1.6	Deduction from Capital	(185,055)
	Core Capital (Tier I)	1,182,612

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	132,508
2.3	Exchange Equalization Reserve	886
2.4	Other Reserves	-
	Supplementary Capital (Tier II)	133,394

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	100
2.4	Loan to National Hydro Power Company	170,277
	Total	185,055

Total Qualifying Assets

S.No	Particular	Amount ('000)
1	Core Capital (Tier I)	1,182,612
2	Supplementary Capital (Tier II)	133,394
	Total Capital Fund (Tier I and Tier II)	1,316,006

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	155,812
3	Claims on banks	314,066
4	Claims on corporate & securities firms	3,983,977
5	Claims on regulatory retail portfolio	942,511
6	Claims secured by residential properties	379,059
7	Claims secured by commercial real state	966,149
8	Past due claims	380,578
9	High risk claims	1,134,909
10	Other assets	402,545
11	Off balance sheet items	1,116,829
	Total	9,776,435

Risk weighted Exposures:

S.No	Particular	Amount ('000)
1	Risk Weighted Exposure for Credit Risk	9,776,435
2	Risk Weighted Exposure for Operational Risk	768,168
3	Risk Weighted Exposure for Market Risk	56,035
	Total Risk Weighted Exposures	10,600,638

Risk Weighted Exposure Calculation Table:

S.No	Particular	Amount ('000)
1	Total Risk Weighted Exposures	10,600,638
2	Total Core Capital (Tier I)	1,182,612
3	Total Capital Fund (Tier I + Tier II)	1,316,006
4	Total Core Capital to Total Risk Weighted Exposures	11.16%
5	Total Capital Fund to Total Risk Weighted Exposures	12.41%

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

SN	Category	Gross	Amount '000	
			Provision	Net
1	Substandard	12,897	3,224	9,673
2	Doubtful	4,445	2,223	2,222
3	Loss	164,345	162,995	1,350
	TOTAL	181,687	168,442	13,245

NPA Ratio:

SN	NPA Ratios	Percentage
1	Gross NPA to Gross Advances	2.10%
2	Net NPA to Net Advances	0.16%

Movement of NPA:

SN	Particulars	Amount '000		
		Opening Balance	Closing Balance	Increase / (Decrease)
1	Substandard	30,930	12,897	(18,611)
2	Doubtful	10,193	4,445	2,046
3	Loss	176,873	164,345	(4,363)
	TOTAL	217,996	181,687	(20,928)

Write Off of Loans and Interest Suspense:

SN	Particular	Amount ('000)
1	Loans Written Off	5,273
2	Interest written Off	3,463
	TOTAL	8,736

Movement in Loan Loss Provision and Interest Suspense:

SN	Particular	Amount '000		
		Opening Balance	Closing Balance	Increase / (Decrease)
1	Loan Loss Provision	338,732	325,920	(12,812)
2	Interest Suspense	240,385	192,811	(47,574)

Segregation of Investment Portfolio

SN	Particular	Amount ('000)
1	Held for trading	-
2	Held to maturity	1,383,039
3	Available for Sale	187,215
	TOTAL	1,570,254

Types of Eligible Credit Risk Mitigants used:

SN	Particular	Amount ('000)
1	Deposit with Own Bank	260,564
2	Deposit with other Banks / Financial Institutions	-
3	Gold	99,219
4	Securities of Government and NRB	-
5	Securities/ Guarantee of Foreign Bank	-
	TOTAL	359,783