

**Disclosure Under BASEL II ( 3rd Quarter ended 13/04/2010 )****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	346,505
1.6	Deduction from Capital	(136,360)
	<b>Core Capital (Tier I)</b>	<b>1,283,180</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	136,296
2.3	Exchange Equalization Reserve	886
2.4	Other Reserves	-
	<b>Supplementary Capital (Tier II)</b>	<b>137,182</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 (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	121,582
	<b>Total</b>	<b>136,360</b>

**Total Qualifying Assets**

S.No	Particular	Amount ( '000)
1	Core Capital (Tier I )	1,283,180
2	Supplementary Capital (Tier II)	137,182
	<b>Total Capital Fund (Tier I and Tier II)</b>	<b>1,420,362</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	152,906
3	Claims on banks	305,379
4	Claims on corporate & securities firms	4,131,228
5	Claims on regulatory retail portfolio	783,311
6	Claims secured by residential properties	383,859
7	Claims secured by commercial real state	1,037,945
8	Past due claims	306,317
9	High risk claims	1,281,110
10	Other assets	497,040
11	Off balance sheet items	1,218,368
	<b>Total</b>	<b>10,097,463</b>

**Risk weighted Exposures:**

S.No	Particular	Amount ( '000)
1	Risk Weighted Exposure for Credit Risk	10,097,463
2	Risk Weighted Exposure for Operational Risk	768,168
3	Risk Weighted Exposure for Market Risk	38,032
	<b>Total Risk Weighted Exposures</b>	<b>10,903,663</b>

**Risk Weighted Exposure Calculation Table:**

S.No	Particular	Amount ( '000)
1	Total Risk Weighted Exposures	10,903,663
2	Total Core Capital (Tier I )	1,283,180
3	Total Capital Fund (Tier I + Tier II )	1,420,362
4	Total Core Capital to Total Risk Weighted Exposures	11.77%
5	Total Capital Fund to Total Risk Weighted Exposures	13.03%

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

				Amount '000
SN	Category	Gross	Provision	Net
1	Substandard	17,134	4,283	12,850
2	Doubtful	56,061	28,031	28,031
3	Loss	153,128	151,797	1,331
	<b>TOTAL</b>	<b>226,323</b>	<b>184,111</b>	<b>42,212</b>

**NPA Ratio:**

SN	NPA Ratios		Percentage
1	Gross NPA to Gross Advances		2.60%
2	Net NPA to Net Advances		0.50%

**Movement of NPA:**

					Amount '000
SN	Particulars	Opening Balance	Closing Balance	Increase / ( Decrease )	
1	Substandard	12,897	17,134	(18,611)	
2	Doubtful	4,445	56,061	2,046	
3	Loss	164,345	153,128	(4,363)	
	<b>TOTAL</b>	<b>181,687</b>	<b>226,323</b>	<b>(20,928)</b>	

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

SN	Particular	Amount ( '000)
1	Loans Written Off	4,623
2	Interest written Off	9,120
	<b>TOTAL</b>	<b>13,743</b>

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

					Amount '000
SN	Particular	Opening Balance	Closing Balance	Increase / ( Decrease )	
1	Loan Loss Provision	325,920	338,276	12,357	
2	Interest Suspense	192,811	202,040	9,229	

**Seggregation of Investment Portfolio**

SN	Particular	Amount ( '000)
1	Held for trading	-
2	Held to maturity	1,469,023
3	Available for Sale	199,226
	<b>TOTAL</b>	<b>1,668,249</b>

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

SN	Particular	Amount ( '000)
1	Deposit with Own Bank	311,653
2	Deposit with other Banks / Financial Institutions	-
3	Gold	115,396
4	Securities of Government and NRB	-
5	Securities/ Guarantee of Foreign Bank	-
	<b>TOTAL</b>	<b>427,049</b>