Disclosure Under BASEL II (3rd 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	298,079
1.4	Retained Earnings	(208,847)
1.5	Other Free Reserve	7,919
1.6	Un-audited current year cumulative profit	125,985
1.7	Deduction from Capital	(150,230)
	Core Capital (Tier I)	**1,472,578**

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	111,403
2.3	Exchange Equalization Reserve	886
2.4	Investment Adjustment Reserve	434
2.5	Other Reserves	-
	Supplementary Capital (Tier II)	**112,723**

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 Shangila Housing (250,000 units)	25,000
2.2	Ordinary Shares of NB Insurance Co. (146,000 units)	14,600
2.3	Loan to Harishidhi Bricks & Tile Factory	121
2.4	Loan to National Hydro Power Company	110,509
	Total	150,230

Total Qualifying Assets

S.No	Particular	Amount ('000)
1	Core Capital (Tier I)	1,472,578
2	Supplementary Capital (Tier II)	112,723
	Total Capital Fund (Tier I and Tier II)	**1,585,301**

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	274,350
4	Claims on corporate & securities firms	5,257,299
5	Claims on regulatory retail portfolio	696,531
6	Claims secured by residential properties	368,171
7	Claims secured by commercial real state	424,494
8	Past due claims	185,541
9	High risk claims	1,129,934
10	Other assets	507,991
11	Off balance sheet items	1,229,074
	Total	**10,226,291**

Risk weighted Exposures:

S.No	Particular	Amount ('000)
1	Risk Weighted Exposure for Credit Risk	10,226,291
2	Risk Weighted Exposure for Operational Risk	876,035
3	Risk Weighted Exposure for Market Risk	46,347
4	2% of Gross total income	77,788
5	5% of Total RWA	557,434
	Total Risk Weighted Exposures	**11,783,895**

Risk Weighted Exposure Calculation Table:

S.No	Particular	Amount ('000)
1	Total Risk Weighted Exposures	11,783,895
2	Total Core Capital (Tier I)	1,472,578
3	Total Capital Fund (Tier I + Tier II)	1,585,301
4	Total Core Capital to Total Risk Weighted Exposures	12.50%
5	Total Capital Fund to Total Risk Weighted Exposures	13.45%

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

Amount '000

SN	Category	Gross	Provision	Net
1	Restructure/Reshedule	103,553	103,236	317
2	Substandard	11,641	2,910	8,731
3	Doubtful	45,092	22,534	22,558
4	Loss	160,427	159,949	478
	TOTAL	**320,713**	**288,629**	**32,084**

NPA Ratio:

SN	NPA Ratios	Percentage
1	Gross NPA to Gross Advances	3.51%
2	Net NPA to Net Advances	0.37%

Movement of NPA:

Amount '000

SN	Particulars	Opening Balance	Closing Balance	Increase / (Decrease)
1	Restructure/Reshedule	148,458	103,553	(44,905)
2	Substandard	16,528	11,641	(4,887)
3	Doubtful	18,736	45,092	26,356
4	Loss	149,595	160,427	10,832
	TOTAL	**333,317**	**320,713**	**(12,604)**

Write Off of Loans and Interest Suspense:

SN	Particular	Amount ('000)
1	Loans Written Off	12,457
2	Interest written Off	1 1,489
	TOTAL	**12,457**

Movement in Loan Loss Provision and Interest Suspense:

Amount '000

SN	Particular	Opening Balance	Closing Balance	Increase / (Decrease)
1	Loan Loss Provision	379,406	406,215	26,809
2	Interest Suspense	159,181	172,551	13,370

Seggregation of Investment Portfolio

SN	Particular	Amount ('000)
1	Held for trading	-
2	Held to maturity	1,969,087
3	Available for Sale	99,148
	TOTAL	**2,068,235**

Types of Eligible Credit Risk Mitigants used:

SN	Particular	Amount ('000)
1	Deposit with Own Bank	313,268
2	Deposit with other Banks / Financial Institutions	-
3	Gold	254,959
4	Securities of Government and NRB	-
5	Securities/ Guarantee of Foreign Bank	-
	TOTAL	**568,227**