Disclosure Under BASEL II (4th Quarter ended 16/07/2010)

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	1,399,672
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	460,657
1.6	Deduction from Capital	(132,723)
	Core Capital (Tier I)	**1,401,084**

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	134,773
2.3	Exchange Equalization Reserve	886
2.4	Other Reserves	-
	Supplementary Capital (Tier II)	**135,659**

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	117,945
	Total	132,723

Total Qualifying Assets

S.No	Particular	Amount ('000)
1	Core Capital (Tier I)	1,401,084
2	Supplementary Capital (Tier II)	135,659
	Total Capital Fund (Tier I and Tier II)	**1,536,743**

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	155,813
3	Claims on banks	331,541
4	Claims on corporate & securities firms	3,869,702
5	Claims on regulatory retail portfolio	674,336
6	Claims secured by residential properties	397,464
7	Claims secured by commercial real state	998,643
8	Past due claims	441,886
9	High risk claims	1,317,501
10	Other assets	477,545
11	Off balance sheet items	1,298,373
	Total	**9,962,803**

Risk weighted Exposures:

S.No	Particular	Amount ('000)
1	Risk Weighted Exposure for Credit Risk	9,962,803
2	Risk Weighted Exposure for Operational Risk	768,168
3	Risk Weighted Exposure for Market Risk	50,873
	Total Risk Weighted Exposures	**10,781,844**

Risk Weighted Exposure Calculation Table:

S.No	Particular	Amount ('000)
1	Total Risk Weighted Exposures	10,781,844
2	Total Core Capital (Tier I)	1,401,084
3	Total Capital Fund (Tier I + Tier II)	1,536,743
4	Total Core Capital to Total Risk Weighted Exposures	12.99%
5	Total Capital Fund to Total Risk Weighted Exposures	14.25%

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

Amount '000

SN	Category	Gross	Provision	Net
1	Substandard	77,326	19,331	57,995
2	Doubtful	63,133	31,566	31,567
3	Loss	87,314	86,043	1,271
	TOTAL	**227,773**	**136,940**	**90,833**

NPA Ratio:

SN	NPA Ratios	Percentage
1	Gross NPA to Gross Advances	2.72%
2	Net NPA to Net Advances	1.13%

Movement of NPA:

Amount '000

SN	Particulars	Opening Balance	Closing Balance	Increase / (Decrease)
1	Substandard	17,134	77,326	60,192
2	Doubtful	56,061	63,133	7,072
3	Loss	153,128	87,314	(65,814)
	TOTAL	226,323	227,773	1450

Write Off of Loans and Interest Suspense:

SN	Particular	Amount ('000)
1	Loans Written Off	4,794
2	Interest written Off	9,120
	TOTAL	**13,914**

Movement in Loan Loss Provision and Interest Suspense:

Amount '000

SN	Particular	Opening Balance	Closing Balance	Increase / (Decrease)
1	Loan Loss Provision	338,276	332,216	(6,060)
2	Interest Suspense	202,040	154,783	(47,257)

Seggregation of Investment Portfolio

SN	Particular	Amount ('000)
1	Held for trading	-
2	Held to maturity	1,761,004
3	Available for Sale	199,226
	TOTAL	**1,960,230**

Types of Eligible Credit Risk Mitigants used:

SN	Particular	Amount ('000)
1	Deposit with Own Bank	320,358
2	Deposit with other Banks / Financial Institutions	-
3	Gold	146,020
4	Securities of Government and NRB	-
5	Securities/ Guarantee of Foreign Bank	-
	TOTAL	**466,378**