

Disclosure under Basel II

As at mid July 2009 (4th Quarter End of FY 2008/09)

Capital Structure and Capital Adequacy:

- Tier 1 Capital and Breakdown of its Components:**

		NPR
	Core Capital (Tier 1)	3,382,352,086
a	Paid up Equity Share Capital	965,747,000
b	Irredeemable Non-cumulative preference shares	-
c	Share Premium	74,000.00
d	Proposed Bonus Shares	-
e	Statutory General Reserves	1,340,500,000
f	Retained Earnings	973,453,086
f	Current year Profit/(loss)	-
g	Capital Redemption Reserves	-
h	Capital Adjustment Reserves	-
i	Dividend Equalization Reserves	100,000,000
j	Debenture Redemption Reserves	-
k	Other Free Reserves	2,578,000.00

- Tier 2 Capital and Breakdown of its Components:**

		NPR
	Supplementary Capital (Tier 2)	682,742,150
a	Cumulative and/or Redeemable Preference Share	-
b	Subordinated Term Debt	300,000,000
c	Hybrid Capital Instruments	-
d	General loan loss provision	296,842,150
e	Exchange Equalization Reserves	75,400,000
f	Investments Adjustment Reserves	-
g	Assets Revaluation Reserves	-
h	Other Reserves	10,500,000

- Details of Subordinated Term Debt:**

The Bank has Nabil Bank Bond 2075 for Rs.300 million with the following main features:

- Maturity period: 10 Years.
- Interest rate: 8.5% per annum.
- Interest Payment frequency: Half Yearly.
- Claim in case of liquidation: After depositors.
- Debenture Redemption Reserve shall be created from the 6th year
- Pledgeability: Can be pledged with banks and financial institutions other than Nabil.

- Deductions from Capital:**

The bank does not hold any amount as stipulated in the Framework that qualifies for deduction from its Core Capital.

- Total qualifying capital:**

		NPR
	Particulars	Amount
	Core Capital	3,382,352,086
	Supplementary Capital	682,742,150
	Total Capital Fund	4,065,094,236

Risk Exposures:

- Risk weighted exposures under each 11 categories of Credit Risk:

NPR

S.N.	Categorises	Risk Weighted Exposure
1	Claims on Government & Central Bank	-
2	Claims on Other Financial Entities	-
3	Claims on Banks	2,208,446,495
4	Claims on Domestic Corporates and Securities Firms	18,996,358,057
5	Claims on Regulatory Retail Portfolio	4,526,278,098
6	Claims Secured by Residential Properties	1,720,119,947
7	Claims secured by Commercial real estate	-
8	Past due claims	182,423,800
9	High Risk claims	200,916,480
10	Other Assets	710,803,690
11	Off Balance Items	3,859,782,682
TOTAL		32,405,129,248

- Risk weighted exposures for Credit Risk, Market Risk and Operational Risk:

NPR

Particulars	Amount
Risk Weighted Exposure for Credit Risk	32,405,129,248
Risk Weighted Exposure for Operational Risk	2,264,233,871
Risk Weighted Exposure for Market Risk	51,764,691
Total Risk Weighted Exposures	34,721,127,809

- Total Risk Weight Exposures calculation table:

NPR

Particulars	Amount
Total Risk Weighted Exposure	34,721,127,809
Total Core Capital Fund	3,382,352,086
Total Capital Fund	4,065,094,236
Total Core Capital to Total Risk Weighted Exposures	9.74%
Total Capital to Total Risk Weighted Exposures	11.71%

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

NPR

Particulars	Amount	Loan Loss Provision	Net NPL
Sub-Standard	113,305,139	44,073,679	69,231,460
Doubtful	45,756,398	23,525,833	22,230,565
Loss	65,755,876	59,837,274	5,918,602
Total	224,817,413	127,436,786	97,380,627

- NPA Ratios

NPA Ratios	(%)
Gross NPA to Gross Advances	0.80
Net NPA to Net Advances	0.35

- Movement in Non Performing Assets

NPR

Particulars	This Year	Previous Year	Changes (%)
Non Performing Assets	224,817,413	161,085,995	40%

- **Write off of Loans and Interest Suspense in the Quarter**

Particulars	Amount NPR
Loan Written Off	2,837,613
Interest Suspense	466,808

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

Particulars	This Year	Previous Year	NPR
			Changes (%)
Loan Loss Provision	409,079,030	394,407,016	4%
Interest Suspense	151,568,100	128,043,421	18%

- **Details of Additional Loan Loss Provision:**

Particulars	15 July 2009
Pass	-
Rescheduled/ Restructured	298,127
Sub-Standard	15,750,000
Doubtful	647,634
Loss	-
Total	16,695,761

- **Segregation of Investment Portfolio:**

Particulars	15 July 2009
Held for Trading	-
Held to Maturity	9,588,874,393
Available for sale	1,838,819,440
Total Investment	11,427,693,833