

Disclosure under Basel II

As at mid October 2008 (1st Quarter End of FY 2008/09)

Capital Structure and Capital Adequacy:

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

		NPR
	Particulars	Amount
a	Paid up Equity Share Capital	965,747,000
b	Irredeemable Non-cumulative preference shares	-
c	Share Premium	74,000
d	Proposed Bonus Equity Shares	-
e	Statutory General Reserves	1,133,500,000
f	Retained Earnings	161,699,989
g	Un-audited current year cumulative profit	221,975,371
h	Capital Redemption Reserve	-
i	Capital Adjustment Reserve	-
j	Dividend Equalization Reserves	100,000,000
k	Other Free Reserve	2,578,000
	Total Tier 1 Capital	2,585,574,360

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

		NPR
	Particulars	Amount
a	Cumulative and/or Redeemable Preference Share	
b	Subordinated Term Debt	300,000,000
c	Hybrid Capital Instruments	
d	General loan loss provision	334,902,504
e	Investment Adjustment Reserve	-
f	Assets Revaluation Reserve	
g	Exchange Equalization Reserve	64,100,000
h	Other Reserves	9,500,000
	Total Tier 2 Capital	708,502,504

- 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 (Tier 1)	2,585,574,360
	Supplementary Capital (Tier 2)	708,502,504
	Total Capital Fund	3,294,076,865

Risk Exposures:

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

NPR

S.N.	Categories	Risk Weighted Exposure
1	Claims on Government and Central Bank	-
2	Claims on Other Financial Entities	-
3	Claims on Banks	1,781,800,515
4	Claims on Domestic Corporates and Securities Firms	16,684,068,291
5	Claims on Regulatory Retail Portfolio	3,634,876,559
6	Claims secured by residential properties	1,361,112,330
7	Claims secured by Commercial real estate	-
8	Past due claims	146,515,196
9	High Risk claims	189,367,042
10	Other Assets	665,224,956
11	Off Balance Sheet Items	3,851,021,191
Total		28,313,986,081

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

NPR

RISK WEIGHTED EXPOSURES	Amount
Risk Weighted Exposure for Credit Risk	28,313,986,081
Risk Weighted Exposure for Operational Risk	2,264,233,871
Risk Weighted Exposure for Market Risk	119,713,856
Total Risk Weighted Exposures (a+b+c)	30,697,933,808

- **Total Risk Weight Exposures calculation table:**

NPR

RISK WEIGHTED EXPOSURES	Amount
Risk Weighted Exposure for Credit Risk	28,313,986,081
Risk Weighted Exposure for Operational Risk	2,264,233,871
Risk Weighted Exposure for Market Risk	119,713,856
Total Core Capital to Total Risk Weighted Exposures	8.42%
Total Capital to Total Risk Weighted Exposures	10.73%

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

Particulars	16 Oct 2008
Pass	12,835
Rescheduled/ Restructured	387,509
Sub-Standard	16,721,451
Doubtful	
Loss	
Total	17,121,795

- **NPA Ratios**

NPA Ratios	(%)
Gross NPA to Gross Advances	1.11
Net NPA to Net Advances	0.57

- **Movement in Non Performing Assets**

Particulars	This Quarter	Previous Quarter	Changes(%)
Non Performing Assets (Volumes)	271,545,681	171,717,303	58.14
Non Performing Assets (%)	1.11	0.79	0.32

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

None.

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

Particulars	This Quarter	Previous Quarter	Changes(%)
Loan Loss Provision	451,118,960.65	394,407,016.00	14.38
Interest Suspense	158,527,964.48	128,043,421.00	23.81

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

Particulars	16 Oct 2008
Rescheduled/ Restructured	387,509
Pass	12,835
Sub-Standard	16,721,451
Doubtful	
Loss	
Total	17,121,795

- **Segregation of Investment Portfolio:**

Particulars	16 Oct 2008
Held for Trading	-
Held to Maturity	7,845,335,021
Available for sale	2,853,716,592
Total Investment	10,699,051,613