

## **DISCLOSURE UNDER BASEL II**

**At The End OF Ashad End 2067 (4rth Quarter End of Fiscal Year 2066/67) Unaudited**

### **1. CAPITAL STRUCTURE & CAPITAL ADEQUACY**

(Amount in Lacs)

#### **i. Core Capital (Tier I)**

	Particulars	Amount	Amount
A	Paid UP Equity Share Capital		16,536.24
B	Proposed Bonus Equity Share		-
C	Statutory General Reserve		3,045.20
D	Retained Earnings		38.49
E	Unaudited Current Year Cumulative Profit		4,003.20
F	Capital Adjustment Reserve		650.00
G	Deferred Tax Reserve		189.85
H	Other Free Reserve (Debenture Redemption Reserve)		857.14
G	<b>Less:</b>	(96.91)	<b>(96.91)</b>
	a) Fictitious Assets	-	
	b) Investment arising out of underwriting commitment	(96.91)	
	<b>Total Core Capital (Tier I)</b>		<b>25,223.21</b>

#### **ii. Supplementary Capital (Tier II)**

	Particulars	Amount
A	Subordinate Term Debt	1,200.00
B	General Loan Loass Provision	1,745.38
C	Exchange Equalization Reserve	102.00
	<b>Total Supplementary Capital (Tier II)</b>	<b>3,047.38</b>

#### **iii. Capital Fund (Tier I + Tier II)**

	Particulars	Amount
	Total Core Capital (Tier I)	25,223.21
	Total Supplementary Capital (Tier II)	3,047.38
	<b>Total Capital Fund (Tier I + Tier II)</b>	<b>28,270.58</b>

**iv. Information about Subordinate Term Debt**

6% Nepal SBI Debentures 2070 of Rs. 1,000/- each issued on 16.07.2006 and maturing o 15.07.2013	
- Outstanding Amount	2,000.00
- Fixed Maturity Period of 7 Years from 16.07.2006	
- Interest Payment - Half Yearly	
- At the time of liquidation, right of claims will be only after depositors	
- Redeemable and Non-Convertible	
- Outstanding Balance of Redemption Reserve	857.14
- Amount raised during the year	NIL
- Amount Eligible to be reckoned as Capital Fund	1,200.00

**v. Deduction From Capital**

	Particulars	Amount
A	Fictitious Assets	-
B	Investmetn arising out of underwriting comitments	-96.91
	<b>Total Deduction</b>	<b>-96.91</b>

**vi. TOTAL QUALIFYING CAPITAL**

	<b>Total Qualifying Capital</b>	<b>28270.58</b>
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**vii. Capital Adequacy Ratio**

	<b>Capital Adequacy Ratio</b>	<b>12.61%</b>
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**2. RISK EXPOSURE****i. Risk Weighted Exposure for Credit Risk, Market Risk and Operational Risk**

	Particulars	Amount
A	Risk Weighted Exposure for Credit Risk	206,827.28
B	Risk Weighted Exposure for Operational Risk	11,911.32
C	Risk Weighted Exposure for Market Risk	3,229.57
	<b>Total Risk Weighter Exposure (A+B+C)</b>	<b>221,968.16</b>

**ii. Risk Weighted Exposure under each 11 Categories of Credit Risk**

S.No.	Categories	Amount
1	Claims on Government and Central Bank	
2	Claims on Other Official Entities	1,714.23
3	Claims on Banks	26,566.92
4	Claims on Corporate and Securities Entities	98,859.34
5	Claims on Regulatory Retail Portfolio	22,522.75
6	Claims Secured by Residential Properties	15,228.77
7	Claims Secured by Commercial Real Estate	1,414.12
8	Past Due Claims	122.20
9	High Risk Claims	7,547.30
10	Other Assets	8,406.76
11	Off Balance Sheet Items	24,444.87
<b>Total</b>		<b>206,827.28</b>

**iii. Amount of Non Performing Assets (Gross and Net Amount)**

	Particulars	Gross Amount	Provision	Net Amount
A	Restructured	2,001.65	569.35	1,432.30
B	Sub-standard	129.75	31.90	97.86
C	Doubtful	11.14	2.19	8.95
D	Loss	2,510.44	2,457.55	52.90
<b>Total</b>		<b>4,652.99</b>	<b>3,060.99</b>	<b>1,592.00</b>

**iv. Non Performing Assets (NPA) Ratios**

NPA Ratios	Percentage (%)
- Gross NPA to Gross Advances	1.47%
- Net NPA to Net Advances	0.09%

**v. Movement of Non Performing Assets**

S.No.	Particulars	Opening Balance (Chaitra End 2066)	Closing Balance (Ashad End 2067)	Movement
<b>Non Performing Loan</b>				
1	Sub-Standard	102.17	129.75	27.58

2	Doubtful	73.31	11.14	(62.17)
3	Loss	2,440.62	2,510.44	69.82

**vii. Movement Of Loan Loss Provison and Interest Suspense**

**Loan Loss Provision**

S.No.	Particulars	Opening Balance (Chaitra End 2066)	Closing Balance (Ashad End 2067)	Movement
1	Pass	1,719.03	1,745.38	26.35
2	Restructure	367.53	569.35	201.82
3	Sub-Standard	19.63	31.90	12.27
4	Doubtful	23.77	2.19	(21.58)
5	Loss	2,400.16	2,457.55	57.39
<b>Total Loan Loss Provision</b>		<b>4,530.12</b>	<b>4,806.37</b>	<b>276.25</b>

**Interest Suspense**

S.No.	Particulars	Opening Balance (Chaitra End 2066)	Closing Balance (Ashad End 2067)	Movement
1	Interest Suspense	2,774.18	2,832.56	58.38

**viii. Details of Additional Loan Loss Provision**

S.No.	Particulars	Ashad End 2067
1	Pass	26.35
2	Restructure	201.82
3	Sub-Standard	12.27
4	Doubtful	(21.58)
5	Loss	57.39
<b>Total</b>		<b>276.25</b>

**ix. Segregation of the Bank's Investment portfolio**

All the investments are classified as Available for Sale category.

**FORM NO.2 RISK WEIGHTED EXPOSURE FOR CREDIT RISK**  
As on 16.07.2010 (Ashad End 2067)

A. Balance Sheet Exposures	SI No. - NRB 9.1	Book Value a	Specific Provision b	Eligible CRM c	Net Value d=a-b-c	Risk Weight e	Risk Weighted Exposures f=d*e
Cash Balance	Assets :1	815,679,624.06			815,679,624.06	0%	-
Balance With Nepal Rastra Bank	Assets :2.1	1,842,802,238.78			1,842,802,238.78	0%	-
Gold					-	0%	-
Investment in Nepalese Government Securities	Assets : 4.1.1	3,720,592,315.00			3,720,592,315.00	0%	-
All other Claims on Government of Nepal		156,121,000.00			156,121,000.00	0%	-
Investment in Nepal Rastra Bank securities	Assets : 4.1.2	592,725,000.00			592,725,000.00	0%	-
All other claims on Nepal Rastra Bank					-	0%	-
Claims on Foreign Government and Central Bank (ECA 0-1)					-	0%	-
Claims on Foreign Government and Central Bank (ECA -2)					-	20%	-
Claims on Foreign Government and Central Bank (ECA -3)					-	50%	-
Claims on Foreign Government and Central Bank (ECA-4-6)					-	100%	-
Claims on Foreign Government and Central Bank (ECA -7)					-	150%	-
Claims On BIS, IMF, ECB, EC and on Multilateral Development Banks (MDB's) recognized by the framework					-	0%	-
Claims on Other Multilateral Development Banks					-	100%	-
Claims on Public Sector Entity (ECA 0-1)					-	20%	-
Claims on Public Sector Entity (ECA 2)					-	50%	-
Claims on Public Sector Entity (ECA 3-6)					-	100%	-
Claims on Public Sector Entity (ECA 7)		114,281,824.76			114,281,824.76	150%	171,422,737.14
Claims on domestic banks that meet capital adequacy requirements	Assets : (2.2+3)	349,502,270.08		31,500,000.00	318,002,270.08	20%	63,600,454.02
Claims on domestic banks that do not meet capital adequacy requirements		41,114,667.40		-	41,114,667.40	100%	41,114,667.40
Claims on foreign bank (ECA Rating 0-1)		299,916,048.50		-	299,916,048.50	20%	59,983,209.70
Claims on foreign bank (ECA Rating 2)		14,037,674.11		-	14,037,674.11	50%	7,018,837.06
Claims on foreign bank (ECA Rating 3-6)					-	100%	-
Claims on foreign bank (ECA Rating 7)					-	150%	-
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement		12,424,874,043.52		-	12,424,874,043.52	20%	2,484,974,808.70
Claims on Domestic Corporates		10,414,863,215.23	7,323,163.77	521,605,682.33	9,885,934,369.13	100%	9,885,934,369.13
Claims on Foreign Corporates (ECA 0-1)					-	20%	-
Claims on Foreign Corporates (ECA 2)					-	50%	-
Claims on Foreign Corporates (ECA 3-6)					-	100%	-
Claims on Foreign Corporates (ECA 7)					-	150%	-
Regulatory Retail Portfolio (Not Overdue)		3,013,569,108.53		10,535,438.39	3,003,033,670.14	75%	2,252,275,252.61
Claims Fulfilling all criterion of regulatory retail except granularity		-			-	100%	-
Claims secured by residential properties		2,538,128,687.51			2,538,128,687.51	60%	1,522,877,212.51
Claims not fully secured by residential properties					-	150%	-
Claims secured by residential properties (Overdue)		16,604,878.58	4,384,566.19		12,220,312.39	100%	12,220,312.39
Claims secured by Commercial real estate		141,412,459.01			141,412,459.01	100%	141,412,459.01
Past due claims (except for claim secured by residential properties)		271,607,997.14	301,714,504.99		-	150%	-
High Risk Claims		895,250,801.32		410,317,627.42	484,933,173.90	150%	727,399,760.85
Investments in equity and other capital instruments of institutions listed in the stock exchange	Assets : (5.1.4+5.1.7+5.1.8)				-	100%	27,330,500.00
Investments in equity and other capital instruments of institutions not listed in the stock exchange					-	150%	-

**FORM NO.2 RISK WEIGHTED EXPOSURE FOR CREDIT RISK**  
As on 16.07.2010 (Asadh End 2067)

A. Balance Sheet Exposures	SI No. - NRB 9.1	Book Value a	Specific Provision b	Eligible CRM c	Net Value d=a-b-c	Risk Weight e	Risk Weighted Exposures f=d*e
Other Assets - Interest Receivable / Claim on Govt. Securities	Assets : 10.1.2	62,649,246.57			62,649,246.57	0%	-
Other Assets - Cash & Cash in Transit Items	Assets : 7	136,234,631.60			136,234,631.60	20%	27,246,926.32
Other Assets (as per attachment)		1,510,596,334.37	697,167,147.88		813,429,186.49	100%	813,429,186.49
<b>TOTAL</b>		<b>39,399,894,566.07</b>	<b>1,010,589,382.83</b>	<b>973,958,748.14</b>	<b>37,445,452,942.95</b>		<b>18,238,240,693.33</b>

<b>B. Off Balance Sheet Exposures</b>	<b>Gross Book Value</b>	<b>Specific Provision</b>	<b>Eligible CRM</b>	<b>Net Value</b>	<b>Risk Weight</b>	<b>Risk Weighted Exposures</b>
	<b>a</b>	<b>b</b>	<b>c</b>	<b>d=a-b-c</b>	<b>e</b>	<b>f=d*e</b>
Revocable Commitments				-	0%	-
Bills Under Collection	56,448,012.49			56,448,012.49	0%	-
Forward Foreign Exchange Contract Liabilities	-			-	10%	-
LC Commitments With Original Maturity Up to 6 months Domestic Counterparty	1,933,140,933.89		81,372,244.17	1,851,768,689.72	20%	370,353,737.94
Foreign Counterparty (ECA Rating 0-1)			-	-	20%	-
Foreign Counterparty (ECA Rating 2)			-	-	50%	-
Foreign Counterparty (ECA Rating 3-6)			-	-	100%	-
Foreign Counterparty (ECA Rating 7)			-	-	150%	-
LC Commitments With Original Maturity Over 6 months Domestic Counterparty			-	-	50%	-
Foreign Counterparty (ECA Rating 0-1)			-	-	20%	-
Foreign Counterparty (ECA Rating 2)			-	-	50%	-
Foreign Counterparty (ECA Rating 3-6)			-	-	100%	-
Foreign Counterparty (ECA Rating 7)			-	-	150%	-
Bid Bond, Performance Bond and Counter guarantee Domestic Counterparty	1,318,964,027.97		54,314,511.50	1,264,649,516.47	50%	632,324,758.24
Foreign Counterparty (ECA Rating 0-1)			-	-	20%	-
Foreign Counterparty (ECA Rating 2)			-	-	50%	-
Foreign Counterparty (ECA Rating 3-6)			-	-	100%	-
Foreign Counterparty (ECA Rating 7)			-	-	150%	-
Unpaid Guarantee Claims	370,000.00		37,000.00	333,000.00	200%	666,000.00
Underwriting commitments			-	-	50%	-
Lending of Bank's Securities or Posting of Securities as collateral			-	-	100%	-
Repurchase Agreements, Assets sale with recourse			-	-	100%	-
Advance Payment Guarantee	34,943,873.00		1,642,829.00	33,301,044.00	100%	33,301,044.00
Financial Guarantee	462,308,590.00		4,971,430.00	457,337,160.00	100%	457,337,160.00
Acceptances and Endorsements	611,172,713.47		11,760,832.86	599,411,880.61	100%	599,411,880.61
Unpaid portion of Partly paid shares and Securities	-		-	-	100%	-
Irrevocable Credit commitments (Short Term)	2,136,936,420.02		381,472,672.53	1,755,463,747.49	20%	351,092,749.50
Irrevocable Credit commitments (Long Term)			-	-	50%	-
Other Contingent Liabilities			-	-	100%	-
<b>TOTAL</b>	<b>6,554,284,570.84</b>		<b>535,571,520.06</b>	<b>6,018,713,050.78</b>		<b>2,444,487,330.29</b>
<b>Total RWE for credit Risk Before Adjustment (A) +(B)</b>	<b>45,954,179,136.91</b>	<b>1,010,589,382.83</b>	<b>1,509,530,268.20</b>	<b>43,464,165,993.73</b>		<b>20,682,728,023.62</b>
<b>Adjustments under Pillar II</b>						
Add: 10% of the loan and facilities in excess of Single Obligor Limits (6.4 a 3)						
Add: 1% of the contract (sale) value in case of the sale of credit with recourse (6.4 a 4)						
Total RWE for Credit Risk (After bank's Adjustments of Pillar II)						

\* The investment in equity include the investment made in RMDC, MPGBBL, CIC, National Banking Institute and Nepal Clearing house which is approved by NRB. Due to this we have reported the figure under listed institutions.

**FORM NO.6 RISK WEIGHTED EXPOSURE FOR OPERATIONAL RISK**  
**As on 16.07.2010 (Ashad End 2067)**

<b>Particulars</b>	<b>Year 2 (2064/65)</b>	<b>Year 3 (2065/66)</b>	<b>Year 4 (2066/67)</b>
Net Interest Income	515,594,968.00	635,745,411.00	817,078,191.86
Commission and Discount Income	50,917,830.00	78,836,624.00	130,549,751.30
Other Operating Income	19,557,259.00	52,790,137.00	78,894,889.79
Exchange Fluctuation Income	51,989,275.00	61,294,299.00	70,328,247.62
Addition / Deduction Interest Suspense during the period	44,927,359.00	(211,611,464.00)	(14,629,711.35)
<b>Gross income (a)</b>	<b>682,986,691.00</b>	<b>617,055,007.00</b>	1,082,221,369.22
<b>Alfa (b)</b>	<b>15%</b>	<b>15%</b>	<b>15%</b>
<b>Fixed Percentage of Gross Income [c=(a×b)]</b>	<b>102,448,003.65</b>	<b>92,558,251.05</b>	<b>162,333,205.38</b>
<b>Capital Requirement for operational risk (d) (average of c)</b>	<b>119,113,153.36</b>		
<b>Risk Weight (reciprocal of capital requirement of 10%) in times (e)</b>	<b>10.00</b>	10	
<b>Equivalent Risk Weight Exposure [f=(d×e)]</b>	<b>1,191,131,533.61</b>		
<b>PILLAR-II ADJUSTMENTS</b>			
<b>If Gross Income for all the last three years is negative (6.4 a 8)</b>			
Total Credit and Investment (net of Specific Provision)			
Capital Requirement for operational risk (5%)			
Risk Weight (reciprocal of capital requirement of 10%) in times		10	
Equivalent Risk Weight Exposure [g]			
<b>Equivalent Risk Weight Exposure [h=f+g]</b>			



**FORM NO.7 RISK WEIGHTED EXPOSURE FOR MARKET RISK**  
**As on 16.07.2010 (Ashad End 2067)**

S.No.	Currency	Open Position (FCY)	Rate	Open Position (NPR)	Relevant Open Position
1	AUD	(72,426.56)	65.90	(4,772,910.30)	4,772,910.30
2	CAD	(10.00)	71.66	(716.60)	716.60
3	CNY	(1,900.00)	11.04	(20,976.00)	20,976.00
4	EURO	(78,836.56)	96.68	(7,621,918.62)	7,621,918.62
5	GBP	(169,969.17)	115.11	(19,565,151.16)	19,565,151.16
6	HKD	(730.00)	9.63	(7,029.90)	7,029.90
7	INR	(364,281,966.48)	1.60075	(583,124,357.84)	583,124,357.84
8	JPY	(5,294,418.00)	0.859	(4,547,905.06)	4,547,905.06
9	SGD	(770.00)	54.29	(41,803.30)	41,803.30
10	USD	350,408.06	74.80	26,210,522.89	26,210,522.89
<b>Total Open Position (a)</b>					<b>645,913,291.67</b>
<b>Fixed Percentage (b)</b>					<b>5%</b>
<b>Capital Charge for Market Risk [c=(a×b)]</b>					<b>32,295,664.58</b>
<b>Risk Weight (reciprocal of capital requirement of 10%) in times (d)</b>					<b>10.00</b>
<b>Equivalent Risk Weight Exposure [e=(c×d)]</b>					<b>322,956,645.84</b>