

## **DISCLOSURE UNDER BASEL II**

**At The End OF Ashwin End 2067 (1st Quarter End of Fiscal Year 2067/68)**

### **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		2,077.00
C	Statutory General Reserve		3,828.68
D	Retained Earnings		42.49
E	Unaudited Current Year Cumulative Profit		944.99
F	Capital Adjustment Reserve		500.00
G	Deferred Tax Reserve		269.85
H	Other Free Reserve (Debenture Redemption Reserve)		1,142.86
G	<b>Less:</b>		<b>(96.91)</b>
	a) Fictitious Assets	-	
	b) Investment arising out of underwriting commitments	(96.91)	
	<b>Total Core Capital (Tier I)</b>		<b>25,245.20</b>

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

	Particulars	Amount
A	Subordinate Term Debt	800.00
B	General Loan Loss Provision	1836.78
C	Investment Adjustment Reserve	6.42
D	Exchange Equalization Reserve	102.00
	<b>Total Supplementary Capital (Tier II)</b>	<b>2745.20</b>

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

Particulars	Amount
Total Core Capital (Tier I)	25,245.20
Total Supplementary Capital (Tier II)	2,745.20
<b>Total Capital Fund (Tier I + Tier II)</b>	<b>27,990.40</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	1142.86
- Amount raised during the year	NIL
- Amount Eligible to be reckoned as Capital Fund	800.00

**v. Deduction Form Capital**

	Particulars	Amount
A	Fictitious Assets	0.00
B	Investment arising out of underwriting commitments	-96.91
	<b>Total Deduction</b>	<b>-96.91</b>

**vi. TOTAL QUALIFYING CAPITAL**

	<b>Total Qualifying Capital</b>	<b>27990.40</b>
--	---------------------------------	-----------------

**vii. Capital Adequacy Ratio**

	<b>Capital Adequacy Ratio</b>	<b>11.38%</b>
--	-------------------------------	---------------

## 2. RISK EXPOSURE

### i. Risk Weighted Exposure for Credit Risk, Market Risk and Operational Risk

	Particulars	Amount
A	Risk Weighted Exposure for Credit Risk	223,318.68
B	Risk Weighted Exposure for Operational Risk	11,961.20
C	Risk Weighted Exposure for Market Risk	8,339.00
	<b>Total Risk Weighter Exposure (A+B+C)</b>	<b>243,618.88</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	1,709.74
3	Claims on Banks	29,331.91
4	Claims on Corporate and Securities Entities	104,515.28
5	Claims on Regulatory Retail Portfolio	23,719.12
6	Claims Secured by Residential Properties	15,253.56
7	Claims Secured by Commercial Real Estate	1,494.68
8	Past Due Claims	2,071.26
9	High Risk Claims	7,992.18
10	Other Assets	9,735.35
11	Off Balance Sheet Items	27,495.60
	<b>Total</b>	<b>223,318.68</b>

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

	Particulars	Gross Amount	Provision	Net Amount
A	Restructured	2,225.73	586.09	1,639.64
B	Sub-standard	95.97	21.27	74.70
C	Doubtful	32.98	12.21	20.77
D	Loss	2,483.84	2,445.56	38.28
	<b>Total</b>	<b>4,838.52</b>	<b>3,065.13</b>	<b>1,773.39</b>

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

NPA Ratios	Percentage (%)
- Gross NPA to Gross Advances	2.55%
- Net NPA to Net Advances	0.96%

**v. Movement of Non Performing Assets**

S.No.	Particulars	Balance (Asadh End, 2067)	Closing Balance (Ashwin End, 2067)	Movement
	<b>Non Performing Loan</b>			
1	Restructured Loan	2274.48	2225.73	(48.75)
2	Sub-Standard	129.75	95.97	(33.78)
3	Doubtful	11.14	32.98	21.84
4	Loss	2,510.44	2483.84	(26.60)

**vi. Write Off Of Loans and Interest Suspense: NIL****vii. Movement Of Loan Loss Provison and Interest Suspense****Loan Loss Provision**

S.No.	Particulars	Balance (Asadh End, 2067)	Closing Balance (Ashwin End, 2067)	Movement
1	Pass	1,745.38	1,836.78	91.40
2	Restructure	569.35	586.09	16.73
3	Sub-Standard	31.90	21.27	(10.63)
4	Doubtful	2.19	12.21	10.03
5	Loss	2,457.55	2,445.56	(11.99)
	<b>Total Loan Loss Provision</b>	<b>4,806.37</b>	<b>4,901.91</b>	<b>95.54</b>

**Interest Suspense**

S.No.	Particulars	Balance (Asadh End, 2067)	Closing Balance (Ashwin End, 2066)	Movement
1	Interest Suspense	2,832.56	3,088.70	256.14

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

S.No.	Particulars	2067
1	Pass	91.40
2	Restructure	16.73
3	Sub-Standard	(10.63)
4	Doubtful	10.03
5	Loss	(11.99)
<b>Total</b>		<b>95.55</b>

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

All the investments are classified as held to maturity category.

**FORM NO.2 RISK WEIGHTED EXPOSURE FOR CREDIT RISK**

As on 17.10.2010 (Ashwin End, 2067)

A. Balance Sheet Exposures	SI No. - NRB 9.1	Book Value	Specific Provision	Eligible CRM	Net Value	Risk Weight	Risk Weighted Exposures
	a	b	c	d=a-b-c	e	f=d*e	
Cash Balance	Assets :1	1,373,756,506.40			1,373,756,506.40	0%	-
Balance With Nepal Rastra Bank	Assets :2.1	1,766,951,398.52			1,766,951,398.52	0%	-
Gold					-	0%	-
Investment in Nepalese Government Securities	Assets : 4.1.1	5,486,664,612.50			5,486,664,612.50	0%	-
All other Claims on Government of Nepal		257,454,306.72			257,454,306.72	0%	-
Investment in Nepal Rastra Bank securities	Assets : 4.1.2				-	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)		113,982,803.29			-	150%	170,974,204.94
Claims on domestic banks that meet capital adequacy requirements	Assets : (2.2+3)	461,343,056.94		40,500,000.00	420,843,056.94	20%	84,168,611.39
Claims on domestic banks that do not meet capital adequacy requirements		49,131,138.59			-	100%	49,131,138.59
Claims on foreign bank (ECA Rating 0-1)		249,085,686.01			-	20%	49,817,137.20
Claims on foreign bank (ECA Rating 2)		16,362,966.00			-	50%	8,181,483.00
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	Assets: 5.2 +Nostro	13,709,461,838.20			-	20%	2,741,892,367.64
Claims on Domestic Corporates		11,102,566,947.44	172,227,164.54	478,811,833.19	10,451,527,949.71	100%	10,451,527,949.71
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)		3,171,986,327.44		9,436,468.60	3,162,549,858.84	75%	2,371,912,394.13
Claims Fulfilling all criterion of regulatory retail except granularity					-	100%	-
Claims secured by residential properties		2,542,260,262.35			-	60%	1,525,356,157.41
Claims not fully secured by residential properties					-	150%	-
Claims secured by residential properties (Overdue)		16,047,278.64	3,946,983.65		-	100%	12,100,294.99
Claims secured by Commercial real estate		149,467,627.55			-	100%	149,467,627.55
Past due claims (except for claim secured by residential properties)		267,618,560.29	137,601,314.91		-	150%	195,025,868.07
High Risk Claims		1,043,561,578.91		528,970,219.19	514,591,359.72	150%	771,887,039.58
Investments in equity and other capital instruments of institutions listed in the stock exchange	Assets : (5.1.4+5.1.7+5.1.8)	27,330,500.00			-	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 17.10.2010 (Ashwin End, 2067)

A. Balance Sheet Exposures	SI No. - NRB 9.1	Book Value	Specific Provision	Eligible CRM	Net Value	Risk Weight	Risk Weighted Exposures
		a	b	c	d=a-b-c	e	f=d*e
Other Assets - Interest Receivable / Claim on Govt. Securities	Assets : 10.1.2	-			-	0%	-
Other Assets - Cash & Cash in Transit Items	Assets : 7	106,580,652.10		-	106,580,652.10	20%	21,316,130.42
Other Assets (as per attachment)		1,558,019,717.45	605,801,084.81	-	952,218,632.64	100%	952,218,632.64
<b>TOTAL</b>		<b>43,469,633,765.34</b>	<b>919,576,547.91</b>	<b>1,057,718,520.98</b>	<b>41,492,338,696.45</b>		<b>19,582,307,537.26</b>
<b>B. Off Balance Sheet Exposures</b>							
		Gross Book Value	Specific Provision	Eligible CRM	Net Value	Risk Weight	Risk Weighted Exposures
		a	b	c	d=a-b-c	e	f=d*e
Revocable Commitments					-	0%	-
Bills Under Collection		99,503,719.43			99,503,719.43	0%	-
Forward Foreign Exchange Contract Liabilities		-			-	10%	-
LC Commitments With Original Maturity Up to 6 months Domestic Counterparty		2,008,835,534.29		102,802,811.52	1,906,032,722.77	20%	381,206,544.55
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		1,562,436,201.17		122,184,678.73	1,440,251,522.44	50%	720,125,761.22
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		57,036,280.00		1,984,846.64	55,051,433.36	100%	55,051,433.36
Financial Guarantee		496,158,590.00		18,481,429.50	477,677,160.50	100%	477,677,160.50
Acceptances and Endorsements		754,045,263.40		15,588,556.24	738,456,707.16	100%	738,456,707.16
Unpaid portion of Partly paid shares and Securities		-			-	100%	-
Irrevocable Credit commitments (Short Term)		2,087,111,042.54		205,226,952.67	1,881,884,089.87	20%	376,376,817.97
Irrevocable Credit commitments (Long Term)					-	50%	-
Other Contingent Liabilities					-	100%	-
<b>TOTAL</b>		<b>7,065,496,630.83</b>		<b>466,306,275.30</b>	<b>6,599,190,355.53</b>		<b>2,749,560,424.77</b>
<b>Total RWE for credit Risk Before Adjustment (A) +(B)</b>		<b>50,535,130,396.17</b>	<b>919,576,547.91</b>	<b>1,524,024,796.28</b>	<b>48,091,529,051.98</b>		<b>22,331,867,962.02</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)							
<b>Total RWE for Credit Risk (After bank's Adjustments of Pillar II)</b>							

\* 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 17.10.2010 (Ashwin 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	826,010,718.00
Commission and Discount Income	50,917,830.00	78,836,624.00	131,692,149.00
Other Operating Income	19,557,259.00	52,790,137.00	78,796,662.00
Exchange Fluctuation Income	51,989,275.00	61,294,299.00	70,328,247.00
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>	1,092,198,064.65
<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>163,829,709.70</b>
<b>Capital Requirement for operational risk (d) (average of c)</b>	<b>119,611,988.13</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>1,196,119,881.33</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 17.10.2010 (Ashwin End, 2067)**

S.No.	Currency	Open Position (FCY)	Rate	Open Position (NPR)	Relevant Open Position
1	AUD	50,538.87	70.45	3,560,463.39	3,560,463.39
2	CAD	10.00	70.26	702.60	702.60
3	EURO	127,394.79	99.25	12,643,932.90	12,643,932.90
4	GBP	218,360.35	112.46	24,556,804.96	24,556,804.96
5	HKD	730.00	9.17	6,694.10	6,694.10
6	INR	995,830,535.66	1.6	1,594,075,729.95	1,594,075,729.95
7	JPY	4,036,006.00	0.87	3,491,145.19	3,491,145.19
8	SGD	720.00	54.41	39,175.20	39,175.20
9	USD	413,563.65	71.15	29,425,053.69	29,425,053.69
<b>Total Open Position (a)</b>					<b>1,667,799,701.98</b>
<b>Fixed Percentage (b)</b>					<b>5%</b>
<b>Capital Charge for Market Risk [c=(a×b)]</b>					<b>83,389,985.10</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>833,899,850.99</b>