

DISCLOSURE UNDER BASEL II

At The End OF Poush End 2066 (2nd Quarter End of Fiscal Year 2066/67)

1. CAPITAL STRUCTURE & CAPITAL ADEQUACY

(Amount in Lacs)

i. Core Capital (Tier I)

	Particulars	Amount	Amount
A	Paid UP Equity Share Capital		8,745.28
B	Proposed Bonus Equity Share		3,498.11
C	Statutory General Reserve		3,045.20
D	Retained Earnings		38.49
E	Unaudited Current Year Cumulative Profit		2,022.87
F	Capital Adjustment Reserve		650.00
G	Deferred Tax Reserve		189.85
H	Other Free Reserve (Debenture Redemption Reserve)		857.14
G	Less:		(100.36)
	a) Fictitious Assets	(3.45)	
	b) Investment arising out of underwriting commitments	(96.91)	
	Total Core Capital (Tier I)		18,946.58

ii. Supplementary Capital (Tier II)

	Particulars	Amount
A	Subordinate Term Debt	1,200.00
B	General Loan Loss Provision	1,776.03
C	Exchange Equalization Reserve	102.00
	Total Supplementary Capital (Tier II)	3,078.03

iii. Capital Fund (Tier I + Tier II)

Particulars	Amount
Total Core Capital (Tier I)	18,946.58
Total Supplementary Capital (Tier II)	3,078.03
Total Capital Fund (Tier I + Tier II)	22,024.61

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 Form Capital

	Particulars	Amount
A	Fictitious Assets	3.45
B	Investmetn arising out of underwriting comitments	96.91
	Total Deduction	100.36

vi. TOTAL QUALIFYING CAPITAL

Total Qualifying Capital	22024.61
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vii. Capital Adequacy Ratio

Capital Adequacy Ratio	10.85%
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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	190,881.51
B	Risk Weighted Exposure for Operational Risk	9,309.92
C	Risk Weighted Exposure for Market Risk	2,722.56
	Total Risk Weighter Exposure (A+B+C)	202,913.99

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	5,297.76
3	Claims on Banks	2,832.78
4	Claims on Corporate and Securities Entities	102,150.19
5	Claims on Regulatory Retail Portfolio	22,706.18
6	Claims Secured by Residential Properties	15,945.83
7	Claims Secured by Commercial Real Estate	1,555.37
8	Past Due Claims	705.13
9	High Risk Claims	9,205.50
10	Other Assets	8,359.49
11	Off Balance Sheet Items	22,123.28
	Total	190,881.51

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

	Particulars	Gross Amount	Provision	Net Amount
A	Restructured	2031.33	376.3	1,655.03
B	Sub-standard	128.76	25.05	103.71
C	Doubtful	36.47	7.66	28.80
D	Loss	2,927.11	2,884.29	42.82
	Total	3092.34	2917	175.34

iv. Non Performing Assets (NPA) Ratios

NPA Ratios	Percentage (%)
- Gross NPA to Gross Advances	1.68
- Net NPA to Net Advances	0.1

v. Movement of Non Performing Assets

S.No.	Particulars	Opening Balance (Ashwin End 2066)	Closing Balance (Push End 2066)	Movement
	Non Performing Loan			
1	Sub-Standard	61.86	128.76	66.90
2	Doubtful	81.87	36.47	(45.40)
3	Loss	2,911.30	2,927.11	15.81

vi. Write Off Of Loans and Interest Suspense:

- No Write off of loan and interest in the quarter.

vii. Movement Of Loan Loss Provison and Interest Suspense

Loan Loss Provision

S.No.	Particulars	Opening Balance (Ashwin End 2066)	Closing Balance Push End 2066)	Movement
1	Pass	1,591.67	1,779.03	187.36

2	Restructure	377.48	376.30	(1.19)
3	Sub-Standard	11.48	25.05	13.57
4	Doubtful	23.71	7.66	(16.04)
5	Loss	2,868.00	2,884.29	16.29
Total Loan Loss Provision		4,872.34	5,072.33	199.99

Interest Suspense

S.No.	Particulars	Opening Balance (Ashwin End 2066)	Closing Balance Poush End 2066)	Movement
1	Interest Suspense	-	-	0.00

viii. Details of Additional Loan Loss Provision

S.No.	Particulars	Aswin End 2066
1	Pass	187.36
2	Restructure	-
3	Sub-Standard	13.57
4	Doubtful	-
5	Loss	16.29
Total		217.23

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 14.01.2010 (Poush End 2066)

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	688,948,481.00			688,948,481.00	0%	-
Balance With Nepal Rastra Bank	Assets :2.1	1,285,420,584.58			1,285,420,584.58	0%	-
Gold					-	0%	-
Investment in Nepalese Government Securities	Assets : 4.1.1	2,423,819,405.60			2,423,819,405.60	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	372,725,000.00			372,725,000.00	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)		353,183,815.64			353,183,815.64	150%	529,775,723.46
Claims on domestic banks that meet capital adequacy requirements	Assets : (2.2+3)	290,904,920.14		46,500,000.00	244,404,920.14	20%	48,880,984.03
Claims on domestic banks that do not meet capital adequacy requirements		54,850,760.65		-	54,850,760.65	100%	54,850,760.65
Claims on foreign bank (ECA Rating 0-1)		234,670,799.87		-	234,670,799.87	20%	46,934,159.97
Claims on foreign bank (ECA Rating 2)		2,250,575.36		-	2,250,575.36	50%	1,125,287.68
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		657,433,536.16		-	657,433,536.16	20%	131,486,707.23
Claims on Domestic Corporates		10,426,338,384.93		211,319,291.40	10,215,019,093.53	100%	10,215,019,093.53
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)		3,041,036,894.15		13,546,372.98	3,027,490,521.17	75%	2,270,617,890.88
Claims Fulfilling all criterion of regulatory retail except granularity					-	100%	-
Claims secured by residential properties		2,657,638,785.49			2,657,638,785.49	60%	1,594,583,271.29
Claims not fully secured by residential properties					-	150%	-
Claims secured by residential properties (Overdue)		14,194,410.18	2,893,247.36		11,301,162.82	100%	11,301,162.82
Claims secured by Commercial real estate		155,537,158.23			155,537,158.23	100%	155,537,158.23
Past due claims (except for claim secured by residential properties)		365,911,465.33	326,437,091.56		39,474,373.77	150%	59,211,560.66
High Risk Claims		867,836,284.06		270,881,414.62	596,954,869.44	150%	895,432,304.16
Investments in equity and other capital instruments of institutions listed in the stock exchange	Assets : (5.1.4+5.1.7+5.1.8)	23,130,500.00			23,130,500.00	100%	23,130,500.00
Investments in equity and other capital instruments of institutions not listed in the stock exchange		1,325,000.00			1,325,000.00	150%	1,987,500.00

FORM NO.2 RISK WEIGHTED EXPOSURE FOR CREDIT RISK

As on 14.01.2010 (Poush End 2066)

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	53,285,027.22			53,285,027.22	0%	-
Other Assets - Cash & Cash in Transit Items	Assets : 7	98,838,209.71			98,838,209.71	20%	19,767,641.94
Other Assets - Investments in equity or regulatory capital instruments issued by securities firms					-	100%	-
Fictitious Assets not deducted from Tier I					-	100%	-
Other Assets (as per attachment)		1,357,194,351.35	541,012,521.27		816,181,830.08	100%	816,181,830.08
TOTAL		25,582,595,349.65	870,342,860.19	542,247,079.00	24,170,005,410.46		16,875,823,536.61
B. Off Balance Sheet Exposures		Gross Book Value a	Specific Provision b	Eligible CRM c	Net Value d=a-b-c	Risk Weight e	Risk Weighted Exposures f=d*e
Revocable Commitments					-	0%	-
Bills Under Collection		55,144,103.67			55,144,103.67	0%	-
Forward Foreign Exchange Contract Liabilities		-			-	10%	-
LC Commitments With Original Maturity Up to 6 months Domestic Counterparty		1,874,399,678.23		144,171,239.45	1,730,228,438.78	20%	346,045,687.76
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		1,484,060,501.80		94,579,021.15	1,389,481,480.65	50%	694,740,740.33
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%	-
Guarantee Invoked but yet not honoured		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		30,559,331.75		1,455,878.64	29,103,453.11	100%	29,103,453.11
Financial Guarantee		282,210,750.00		11,170,750.00	271,040,000.00	100%	271,040,000.00
Acceptances and Endorsements		553,540,365.08		3,592,197.00	549,948,168.08	100%	549,948,168.08
Unpaid portion of Partly paid shares and Securities		2,375,000.00			2,375,000.00	100%	2,375,000.00
Irrevocable Credit commitments (Short Term)		1,788,159,150.32		196,115,976.70	1,592,043,173.62	20%	318,408,634.72
Irrevocable Credit commitments (Long Term)					-	50%	-
Other Contingent Liabilities					-	100%	-
TOTAL		6,070,818,880.85		451,122,062.94	5,619,696,817.91		2,212,327,684.00
Total RWE for credit Risk (A) +(B)		31,653,414,230.50	870,342,860.19	993,369,141.94	29,789,702,228.37		19,088,151,220.61

* The investment in equity include the investment made in RMDC, MPGBBL & CIC 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 14.01.2010 (Poush End 2066)

Particulars	Year 1 (2063/64)	Year 2 (2064/65)	Year 3 (2065/66)
Net Interest Income	418,855,037.00	515,594,968.00	635,745,411.00
Commission and Discount Income	52,591,560.00	50,917,830.00	78,836,624.00
Other Operating Income	12,601,352.00	19,557,259.00	52,790,137.00
Exchange Fluctuation Income	49,463,539.00	51,989,275.00	61,294,299.00
Additional Interest Suspense during the period	28,429,986.00	44,927,359.00	(211,611,464.00)
Gross income (a)	561,941,474.00	682,986,691.00	617,055,007.00
Alfa (b)	15%	15%	15%
Fixed Percentage of Gross Income [c=(a×b)]	84,291,221.10	102,448,003.65	92,558,251.05
Capital Requirement for operational risk (d) (average of c)	93,099,158.60		
Risk Weight (reciprocal of capital requirement of 10%) in times (e)	10.00		
Equivalent Risk Weight Exposure [f=(d×e)]	930,991,586.00		

FORM NO.7 RISK WEIGHTED EXPOSURE FOR MARKET RISK
As on 14.01.2010 (Poush End 2066)

S.No.	Currency	Open Position (FCY)	Rate	Open Position (NPR)	Relevant Open Position
1	INR	(296,924,223.53)	1.60075	(475,301,450.81)	475,301,450.81
2	USD	215,135.29	72.90	15,683,362.64	15,683,362.64
3	GBP	(3,460.83)	118.36	(409,623.83)	409,623.83
4	EURO	(417,398.48)	109.83	(45,842,875.05)	45,842,875.05
5	JPY	(2,604,968.00)	0.790	(2,057,924.72)	2,057,924.72
6	AUD	(50,876.11)	68.08	(3,463,645.56)	3,463,645.56
7	SGD	(270.00)	52.40	(14,148.00)	14,148.00
8	CAD	-	1.00	-	-
9	CNY	(1,900.00)	10.68	(20,292.00)	20,292.00
10	HKD	(730.00)	9.40	(6,862.00)	6,862.00
11	CHF	24,045.00	71.20	1,712,004.00	1,712,004.00
Total Open Position (a)					544,512,188.61
Fixed Percentage (b)					5%
Capital Charge for Market Risk [c=(a×b)]					27,225,609.43
Risk Weight (reciprocal of capital requirement of 10%) in times (d)					10.00
Equivalent Risk Weight Exposure [e=(c×d)]					272,256,094.31