

ALL BANKING SOLUTIONS  
INTERNET & MOBILE BANKING  
CARDS, PROJECT FINANCE



नेपाल एसबिआई बैंक लिमिटेड  
**NEPAL SBI BANK LTD.**

**19<sup>th</sup>** Annual Report

With us,  
You are always a winner.

# THE BOARD OF DIRECTORS



**Ms. Hasana Sharma**

Chairperson  
Representing Employees'  
Provident Fund



**Mr. Hemant G. Contractor**

Director  
Representing State Bank Of India



**Mr. Rajan Srinivasan**

Director  
Representing State Bank Of India



**Mr. Vijay Jasuja**

Director  
Representing State Bank Of India



**Mr. Manoj Kumar Agrawal**

Director  
Representing Public Shareholders



**Mr. Niranjan K Tibrewala**

Director  
Representing Public Shareholders



**Mr. Keshav Raj Acharya**

Director  
Professional Expert Director



**Mr. Alok Kumar Sharma**

Managing Director  
Representing State Bank of India

External Auditor  
T.R. Upadhyaya & Co.

Company Secretary  
Mr Ramesh Ghimire

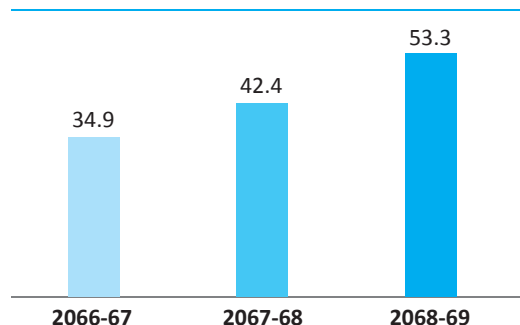
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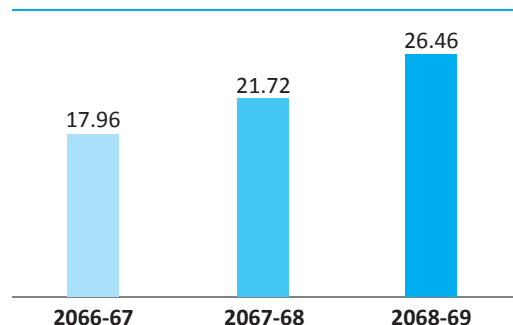
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## PERFORMANCE INDICATORS

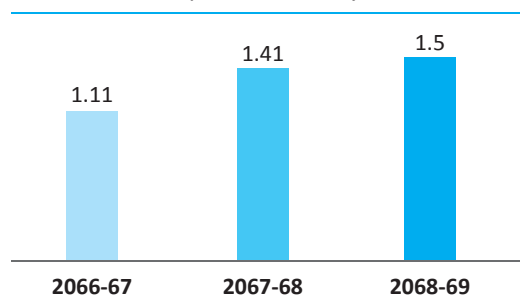
**Deposit (Rs. in Billion)**



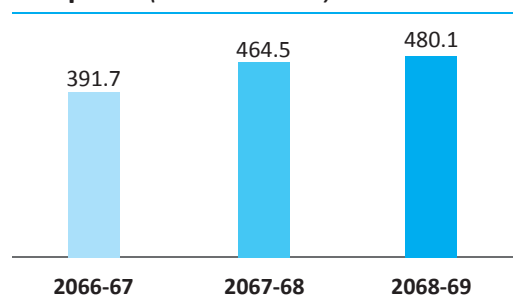
**Advances (Rs. in Billion)**



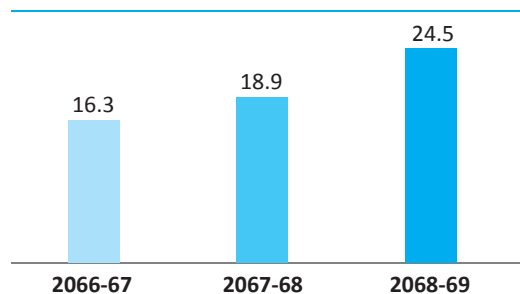
**Total income (Rs. in Billion)**



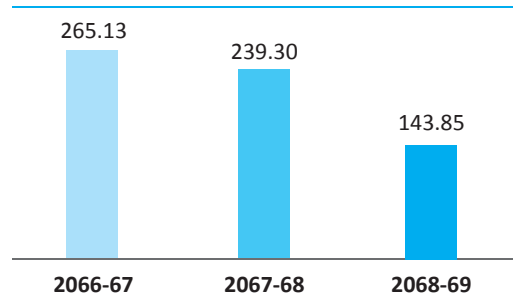
**Net profit (Rs. in Million)**



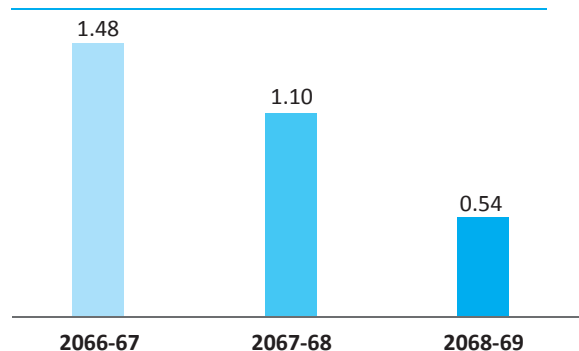
**Investment (Rs. in Billion)**



**NPA Amount (Rs. in Million)**



**NPA Gross (in %)**





# REPORT OF THE BOARD OF DIRECTORS

**The Board of Directors of Nepal SBI Bank have pleasure in presenting this Annual report together with the audited Balance sheet and Profit & loss account for the year ended 31 Ashad 2069 (15.07.2012).**

## REVIEW OF THE FY 2068-69

### ECONOMIC ENVIRONMENT

#### WORLD ECONOMY

The year started with a word of caution, indicating deceleration in key growth indicators in the world economies and apprehension of continuing weakness in major economies, particularly in European markets. The International Monetary Fund (IMF) has projected global economic growth to decelerate and grow only by 3.3 percent in 2012. Economic growth projection in our neighboring countries also showed incipient signs of slow down during the year under review.

Amidst multiple challenges to the global economy, a recovery from the economic crisis tentatively started emerging, albeit unequally distributed. The developing world reported relatively strong growth, despite apparent risks of overheating. While most advanced economies still continue to experience sluggish recovery, persistent unemployment, and financial vulnerability, particularly in Europe, which adversely affected the business confidence levels, with no clear horizon for improvement. In addition, rising commodity prices eroded the purchasing power of consumers and slowed down the pace of recovery. Uncertainties emanating from the doubts on sustainability of public debt of some advanced economies, kept the global

investment climate and investors' confidence at low levels during the period. The very viability of the euro as an alternative to US Dollar came in to question and became debatable for most part of the year.

Most of the Asian countries, including Nepal showed resilience to adverse global developments. However, major economies in the Region, viz. India and China, which are also the major trade partners of Nepal, continued to show lower growth rates repeatedly on QoQ basis.

Overall, high volatility in global equity, currency and commodity markets, emerging threat of rising inflation, static or deteriorating financial health of large Banking conglomerates in the developed countries remained the major areas of concern of the financial market players across the world.

#### ECONOMIC ENVIRONMENT IN NEPAL

The economic environment in Nepal has been tough for many years and the review year is no exception. Current political, economic scenario and other infrastructural issues made the things more difficult for business and industries. Economic indicators of the country showed positive change during the year under review, mainly backed by considerable contribution from Agriculture sector. Our country expects to post a real GDP growth rate of 4.6% at basic price, as against 3.8% growth during the previous year. The growth is largely attributable to 4.9% rise in Agricultural sector. Industry, Manufacturing sector showed a drop in growth rate at 4.3% as against a growth of 4.5% during the previous year. Services sector posted an increase of 4.3% over 3.4% during the previous fiscal Year.



Tourism industry observed a lower growth of 19.3% in terms of tourist arrivals by Air during the first 11 months of the FY 2011-12 as compared to 21.1% during the corresponding period of the previous FY.

The annual average consumer inflation on point-to-point CPI, decreased to 8.0% during FY 2068-69 (2011-12) as against 9.6% in previous year.

On external front, the country's Balance Of payment (BOP) recorded a surplus of Rs. 113.22 billion due to rise in exports and decline in imports, as against deficit of Rs. 33.56 billion in the previous year. The huge BOP surplus was mainly backed by remittance inflow, which crossed Rs.320.38 billion thereby registering an increase of 39.6%. During 2068-69, the US dollar appreciated by about 20% as against Nepalese currency, NPR. As such, in the backdrop of weakening NPR in 2068-69, posting of surplus BoP reveals inherent strength and promising future of the country's economy.

Foreign exchange reserves of USD 4.82 billion at the end of Jestha 2069 were marginally lower, as against USD 4.84 billion during the same period last year.

Amidst uncertainties in local conditions and political scenario, the inflow of foreign direct investment remained weak. India with the highest contribution and China as the next, continue to be the major source of FDI for the country.

The review period witnessed sudden reversal of tight liquidity conditions since beginning of the year. The trend became more prominent during the second half of the year. Highly liquid markets also kept Banks' operating margins under pressure.

The increasingly complex political conditions also propelled liquidity in the market and investment outlook remained subdued in the domestic economy.

Owing to continuously rising liquidity, the incremental credit-deposit ratio (CD ratio) of commercial Banks suffered and worked out at about 51% for 2068-69. Your Bank's incremental credit to local currency deposit ratio during the period was competitively placed at 118.26%, which helped the Bank to register a satisfactory credit to local currency deposit ratio of 80.40% as at the end of the year. CDC (Credit to Domestic deposit and core capital) ratio of your Bank also rose from 68.43% to 73.30% during 2068-69.

Despite challenges in the overall economic environment, the Bank posted higher operating profit (before loan loss provisions) of Rs.751.66 million, as compared to Rs.720.56 million in previous year and achieved qualitative improvement in asset portfolio, with the gross NPA and net NPA level at 0.54% and 0.32% respectively, down from 1.10% and 0.47% respectively, as at the end of the previous year.

A number of measures have been taken by Nepal Rashtra Bank to improve the investment scenario and channelize the excess liquidity into productive sectors. This, besides others, includes increase in Reserve ratios and incentive to export and agriculture sector.

## THE BANKING INDUSTRY

Banks operate in a highly competitive arena where 32 'A' class commercial Banks, 88 'B' class Development Banks and 70 'C' class Finance Companies and '23' other financial intermediaries compete for a share in the financial market. Net interest margins have come under pressure, as attractive investment opportunities have dried up amidst liquidity in the market and resultantly yields on investments are steadily declining. This warrants Banks to increasingly maintain the quality of assets at the highest order, concentrate on enhancing non-interest income, and efficiently

manage their resources to achieve growth in profitability levels.

During the first eleven months of FY 2068-69 (July 2011- July 2012), deposit accretion in Banking industry was reported at 18.2% or Rs.149.92 billion. However, Loans and advances of the industry during the same period increased by 14.1% or Rs. 120.14 billion. Liquidity Ratio of Banking industry as a whole improved to 32.5% as on Jestha end 2069 (14th June 2012) as against 30.6% as on Ashad end 2068 (16th July 2011).

The capital adequacy ratio of most of the Banks exceeded both local and international regulatory requirements. The financial market infrastructure has improved substantially in recent years reducing systemic risks. Significant progress in product innovation and service delivery was also observed, during the year under review.

For the last few years, there has been notable expansion in the geographical and numerical presence of the Banks and financial institutions with expanded financial transactions as well. At the end of Ashad 2069, branches of the commercial Banks, development Banks, finance companies and micro – finance institutions expanded to 1369, 686, 331 and 550 respectively. This has significantly improved the public access to formal Banking channel.

## RECENT DEVELOPMENTS IMPACTING BANKING BUSINESS

### INCREASE IN CRR/LIQUIDITY OVERFLOW/ LOW INTEREST IN GOVERNMENT SECURITIES

Nepal Rastra Bank through monetary policy 2069-70 increased Cash Reserve Ratio to 6% from earlier 5%. This will tie up liquid assets of the BFIs and will warrant more prudent management of funds to protect spread and profitability. Your Bank has sufficient liquidity to meet the enhanced criteria.

### MERGER AND ACQUISITION

Nepal Rastra Bank introduced Merger bylaw, 2011 during the review period in order to encourage BFIs to undergo merger process with an objective of enhancing resilience of banking industry. Recently, merger of two commercial Banks and five finance companies resulted in the formation of two Banks and a finance company. Additionally, four development banks and four finance companies have been merged to form four development banks. Further, 17 financial institutions have submitted their applications to obtain the letter of intent for mergers. Backed by our reach through 59 operating units, 75 ATMs, dedicated work force, technology driven operations, and support of large client base, your Bank has developed intrinsic strength and is well poised to take on the competition in the changed market conditions.

### INCREASE IN DEPRIVED SECTOR LENDING

Nepal Rastra Bank has increased the mandatory deprived sector lending target for 'A' class commercial Bank to 4 % from 3.5% by end of upcoming fiscal year 2069-70. This is part of NRB's endeavor to gradually increase investment to deprived sector during next 3 years. Your Bank closed the year with Deprived Sector lending at 3.74%, thereby surpassing Deprived Sector lending targets set by NRB for the year.

### OPPORTUNITIES, CHALLENGES AND OUTLOOK

The year 2069-70 exhibits signs of reasonable promises for the industry at large and Banking in particular, with political consensus for major economic issues, appearing around the corner and the Banking industry undergoing structural changes backed by support and measures taken by NRB.

In the Interim Budget, the Government of Nepal announced considerable expenditure to provide impetus to the economy and keep the business sentiments afloat.



Your Bank has received the approval from NRB for opening of branches at 6 new locations, which will be opened during the current FY. The recent measures and policy deliberations mainly on Agriculture, Power and Aviation sector are expected to improve overall investment climate in the country. The country is expected to achieve a higher GDP growth rate of 5.5%.

With proximities to two major economies of the world, Nepal is likely to emerge as a preferred investment destination. Presently, India continues to be the major trade partner and source of foreign investments for Nepal. With the high potential of infrastructure growth in Nepal and neighboring countries and continued positive growth rate all around the Region, the Banking industry in Nepal is expected to receive better business opportunities. The country offers significant opportunities in potential areas such as textiles, handicrafts, agro based industries and tourism

The foremost challenge before the Bank will be to improve its market share with emphasis on stable and long term low-cost deposit base. Maintaining asset quality, developing new products and improving delivery channels, restructuring business processes in the techno-driven environment, developing sophisticated risk management systems, improving net interest margin, and profitability through non-fund based business, ensuring high quality of customer service and adopting best Corporate Governance practices, would continue to remain important guiding factors for your Bank.

Your Bank will continue to remain alive and abreast of the emerging opportunities and will continue to achieve improved efficiency indicators.

## MEASURING OUR SUCCESS

### BUSINESS PERFORMANCE

Your Bank posted 25.75% growth in Deposits and 21.85% growth in Advances, which exceeded the industry averages during the year. Your Bank continues to maintain its premier position in the country, as one of the most efficient and financially robust Banks.

The overall business of the Bank (deposits plus gross advances) reached a level of Rs. 7980.09 crore as at the end of 2068-69 as against Rs.6413.42 crore as at the end of previous year, recording a growth of Rs.1566.67 crore (24.43%). The total deposits increased by Rs.1092.18 crore to reach a level of Rs.5333.73 crore while advances increased by Rs.474.49 crore to reach a level of Rs. 2646.37 crore by the end of the reported year. In line with the continued rise in interest rates, particularly during the first half of the year, the cost of fund of the Bank rose from 5.18% to 5.48% in 2068-69, while yield on loan and advances improved from 12.20% to 12.73%. Yield on interest earning assets of the Bank also improved from 8.05% during the FY 2067-68 to 8.18% during the FY 2068-69.

The total number of deposit accounts registered an increase of 76,123 and reached a level of 384,767 showing an accretion of 24.66%. Likewise, the borrowal accounts of your Bank increased by 2,245 reaching a level of 12,244 as at the end of the year.

### TREASURY AND INVESTMENTS

Excess liquidity conditions in local market and low investment opportunities amidst uncertainties, affected the equity markets as well. The year witnessed deceleration in investment avenues and affected margins in treasury operations. On the back of active participation in the short term money markets, and remaining dynamic to the conditions, your Bank selectively deployed excess funds in safe



avenues. In the face of uncertainties in the equity markets, your Bank refrained from taking fresh exposures in equities, except taking some trading calls. Government securities markets became low income yielding proposition in the second half of the financial year.

Despite stiff competition for Dollar deposits, your Bank mobilized higher foreign currency deposits during the year. These foreign currency deposits are placed back to back at overseas centres, as permitted by NRB. This growth in foreign currency deposits was achieved with higher profit margins for the Bank, this year. We were able to significantly improve our margins on this business from 14bps in 2067-68 to 24bps in 2068-69.

### **CREDIT MANAGEMENT**

The overall credit demand remained subdued during 2068-69, amidst low economic activity in the country. Nevertheless, the Bank continued to focus on qualitative credit growth and faster credit delivery with special emphasis on productive sector to generate qualitative growth in advances. A total of 2245 advance accounts with a fund based sanctioned exposure of Rs.915.61 crore were added to our books during the year. During the year, your Bank sanctioned credit facilities aggregating Rs.104.04 crore to 22 high value new customers besides increasing credit limits of the existing customers based on their requirements. In view of the prevailing economic scenario, proactive dialogue was initiated with customers with regard to their expectations from your Bank.

### **REPLACING HIGH COST DEPOSITS**

Your Bank started a major exercise of replacing high cost deposits by a relatively more stable personal segment deposits during the year 2068-69. The ratio of high cost (over 11% rate) deposits to total fixed deposit was brought down from 39.49% as at end-Ashad 2068 to 22.66% as at end-Ashad 2069. The

ratio of low cost deposits (deposits attracting 0%-5% RoI) increased from 42.78% as at end-Ashad 2068 to 43.22% as at end-Ashad 2069. This improvement was aided by robust increase of 28% in Saving Bank deposits.

### **RETAIL BANKING SEGMENT**

With aggressive marketing, better services and increased customer confidence, retail segment deposits recorded a growth of Rs.273.47 crore during 2068-69 as against the growth of Rs.238.90 crore during the previous year. This was an all time high growth recorded by your Bank. Number of Retail segment deposit accounts grew by 75069 to reach at 379721, thereby showing a growth of 24.64% during the FY 2068-69. Interest rates were revised periodically during the year in line with the market scenario. Special deposit mobilization campaigns were launched for improving the pace of acquiring new customers both for savings and current deposits. Your Bank opened 69,568 new savings deposit accounts, posting a good growth of 24.97% during the year.

Amidst softening of demand from manufacturing sector, the retail loan segment witnessed stiff competition. The Retail segment advances stood at Rs. 848.68 crore in 2068-69 as against Rs.752.21 crore in the previous year. During the year, the schemes for financing car, housing, education and mortgage were modified from time to time, keeping in view the market dynamics of the segment. Overall, your Bank booked 1,767 new retail advances accounts and sanctioned Rs.256.35 crore under various loan schemes under the Retail Banking Segment.

### **DEPRIVED SECTOR LENDING**

As at end-Ashad 2069, your Bank's Deprived sector advances increased to a level of Rs.86.80 crore as against Rs.60.22 crore in the previous year. This constituted 3.74% of the advances, and was above the benchmark of 3.50% prescribed by Nepal Rastra Bank.



## NPA MANAGEMENT

Your Bank continues with its multipronged strategy of controlling Non-Performing Assets (NPAs) through intensive monitoring of credit accounts, close follow-up with DRT and restructured assets (categorized as NPAs as per NRB directive) and effectively utilizing the remedies available under the regulations of the country. Due emphasis has been given to issue recovery notices in stressed assets and follow up with the courts and filing of Execution Petitions. A special drive for NPA recovery and follow-up was observed during the year, the results of which have been quite encouraging. The Management Information System has been modified and attuned to monitor account wise daily movement in recovery of interest and status of irregular accounts, including NPAs.

The position is reviewed by the top management through daily reporting system of position of NPAs, irregular accounts to deliberate the possible account specific measures for improvement in the asset quality. Gross reduction in NPAs during the year 2068-69 was Rs. 9.55 crore. This was achieved in the face of new additions of NPAs aggregating Rs.2.38 crore. The gross and net NPAs of the Bank stood at Rs.14.38 crore and Rs.8.47 crore respectively at the end of Ashad 2069 as against Rs.23.93 crore and Rs.10.01 crore respectively, at the end of the previous year. The number of NPA accounts came down from 106 accounts to 79 accounts.

The Gross NPA ratio improved from 1.10% as at end-Ashad 2068 to 0.54% as at end-Ashad 2069. Net NPA ratio of the Bank improved from 0.47% as at end-Ashad 2068 to 0.32% as at end-Ashad 2069. We expect to further bring down the NPA level during the current fiscal year.

## FINANCIAL HIGHLIGHTS

### NET INTEREST INCOME

Your Bank's gross interest income increased from Rs.309.99 crore during 2067-68 to Rs. 376.95 crore during 2068-69, recording a growth of 21.60%. Interest expenditure increased by 32.19% to Rs. 277.08 crore, as against Rs.209.60 crore in the previous year. In line with the industry trend, the net interest margin declined from 2.61% in 2067-68 to 2.17% in 2068-69.

### NON INTEREST INCOME

The non-interest income of your Bank recorded a growth of 23.98% from Rs.40.19 crore in 2067-68 to Rs.49.83 crore during 2068-69. The growth was mainly backed by higher contribution from exchange income, which recorded a growth of 43.39% on YoY. Commission on Bank guarantee increased from Rs.2.88 crore to Rs.4.29 crore, showing a rise of 48.65%.

### OPERATING EXPENSES

The operating expenses recorded increase of 8.77% from Rs. 68.52 crore in 2067-68 to Rs.74.53 crore during 2068-69. Of this, employee costs increased by 13.20% to Rs.28.92 crore, while other operating expenses increased by 6.14% to Rs.45.61 crore as at Ashad 2069. Increase in Staff overhead cost is representative of full year impact of the revision in salary undertaken during the previous year, whereas the other operating cost mainly includes depreciation cost, at around 23.76%, owing to establishment cost incurred on expansion of branches during the previous years. Your Bank, during the year, aligned its rates of depreciation on fixed assets in line with the industry trend and prevalent tax laws as on the relevant date.

### PROFIT

The net profit of Rs.48.01 crore in 2068-69 has been higher than Rs.46.46 crore recorded in 2067-68.

## KEY FINANCIAL INDICATORS

The Return on Assets (RoA) of the Bank stood at 0.83% during 2068-69. Excluding foreign currency deposits, the RoA works out at 1.26%.

The return on equity at 15.02% was better than the industry ratio as at the end of the year. Earnings per share at Rs. 22.93 (per share of face value Rs.100) in 2068-69 revealed competitive advantage vis a vis industry trend. The Book value of the share continues to be at a level of Rs.152.66, which has been achieved on higher equity base, since the Bank has been issuing and distributing Bonus shares to its shareholders for the past few years.

The Capital Adequacy Ratio of your Bank as at the year end stood at 11.21% as per Capital Adequacy Framework. This was well above the Nepal Rastra Bank benchmark of 10%. Likewise, the Core capital to Total Risk Weighted Assets (Tier-I) at the end Ashad 2069 was 9.16%, which was well above the minimum required benchmark of 6% of NRB. This provides sufficient room for further increase in risk assets necessary for the continued growth of the Bank.

Gross NPA ratio improved from 1.10% as at end-Ashad 2068 to 0.54% as at end-Ashad 2069 while Net NPA ratio came down from 0.47% to 0.32% during the reported year, thereby revealing significant improvement in quality and management of assets.

The average business per employee increased to Rs. 1477.31 lacs during 2068-69 as against

Rs.1262.99 lacs in the previous year. The average business per branch increased to Rs.158.96 crore during 2068-69, as against Rs.148.33 crore in the previous year.

Key business indicators:

Amount in NPR Million			
POSITION AT THE YEAR END	2068-69	2067-68	Change (%)
Shareholder' Funds	3,197	2,870	11.40%
Deposits	53,337	42,415	25.75%
Net Loans and Advances	26,142	21,366	22.35%
Total Investment	24,463	18,911	29.36%
Total Assets	58,060	46,088	25.98%

RESULT FOR THE YEAR	2068-69	2067-68	Change	
			Amount	Percentage (%)
Total Operating Income	1,496.94	1,405.73	91.21	6.49
Operating Profit	673.64	674.25	-0.6	-0.09
Net Profit	480.10	464.56	15.54	3.35
Provision for Income Tax ( Current Year)	229.05	206.53	22.52	10.90

## CORPORATE CITIZENSHIP

### CODE OF ETHICS

Your Bank is fully complying with Nepal Rastra Bank's guidelines on maintaining good corporate governance in the Bank. All the members of the Board as well as the employees are committed to the code of ethics prescribed by NRB. Bank has also devised and implemented its own 'Code of Ethics' to be followed meticulously by all the members of its Board of Directors, Management Team and staff at all levels. The Code of Ethics implemented by your Bank is consistent with the spirit of Good Governance Act.

### INTERNAL CONTROL, INSPECTION AND AUDIT

Your Bank has in place a well-established independent audit system and structure to ensure

adequate internal control for safe and sound operations.

Internal Auditor reports to the Audit Committee and is also responsible for monitoring compliance with various NRB directives and guidelines. The Audit Committee of the Bank under chairmanship of a non-executive director reviews the financial position of the Bank, adequacy of its internal control systems and issues appropriate guidelines based on the feedback received from the internal audit reports. Internal Audit is carried out with focus on assessment of risk and internal control mechanism.

The branches have been categorized into different groups as per risk perception and are subject to varying degrees of audit. During 2068-69, 32 branches (out of 50) and 1 extension counter, 6 TFPCPC (Trade Finance Centralized Processing Cell) under Business Process Re-engineering (BPR) initiatives have been subjected to internal audit. No branch of your Bank remained overdue for audit as at the end of Ashad 2069.

## **RISK MANAGEMENT**

Your Bank has a comprehensive Risk Management System in place to deal with various types of risks. The risk management function is overseen by the Board of Directors through the Audit Committee of the Board (ACB). Besides, there are Credit Risk Management Committee (CRMC), Asset Liability Management Committee (ALCO), Market Risk Management Committee (MRMC) and Operational Risk Management Committee (ORMC) for formulating and reviewing the risk management policies and monitoring their implementation in the matters related to credit, market and operational risks. The progress of the action implementation is reviewed by the Bank's Board, including review of the decisions of the Central Management Committee. The Bank has already migrated to Basel-II norms and the Capital

to Risk Weighted Assets Ratio (CRAR) is also being worked out as per the guidelines of Basel-II. The Bank also plans to go for Operational Risk Management Solution software in near future for assessing the Operational Risk on an ongoing basis. To control, obviate and mitigate the operational risk, the Bank has put in place comprehensive operational guidelines and has also issued various manuals, such as Cash Module Manual, IT manual, Finacle Job cards, TFPCPC manual, Internet Banking guidelines, Mobile Banking operational guidelines, Credit assessment and process guidelines for the operating units.

Stress testing is being done regularly for both credit and market risks and the policies relating to such stress are updated from time to time. With all branches on Core Banking Solution (CBS), Credit Information and MIS works on a robust platform. The Bank has direct access to the CIB database which have been allocated to our operating units/offices, enabling them to generate Credit Information Report on borrowers / prospective borrowers from this database. An MIS website is maintained by your Bank to provide easy access to the central database, which is being extensively used by the operating units. Various returns to be submitted to regulatory agencies are now being centrally generated at Corporate office level, thus enabling branches to focus more on business development and customer services.

## **ASSET LIABILITY MANAGEMENT**

A comprehensive Asset Liability Management (ALM) System is in place for effective management of Market Risk covering Liquidity Risk, Interest Rate Risk and Foreign Exchange Risk.

Liquidity and Interest Rate Risks are measured through Structural Liquidity Report. Both the risks on Foreign Assets & Liabilities are being monitored through Maturity & Position (MAP) and Sensitivity to Interest Rate (SIR) reports. The monitoring of



liquidity on a dynamic basis over a time horizon spanning 1-90 days and more, is in place.

Traditional gap analysis is also used to manage Interest Rate Risk for the entire Balance Sheet. The Asset Liability Management Policy coupled with Investment Policy of the Bank specifies various prudential limits for management of Liquidity and Interest Rate Risks. A system of daily monitoring of inflows and outflows of deposits are in place for managing Liquidity on a day-to-day basis. Stress Testing on Liquidity, Interest rate and Foreign Exchange positions have also been undertaken during the year. The structural liquidity report is being prepared and reviewed regularly. Scenario analysis on market risk, as prescribed by Nepal Rastra Bank is also being ensured.

### **INFORMATION TECHNOLOGY CORE BANKING SOLUTION (CBS)**

The Bank has been amongst the first few commercial Banks in the country to have migrated all the branches to Core Banking Solution (CBS). Empowered with core Banking, the Bank has launched a number of value added services for the customers, such as SMS alerts, SMS Banking, Mobile Banking and Internet Banking, besides debit (ATM) cards.

### **AUTOMATED TELLER MACHINES (ATMS)**

Your Bank installed 8 new networked ATMs during the year to take the total tally of ATMs to 75. The number of ATM cardholders of the Bank increased to 255,909 as at the end of Ashad 2069 from 193,302 as the end of previous year. This shows an increase of 32.39% over previous year and ATM penetration of 73.51% as at the end of Ashad 2069. The Bank's ATM cards are also freely accepted in India across country wide ATM network, at very nominal service charges.

### **INTERNET BANKING**

Internet Banking facility for personal and corporate customers is available at all the branches of the

Bank. Looking at the rapid increase in the usage of internet Banking, the Bank has introduced several new features including online funds transfer facility from one account to another within the Bank.

Your Bank has been providing wide publicity for increasing the usage of internet Banking besides increasing awareness amongst staff and existing customers. The Bank has registered a growth of 37.55% in Internet Banking enabled accounts during the year. Bank proposes to give special emphasis to Internet Banking this year and add new utilities to the existing Internet Banking platform during the year, including online payment of utility services.

### **INFORMATION TECHNOLOGY & SYSTEMS SECURITY**

In order to control the threats and risks associated with IT enabled services, the Bank has a comprehensive IT and Information Systems (IS) Security systems to address all the concerns including maintenance of customers' confidentiality, security and integrity of data. Bank's CBS database (both Primary and Disaster Recovery Site) are kept off centre and the recovery site with State Bank of India and has acquired the accreditation for the international standard for Information Security Management Systems. All the Banking applications have built-in security features like access control, data encryption and transmission through secured channels as per the requirement of the application. The threat of virus is minimized by having a centralized anti-virus solution. Adequate Firewalls and Intrusion Detection Systems are in place so as to prevent unauthorized access to the network.

The Disaster Recovery Plan (DRP) for all the operations is in place. The Bank has taken steps to increase security awareness amongst staff as well as customers and to ensure compliance of IT security. A detailed booklet for

guidelines on IT Policy containing IS Security guidelines has been provided to all the branches and offices.

## CUSTOMER SERVICE

Broad-basing the clientele base and rendering better services continues to be a major thrust area for the Bank. Providing Value Added Services, leveraging core Banking technology and re-designing key business processes in line with the requirements of the customers, have vastly helped in providing customers a highly satisfying Banking experience.

## SOCIAL RESPONSIBILITY INITIATIVES

We have continued our approach towards taking social responsibility initiatives as an essential characteristic of our business, as a partner in progress of the community that we serve. The Bank is not only conscious about maximizing its business and profitability, but also equally conscious about its responsibility towards the society where it

carries out business and generates income. Your Bank has always been ready to lend a supporting hand in every walk of life to the best possible extent, specially the weak and underprivileged. During the year, we supported directly or in partnership with other organizations, various individuals, groups or institutions in wider area of social life including Health, Education, Sports etc.

## PROGRESS REPORT FOR THE CURRENT YEAR

The first quarter of fiscal year 2069/70 is not yet over. The progress achieved during the quarter will be made known to all the stakeholders through separate notice to be published within stipulated time.

## CHANGES IN THE BOARD OF DIRECTORS

Consequent upon the retirement of Shri Rajiv Pal Singh from SBI's service, Shri Rajan Srinivasan, CGM (International Banking) has been nominated

## VALUE CREATION AND ALLOCATION

The following appropriations from profits are proposed for the year ended Ashad End, 2069 :

( In NPRs.)	This Year Rs.	Previous Year Rs.
<b>INCOME</b>		
1. Accumulated Profit up to Last Year	2,851,532	4,249,307
2. Current Year's Profit	480,105,493	464,564,999
3. Investment Adjustment Reserve	25,213,820	-
4. Capital Adjustment Reserve up to Previous Year	30,000,000	50,000,000
5. Reversal of Bonus Shares and Cash Dividend	1,396,329	
<b>Total</b>	<b>539,567,174</b>	<b>518,814,306</b>
<b>EXPENSES</b>		
1. General Reserve	96,021,099	92,913,000
2. Proposed Dividend	104,699,488	93,465,163
3. Proposed issue of Bonus Shares	261,748,735	233,662,907
4. Exchange Fluctuation Reserve Fund	798,950	79,009
5. Capital Adjustment Reserve	5,000,000	30,000,000
6. Investment Adjustment Reserve	515,360	24,572,100
7. 6% NSBL Debenture 2070 Redemption Reserve	28,571,429	28,571,429
8. 12.5% NSBL Debenture 2078 Redemption Reserve	16,776,256	-
9. Deferred Tax Reserve	23,233,050	12,699,166
<b>Total</b>	<b>537,364,367</b>	<b>515,962,774</b>
10. Accumulated Profit/(Loss)	2,202,807	2,851,532

by SBI in his place. Likewise, after the change in incumbency of Shri S.K Battacharya, GM (Retail and Subsidiaries), Shri Vijay Jasuja, GM (Retail and Subsidiaries) SBI has been nominated as director on the Bank's Board. Shri Keshav Raj Acharya has been appointed in place of Mr. Mohan Raj Joshi by the Board as a professional expert director. On behalf of the Board of Directors, we place on record our appreciation for the contribution made by Shri Rajiv Pal Singh, Shri S.K Battacharya and Shri Mohan Raj Joshi in guiding the affairs of the Bank during their tenure and welcome Shri Rajan Srinivasan, Shri Vijay Jasuja and Shri Keshav Raj Acharya as new members on the Board of the Bank.

### STATUTORY AUDITORS

M/S T.R.Upadhaya and Co. Chartered Accountants, conducted the statutory audit of the Bank for the FY 2068-69 as appointed by the 18th AGM and are eligible for continuance. Accordingly, the Audit committee of the Bank's Board recommends continuance of M/S T.R.Upadhaya and Co. Chartered Accountants as Statutory Auditors to audit the accounts of the Bank for the year 2069-70.

### FURTHER INFORMATION AND DISCLOSURES

All the statutory requirements on disclosure of information—including under Section 109(4) of the Companies Act, 2063 and Rule 22(1) of Securities Registration and Issuance Regulation 2065 - have been embodied as annexure to this report. Similarly, information regarding the Bank's Corporate Social Responsibility initiatives, Corporate Governance and Risk Management and useful information for Shareholders can be found in their respective sections. Financial Statements including Balance Sheet, Profit and Loss Account and Cash Flow Statement followed by the schedules prepared as prescribed by Nepal Rastra Bank and notes to accounts thereto can be found subsequently.

### PATH AHEAD

With expanded outfit and operations in 27 districts, we have positioned ourselves to create promising business opportunities for your Bank during the ensuing period. Bank's strategy shall continue to be to evolve the image of the Bank's brand as a prudent and reliable destination for financial solutions. We shall seek new customer relationships, explore new market segments and expand delivery channels for our products utilizing the Bank's technological strengths.

Our greater focus would be on strengthening policies, processes, controls and workflows. The work flow restructuring initiatives - like setting up Regional offices will result in improvement in service quality, process efficiencies and internal controls to further strengthen our capabilities and readiness for future challenges.

### ACKNOWLEDGEMENT

The Board of Directors is grateful to the valued customers, esteemed shareholders and the public at large for their patronage and confidence reposed in the Bank and places on record its deep appreciation. The Board of Directors also expresses its sincere thanks to the Government of Nepal, Nepal Rastra Bank, Office of the Company Registrar (OCR), Securities Board of Nepal (SEBON) and other regulatory bodies for their valuable support and guidance throughout the year.

The Board of Directors also places on record its deep appreciation of the commitment, sense of involvement and dedication exhibited by employees of the Bank in the overall development and prosperity of the Bank.

For and on behalf of the Board of Directors

Kathmandu  
Date:12.10.2012

**Ms. Hasana Sharma**  
Chairperson

# ADDITIONAL DISCLOSURES

## ANNEXURE TO THE REPORT OF THE BOARD OF DIRECTORS

### ADDITIONAL INFORMATION REQUIRED TO BE FURNISHED AS PER SECTION 109 (4) OF THE COMPANIES ACT, 2063

- (i) No shares have been forfeited by the Bank during the fiscal year 2068/69.
- (ii) Main transactions carried out by the Bank during the financial year 2068/69, and any important change in the business of the Bank during the period:
- Bank carried out transactions as per objectives/functions detailed in the Memorandum of Association and Articles of Association of the Bank and the highlights of the business have been detailed in the Directors' Report. There was no significant change in the nature of the business performed by the Bank during the year.
- (iii) No information has been received by the Bank from its basic shareholders as per the provisions of the Companies Act, 2063.
- (iv) No shares were taken up by the Directors and key office-bearers of the Bank during the year nor were they found to have been engaged in the share transactions of the Bank's shares in contravention of the prevailing laws.
- (v) No information was received from any Director or any of his/her close relatives about his/her personal interest in any agreement connected with the Bank signed during the financial year 2068/69.
- (vi) The Bank has not so far purchased any of its own shares.
- (vii) Particulars of the Total Management expenses of the financial year

S. N.	Particulars	Amount (in Rupees)
(i)	Staff Expenses	289,153,228.00
(ii)	Other Operating Expenses	456,126,353.00

- (viii) The Bank has an Audit Committee comprising of the following members

S.N.	Name of the Members	Position Held
i.	Mr. Manoj Kumar Agrawal, Public Director	Chairperson
ii.	Mr. Keshav Raj Acharya, Professional Expert Director	Member
iii.	Any one of the Directors Representing SBI other than the MD	Member
iv.	Mr. Sudeep Khanal (Internal Auditor)	Member Secretary



- ▶ NUMBER OF AUDIT COMMITTEE MEETINGS HELD DURING 2068/69: 9
  - ▶ MEETING ALLOWANCES PAID TO THE MEMBERS
    - Directors other than those representing SBI: Rs. 1,44,000/-
    - Director representing SBI: Nil
  - ▶ ROLE PLAYED BY THE AUDIT COMMITTEE
    - Review of Bank's accounts and financial statements including review of quarterly performance of the Bank and report to Board.
    - Supervision of activities of the Bank's Internal Audit Department.
    - Review of the Bank's internal controls in different areas of Bank's operations.
    - Finalization of Internal Audit Program.
    - Reviewing the implementation of recommendations made by the Statutory Auditors and NRB Inspection Team.
    - Recommending the appointment of Statutory Auditors to the AGM.
    - Ensuring that the Financial Statements to be submitted to the Board of Directors are true and correct.
    - Reviewing the status of Nostro Accounts.
- (ix) No Payment is due to the Bank from any Director, Managing Director, Executive Chief or the basic shareholder of the Bank or any of their close relatives, or from any firm, company or corporate body in which he is involved.
- (x) The under noted amounts were paid as remunerations, allowances and facilities to the Directors, the Managing Director and other office bearers.
1. Allowances/facilities to the Members of the Board:  
A total of Rs.1,884,000/- was paid to the Board members as Board Meeting fee during 2068-69 (@ Rs. 10,000/- per meeting for the Chairman and @ Rs. 8,000/- for other Directors.)
  2. Managing Director & Other Office Bearers:
    - a) No remuneration was paid to the Managing Director & other India Based Officers during the year (Management team seconded by SBI) except the payment of Rs.4,269,201.84 towards the rent of their residential accommodation and medical expenses etc. Their salary and allowances are paid by SBI.
    - b) Other Office Bearers: A total of Rs. 289,153,228.00 was paid to other office bearers of the bank as their remuneration, allowances and facilities.



(xi) Dividends yet to be collected by the shareholders:

Dividends pertaining to the following financial years are yet to be collected by the shareholders as on 31st Ashadh 2069:

Financial Year	Amount (Rs.)
2052/53	271,000.00
2053/54	258,200.00
2054/55	294,000.00
2055/56 & 2056/57	449,000.00
2059/60	652,650.00
2062/63	738,743.75
2063/64	1,326,390.00
2066/67	4,009,953.53
2067/68	6,071,754.64
<b>Grand Total</b>	<b>14,071,691.92</b>

(xii) No property was purchased or sold by the Bank during the year to exceed the ceiling as stipulated under Section 141 of the Companies Act, 2063.

(xiii) No transaction was held between the Bank and its associate companies during the year as stipulated under Section 175 of the Companies Act, 2063.

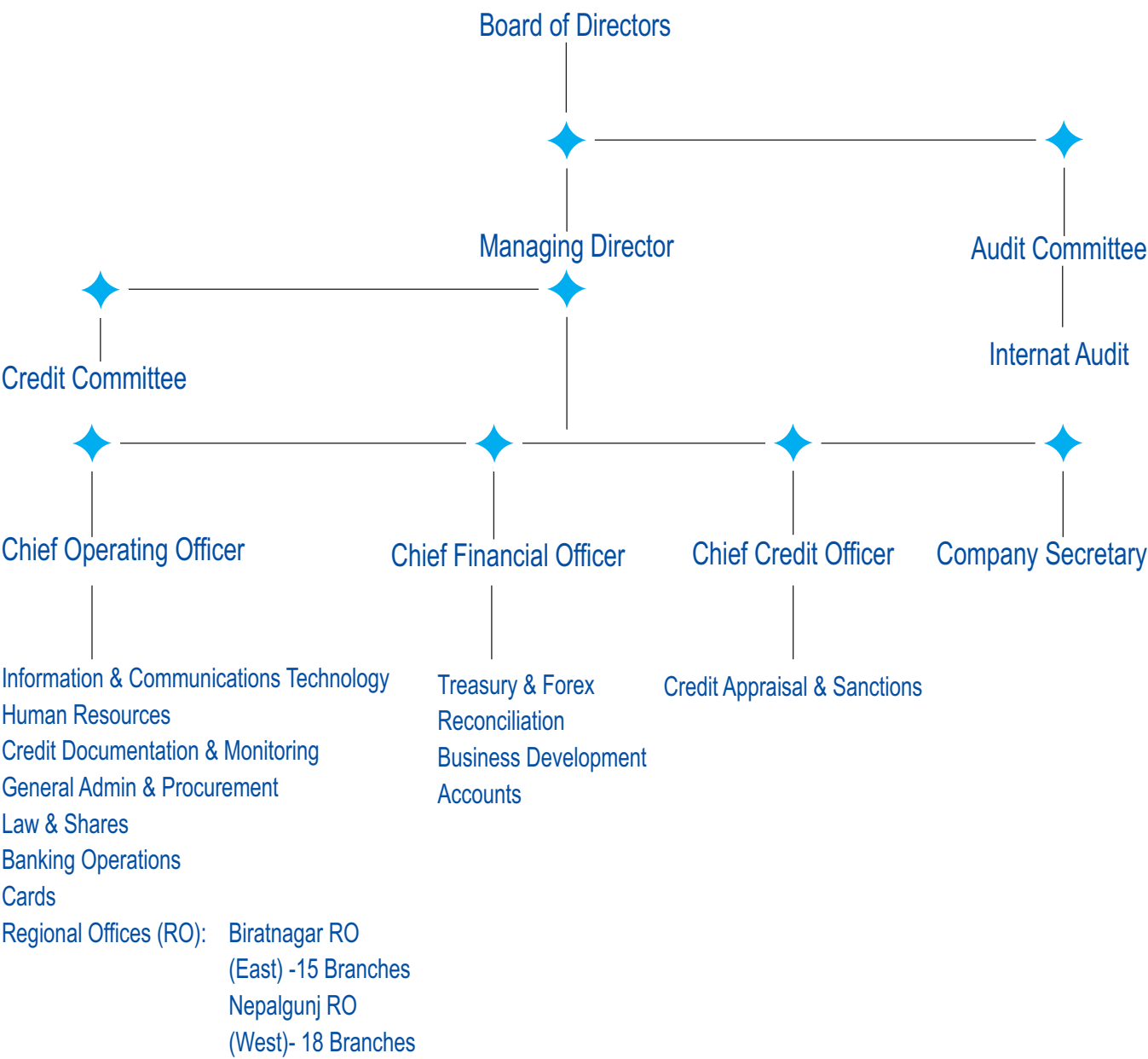
B.S. 2069/06/26 (12.10.2012)

Place: Kathmandu

**Ms. Hasana Sharma**

Chairperson

# ORGANIZATIONAL STRUCTURE



# MANAGEMENT TEAM



**Mr. Alok Kumar Sharma**  
Managing Director



**Mr. V.K. Tyagi**  
Chief Operating Officer



**Mr. Anil Kumar Singh**  
Chief Financial Officer



**Mr. Tulasi Ram Gautam**  
Chief Credit Officer



**Mr. Dev Raj Adhikari**  
Regional Manager (West)  
Nepalgunj



**Mr. Arjun Nepal**  
Regional Manager (East)  
Biratnagar



## HEAD OF DEPARTMENTS / UNITS



**Mr. Ramesh Ghimire**  
Law and Shares &  
Company Secretary



**Mr. Sudeep Khanal**  
Internal Audit



**Mr. Sushil Kumar Sharma**  
Business Development



**Mr. Abhaya Poudel**  
Accounts and  
Banking Operations



**Mr. Prabin Muni  
Bajracharya**  
Treasury



**Mrs. Rashmi Kharel  
Karmacharya**  
Human Resources



**Mr. Umesh Bahadur Karki**  
Credit Documentation &  
Monitoring



**Mr. Badri Lal Amatya**  
Branch Credit Control  
(Centralized Credit Processing)



**Mr. Dikendra Khadka**  
General Administration  
& Procurement



**Mr. Kamal Ram Bhattarai**  
Reconciliation



**Mr. Sushil Chandra Mahat**  
Cards



**Mr. Bigyan Adhikari**  
ICT (System)

### Our Senior Branch Managers



**Mr. Chhapi Raj Pant**  
Durbar Marg Main Branch



**Mr. Bishnu Dev Yadav**  
Commercial Branch

## HUMAN RESOURCES AND INDUSTRIAL RELATIONS

Our team of 538 employees share common values and culture that help us grow further. The enthusiasm, talent and commitment of our people are the source of our competitive strength which helps in seizing every opportunity. We always aspire to create “a team spirit” as part of our strategic objectives.

The Bank is committed to ensure that its people develop to their utmost potential and to equip them to face challenges and utilize opportunities present in the market effectively. To meet the training requirements, we have devised a quarterly training calendar with an objective to give every individual ample opportunity to improve skill and professional competence. During the year, a total of 298 numbers of participants benefited from 73 training programs organized internally as well as externally. The industrial relations remained harmonious during the year.

## BUSINESS PROMOTION AND SOCIAL RESPONSIBILITY INITIATIVES

Nepal SBI Bank regards Corporate Social Responsibility (CSR) as an investment in society. As a responsible corporate citizen, we have undertaken Corporate Social Responsibility as an integral part of the way we do business. We believe in giving back to the society by taking initiatives with the intent to positively affect our stakeholders, viz. our customers, shareholders, employees and the society at large.

Even in difficult economic conditions, we have shown an unwavering commitment to our role as a good corporate citizen. We invest in CSR related programs and projects within the broad areas of activity: Social Service, Education, Sports etc.

Under social service, Nepal SBI Bank has always tried to lend a helping hand to those who are less fortunate and in need of assistance. We have contributed to raise awareness on various social issues, have helped organize health camps in different parts of the country as well as donated for such events.

Your Bank attempts to promote public interest by encouraging community growth and development through sponsoring sporting events and supporting educational activities. We provide scholarships to deserving students from poor families to pursue education at different levels. We also sponsor various international, national and regional level sporting events and also encourage our employees to participate in such community events wherever possible.



Indian Ambassador Cup Cricket Tournament 2012. Shree Alok Kumar Sharma, Managing Director, Nepal SBI Bank Ltd. receiving ‘Token of Love’ from President of Cricket Association of Nepal. NSBL was one of the prime sponsors of the event.

The Bank believes in the cause of a better environment and sponsors tree plantations, flower festivals, etc. as well as other beautification projects for a greener and cleaner country.



Support to an old-aged home in Bhaktapur/ Karuna Ashram.

The centre is home to around 20 old-aged people. The money will be spent on payment of rent to the premises of the centre for a year.

We provided higher education scholarship to 10 meritorious students of Shree Nandi Secondary School, Naxal, Kathmandu. The school is in proximity to the Corporate Office of Nepal SBI Bank Limited.



Shri N.K. Tibrewala, Board Director is seen addressing the students.

We supported Morang Merchant's Association drive for installing CCTV at Biratnagar market area to maintain peace and security at Biratnagar.



Mr. Binod Dhungel, BM - Biratnagar handing cheque to President of Morang Merchant's Association

## PRODUCT AND SERVICES

Through a widespread branch network in almost all major cities, towns and sub-urban areas coupled with alternative delivery channels, we aim to provide our customers with a wide array of offerings catering to all their banking needs.

### Deposit and Account

**Saral Bachat Khata:** It is one of the most popular deposit account products of the bank which has attracted around 195,983 retail customers since its launch in year 2009. This account was targeted towards mid to low income group of people with lowered minimum balance requirement.

**Ujjwal Bhavisya Bachat Yojana:** This is a recurring account which allows customers to deposit a sum of money periodically up to a desirable term. This product is specially useful for promoting savings and to use the fund received at maturity to fulfill personal needs that call for significant financial commitment.

**Varistha Nagarik Bachat:** Targeted at individuals of age 50 years and above, this product provides customers with added benefits including higher rate of interest.

**Karmachari Bachat Khata:** This account was launched with special focus on groups of salaried employees from government and non-government organizations including security personnel and teachers. Under the scheme, a group of individuals can open Savings Account with us and enjoy an array of concessional benefits on various services.

**Shareholders' Account:** Respecting the interests of the shareholders, the bank has offered to all its public shareholders, accounts with no minimum balance requirement. They can also receive the dividends and other payments by the bank in the same account.



## Loans and Advances

**Corporate and Business Loans:** The bank offers loans to large corporate and institutional customers including public sector entities to meet funding requirements from service related to strategic expansions, project finance etc.

**Convenient Loan:** This is a loan product designed to meet the needs of Small and Medium Sized Enterprises in a very convenient manner to the borrowers.

**Mortgage and Mortgage Plus:** Both represent personal credits given to individuals purely on the basis of their income level.

**Other Retail Loans:** Retails loans largely comprise of auto finance, home loan and credit for consumer durables.

## Remittance

**Nepal SBI Remit:** This is an online inward international remittance service which offers a formal channel for Nepali community residing abroad to send money to Nepal.

**Domestic Remittance Service:** Bank started domestic remittance service in partnership with Prabhu Money Transfer. This product allows customers to send and receive money to and from any part within the country.

**SBI Nepal Express Remit:** Nepali migrant workers residing and working in India can remit money at minimal charges from more than 15,000 branches of State Bank of India located in various parts of India. We are now receiving more than 600 remittances on average per working day.

**Indo-Nepal Remit:** This is another India linked remittance product launched by Reserve Bank of India by which Nepal SBI bank branches



*Rolling unit financed by Bank at Bhairahawa.*



*Supermarket unit financed by Bank at Kathmandu.*



*Cement unit financed by Bank at Hetauda.*

distribute remittance money sent from India to the beneficiaries in Nepal.

**WUMT's/PMT's Remittance:** Customers can also receive remittance money sent from abroad via





Gas cylinder manufacturing unit financed by Bank at Amlekhgunj, Bara

remittance channels of Western Union Money Transfer as well as Prabhu Money Transfer at the branches of Nepal SBI Bank.



## Card

**Nepal SBI Card:** This is ATM cum Debit card which can be used for cash withdrawal as well as for purchases in more than 3,00,000 merchant outlets in Nepal and India. Presently, there are more than 266,181 users of Nepal SBI Card.

**Bharat Yatra Card:** Popularly known as BYC, this is a Nepalese Rupees denominated pre-paid card made for cash withdrawal and purchases while visiting India mainly for medical treatment, education, tours etc. Bank has already sold more than 17,459 Bharat Yatra Cards since its launch in November 2008.



**Vishwa Yatra Card:** Vishwa Yatra Card is a USD denominated international prepaid card which the customers can use for cash withdrawal in all the ATM terminals under VISA network in any part of the world and for purchases.

## Alternative Delivery Channels

**Mobile Wallet:** The Bank has also received NRB's approval for Mobile Wallet service. It is premium mobile banking service that can be operated with the push of few buttons of the mobile phone to



perform various banking services. The service will be instrumental not only in bringing previously unbanked population into the formal banking channel but also to add convenience in serving existing customers. Nepal SBI Bank is among very few commercial banks in Nepal which have come out with a complete range of services in Mobile Banking and Mobile Wallet System.

*Mobile Sakha:* Mobile Sakha is mobile based banking service delivery channel which allows customers access to various banking services like fund transfer, balance enquiry, bill payments, statement request, alert services etc.

*Internet Banking:* This online banking channel provides customers having a PC and internet

connection, access to banking services 24x7 from anywhere.

*Automated Teller Machine:* Nepal SBI Bank has one of the largest network of ATM terminals. Presently, the bank has 75 ATM terminals around the country and has access to ATMs of SBI group in India.

### **Auxiliary Services**

*Utility Bill Payment:* Customers—both accountholders and non-accountholders—of the bank can pay their telephone bills, insurance premia, school and college fees (having tie-up with Nepal SBI Bank) with the bank's branches free of charge.

## **CORPORATE GOVERNANCE**

Compliance with all applicable legislation, regulations, standards and codes is an essential characteristic of organizational culture at Nepal SBI Bank. The board of directors (BODs) is the apex decision making body and has ultimate responsibility for governance.

### **DIRECTORS STATEMENT OF RESPONSIBILITIES**

The Directors have pleasure in presenting the Annual Reports and Accounts for the fiscal year 2068-69, which includes business performance review, risk management and internal governance report, stakeholder's relation reports etc. Contents of this Annual Report, financial Statements, Significant Accounting Policies used and the Notes to Accounts of the Bank and the additional disclosures in the Annual Report designated as audited, comply with requirements of the Nepal Accounting Standards and all other statutory and regulatory requirements. These Financial Statements and

Notes thereto presented give a true and fair view of the bank's financial position as at 31 Ashad, 2069 and its performance for the year ended.

Risk management function as an ongoing process is in place to identify, monitor and control the risks that are faced by the bank. The Directors review this process through the deliberations of Risk Management Committee. Specific steps have been taken by the Bank in managing both banking and non-banking risks as detailed in the section on "Risk Management".

The Board of Directors has taken steps to oversee the implementation of an effective and comprehensive system of internal controls covering financial operations and compliance control required to carry on the business of banking in an orderly manner, safeguard its assets and secure as far as possible the accuracy and reliability of the records.

The Bank's External Auditor, M/s T.R. Upadhaya & Co. Chartered Accountants, who were appointed

in accordance with a resolution passed at the 18<sup>th</sup> Annual General Meeting have expressed their opinion on presentation of financial statements and governance of corporate matters. As far as the directors are aware, the Auditors do not have any other relationship with the Bank. The Auditors do not have any interest in contracts with the Bank.

Bank carried out transactions as per objectives and functions detailed in the Memorandum of Association and Articles of Association of the Bank and there were no significant changes in the nature of principal activities of the Bank during the financial year under review. There has not been any material event that occurred subsequent to the date of the Balance Sheet that required adjustments to the financial statements. Only the interest on loan and advances recovered till 31 Ashad 2069 has been recognised as interest income on loan and advances without opting for the 15 days accrual option given by NRB Circular No. Bai. Bi. Ni. Bi. /Niti/Paripatra/03/069-70 dated 2069/05/06 (August 22, 2012).

The Directors, to the best of their knowledge and belief are satisfied that all statutory payments to the Government, other regulatory institutions and related to the employees have been made in time.

The Board of Directors has reviewed the Bank's Business plans and is satisfied that the Bank has adequate resources to continue its operations in the foreseeable future. Accordingly, the Financial Statements of the bank are prepared based on going concern concept.

Signed in accordance with a resolution of the Directors.

#### **a) The board and management**

The Board is collectively responsible for the success of the bank. The directors are responsible for bringing independent judgment and scrutiny to decisions taken

by the Board. In addition to their statutory duties, the directors must ensure that the Board focuses effectively on all its accountabilities. The Board determines the strategic objectives and policies of the Bank to deliver long-term value, providing overall strategic direction within an appropriate framework of rewards, incentives and controls.

The Board delegates the responsibility for the day-to-day management of the bank to the Managing Director and he is responsible for ensuring that the business is operating effectively. The Chief Executive chairs the Central Management Committee, which supports him in this role. The Central Management Committee is supported by a number of management committees, including the Market Risk Management Committee, the Credit Risk Management Committee, the Operational Risk Management Committee and the NPA Management Committee.

#### **b) The Audit Committee**

A four members Audit Committee, which includes Internal Auditor of the Bank as member secretary, under chairmanship of a non-executive director has been established.

The Charter of the Audit Committee, which is periodically reviewed and revised by the board, clearly defines the terms of reference of the Audit Committee. The main objective of the Audit Committee, as per the Charter, is to assist the Board of Directors to effectively carry out its responsibilities relating to financial and other compliance affairs of the Bank.

During the review period, nine meeting of the Committee were held to review the matters connected with the internal control, systems & procedures and other aspects as required in terms of Nepal Rastra Bank's guidelines.

# OUR NETWORK

Nepal SBI Bank Branch Network



नेपाल एसबिआई बैंक लिमिटेड  
NEPAL SBI BANK LTD.

[www.nepalsbi.com.np](http://www.nepalsbi.com.np)

## BRANCHES / EXTENSION COUNTERS

### INSIDE KATHMANDU VALLEY

- 1 BGSN Ext. Counter, Thamel
- 2 Bhainsepati, Lalitpur
- 3 Bhaktapur
- 4 Boudha
- 5 Commercial Branch, Lainchaur
- 6 Dallu
- 7 Durbar Marg Main Branch
- 8 Embassy of India Ext. Counter, Lazimpat
- 9 Gaushala
- 10 Gongabu
- 11 Gwarko, Lalitpur
- 12 Indian Visa Service Centre, Lazimpat
- 13 Kalanki
- 14 Kuleshwor
- 15 Maharajgunj
- 16 New Baneshwor
- 17 Newroad
- 18 Patan
- 19 Sinamangal
- 20 Teku

### OUTSIDE KATHMANDU VALLEY

- 1 Abu Khairani, Tanahu
- 2 Baglung Bajar, Baglung
- 3 Bargachi, Morang
- 4 Bhairahawa, Rupandehi
- 5 Biratnagar, Morang
- 6 Birendranagar, Surkhet
- 7 Birgunj, Parsa
- 8 Birtamod, Jhapa
- 9 Butwal, Rupandehi
- 10 CGI Ext. Counter, Birgunj
- 11 Damak, Jhapa
- 12 Damauli, Tanahu
- 13 Dhangadi, Kailali
- 14 Dharan, Sunsari
- 15 Ghorahi, Dang
- 16 Hetauda, Makwanpur
- 17 Ilam Bazar, Ilam
- 18 Itahari, Sunsari
- 19 Janakpur, Dhanusha
- 20 Lahan, Siraha
- 21 Mahendranagar, Kanchanpur
- 22 Myanglung, Terahthum
- 23 Narayangarh, Chitwan
- 24 Nepalgunj, Banke
- 25 New Road, Pokhara
- 26 Parasi, Nawalparasi
- 27 Pension Paying Office, Pokhara
- 28 Pension Paying Office, Dharan
- 29 Sandhikhara, Arghakhanchi
- 30 Shishuwa, Pokhara
- 31 Srijana Chowk, Pokhara
- 32 Sripur, Parsa
- 33 Tamghas, Gulmi
- 34 Tansen, Palpa
- 35 Tikapur, Kailali
- 36 Waling, Syangja

Corporate Office  
Kathmandu

Eastern Regional Office  
Biratnagar

Western Regional Office  
Nepalgunj

## **ATM LOCATIONS**

### **INSIDE KATHMANDU VALLEY (29)**

1. Army Camp, Chhauni
2. ATM Lounge Thamel
3. Babarmahal
4. BGSN Thamel
5. Bhainsepati
6. Bhaktapur
7. Bhatbhateni (Maharajgunj)
8. Bhatbhateni, Naxal
9. Boudha
10. Corporate Office, Hattisar
11. Dallu
12. Durbar Marg
13. Durbar Marg - II
14. Gaushala
15. Gongabu
16. Gwarko
17. Hotel Shangrila, Lazimpat
18. Indian Embassy
19. Jawalakhel
20. Kalanki
21. Kuleshwor
22. Maharajgunj
23. Mangalbajar
24. New Baneshwor
25. New Road
26. New Road - II
27. Pepsicola, Sinamangal
28. Teku
29. United Lounge, Putalisadak

### **OUTSIDE KATHMANDU VALLEY (46)**

30. Abukhaireni
31. Baglung
32. Baglung- II
33. Bargachhi, Biratnagar
34. Bhairahawa
35. Biratnagar
36. Biratnagar (Mahendra Chowk)
37. Birgunj Branch
38. Birgunj, Big Bajar
39. Birtamod
40. BPKIHS Dharan
41. Butwal
42. Butwal - II
43. Dabur Nepal - Rampur
44. Damak
45. Damauli
46. Dang
47. Dhangadi
48. Dharan
49. Gulmi
50. Hetauda
51. Ilam
52. Itahari
53. Janakpur
54. Lahan
55. Lake Side, Pokhara
56. Mahendranagar
57. Manipal Hospital, Pokhara
58. Myanglung
59. Narayangarh
60. Narayangarh-II (Lions Chowk)
61. Nepalgunj
62. Palpa
63. Palpa - II
64. Parasi
65. Pokhara
66. Pokhara - II
67. PPO Dharan
68. PPO Pokhara
69. Sandikharka
70. Shrijanachowk
71. Sishuwa
72. Sunauli
73. Surkhet
74. Tikapur
75. Waling



## DISCLOSURE RELATED TO SUB RULE (1) OF RULE 22 OF SECURITIES REGISTRATION AND ISSUANCE REGULATION, 2065

1. **Report of Board of Directors:** Included in the Annual Report
2. **Report of the Auditors:** Included in the Annual Report
3. **Audited Financial Details:** Included in the Annual Report
4. **Details relating to Legal Action**
  - a. Law Suits filed by/against the Bank:
    - ▶ 31 lawsuits have been filed against the Bank in respect to Credit/NPA and general matters.
    - ▶ 13 lawsuits have been filed by the Bank with DRT/ KDC against different borrowers/guarantors for recovery of dues.
  - b. Law Suits filed by/against the promoters/directors involving charge of regulatory violations or criminal offences: No information received by the Bank.
  - c. Case filed against any promoters/directors for financial fraud: No information received by the Bank.
5. **Analysis of share transaction and progress of Organized Institution:**
  - a. Management view on share transactions of the Bank on Nepal Stock Exchange:  
As the Nepal Stock Exchange is operating under the supervision of Securities Board of Nepal, management has no comment on the same.
  - b. Maximum, minimum and closing share price of organized institution including total transacted number of shares and transacted days during the Year 2068-69 (as per the table):

Quarter (Months)	Maximum Share Price	Minimum Share Price	Closing Share Price	Total Transacted Number of Shares	Total Number of Trading Days
First Quarter (Ashwin 2068 End)	645	443	491	40,856	49
Second Quarter (Poush 2068 End)	532	401	439	42,300	51
Third Quarter (Chaitra 2068 End)	483	400	475	146,755	51
Fourth Quarter (Ashadh 2069 End)	764	484	635	146,830	60

6. **Problems and Challenges**
  - a. Problems and Challenges Faced:
    - i. Internal: N/A
    - ii. External:
      - Volatile Liquidity in the Market.
      - Aspects affecting the credit-off-take, particularly in manufacturing sector such as power shortage, etc.
      - Competitive banking market.
  - b. Strategy followed by the management in solving such problems and challenges:
    - Branch expansion drive initiated with a view to target low cost deposits and business growth through large network.
    - Targeting good quality loan customers.
    - Regular In-House training to enhance work performance.
    - Good industrial relations.
7. **Corporate Governance**
  - i) The Bank has been fully complying with the directions, guidelines issued by NRB regarding Corporate Governance.
  - ii) Regular Central Management Committee Meetings to review progress in various areas of operations.

- iii) Bank's Internal Audit Department has been strengthened.
  - iv) Board of Directors and its Committees' meeting are held on regular basis.
  - v) ALCO and Risk Management Committee (Operation, Credit and Market) meetings are held regularly.
- Special Events or Circumstances Related to Sub-Rule (5) of Rule 22:
- There has been a reduction in the Bank's paid up capital and share premium account by Rs. 8,976,396.38 and 49,660,225.34 respectively, due to cancellation of bidding process by Honorable Supreme Court on 05.03.2012 in respect of 79,790.19 unsubscribed Right Shares and 9,973.77 Bonus Shares declared as per the resolution of 18th AGM of the Bank.
  - The Bank issued "12.5% Nepal SBI Bank Debentures 2078" amounting to 40 crores during FY 2068/69.

**8. Declaration of Chairman/Chief Executive on truthfulness, correctness:**

I, as on date, personally take responsibility on the truthfulness of the information and description presented in this report. Further, I declare that as far as I know and understand, the descriptions in this report are true, fair and complete and have not concealed any necessary particulars, notices and information to the investors to take informed decision.

**Alok Kumar Sharma**  
Managing Director

### THREE COLUMNS FORMAT (TIN- MAHALE) OF THE AMENDMENTS IN THE MEMORANDUM OF ASSOCIATION OF NEPAL SBI BANK LTD.

(Recommended to the 19th Annual General meeting)

Existing Provision		Proposed Provision		Reason for the Amendment
Clause		Clause		
5.1	b. The issued capital of the Bank shall be Rs.2,102,966,165.00 (Rupees Two Billion One Hundred Two Million Nine Hundred Sixty Six Thousand One Hundred and Sixty Five) which shall be divided into 21,029,661.65 (Twenty One Million Twenty Nine Thousand Six Hundred Sixty One point Six Five) ordinary shares of Rs. 100/- (Rupees One Hundred) each.	5.1	b. The issued capital of the Bank shall be Rs. 2,364,714,900.00 (Rupees Two Billion Three Hundred Sixty Four Million Seven Hundred Fourteen Thousand and Nine Hundred) which shall be divided into 23,647,149 (Twenty Three Million Six Hundred Forty Seven Thousand and One Hundred Forty Nine) ordinary shares of Rs. 100/- (Rupees one hundred) each.	To augment Bank's capital to meet its business
	c. The Paid-up capital of the Bank shall be Rs.2,102,966,165.00 (Rupees Two Billion One Hundred Two Million Nine Hundred Sixty Six Thousand One Hundred and Sixty Five)		c. The Paid-up capital of the Bank shall be Rs. 2,355,738,504.00 (Rupees Two Billion Three Hundred Fifty Five Million Seven Hundred Thirty Eight Thousand Five Hundred and Four)	To issue Bonus Shares.

## SUMMARY STATEMENT IN REGARD TO COMPLIANCE OF ANTI-MONEY LAUNDERING ACT, RULES, DIRECTIVES, ORDERS AND POLICIES.

The Bank has formulated and implemented a comprehensive policy under the style of Nepal SBI Bank Ltd. Policy and Procedural Guidelines on Know Your Customer (KYC), Anti Money Laundering (AML) and Combating of Financing of Terrorism (CFT) Measures-2011. The bank has established a dedicated KYC/AML Cell headed by a Manager level officer at Corporate Office. The KYC/AML Compliance Cell looks after overall matters relating to KYC/AML compliance issues including employee trainings. The Bank has designated KYC Compliance Officer/Money Laundering Reporting Officer (MRO) in each of its Branch/Office/business Group to look after KYC/AML issues at the relationship points.

The Bank has submitted requisite reports to the concerned regulatory bodies within the specified deadlines and in the manner as prescribed in the relevant directives, laws, regulations etc. The Bank

has maintained proper recording of the transactions as per the prevailing laws. Correspondent relationships have been managed keeping in view a risk-based approach. Internal Audit Department of the bank has conducted the KYC/AML Audit of the Bank's Departments/Branches/Offices/Extension Counters to ensure that the provisions of the AML laws, rules and directives are fully complied with.

The Annual Report on the status of compliance of KYC/AML laws, rules, directives, order etc. has been submitted to the Financial Information Unit in compliance with FIU Directives and NRB unified Directives.

Observations made by the auditors and Nepal Rastra Bank during their respective audits have been taken into account and remedial action taken.

# RISK MANAGEMENT

Primary goal of our risk management framework is to ensure that outcomes of risk taking activities are predictable and that there is an appropriate balance between risk and return in order to maximize return to shareholders. We have been engaged in extensive and detailed evaluation and assessment of risk management framework in all areas of banking activities.

**Credit risk** is the risk of financial loss, the Bank may face as a result of a borrower or a counterparty not meeting its obligations in line with the original contract. Since, majority of the bank's assets is in the form of loans and advances, management of credit risk therefore becomes the most crucial task.

The Credit Risk Management Committee (CRMC), focuses on monitoring of Credit Risk, ensuring compliance and implementations of Credit Risk policy/strategy approved by the Board and incorporation of Regulatory Compliance in Bank's Policies and Guidelines.

**Market Risk** as defined by Market Risk Management policy of the bank is the risk of probable loss due to adverse changes in the market value of the bank's assets and liabilities. The market Risk Management Committee has the overall responsibility to monitor/manage various market risks exposures of the Bank through Market Risk limits, stop loss limits, etc., at a more granular level. It is involved in identification, assessment,

monitoring, reporting and analysis of Market risks profile associated with Treasury Operations.

**Operational Risk** can be defined as a risk arising from execution of a company's business functions and arising from the people, systems and processes through which a company operates. It also includes other categories such as fraud risks, legal risks, physical or environmental risks. The Operational Risk Management Committee reviews the risk profile, anticipates changes and threats and concurs on areas of highest priority and related mitigation strategies and ensures that adequate resources are being assigned to mitigate risks as needed.

**Interest Rate Risk** of the overall balance sheet is measured through the use of re-pricing gap analysis and duration analysis. We prepare interest rate risk reports on a periodic basis which are submitted to Nepal Rastra Bank. Interest rate risk is further monitored through interest rate risk limits approved by the Asset Liability Management Committee (ALCO)

**Liquidity Risk:** We maintain diverse sources of liquidity to facilitate flexibility in meeting funding requirements. Incremental operations in the domestic market are principally funded by accepting deposits from retail and corporate depositors.

## SHAREHOLDERS' INFORMATION

The Ordinary Shares of the Nepal SBI Bank Limited are listed on the Nepal Stock Exchange. The stock exchange symbol of Nepal SBI's share is "SBI", Two Institutional promoters hold 70 percent of total shares in the Bank and rest is distributed among nearly 18,187 general shareholders. State Bank of India holds 55% of the total ownership whereas Employee provident Fund holds 15% shares.

### Shareholding by Members of the Board and Central Management Team

*as on Ashad end 2069 (July 15, 2012)*

Name	Position	No. of Shares
Mr. Manoj Kumar Agrawal	Director	1460
Mr. Niranjana Kumar Tibrewala	Director	14690
Mr. Tulasi Ram Gautam	Chief Credit Officer	1873

### Distribution of Shareholders

*as on Ashad end 2069 (July 15, 2012)*

Range	No of Shareholders	Percentage	No of Shares	Percentage
below 100	5324	28.69%	257,921.69	1.23%
101-500	10532	56.76%	2,019,091.00	9.64%
501-1000	1585	8.54%	977,422.00	4.67%
1001- 5000	1031	5.56%	1,854,729.00	8.86%
5001-10000	51	0.27%	377,196.00	1.80%
Over 10000	32	0.17%	15,453,538.00	73.80%
<b>Total</b>	<b>18555</b>	<b>100.00%</b>	<b>20,939,897.69</b>	<b>100.00%</b>

*\*Note: Including Fraction figure share 17838.69 units (Kitta)*



## FIVE YEARS' FINANCIAL HIGHLIGHTS

NPRs. in Lacs

Ashadh End	F/Y -07/08 2064/65	F/Y -08/09 2065/66	F/Y -09/10 2066/67	F/Y -10/11 2067/68	FY 11/12 2068/69
<b>Profitability</b>					
Interest Income	9,705.13	14,604.46	22,697.04	30,999.08	37,694.83
Interest Expenditure	4,549.18	8,247.00	14,436.94	20,960.38	27,707.99
Fee, Commission and Exchange income	1,029.07	1,401.31	2,020.20	3,066.92	3,565
Other Operating Income	195.57	527.9	787.97	951.73	1,417.62
Other Operating Expenses	1,523.80	2,239.66	3,438.50	4,297.43	4,561.26
Operating Profit	3,533.25	4,423.66	5,702.90	6,742.52	6,736.45
Profit Before Tax	3,480.34	4,430.32	5,383.62	6,534.69	6,866.54
Profit After Tax	2,477.71	3,163.73	3,917.42	4,645.65	4,801.05
<b>Total Capital and Liabilities</b>	<b>171,874.46</b>	<b>301,664.40</b>	<b>380,476.79</b>	<b>460,882.33</b>	<b>580,597.07</b>
Share Capital	8,745.28	12,243.39	18,613.24	21,029.66	23,557.39
Reserves	5,401.17	4,882.68	5,892.30	7,763.27	8,417.20
<b>Liabilities</b>					
Deposit Accounts	137,153.95	279,572.21	348,964.24	424,154.43	533,372.64
Debenture	2,000.00	2,000.00	2,000.00	2,000.00	6,000.00
Bills Payable	751.15	629.47	723.68	806.85	786.16
Other Liabilities	17,822.91	2,336.65	4,283.33	5,128.12	8,463.68
<b>Total Assets</b>	<b>171,874.46</b>	<b>301,664.40</b>	<b>380,476.79</b>	<b>460,882.33</b>	<b>580,597.07</b>
Advances (Net)	121,136.98	151,317.48	174,805.45	213,657.71	261,420.94
Investments	30,888.87	132,861.82	163,056.33	189,110.22	244,634.52
Liquid Assets	16,469.74	11,764.40	34,412.61	48,778.26	56,866.32
Net Fixed Assets	1,202.22	2,535.81	4,182.45	4,170.03	7,159.21
Other Assets	2,176.65	3,184.89	4,019.95	5,166.11	10,516.08

**INDEPENDENT AUDITOR'S REPORT**

**THE SHAREHOLDERS OF  
NEPAL SBI BANK LIMITED**

We have audited the accompanying financial statements of Nepal SBI Bank (the "Bank") which comprise the balance sheet as at 15 July 2012, the profit and loss account, statements of changes in equity and cash flow for the period then ended, and a summary of significant accounting policies and other explanatory notes.

***Management's responsibility for the financial statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Nepal Accounting Standards so far as applicable in compliance with prevailing laws. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

***Auditors' responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Nepal Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

***Report on the Requirements of the Companies Act 2063, Bank and Financial Institution Act 2063***

We have obtained information and explanations asked for, which, to the best of our knowledge and belief, were necessary for the purpose of our audit. In our opinion, the balance sheet, the profit and loss account and the cash flow statement, prepared in the format prescribed by Nepal Rastra Bank, are in agreement with the books of account of the Bank; and proper books of account as required by law have been kept by the Bank. In our opinion the returns received from the branches were adequate for the purpose of the audit though the statements are independently not audited.

In our opinion, so far as appeared from our examination of the books, the Bank has maintained adequate capital funds and adequate provisions for possible impairment of assets in accordance with the directives of Nepal Rastra Bank.

To the best of our information and according to explanations given to us and from our examination of the books of account of the Bank necessary for the purpose of our audit, we have not come across cases where Board of Directors or any employees of the Bank have acted contrary to the provisions of law, or committed any misappropriation or caused loss or damage to the Bank and violated any directives of Nepal Rastra Bank or acted in a manner to jeopardise the interest and security of the Bank, its depositors and investors



***Opinion***

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank as at 15 July 2012, and of its financial performance and its cash flows for the year then ended in accordance with Nepal Accounting Standards so far as applicable in compliance with prevailing laws and comply with the provision of the Companies Act 2063, Nepal Rastra Bank Directives and Banks and Financial Institutions Act 2063.



Shashi Satyal  
*Partner*



T R Upadhyaya & Co.  
Chartered Accountants

Kathmandu, 6 September 2012



नेपाल एसबिआई बैंक लिमिटेड  
**NEPAL SBI BANK LTD.**

**FINANCIAL STATEMENTS FOR THE**  
**FY 2068-69 (17.7.2011-15.7.2012)**

## BALANCE SHEET

**AS ON 31 ASHAD 2069 (15 JULY 2012)**

CAPITAL & LIABILITIES	SCHEDULE	Current Year Rs.	Previous Year Rs.
1. Share Capital	1	2,355,738,504	2,102,966,165
2. Reserves and Funds	2	841,720,359	776,326,985
3. Debentures & Bonds	3	600,000,000	200,000,000
4. Borrowings	4	-	-
5. Deposits	5	53,337,264,193	42,415,443,294
6. Bills Payable	6	78,616,237	80,685,337
7. Proposed Dividend		104,699,488	93,465,163
8. Income Tax Liabilities		3,468,901	-
9. Other Liabilities	7	738,200,038	419,347,031
<b>Total Capital and Liabilities</b>		<b>58,059,707,720</b>	<b>46,088,233,975</b>

ASSETS	SCHEDULE	Current Year Rs.	Previous Year Rs.
1. Cash Balance	8	1,186,755,022	1,007,688,499
2. Balance with Nepal Rastra Bank	9	3,269,609,702	2,330,927,217
3. Balance with Banks/Financial Institution	10	1,052,017,772	1,539,210,142
4. Money at Call and Short Notice	11	178,250,000	-
5. Investment	12	24,463,451,958	18,911,021,520
6. Loans, Advances and Bills Purchase	13	26,142,094,172	21,365,771,129
7. Fixed Assets	14	715,920,555	417,002,530
8. Non Banking Assets	15	-	-
9. Other Assets	16	1,051,608,539	516,612,938
<b>Total Assets</b>		<b>58,059,707,720</b>	<b>46,088,233,975</b>

Contingent Liabilities	Schedule 17
Directors' Declaration	Schedule 29
Statement of Capital Fund	Schedule 30(A)
Principal Indicators	Schedule 31
Principal Accounting Policies	Schedule 32
Notes to Accounts	Schedule 33

Schedules 1 to 17 form integral part of the Balance Sheet.

(Anil Kumar Singh)  
Chief Financial Officer

(Alok Kumar Sharma)  
Managing Director

(Hasana Sharma)  
Chairperson

(Manoj Kumar Agrawal)  
Director

(Niranjan Kumar Tibrewala)  
Director

(Keshav Raj Acharya)  
Director

(Hemant G. Contractor)  
Director

As per our attached report of even date

(Rajan Srinivasan)  
Director

(Vijay Jasuja)  
Director

(Shashi Satyal, FCA)  
Partner, TR Upadhyaya & Co.,  
Chartered Accountants



## PROFIT AND LOSS ACCOUNT

**FOR THE PERIOD FROM 1 SHRAWAN 2068 TO 31 ASHAD 2069 (17 JULY 2011 TO 15 JULY 2012)**

Particulars	Schedule	Current Year Rs.	Previous Year Rs.
1. Interest Income	18	3,769,483,069	3,099,907,735
2. Interest Expenses	19	2,770,798,689	2,096,038,379
<b>Net Interest Income</b>		<b>998,684,380</b>	<b>1,003,869,356</b>
3. Commission and Discount	20	255,351,737	236,159,350
4. Other Operating Incomes	21	141,761,704	95,172,658
5. Exchange Fluctuation Income	22	101,138,325	70,532,720
<b>Total Operating Income.</b>		<b>1,496,936,146</b>	<b>1,405,734,084</b>
6. Staff Expenses	23	289,153,228	255,430,285
7. Other Operating Expenses	24	456,126,353	429,743,236
8. Exchange Fluctuation Loss	22	-	-
<b>Operating Profit before provision for Possible loss</b>		<b>751,656,565</b>	<b>720,560,563</b>
9. Provision for Possible Losses	25	78,011,798	46,308,152
<b>Operating Profit</b>		<b>673,644,767</b>	<b>674,252,411</b>
10. Non Operating Income /Loss	26	2,182,640	3,113,765
11. Provision for Possible Loss Written Back	27	91,695,108	179,122,158
<b>Profit from Regular Operations</b>		<b>767,522,515</b>	<b>856,488,334</b>
12. Profit/Loss from extra-ordinary Activities	28	(12,203,577)	(137,672,628)
<b>Net profit after considering all activities</b>		<b>755,318,938</b>	<b>718,815,706</b>
13. Provision for Staff Bonus		68,665,358	65,346,882
14. Provision for Income Tax		206,548,087	188,903,825
* Current Year's		229,051,564	206,531,475
* Previous Year's		729,573	(4,928,484)
Deferred Tax		(23,233,050)	(12,699,166)
<b>Net Profit/Loss</b>		<b>480,105,493</b>	<b>464,564,999</b>

Schedule 18 to 28 form integral part of the Profit and Loss Account.

(Anil Kumar Singh)  
Chief Financial Officer

(Alok Kumar Sharma)  
Managing Director

(Hasana Sharma)  
Chairperson

(Manoj Kumar Agrawal)  
Director

(Niranjan Kumar Tibrewala)  
Director

(Keshav Raj Acharya)  
Director

(Hemant G. Contractor)  
Director

As per our attached report of even date

(Rajan Srinivasan)  
Director

(Vijay Jasuja)  
Director

(Shashi Satyal, FCA)  
Partner, TR Upadhy & Co.,  
Chartered Accountants

## PROFIT AND LOSS APPROPRIATION ACCOUNT

**FOR THE PERIOD FROM 1 SHRAWAN 2068 TO 31 ASHAD 2069 (17 JULY 2011 TO 15 JULY 2012)**

Particulars	Schedule	This Year Rs.	Previous Year Rs.
<b>INCOME</b>			
1. Accumulated Profit up to Last Year		2,851,532	4,249,307
2. Current Year's Profit		480,105,493	464,564,999
3. Exchange Fluctuation Reserve		-	-
4. Investment Adjustment Reserve		25,213,820	-
5. Capital Adjustment Reserve up to Previous Year		30,000,000	50,000,000
6. Reversal of Bonus Shares and Cash Dividend		1,396,329	
<b>Total</b>		<b>539,567,174</b>	<b>518,814,306</b>
<b>EXPENSES</b>			
1. Accumulated Loss up to Last Year		-	-
2. Current Year's Loss		-	-
3. General Reserve		96,021,099	92,913,000
4. Contingent Reserve		-	-
5. Institutional Development Reserve		-	-
6. Dividend Equalization Reserve		-	-
7. Staff Related Reserve		-	-
8. Proposed Dividend		104,699,488	93,465,163
9. Proposed issue of Bonus Shares		261,748,735	233,662,907
10. Special Reserve		-	-
11. Exchange Fluctuation Reserve Fund		798,950	79,009
12. Capital Redemption Reserve Fund		-	-
13. Capital Adjustment Reserve		5,000,000	30,000,000
14. Investment Adjustment Reserve		515,360	24,572,100
15. 6% NSBL Debenture 2070 Redemption Reserve		28,571,429	28,571,429
16. 12.5% NSBL Debenture 2078 Redemption Reserve		16,776,256	-
17. Deferred Tax Reserve		23,233,050	12,699,166
<b>Total</b>		<b>537,364,367</b>	<b>515,962,774</b>
18. Accumulated Profit/(Loss)		2,202,807	2,851,532

(Anil Kumar Singh)  
Chief Financial Officer

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As per our attached report of even date

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Director

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Partner, TR Upadhy & Co.,  
Chartered Accountants



## STATEMENT OF CHANGES IN EQUITY

**FOR THE PERIOD FROM 1 SHRAWAN 2068 TO 31 ASHAD 2069 (17 JULY 2011 TO 15 JULY 2012)**

Particulars	Share Capital	Accumulated Profit/Loss	General Reserve	Capital Adjustment Reserve	Share Premium	Investment Adjustment Reserve	Proposed Bonus Shares	Exchange Equalisation Fund	Deferred Tax Reserve	Other Reserve Funds	Total Amount
	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
Opening Balance at 01.04.2068	1,869,303,258	2,851,532	475,781,286	30,000,000	49,660,225	25,213,820	233,662,907	10,279,125	39,683,852	142,857,145	2,879,293,150
Adjustments: Deferred Tax											-
Adjustments: Proposed Bonus Share of previous year treated as Share Capital as per NRB Directive	233,662,907						(233,662,907)		-		-
Restated Balance as on 01.04.2068	2,102,966,165	2,851,532	475,781,286	30,000,000	49,660,225	25,213,820	-	10,279,125	39,683,852	142,857,145	2,879,293,150
Adjustments											-
Reversal of Bonus Shares and Cash Dividend		1,396,329									1,396,329
Transfer to General Reserve	-	(96,021,099)	96,021,099	-	-			-		-	-
Capital Adjustment Reserve	-	(5,000,000)	-	5,000,000	-			-		-	-
Proposed Dividend	-	(104,699,488)	-	-	-			-		-	(104,699,488)
Proposed Bonus Shares	(997,377)	(261,748,735)					261,748,735				(997,377)
Share Premium					(49,660,225)						(49,660,225)
Exchange Equalization Fund	-	(798,950)	-	-	-			798,950		-	-
Unsubscribed Shares Issued	-			-	-			-		-	-
Capital Redemption Reserve	-	-	-	-	-			-			-
Bonus Share Issued		-	-	-	-			-		-	-
Debenture Redemption Reserve	-	(45,347,685)	-	-	-			-		45,347,685	-
Deferred Tax Reserve	-	(23,233,050)	-	-	-			-	23,233,050	-	-
Investment Adjustment Reserve		(515,360)				515,360					-
Right Share issue	(7,979,019)										(7,979,019)
Closing Balance at Asadh 2069	2,093,989,769	2,202,807	571,802,385	5,000,000	-	515,360	261,748,735	11,078,075	62,916,902	188,204,830	3,197,458,863

(Anil Kumar Singh)  
Chief Financial Officer

(Alok Kumar Sharma)  
Managing Director

(Hasana Sharma)  
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Director

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Director

As per our attached report of even date

(Rajan Srinivasan)  
Director

(Vijay Jasuja)  
Director

(Shashi Satyal, FCA)  
Partner, TR Upadhyaya & Co.,  
Chartered Accountants



## CASH FLOW STATEMENT

**FOR THE PERIOD FROM 1 SHRAWAN 2068 TO 31 ASHAD 2069 (17 JULY 2011 TO 15 JULY 2012)**

Particulars	This Year Rs.	Previous Year Rs.
<b>(a) Cash Flow from Operating Activities</b>	<b>642,513,260</b>	<b>1,506,835,670</b>
1. Cash Received	4,063,565,246	3,472,163,522
1.1 Interest Income	3,566,474,199	3,055,222,675
1.2 Commission and Discount Income	255,351,737	247,164,764
1.3 Income from Foreign Exchange transaction	101,138,325	70,216,686
1.4 Recovery of loan written off	12,544,937	-
1.5 Other Incomes	128,056,048	99,559,397
2. Cash Payment	3,581,826,274	2,877,318,098
2.1 Interest Expenses	2,735,662,084	2,082,963,604
2.2 Staff Expenses	267,402,400	207,930,584
2.3 Office Overhead Expenses	325,141,369	344,587,674
2.4 Income Tax Paid	197,500,000	188,000,000
2.5 Other Expenses	56,120,421	53,836,236
<b>Cash Flow before changes in Working Capital</b>	<b>481,738,972</b>	<b>594,845,424</b>
<b>(Increase) /Decrease of Current Assets</b>	<b>(10,881,685,550)</b>	<b>(6,546,251,810)</b>
1.(Increase)/Decrease in Money at Call and Short Notice	(178,250,000)	-
2. (Increase)/Decrease in short term Investment	(5,577,387,738)	(2,608,627,305)
3. (Increase)/Decrease in Loans, Advances and Bills Purchase	(4,787,388,247)	(3,893,322,180)
4. (Increase)/Decrease in Other Assets	(338,659,565)	(44,302,325)
<b>Increase /(Decrease) of Current Liabilities</b>	<b>11,042,459,838</b>	<b>7,458,242,056</b>
1. Increase/(Decrease) in Deposits	10,921,820,899	7,519,019,093
2. Increase/(Decrease) in Certificates of Deposits	-	-
3. Increase/(Decrease) in Short Term Borrowings	-	-
4. Increase/(Decrease) in Other Liabilities	120,638,939	(60,777,037)
<b>(b) Cash Flow from Investment Activities</b>	<b>(407,173,403)</b>	<b>(128,226,567)</b>
1. (Increase)/Decrease in Long-term Investment	-	-
2. (Increase)/Decrease in Fixed Assets	(407,759,527)	(130,560,099)
3. Interest income from Long term Investment	-	-
4. Dividend Income	586,124	2,333,532
5. Others	-	-
<b>(c) Cash Flow from Financing Activities</b>	<b>392,020,981</b>	<b>57,639,244</b>
1. Increase/(Decrease) in Long term Borrowings (Bonds, Debentures etc)	400,000,000	-
2. Increase/(Decrease) in Share Capital	(7,979,019)	57,639,244
3. Increase/(Decrease) in Other Liabilities	-	-
4. Increase/(Decrease) in Refinance/facilities received from NRB	-	-
<b>(d) Income/Loss from change in exchange rate in Cash &amp; bank balances</b>	<b>3,195,800</b>	<b>316,034</b>
<b>(e) Current Year's Cash Flow from All Activities</b>	<b>630,556,638</b>	<b>1,436,564,381</b>
<b>(f) Opening Balance of Cash and Bank Balances</b>	<b>4,877,825,858</b>	<b>3,441,261,477</b>
<b>(g) Closing Balance of Cash and Bank Balances</b>	<b>5,508,382,496</b>	<b>4,877,825,858</b>

(Anil Kumar Singh)  
Chief Financial Officer

(Alok Kumar Sharma)  
Managing Director

(Hasana Sharma)  
Chairperson

(Manoj Kumar Agrawal)  
Director

(Niranjan Kumar Tibrewala)  
Director

(Keshav Raj Acharya)  
Director

(Hemant G. Contractor)  
Director

As per our attached report of even date

(Rajan Srinivasan)  
Director

(Vijay Jasuja)  
Director

(Shashi Satyal, FCA)  
Partner, TR Upadhy & Co.,  
Chartered Accountants

**SHARE CAPITAL AND OWNERSHIP**
**31 ASHAD 2069 (15 July 2012)**

Particulars	This Year Rs.	Previous Year Rs.
<b>1. Share Capital</b>		
<b>1.1 Authorized Capital</b>	<b>3,000,000,000</b>	<b>2,000,000,000</b>
a) 30,000,000 Ordinary Shares of Rs. 100 each	3,000,000,000	2,000,000,000
b).....Non -Reedemeble Preference shares of Rs.....each	-	-
c).....Reedemable Preference Shares of Rs .....each	-	-
<b>1.2 Issued Capital</b>	<b>2,102,966,165</b>	<b>1,869,303,258</b>
a) 21,029,661.65 Ordinary Shares of Rs. 100 each	2,102,966,165	1,869,303,258
b).....Non -Reedemeble Preference shares of Rs.....each	-	-
c).....Reedemable Preference Shares of Rs .....each	-	-
<b>1.3 Paid Up Capital</b>	<b>2,093,989,769</b>	<b>1,869,303,258</b>
a) 20,939,897.69 Ordinary Shares of Rs.100 each	2,093,989,769	1,869,303,258
b).....Non -Reedemeble Preference shares of Rs.....each	-	-
c).....Reedemable Preference Shares of Rs .....each	-	-
<b>1.4 Proposed Bonus Share</b>	<b>261,748,735</b>	<b>233,662,907</b>
<b>1.5 Calls in Advance</b>	<b>-</b>	<b>-</b>
<b>1.6 Total Amount ( 1.3+1.4+1.5)</b>	<b>2,355,738,504</b>	<b>2,102,966,165</b>

As a result of issue of Bonus Shares and Issue of Right Shares ( 2:1) declared by the 15th AGM (FY 2065-66) and allotted during the FY 2066-67, total (12453.68 kitta of bonus and 5385.01 for right issue) 17,838.69 shares have come into fraction figures. In the absence of clear legal provisions permitting issuance of Share Certificate for such fraction entitlements of the shareholders, the Bank has credited such fractions entitlement in a dematerialized (De-mat) form without issuing physical Share Certificates. Such fraction

entitlement of the shareholders is also accounted under share capital. There has been a reduction in the Bank's paid up Capital (by 89,763.96 Shares of Rs.100 each) due to cancellation of bidding process by Honorable Supreme Court on 05.03.2012 in respect of 79,790.19 unsubscribed rights shares and bonus shares (9,973.77 shares of Rs. 100 each) distributed as per the resolution of 18th AGM. The share premium collected on such rights issue has been returned to the subscribers along with the proceeds of the rights issue.



Share Ownership Details	This Year Rs.		Previous Year Rs.	
	%	Share Capital	%	Share Capital
1. Domestic Ownership	44.72%	936,378,127	44.95%	840,315,132
1.1 Nepal Government	-	-	-	-
1.2 "A" Class Licensed Institutions	-	-	-	-
1.3 Other Licensed Institutions	-	-	-	-
1.4 Other Entities	15.08%	315,712,266	15.01%	280,633,125
1.5 General Public	29.64%	620,665,861	29.94%	559,682,007
1.6 Others	-	-	-	-
2. Foreign Ownership	55.28%	1,157,611,642	55.05%	1,028,988,126
<b>Total</b>	<b>100.00%</b>	<b>2,093,989,769</b>	<b>100.00%</b>	<b>1,869,303,258</b>

Note :-

1) None of the General Public Shareholders hold more than 0.50% of the shares of the Bank individually.

2) "Other Entities" reported is Karmachari Sanchaya Kosh.

3) The "Foreign Ownership" reported above is State Bank of India.

## SCHEDULE 2

### RESERVES AND FUNDS 31 ASHAD 2069 (15 July 2012)

Particulars	This Year Rs.	Previous Year Rs.
1. General Reserve	571,802,385	475,781,285
2. Capital Reserve	-	-
3. Capital Redemption Reserve	-	-
4. Capital Adjustment Reserve	5,000,000	30,000,000
5. Other Reserves and Funds	251,637,092	257,415,043
5.1 Contingent Reserve	-	-
5.2 Institution Development Reserve	-	-
5.3 Dividend Equalization Reserve	-	-
5.4 Special Reserve	-	-
5.5 Assets Revaluation Reserve	-	-
5.6 Deferred Tax Reserve	62,916,902	39,683,853
5.7 Other Free Reserves	-	-
5.8 Investment Adjustment Reserve	515,360	25,213,820
5.8 Other Reserves (Debenture Redemption Reserves)	188,204,830	142,857,145
5.9 Share Premium Account	-	49,660,225
6. Accumulated Profit/(Loss)	2,202,807	2,851,532
7. Exchange Equalization Fund	11,078,075	10,279,125
<b>Total</b>	<b>841,720,359</b>	<b>776,326,985</b>

## SCHEDULE 3

### DEBENTURES AND BONDS

31 ASHAD 2069 (15 July 2012)

Particulars	This Year Rs.	Previous Year Rs.
1. 6% Nepal SBI Bank Debentures 2070 of Rs.1,000 each (Unsecured)	200,000,000	200,000,000
Issued on 16.07.2006 and maturing on 15.07.2013	-	-
(Outstanding balance of Redemption Reserve Rs 171,428,574.29 )	-	-
2. 12.5% Nepal SBI Bank Debentures 2078 of Rs.1,000 each (Unsecured)	400,000,000	-
Issued on 12.02.2012 and maturing on 11.02.2022		
(Outstanding balance of Redemption Reserve Rs.16,776,256)		
	-	-
<b>Total</b>	<b>600,000,000</b>	<b>200,000,000</b>

## SCHEDULE 4

### LOANS DUE TO BE PAID (BORROWINGS)

31 ASHAD 2069 (15 July 2012)

Particulars	This Year Rs.	Previous Year Rs.
<b>A. Local</b>	-	-
1. Nepal Government	-	-
2. Nepal Rastra Bank	-	-
3. Repo Obligations	-	-
4. Inter Bank and Financial institutions	-	-
5. Other Organised Institutions	-	-
6. Others	-	-
<b>Total</b>	-	-
<b>B. Foreign</b>	-	-
1. Banks	-	-
2. Others	-	-
<b>Total</b>	-	-
<b>Total (A+B)</b>	-	-

## SCHEDULE 5

### DEPOSITS 31 ASHAD 2069 (15 July 2012)

Particulars	This Year Rs.	Previous Year Rs.
<b>1. Non-Interest bearing accounts</b>		
<b>A. Current Deposits</b>	<b>3,777,858,754</b>	<b>4,259,415,722</b>
<b>1. Local Currency</b>	<b>3,516,188,320</b>	<b>4,156,210,911</b>
1.1 Nepal Government	1,802,863	14,469,735
1.2 "A" Class Licensed Institutions	49,715,881	52,579
1.3 Other Licensed Institutions	66,125,183	15,208,398
1.4 Other Organized Institutions	3,299,686,555	4,027,893,352
1.5 Individuals	98,857,838	98,586,847
1.6 Others	-	-
<b>2. Foreign Currency</b>	<b>261,670,434</b>	<b>103,204,811</b>
2.1 Nepal Government	-	-
2.2 "A" Class Licensed Institutions	-	-
2.3 Other Licensed Institutions	-	-
2.4 Other Organized Institutions	261,670,434	103,204,811
2.5 Individuals	-	-
2.6 Others	-	-
<b>B. Margin Deposits</b>	<b>305,174,918</b>	<b>146,158,747</b>
1. Employees Guarantee	-	-
2. Guarantee Margin	59,920,310	47,464,444
3. Margin on Letter of Credit	245,254,608	98,694,303
<b>C. Others</b>	<b>-</b>	<b>-</b>
<b>1. Local Currency</b>	<b>-</b>	<b>-</b>
1.1 Financial Institutions	-	-
1.2 Other Organized Institutions	-	-
1.3 Individual	-	-
<b>2. Foreign Currency</b>	<b>-</b>	<b>-</b>
2.1 Financial Institutions	-	-
2.2 Other Organized Institutions	-	-
2.3 Individual	-	-
<b>Total of Non-Interest Bearing Accounts</b>	<b>4,083,033,672</b>	<b>4,405,574,469</b>
<b>2. Interest Bearing Accounts</b>		
<b>A. Saving Deposits</b>	<b>10,344,583,175</b>	<b>8,079,243,659</b>
<b>1. Local Currency</b>	<b>10,278,503,378</b>	<b>7,961,340,989</b>
1.1 Organized Institutions	120,239,603	109,198,972
1.2 Individual	10,158,263,775	7,852,142,017
1.3 Others	-	-

## SCHEDULE 5 *Contd...*

Particulars	This Year Rs.	Previous Year Rs.
<b>2. Foreign Currency</b>	<b>66,079,797</b>	<b>117,902,670</b>
2.1 Organized Institutions	46,455,621	94,728,586
2.2 Individual	19,624,176	23,174,084
2.3 Others	-	-
<b>B. Fixed Deposits</b>	<b>36,208,650,059</b>	<b>28,013,550,392</b>
<b>1. Local Currency</b>	<b>16,251,496,099</b>	<b>14,780,482,661</b>
1.1 Organized Institutions	9,360,674,991	9,141,818,577
1.2 Individual	6,890,821,108	5,638,664,084
1.3 Others	-	-
<b>2. Foreign Currency</b>	<b>19,957,153,960</b>	<b>13,233,067,731</b>
2.1 Organized Institutions	19,957,153,960	13,233,067,731
2.2 Individual	-	-
2.3 Others	-	-
<b>C. Call Deposits</b>	<b>2,700,997,287</b>	<b>1,917,074,774</b>
<b>1. Local Currency</b>	<b>2,564,975,946</b>	<b>1,860,003,849</b>
1.1 "A" Class Licensed Institutions	-	-
1.2 Other Licensed Institutions	479,493,501	47,897,493
1.3 Other Organized Institutions	794,001,098	624,589,093
1.4 Individual	1,291,481,347	1,187,517,263
1.5 Others	-	-
<b>2. Foreign Currency</b>	<b>136,021,341</b>	<b>57,070,925</b>
2.1 "A" Class Licensed Institutions	-	-
2.2 Other Licensed Institutions	-	-
2.3 Other Organized Institutions	136,021,341	57,070,925
2.4 Individual	-	-
2.5 Others	-	-
<b>D. Certificate of Deposit</b>	<b>-</b>	<b>-</b>
1. Organized Institutions	-	-
2. Individual	-	-
3. Others	-	-
<b>Total of Interest Bearing Accounts</b>	<b>49,254,230,521</b>	<b>38,009,868,825</b>
<b>Total Deposit (1+2)</b>	<b>53,337,264,193</b>	<b>42,415,443,294</b>

## SCHEDULE 6

### BILLS PAYABLE 31 ASHAD 2069 (15 July 2012)

Particulars	This Year Rs.	Previous Year Rs.
1. Local Currency	46,400,974	62,624,968
2. Foreign Currency	32,215,263	18,060,369
<b>Total</b>	<b>78,616,237</b>	<b>80,685,337</b>

## SCHEDULE 7

### OTHER LIABILITIES 31 ASHAD 2069 (15 July 2012)

Particulars	This Year Rs.	Previous Year Rs.
1. Pension/Gratuity / Leave Fund	131,990,873	110,240,045
2. Employee Provident Fund	-	-
3. Employees Welfare Fund	-	-
4. Provision for Staff Bonus	68,665,358	65,346,882
5. Interest Payable on Deposits	34,202,391	15,536,106
6. Interest Payable on Borrowings/ Debenture	26,970,320	10,500,000
7. Unearned Discount and Commission	-	-
8. Sundry Creditors	41,818,122	32,032,747
9. Branch Account	-	-
10. Deferred Tax Liability	-	-
11. Dividend Payable	14,071,692	11,573,869
12. Others	420,481,282	171,977,352
Matured Fixed Deposit	241,627,243	67,735,201
Others	178,854,039	104,242,151
13. Interest Suspense (Loan)	-	2,140,030
<b>Total</b>	<b>738,200,038</b>	<b>419,347,031</b>



## SCHEDULE 8

### CASH BALANCE 31 ASHAD 2069 (15 July 2012)

Particulars	This Year Rs.	Previous Year Rs.
1. Local Currency (Including Coins)	1,167,070,833	978,466,637
2. Foreign Currency	19,684,189	29,221,862
<b>Total</b>	<b>1,186,755,022</b>	<b>1,007,688,499</b>

## SCHEDULE 9

### BALANCE WITH NEPAL RASTRA BANK 31 ASHAD 2069 (15 July 2012)

Particulars	Local Currency	Foreign Currency			This Year Rs.	Previous Year Rs.
		INR	Convertible	Total		
1. Nepal Rastra Bank	3,229,028,367	-	40,581,335	40,581,335	3,269,609,702	2,330,927,217
a. Current Account	3,229,028,367	-	40,581,335	40,581,335	3,269,609,702	2,330,927,217
b. Other Account	-	-	-	-	-	-

Note :- Total balance for which the confirmations are received from NRB is Rs. 3,331,866,866

## SCHEDULE 10

### BALANCE WITH BANKS/FINANCIAL INSTITUTIONS 31 ASHAD 2069 (15 July 2012)

Particulars	Local Currency	Foreign Currency			This Year Rs.	Previous Year Rs.
		INR	Convertible	Total		
1. Local Licensed Institutions	107,989,214	-	5,495,975	5,495,975	113,485,189	59,694,389
a. Current Account	107,989,214	-	5,495,975	5,495,975	113,485,189	59,694,389
b. Other Account	-	-	-	-	-	-
2. Foreign Banks	-	737,762,026	200,770,557	938,532,583	938,532,583	1,479,515,753
a. Current Account	-	737,762,026	200,770,557	938,532,583	938,532,583	1,479,515,753
b. Other Account	-	-	-	-	-	-
<b>Total</b>	<b>107,989,214</b>	<b>737,762,026</b>	<b>206,266,532</b>	<b>944,028,558</b>	<b>1,052,017,772</b>	<b>1,539,210,142</b>

Note :- Total balance for which the confirmations are received from respective licensed institutions is Rs. 1,465,593,567

## SCHEDULE 11

### MONEY AT CALL AND SHORT NOTICE 31 ASHAD 2069 (15 July 2012)

Particulars	This Year Rs.	Previous Year Rs.
1. Local Currency	90,000,000	
2. Foreign Currency	88,250,000	-
<b>TOTAL</b>	<b>178,250,000</b>	<b>-</b>

## SCHEDULE 12

### INVESTMENTS 31 ASHAD 2069 (15 July 2012)

Particulars	Purpose		This Year	Previous Year
	Trading	Other		
1. Nepal Government Treasury Bills	-	3,417,984,650	3,417,984,650	4,682,117,520
2. Nepal Government Saving Bonds	-	-	-	-
3. Nepal Government Other securities	-	1,142,725,000	1,142,725,000	892,725,000
4. Nepal Rastra Bank Bonds	-	-	-	-
5. Foreign Securities	-	-	-	-
6. Local Licensed Institutions	-	-	-	-
7. Foreign Banks	-	19,872,038,808	19,872,038,808	13,296,532,500
8. Corporate Shares	-	30,703,500	30,703,500	39,646,500
9. Corporate Bonds and Debentures	-	-	-	-
10. Other Investments	-	-	-	-
<b>Total Investment</b>	<b>-</b>	<b>24,463,451,958</b>	<b>24,463,451,958</b>	<b>18,911,021,520</b>
<b>Provision</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Investment</b>	<b>-</b>	<b>24,463,451,958</b>	<b>24,463,451,958</b>	<b>18,911,021,520</b>

## SCHEDULE 12 A

### INVESTMENT IN SHARES, DEBENTURES AND BONDS

31 ASHAD 2069 (15 July 2012)

Particulars	Cost Price Rs.	Market Price Rs.	Provision Amount Rs.	This Year Rs.	Previous Year Rs.
<b>1. Investment in Shares</b>	<b>30,703,500</b>	<b>-</b>	<b>-</b>	<b>30,703,500</b>	<b>39,646,500</b>
1.1 Rural Micro-finance Development Center Ltd. (RMDC)					
51,950 Ordinary Shares of Rs. 100 fully paid up	5,195,000	-	-	5,195,000	5,195,000
137,000 Right Shares of Rs. 100 fully paid up	13,700,000	-	-	13,700,000	13,700,000
1.2 Madhya Paschimanchal Grameen Bikash Bank Ltd.					
30,000 Ordinary Shares of Rs. 100 fully paid up	3,000,000	-	-	3,000,000	3,000,000
5,000 Shares of Rs. 100 Additional Investment	500,000	-	-	500,000	500,000
26,250 Shares of Rs. 100 Additional Investment	2,625,000	-	-	2,625,000	2,625,000
1.3 Alliance Insurance Co. Ltd.					
7,480 Ordinary Shares of Rs. 100 fully paid up	748,000	733,040	-	748,000	748,000
3565 Bonus Shares	-	349,370	-	-	-
1.4 Himalayan Distillery Ltd.					
89,430 Ordinary Shares of Rs. 100 fully paid up	-	-	-	-	8,943,000
1.5 Credit Information Center Ltd.					
3,530 Ordinary Shares of Rs. 100 fully paid up	353,000	-	-	353,000	353,000
8,825 Right Shares of Rs 100 fully paid up	882,500	-	-	882,500	882,500
13,061 Bonus Shares	-	-	-	-	-
1.6 Nepal Clearing House	2,500,000	-	-	2,500,000	2,500,000
1.7 National Banking Training Institute					
12000 Shares of Rs. 100 fully paid up	1,200,000	-	-	1,200,000	1,200,000
<b>2. Investment in Debentures and Bonds</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
2.1 .....	-	-	-	-	-
2.2 .....	-	-	-	-	-
2.3 .....	-	-	-	-	-
<b>Total Investment</b>	<b>30,703,500</b>	<b>-</b>	<b>-</b>	<b>30,703,500</b>	<b>39,646,500</b>
<b>3. Provision for Loss</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
3.1 Up to previous year	-	-	-	-	-
3.2 Additions/Write back this year	-	-	-	-	-
<b>Total Provision</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Investment</b>	<b>30,703,500</b>	<b>-</b>	<b>-</b>	<b>30,703,500</b>	<b>39,646,500</b>

Note:

1) Shares of Himalayan Distillery was disposed off in FY 2068-69.

2) 20% Bonus Share given by CIC for FY 2067-68.

## SCHEDULE 12.1

### INVESTMENT (HELD FOR TRADING)

31 ASHAD 2069 (15 July 2012)

Particulars	Cost Price Rs.	Previous Market Price (a) Rs.	Current Market Price (b) Rs.	This Year Profit /Loss (b-a) Rs.	Previous Year Profit / Loss Rs.	Remarks
1. Nepal Government Treasury Bills	-	-	-	-	-	
2. Nepal Government Saving Bonds	-	-	-	-	-	
3. Nepal Government Other securities	-	-	-	-	-	
4. Nepal Rastra Bank Bonds	-	-	-	-	-	
5. Foreign Securities	-	-	-	-	-	
6. Shares of Domestic Licensed Institution	-	-	-	-	-	
7. Debenture and Bond Domestic Licensed Institution	-	-	-	-	-	
8. Shares, Debentures and Bond of Domestic Entity	-	-	-	-	-	
9. Foreign Bank Investment (Placement)	-	-	-	-	-	
10. Interbank Lending	-	-	-	-	-	
11. Other Investments	-	-	-	-	-	
<b>Total Investment</b>	-	-	-	-	-	

## SCHEDULE 12.2

### INVESTMENT (HELD TO MATURITY)

31 ASHAD 2069 (15 July 2012)

Particulars	Cost Price (a) Rs.	Impairment Till Date (b) Rs.	Impairment This Year (c) Rs.	This Year Profit /Loss (a-b-c) Rs.	Previous Year Profit / Loss Rs.	Remarks
1. Nepal Government Treasury Bills	3,417,984,650	-	-	-	-	
2. Nepal Government Saving Bonds	-	-	-	-	-	
3. Nepal Government Other securities	1,142,725,000	-	-	-	-	
4. Nepal Rastra Bank Bonds	-	-	-	-	-	
5. Foreign Securities	-	-	-	-	-	
6. Shares of Domestic Licensed Institution	-	-	-	-	-	
7. Debenture and Bond Domestic Licensed Institution	-	-	-	-	-	
8. Shares, Debentures and Bond of Domestic Entity	-	-	-	-	-	
9. Foreign Bank Investment (Placement)	19,872,038,808	-	-	-	-	
10. Other Investments (Inter Bank Lending)	-	-	-	-	-	
<b>Total Investment</b>	<b>24,432,748,458</b>	-	-	-	-	

**INVESTMENT (AVAILABLE FOR SALE)**
**31 ASHAD 2069 (15 July 2012)**

Particulars	Cost Price Rs.	Previous Market Price (a) Rs.	Current Market Price (b) Rs.	This Year Investment Adjustment Reserve (b- a) Rs.	Previous Year Profit /Loss Rs.	Remarks
1. Nepal Government Treasury Bills	-	-	-	-	-	
2. Nepal Government Saving Bonds	-	-	-	-	-	
3. Nepal Government Other securities	-	-	-	-	-	
4. Nepal Rastra Bank Bonds	-	-	-	-	-	
5. Foreign Securities	-	-	-	-	-	
6. Shares of Domestic Licensed Institution	-	-	-	-	-	
7. Debenture and Bond Domestic Licensed Institution	-	-	-	-	-	
8. Shares, Debentures and Bond of Domestic Entity	-	-	-	-	-	
Listed	748,000.00	1,059,168.00	1,082,410.00	-	-	*
Not Listed	29,955,500.00			-	-	**
9. Foreign Bank Investment (Placement)	-	-	-	-	-	
10. Interbank Lending	-	-	-	-	-	
11. Other Investments	-	-	-	-	-	
<b>Total Investment</b>	<b>30,703,500.00</b>	<b>1,059,168.00</b>	<b>1,082,410.00</b>	<b>-</b>	<b>-</b>	

Note:

\* Even though the current market price is higher than the cost price we have not marked these securities to market.

\*\* No Investment Adjustment Reserve has been maintained because NRB Directive No 4/ 2068 has exempted maintenance of such reserve against investment in Credit Information Center Ltd., Nepal Clearing House and National Banking Training Institute.



## CLASSIFICATION OF LOANS AND BILLS PURCHASE & PROVISIONING

### 31 ASHAD 2069 (15 July 2012)

Particulars	Loans & Advances					Bills Purchased/Discount			This Year (Rs).	Previous Year (Rs).
	Domestic		Other	Foreign	Total	Domestic	Foreign	Total		
	Deprived Sector									
	Insured	Uninsured								
1. Performing Loan	-	843,012,806	25,417,035,094	-	26,260,047,899	18,959,828	40,815,548	59,775,376	26,319,823,276	21,479,491,544
1.1 Pass		843,012,806	25,417,035,094	-	26,260,047,899	18,959,828	40,815,548	59,775,376	26,319,823,276	21,479,491,544
2. Non-Performing Loan	-	377,923	143,390,228	-	143,768,151	-	80,038	80,038	143,848,188	239,299,187
2 a Restructured			106,404,455		106,404,455			-	106,404,455	139,944,580
2.1 Sub-Standard			4,583,958		4,583,958			-	4,583,958	2,396,087
2.2 Doubtful			2,846,859		2,846,859			-	2,846,859	1,799,948
2.3 Loss		377,923	29,554,955		29,932,878		80,038	80,038	30,012,916	95,158,572
A. Total Loan	-	843,390,729	25,560,425,321	-	26,403,816,050	18,959,828	40,895,586	59,855,414	26,463,671,464	21,718,790,731
3. Loan Loss Provision										
3.1 Pass		8,430,128	253,404,619		261,834,747	189,598	408,155	597,754	262,432,500	213,793,433
3.2 Restructured			29,903,968		29,903,968			-	29,903,968	46,411,214
3.3 Sub-Standard			1,145,990		1,145,990			-	1,145,990	519,179
3.4 Doubtful			1,227,822		1,227,822			-	1,227,822	496,074
3.5 Loss		377,923	26,409,051		26,786,974		80,038	80,038	26,867,012	91,799,704
B. Total Provisioning	-	8,808,051	312,091,450	-	320,899,501	189,598	488,193	677,791	321,577,292	353,019,602
4. Provisioning up to previous year										
4.1 Pass		5,767,899	207,408,499	-	213,176,398	562,077	54,959	617,035	213,793,432	173,583,537
4.2 Restructured			46,411,214	-	46,411,214	-	-	-	46,411,214	60,345,774
4.3 Sub-Standard			519,179	-	519,179	-	-	-	519,179	3,189,722
4.4 Doubtful			496,074	-	496,074	-	-	-	496,074	219,153
4.5 Loss		377,923	91,421,781	-	91,799,704	-	-	-	91,799,703	245,754,800
C. Total previous year's provision	-	6,145,822	346,256,747	-	352,402,569	562,077	54,959	617,035	353,019,602	483,092,985
D. Written Back from Previous Year's			91,695,108	-	91,695,108			-	91,695,108	176,183,408
E. Additional Provision of Current Year	-	2,662,229	57,529,811	-	60,192,040	(372,479)	433,234	60,756	60,252,798	46,110,025
Changes this year	-	2,662,229	(34,165,297)	-	(31,503,068)	(372,479)	433,234	60,756	(31,442,313)	(130,073,383)
Net Loan (A-B)	-	834,582,678	25,248,333,871	-	17,480,548,194	18,770,230	40,407,393	59,177,623	26,142,094,172	21,365,771,129

Note: Total exposure under Deprived Sector is Rs. 8,430 Lacs (excluding investment of Rs. 250 Lacs)

## SCHEDULE 13 (A)

### LOAN, ADVANCES AND BILLS PURCHASED SECURITY WISE

31 ASHAD 2069 (15 July 2012)

Particulars	This Year Rs.	Previous Year Rs.
<b>A. Secured</b>	<b>26,463,671,462</b>	<b>21,718,790,731</b>
1. Movable/Immovable Assets	22,984,077,763	19,424,653,395
2. Guarantee of Local Licensed Institutions	518,644,002	-
3. Government Guarantee	156,121,000	156,121,000
4. Internationally Rated Bank Guarantee	98,000,000	98,000,000
5. Export Documents	199,938,029	187,728,943
6. Fixed Deposit Receipts	1,151,666,540	722,841,640
a. Own FDR	1,151,666,540	722,841,640
b. FDR of Other Licensed Institutions	-	-
7. Government Bonds	243,788,723	91,725,854
8. Counter Guarantee	-	-
9. Personal Guarantee	-	-
10. Other Securities	1,111,435,405	1,037,719,899
<b>B. Unsecured</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>26,463,671,462</b>	<b>21,718,790,731</b>

## SCHEDULE 14

### FIXED ASSETS 31 ASHAD 2069 (15 July 2012)

Particulars	ASSETS					This Year Rs.	Previous Year Rs.
	Buildings	Vehicles	Machinery	Office Equipment	Others		
<b>1. Cost Price</b>							
a. Previous Year balance	-	121,875,770	222,859,546	310,699,359	98,049,595	753,484,270	629,616,726
b. Addition during the year	-	16,064,840	33,861,617	80,307,008	18,683,844	148,917,309	134,957,825
c. Revaluation/Written Back this year	-					-	
d. Sold during the year	-	18,100	7,920,530	2,628,336	3,303,012	13,869,978	
e. Written off during the year	-			319,838		319,838	11,090,280
<b>Total Cost (a+b+c-d-e)</b>	-	<b>137,922,510</b>	<b>248,800,633</b>	<b>388,058,193</b>	<b>113,430,427</b>	<b>888,211,763</b>	<b>753,484,271</b>
<b>2. Depreciation</b>							
a. Up to previous year	-	49,718,752	123,662,792	129,727,519	33,372,678	336,481,741	211,371,966
b. For this year	-	18,038,615	34,870,445	46,804,995	8,688,881	108,402,936	131,634,573
c. Depreciation on revaluation/Written Back	-					-	
d. Depreciation on Assets Sold/Written off	-	18,039	7,717,619	2,725,877	2,971,934	13,433,469	6,524,798
<b>Total Depreciation</b>	-	<b>67,739,328</b>	<b>150,815,618</b>	<b>173,806,637</b>	<b>39,089,625</b>	<b>431,451,208</b>	<b>336,481,741</b>
<b>3. Book Value (WDV) (1-2)</b>	-	<b>70,183,182</b>	<b>97,985,015</b>	<b>214,251,556</b>	<b>74,340,802</b>	<b>456,760,555</b>	<b>417,002,530</b>
<b>4. Land</b>	259,160,000.00	-	-	-	-	259,160,000	
<b>5. Capital Construction (Pending Capitalization)</b>	-	-	-	-	-	-	
<b>6. Leasehold Assets</b>	-	-	-	-	-	-	
<b>Total (3+4+5+6)</b>	<b>259,160,000</b>	<b>70,183,182</b>	<b>97,985,015</b>	<b>214,251,556</b>	<b>74,340,802</b>	<b>715,920,555</b>	<b>417,002,530</b>

## SCHEDULE 15

### NON BANKING ASSETS 31 ASHAD 2069 (15 July 2012)

Name & Address of Borrower or Party	Date of assuming Non Banking Assets	Total Amount of Non Banking Assets	Loss Provision		Net Non Banking Assets (Rs)	Previous Year Rs. (Net NBA)
			In %	In Amount		
LEATHERAGE BANSBARI TANNERY & SHOE FACTORY	15.07.2012	17,759,000	100.00%	17,759,000	-	-
<b>Total</b>	-	<b>17,759,000</b>		<b>17,759,000</b>	-	-

## SCHEDULE 16

### OTHER ASSETS 31 ASHAD 2069 (15 July 2012)

Particulars		This Year Rs.	Previous Year Rs.
1. Stock of Stationery		4,796,229	4,148,587
2. Income receivable on Investment		366,416,525	163,407,655
3. Accrued Interest on Loan	77,000,495		140,411,150
Less: Interest Suspense Account	77,000,495	-	(132,621,022)
4. Commission Receivable		-	-
5. Sundry Debtors		13,639,264	15,631,408
6. Staff Loan & Advances		312,412,962	176,275,813
7. Pre Payments		12,541,274	35,123,315
8. Cash in Transit		-	-
9. Other Transit items (including Cheques)		-	-
10. Drafts paid without notice	32,000,000		
Less: Provision	(22,359,375)	9,640,625	9,640,625
11. Expenses not written off		33,320,505	8,363,204
12. Branch Account		-	-
13. Deferred Tax Assets		62,916,901	39,683,852
14. Others		235,924,254	56,548,350
a) Advance Income Tax		-	27,680,460
b) Others		235,924,254	28,867,890
<b>Total</b>		<b>1,051,608,539</b>	<b>516,612,937</b>

## SCHEDULE 16 A

### OTHER ASSETS (ADDITIONAL STATEMENT)

31 ASHAD 2069 (15 July 2012)

Particulars	This Year Rs.				Previous Year Rs.
	Up to 1Year	1 to 3 years	Above 3years	Total	
1. Accrued Interest on Loan	19,636,405	3,120,333	54,243,758	77,000,496	140,411,150
2. Drafts Paid without notice	-	-	32,000,000	32,000,000	32,000,000
3. Branch Account	-	-	-	-	-
4. Local/ Foreign Agency Account	-	-	-	-	-
<b>Total</b>	<b>19,636,405</b>	<b>3,120,333</b>	<b>86,243,758</b>	<b>109,000,496</b>	<b>172,411,150</b>

Note: For the DD paid without notice of Rs 3.2 crore, Rs 96 lakhs was received from insurance company and banks. Provision has been made for the balance of Rs 2.23 crores, net of aforesaid provision is disclosed in schedule 16.

## SCHEDULE 17

### CONTINGENT LIABILITIES

31 ASHAD 2069 (15 July 2012)

Particulars	This Year Rs.	Previous Year Rs.
1. Claims on institution not accepted by the Institution	-	-
2. Letter of Credit (Full Amount)	1,602,466,685	1,448,994,775
a. Less than 6 months maturity	1,602,466,685	1,448,994,775
b. More than 6 months maturity	-	-
3. Rediscounted Bills	-	-
4. Unmatured Guarantees/Bonds	1,179,855,774	990,415,514
a. Bid Bonds	45,181,982	115,022,312
b. Performance Bonds	646,323,792	498,434,612
c. Other Guarantee/Bonds	488,350,000	376,958,590
5. Unpaid Shares in Investment	-	-
6. Forward Exchange Contract Liabilities	-	-
7. Bills under Collection	82,383,080	33,993,511
8. Acceptance & Endorsement	1,202,876,753	990,275,705
9. Underwriting Commitment	-	-
10. Irrevocable Loan Commitment	3,619,674,662	2,492,998,420
"11. Guarantee provided on Counter Guarantee of Internationally Rated Banks"	1,504,118,531	890,850,650
12. Advance Payment Guarantee	82,321,579	36,055,092
13. Financial Guarantee	-	-
14. Contingent Liabilities on Income Tax	-	-
15. Others	-	-
<b>Total</b>	<b>9,273,697,064</b>	<b>6,883,583,667</b>



**INTEREST INCOME**
**FOR THE PERIOD FROM 1 SHRAWAN 2068 TO 31 ASHAD 2069 (17 JULY 2011 TO 15 JULY 2012)**

Particulars	This Year Rs.	Previous Year Rs.
<b>A. On Loans, Advances and Overdraft</b>	<b>2,983,633,021</b>	<b>2,441,993,586</b>
1. Loans & Advances	2,414,399,116	1,987,462,256
2. Overdraft	569,233,905	454,531,330
<b>B. On Investment</b>	<b>342,396,660</b>	<b>392,971,442</b>
1. Nepal Government Securities	341,614,321	370,189,656
a. Treasury Bills	259,382,418	311,820,527
b. Development Bonds	82,231,903	58,369,129
c. National Saving Certificates	-	-
2. Foreign Securities	-	-
3. Nepal Rastra Bank Bonds	-	-
4. Debenture & Bonds	-	-
5. Interest on Inter Bank Lending	782,339	22,781,786
a. Banks/Financial Institutions	782,339	22,781,786
b. Other Organizations	-	-
<b>C. On Agency Balances</b>	<b>-</b>	<b>-</b>
1. Local Banks	-	-
2. Foreign Banks	-	-
<b>D. On Money at Call and Short Notice</b>	<b>-</b>	<b>-</b>
1. Local Banks/Financial Institutions	-	-
2. Foreign Banks	-	-
<b>E. On Others</b>	<b>443,453,388</b>	<b>264,942,707</b>
1. Certificate of Deposits	-	-
2. Inter-Bank Loan	-	-
3. Others	443,453,388	264,942,707
a. Placement with Foreign Banks	430,404,587	257,351,461
b. Others	13,048,801	7,591,246
<b>Total</b>	<b>3,769,483,069</b>	<b>3,099,907,735</b>

## SCHEDULE 19

### INTEREST EXPENSES

FOR THE PERIOD FROM 1 SHRAWAN 2068 TO 31 ASHAD 2069 (17 JULY 2011 TO 15 JULY 2012)

Particulars	This Year Rs.	Previous Year Rs.
<b>A. ON DEPOSIT LIABILITIES</b>	<b>2,737,381,985</b>	<b>2,070,010,492</b>
1. Fixed Deposits	2,237,369,122	1,665,036,117
1.1 Local Currency	1,806,326,285	1,435,173,171
1.2 Foreign Currency	431,042,837	229,862,946
2. Saving Deposits	283,420,815	248,283,754
2.1 Local Currency	283,044,937	247,726,636
2.2 Foreign Currency	375,878	557,118
3. Call Deposits	216,592,048	156,690,621
3.1 Local Currency	215,678,570	156,480,283
3.2 Foreign Currency	913,478	210,338
4. Certificate of Deposits	-	-
<b>B. ON BORROWINGS</b>	<b>33,416,704</b>	<b>26,027,887</b>
1. Debentures & Bonds	32,970,320	12,000,000
2. Loan from Nepal Rastra Bank	-	-
3. Inter Bank /Financial Institutions Borrowing	446,384	14,027,887
4. Other Corporate Body	-	-
5. Other Borrowings	-	-
<b>C. ON OTHERS</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>2,770,798,689</b>	<b>2,096,038,379</b>

## SCHEDULE 20

### COMMISSION AND DISCOUNT INCOME

FROM 1 SHRAWAN 2068 TO 31 ASHAD 2069 (17 JULY 2011 TO 15 JULY 2012)

Particulars	This Year Rs.	Previous Year Rs.
<b>A. Bills Purchase &amp; Discount</b>	<b>148,293</b>	<b>986,715</b>
1. Local	-	-
2. Foreign	148,293	986,715
<b>B. Commission</b>	<b>114,580,900</b>	<b>89,546,099</b>
1. Letters of Credit	22,388,067	22,304,824
2. Guarantees	42,922,449	28,874,229
3. Collection Fees	5,488,455	4,120,247
4. Remittance Fees	43,781,929	34,246,799
5. Credit Card	-	-
6. Share Underwriting/Issue	-	-
7. Government Transactions	-	-
8. Agency Commission	-	-
9. Exchange Fee	-	-
<b>C. Others</b>	<b>140,622,544</b>	<b>145,626,536</b>
<b>Total</b>	<b>255,351,737</b>	<b>236,159,350</b>

## SCHEDULE 21

### OTHER OPERATING INCOME

FROM 1 SHRAWAN 2068 TO 31 ASHAD 2069 (17 JULY 2011 TO 15 JULY 2012)

Particulars	This Year Rs.	Previous Year Rs.
1. Safe Deposit Lockers Rental	2,606,039	1,610,763
2. Issue & Renewals of Credit Cards	-	-
3. Issue & Renewals of ATM Cards	35,998,593	23,449,726
4. Telex / T. T.	29,074,056	21,675,190
5. Service Charges	59,760,880	39,081,276
6. Renewal Fees	10,399,441	8,691,020
7. Others	3,922,695	664,683
<b>Total</b>	<b>141,761,704</b>	<b>95,172,658</b>

## SCHEDULE 22

### EXCHANGE FLUCTUATION GAIN/LOSS

FROM 1 SHRAWAN 2068 TO 31 ASHAD 2069 (17 JULY 2011 TO 15 JULY 2012)

Particulars	This Year Rs.	Previous Year Rs.
a. Revaluation Gain (Loss)	3,195,800	316,034
b. Trading Gain (except Exchange Fees)	97,942,525	70,216,686
<b>Total Gain/ (Loss)</b>	<b>101,138,325</b>	<b>70,532,720</b>

## SCHEDULE 23

### EXPENSES RELATED TO EMPLOYEES

FROM 1 SHRAWAN 2068 TO 31 ASHAD 2069 (17 JULY 2011 TO 15 JULY 2012)

Particulars	This Year Rs.	Previous Year Rs.
1. Salary	121,455,108	95,070,779
2. Allowances	95,596,573	71,664,907
3. Contribution to Provident Fund	11,576,278	7,436,695
4. Training Expenses	1,212,786	1,810,768
5. Uniform	479,450	613,122
6. Medical	1,996,663	5,689,056
7. Insurance	20,606,874	12,779,727
8. Pension, Gratuity and Leave Provision	25,358,317	50,040,312
9. Others (Canteen)	10,871,179	10,324,919
<b>Total</b>	<b>289,153,228</b>	<b>255,430,285</b>

## SCHEDULE 24

### OTHER OPERATING EXPENSES

FROM 1 SHRAWAN 2068 TO 31 ASHAD 2069 (17 JULY 2011 TO 15 JULY 2012)

Particulars	This Year Rs.	Previous Year Rs.
1. House Rent	72,051,161	60,747,291
2. Electricity & Water	14,193,923	12,275,982
3. Repair & Maintenance	16,653,650	13,497,937
a. Building (on lease)	2,847,954	1,166,331
b. Vehicles	2,443,425	2,022,972
c. Others(Computer, Office Equipment, Furniture )	11,362,271	10,308,634
4. Insurance	18,198,227	7,817,020
5. Postage, Telex, Telephone & Fax	10,420,935	10,626,221
6. Office Equipment, Furniture and Repair	1,453,924	1,485,278
7. Travelling Allowances & Expenses	12,632,819	10,953,419
8. Printing & Stationery	24,634,841	19,240,110
9. Books & Periodicals	658,595	688,488
10. Advertisements	9,488,575	12,061,346
11. Legal Expenses	1,898,378	1,647,527
12. Donations	10,000	452,272
13. Expenses relating to Board of Directors	4,335,050	3,645,743
a. Meeting Fees	1,884,000	1,684,000
b. Other Expenses	2,451,050	1,961,743
14. Annual General Meeting Expenses	2,484,246	2,987,835
15. Expenses relating to Audit	324,391	689,818
a. Audit Fees	226,000	226,000
b. Other Expenses	98,391	463,818
16. Commission on Remittances	-	-
17. Depreciation on Fixed Assets	108,402,937	131,634,574
18. Amortization of Preliminary Expenses	-	-
19. Share Issue expenses	-	-
20. Technical Services Fee	13,808,600	12,213,181
21. Entertainment	833,694	465,706
22. Written Off Expenses	-	-
23. Security Expenses	40,009,044	28,772,563
24. Credit Guarantee Premium	1,265,369	1,531,230
25. Commission and Discount	-	-
26. Others	102,367,994	96,309,695
a) Information Technology Support Cost	44,712,364	46,140,635
b) Others	57,655,630	50,169,060
<b>Total</b>	<b>456,126,353</b>	<b>429,743,236</b>

## SCHEDULE 25

### PROVISION FOR POSSIBLE LOSS

FROM 1 SHRAWAN 2068 TO 31 ASHAD 2069 (17 JULY 2011 TO 15 JULY 2012)

Particulars	This Year Rs.	Previous Year Rs.
1. Increase in Loan Loss Provision	60,252,798	46,110,025
2. Increase in Provision for Loss on Investment	-	-
3. Provision Against Non-Banking Assets	17,759,000	-
4. Provision Against Other Assets	-	198,127
<b>Total</b>	<b>78,011,798</b>	<b>46,308,152</b>

## SCHEDULE 26

### NON-OPERATING INCOME / LOSS

FROM 1 SHRAWAN 2068 TO 31 ASHAD 2069 (17 JULY 2011 TO 15 JULY 2012)

Particulars	This Year Rs.	Previous Year Rs.
1. Profit (Loss) on Sale of Investments	1,800,660	-
2. Profit (Loss) on Sale of Assets	(438,565)	404,605
3. Dividend (Net)	586,124	2,333,532
4. Subsidies received from Nepal Rastra Bank	-	-
a. Reimbursement of losses of specified branches	-	-
b. Interest Subsidy	-	-
c. Exchange Counter	-	-
5. Others	234,421	375,628
<b>Total Non-Operating Income (Loss)</b>	<b>2,182,640</b>	<b>3,113,765</b>

## SCHEDULE 27

### PROVISION FOR POSSIBLE LOSS WRITTEN BACK

FROM 1 SHRAWAN 2068 TO 31 ASHAD 2069 (17 JULY 2011 TO 15 JULY 2012)

Particulars	This Year Rs.	Previous Year Rs.
1. Loan Loss Provision Written Back	91,695,108	176,183,408
2. Provision against Non Banking Assets Written Back	-	2,938,750
3. Investment Provision Written Back	-	-
4. Provision against other Assets Written Back	-	-
<b>Total</b>	<b>91,695,108</b>	<b>179,122,158</b>

## SCHEDULE 28

### PROFIT/LOSS FROM EXTRA ORDINARY ACTIVITIES FROM 1 SHRAWAN 2068 TO 31 ASHAD 2069 (17 JULY 2011 TO 15 JULY 2012)

Particulars	This Year Rs.	Previous Year Rs.
1. Recovery of Write off Loan	29,370,529	
2. Voluntary Retirement Scheme Expenses		
3. Loan Write -Offs (4.28 (a) )	(42,507,514)	(138,172,628)
4. Other expenses/Income	933,408	500,000
<b>Total</b>	<b>(12,203,577)</b>	<b>(137,672,628)</b>

## SCHEDULE 28 A

### STATEMENT OF LOAN WRITTEN-OFF FROM 1 SHRAWAN 2068 TO 31 ASHAD 2069 (17 JULY 2011 TO 15 JULY 2012)

S.No.	Types of Loan	"Written off amount Rs"	Type of Security	Basis of valuation of collateral	Loan Approved by Name/ Designation	Initiations made for recovery	Remarks
1	Working Capital Loan	42,007,030	NA	NA	Branch Manager, Chief Manager (Credit) and Executive Committee	Case filed with DRT. Hearing is under process. In case of some loans, principal outstandings were recovered by auction of security/ collateral.	
2	Project Loan						
3	Fixed Capital Loan		-	-	-	-	
4	Personal Loan	500,484	Land located at Makar VDC, Ward No. 4, Hariyalinagar, Bardaghat, Nawalparasi having plot no. 943 with total area of 0-0-7-1/2 ropani. Land located at Rupakot VDC, (Lekhnath Municipality) having plot no. 619,621 & 480 with total area of 2-15-3.25-0 ropani	Empanelled valuers	Branch Manager, Branch Credit Controller	Case filed with DRT. Verdict awarded. Vehicle mortgaged/ hypothecated to the Bank was auctioned.	
5	Other Loan		-	-	-	-	
	<b>Total Loan</b>	<b>42,507,514</b>					



## SCHEDULE 29

### STATEMENT OF LOANS AND ADVANCES EXTENDED TO DIRECTORS/CHIEF EXECUTIVE / PROMOTERS/EMPLOYEES AND SHAREHOLDERS

31 ASHAD 2069 (15 July 2012)

Name of Promoter/Director/Chief Executive	Outstanding up to Last Year		Recovered in Current Year		Additional Lending	Outstanding as of Asadh end 2069	
	Principal	Interest	Principal	Interest	in this year	Principal	Interest
Directors							
1. Manoj Kumar Agrawal (M/s Hyat Enterprises)*	26.23	-	26.23	-	106.03	106.03	-
2. Manoj Kumar Agrawal (M/s Star Metal Industries)**	-	-	-	-	83.74	83.74	-
B. Chief Executive	-	-	-	-	-	-	-
1. ....	-	-	-	-	-	-	-
2. ....	-	-	-	-	-	-	-
C. Promoters	-	-	-	-	-	-	-
1. ....	-	-	-	-	-	-	-
2.....	-	-	-	-	-	-	-
D. Employees	-	-	-	-	-	-	-
1. ....	-	-	-	-	-	-	-
2. ....	-	-	-	-	-	-	-
3. ....	-	-	-	-	-	-	-
E. Shareholders	-	-	-	-	-	-	-
1. ....	-	-	-	-	-	-	-
2. ....	-	-	-	-	-	-	-
3. ....	-	-	-	-	-	-	-
Total	26.23	-	26.23	-	189.77	189.77	-

\* Regular Overdraft facility against FD sanctioned to the unit during FY 2068/69 is Rs 94.50 lacs and LC/TR/STD L facilities are sanctioned as sublimit of regular Overdraft facility of Rs. 94.50 lacs.

\*\* Regular Overdraft facility against FD sanctioned to the unit during FY 2068/69 is Rs 130.00 lacs and LC/TR/STD L facilities are sanctioned as sublimit of regular Overdraft facility of Rs. 130.00 lacs. Also, sister concerns M/s Hyat Enterprises and M/s Lumbini Flour Mills Pvt Ltd. are allowed to utilize vacant limit of the unit.

**STATEMENT OF CAPITAL FUND**
**As on 31 Ashadh 2069 (15.07.2012)**

Particulars	This Year Rs.	Previous Year Rs.
<b>1.1 RISK WEIGHTED ASSETS</b>	<b>Ashadh End 2069</b>	<b>Ashadh End 2068</b>
a Credit Risk	32,226,282,191	25,267,759,679
b Operational Risk	1,489,840,740	1,196,119,882
c Market Risk	383,674,259	724,922,313
<b>Total Risk Weighted Assets (a+b+c)</b>	<b>34,099,797,190</b>	<b>27,188,801,874</b>
<i>Adjustments Under Pillar II</i>		
"Add: 2% of the total RWE as Supervisor is not satisfied with the overall risk Management Policies and Procedures (6.4 a 9)"	681,995,944	271,888,019
Add: .% of the total deposit due to insufficient Liquid Assets (6.4 a 6)	-	-
<b>Total Risk Weighted Exposures (After Bank's Adjustment of Pillar II)</b>	<b>34,781,793,134</b>	<b>27,460,689,893</b>
<b>1.2 CAPITAL</b>	<b>Ashadh End 2069</b>	<b>Ashadh End 2068</b>
<b>Core Capital (Tier 1)</b>	<b>3,185,117,428</b>	<b>2,834,109,205</b>
a Paid up Capital	2,093,989,769	1,869,303,258
b Irredeemable Non-cumulative preference shares		
c Share Premium	0	49,660,225
d Proposed Bonus Shares	261,748,735	233,662,907
e General Reserves	571,802,385	475,781,285
f Retained Earnings Up to last FY	0	0
g Current Year's P/L Account	2,202,807	2,851,532
h Capital Redemption Adjustment Fund	0	0
i Capital Adjustment Fund	5,000,000	30,000,000
j Dividend Equalization Fund	0	0
k Debenture Redemption Fund	188,204,830	142,857,145
l Other Free Reserve	0	0
m Deferred Tax Reserve	62,916,902	39,683,853
<b>Deductions :</b>		
a Goodwill	0	0
b Miscellaneous Assets Not Written Off	0	0
c Share Investment in Licensed Institution	0	0
d Investment in financial interested company	0	0
e Investment exceeding the limit	0	0
f Investments arising out of underwriting commitments	-748,000	-9,691,000
g Reciprocal crossholdings	0	0
h Others		
<b>Supplementary Capital (Tier 2)</b>	<b>714,025,935</b>	<b>329,286,377</b>
a Cumulative and/or Redeemable Preference Share	0	0
b Unsecured Subordinate Long Term Loans	440,000,000	80,000,000
c Hybrid Capital Instruments	0	0
d Pass Loan Loss Provision	262,432,500	213,793,432
e Exchange Equalization Fund	11,078,075	10,279,125
f Investment Adjustment Fund	515,360	25,213,820
g Assets Revaluation Fund	0	0
h Other Funds	0	0
<b>Total Capital Fund (Tier I and Tier II)</b>	<b>3,899,143,363</b>	<b>3,163,395,582</b>
<b>1.3 CAPITAL FUND RATIOS</b>	<b>Ashadh End 2069</b>	<b>Ashadh End 2068</b>
Core Capital / Total Risk Weighted Assets (Tier I)	9.16%	10.32%
Capital Fund / Total Risk Weighted Assets (Tier I & Tier II)	11.21%	11.52%

## SCHEDULE 30 B

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

As on 31 Ashadh 2069 (15.07.2012)

A. Balance Sheet Exposures	Book Value	Specific Provision	Eligible CRM	Net Value	Risk Weight	Risk Weighted Exposures	Previous Year	
	a	b	c	d=a-b-c	e	f=d*e	Net Value	Risk Weighted Exposure
Cash Balance	1,186,755,022			1,186,755,022	0%	-	1,007,688,499	-
Balance With Nepal Rastra Bank	3,269,609,702			3,269,609,702	0%	-	2,330,927,217	-
Gold				-	0%	-	-	-
Investment in Nepalese Government Securities	4,560,709,650			4,560,709,650	0%	-	4,682,117,520	-
All other Claims on Government of Nepal	156,121,000			156,121,000	0%	-	156,121,000	-
Investment in Nepal Rastra Bank securities				-	0%	-	892,725,000	-
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)	75,174,968		-	75,174,968	150%	112,762,452	108,065,163	162,097,745
Claims on domestic banks that meet capital adequacy requirements	668,289,758		-	668,289,758	20%	133,657,952	277,544,292	55,508,858
Claims on domestic banks that do not meet capital adequacy requirements	142,089,433		-	142,089,433	100%	142,089,433	100,126,004	100,126,004
Claims on foreign bank (ECA Rating 0-1)	590,475,979		-	590,475,979	20%	118,095,196	327,882,975	65,576,595
Claims on foreign bank (ECA Rating 2)			-	-	50%	-	2,856,476	1,428,238
Claims on foreign bank (ECA Rating 3-6)	4,412,500		-	4,412,500	100%	4,412,500	-	-
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	20,215,682,912		-	20,215,682,912	20%	4,043,136,582	14,445,308,803	2,889,061,761
Claims on Domestic Corporates	16,600,196,177	-	1,211,377,057	15,388,819,120	100%	15,388,819,120	12,240,137,759	12,240,137,759
Claims on Foreign Corporates (ECA 0-1)			-	-	20%	-	-	-
Claims on Foreign Corporates (ECA 2)			-	-	50%	-	-	-

## SCHEDULE 30 B Contd....

A. Balance Sheet Exposures	Book Value	Specific Provision	Eligible CRM	Net Value	Risk Weight	Risk Weighted Exposures	Previous Year	
	a	b	c	d=a-b-c	e	f=d*e	Net Value	Risk Weighted Exposure
Claims on Foreign Corporates (ECA 7)			-	-	150%	-	-	-
Regulatory Retail Portfolio (Not Overdue)	5,188,081,497		35,608,623	5,152,472,874	75%	3,864,354,656	4,005,116,150	3,003,837,113
Claims Fulfilling all criterion of regulatory retail except granularity			-	-	100%	-	-	-
Claims secured by residential properties	2,655,484,861		-	2,655,484,861	60%	1,593,290,917	2,706,587,711	1,623,952,627
Claims not fully secured by residential properties			-	-	150%	-	-	-
Claims secured by residential properties (Overdue)	41,502,315	2,396,344	-	39,105,971	100%	39,105,971	31,147,044	31,147,044
Claims secured by Commercial real estate	319,700,000		-	319,700,000	100%	319,700,000	313,062,000	313,062,000
Past due claims (except for claim secured by residential properties)	167,400,252	56,748,448	-	110,651,804	150%	165,977,706	106,575,500	159,863,250
High Risk Claims	681,591,016		159,360,341	522,230,675	150%	783,346,013	657,363,569	986,045,354
Investments in equity and other capital instruments of institutions listed in the stock exchange	-		-	-	100%	-	29,955,500	29,955,500
				-		-		
Investments in equity and other capital instruments of institutions not listed in the stock exchange	29,955,500		-	29,955,500	150%	44,933,250		
Other Assets - Interest Receivable / Claim on Govt. Securities	61,670,073			61,670,073	0%	-	55,162,411	-
Other Assets - Cash & Cash in Transit Items	59,775,377		-	59,775,377	20%	11,955,075	61,703,547	12,340,709
Other Assets-Investment in equity or regulatory Capital Instrument issued by securities firms				-		-	-	-
Fictitious Assets not deducted from Tier I				-		-	-	-
Other Assets	2,556,752,057	777,621,643	-	1,779,130,414	100%	1,779,130,414	878,453,061	878,453,061
<b>TOTAL</b>	<b>59,231,430,049</b>	<b>836,766,435</b>	<b>1,406,346,021</b>	<b>56,988,317,593</b>		<b>28,544,767,237</b>	<b>45,416,627,201</b>	<b>22,552,593,618</b>

## SCHEDULE 30 B *Contd....*

B. Off Balance Sheet Exposures	Gross Book Value	Specific Provision	Eligible CRM	Net Value	Risk Weight	Risk Weighted Exposures	Previous Year	
	a	b	c	d=a-b-c	e	f=d*e	Net Value	Risk Weighted Exposure
Revocable Commitments				-	0%	-	-	-
Bills Under Collection	82,383,080			82,383,080	0%	-	33,993,511	-
Forward Foreign Exchange Contract Liabilities	-			-	10%	-	-	-
LC Commitments With Original Maturity Up to 6 months Domestic Counterparty	1,602,466,685		69,474,315	1,532,992,370	20%	306,598,474	1,380,076,521	276,015,304
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	2,195,624,305		244,639,229	1,950,985,076	50%	975,492,538	1,272,539,409	636,269,705
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		37,000	333,000	200%	666,000	333,000	666,000
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	81,951,579		4,370,783	77,580,796	100%	77,580,796	33,669,114	33,669,114
Financial Guarantee	488,350,000		12,426,000	475,924,000	100%	475,924,000	358,692,160	358,692,160
Acceptances and Endorsements	1,202,876,753		26,464,951	1,176,411,802	100%	1,176,411,802	966,268,925	966,268,925
Unpaid portion of Partly paid shares and Securities	-		-	-	100%	-	-	-
Irrevocable Credit commitments (Short Term)	3,619,674,662		275,467,943	3,344,206,719	20%	668,841,344	2,217,924,281	443,584,856
Irrevocable Credit commitments (Long Term)				-	50%	-	-	-
Other Contingent Liabilities			-	-	100%	-	-	-
<b>TOTAL</b>	<b>9,273,697,064</b>	<b>-</b>	<b>632,880,221</b>	<b>8,640,816,843</b>	<b>100%</b>	<b>3,681,514,954</b>	<b>6,263,496,921</b>	<b>2,715,166,064</b>
<b>Total RWE for credit Risk Before Adjustment (A) +(B)</b>	<b>68,505,127,113</b>	<b>836,766,435</b>	<b>2,039,226,242</b>	<b>65,629,134,436</b>		<b>32,226,282,191</b>	<b>51,680,124,122</b>	<b>25,267,759,682</b>

## SCHEDULE 30 C

### FORM NO.3 ELIGIBLE CREDIT RISK MITIGANTS

As on 31 Ashadh 2069 (15.07.2012)

Credit Exposures	Deposits with Bank	Deposits with other banks/FI	Gold	Govt. & NRB Securities	G'tee of Govt. of Nepal	Sec/G'tee of other Sovereigns	G'tee of domestic banks	G'tee of MDBs	Sec/G'tee of Foreign Banks	Total
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	
Balance Sheet Exposures										
Claims on Foreign Government and Central Bank (ECA -2)										-
Claims on Foreign Government and Central Bank (ECA -3)										-
Claims on Foreign Government and Central Bank (ECA-4-6)										-
Claims on Foreign Government and Central Bank (ECA -7)										-
Claims on Other Multilateral Development Banks										-
Claims on Public Sector Entity (ECA 0-1)										-
Claims on Public Sector Entity (ECA 2)										-
Claims on Public Sector Entity (ECA 3-6)										-
Claims on Public Sector Entity (ECA 7)										-
Claims on domestic banks that meet capital adequacy requirements	0	0	0	0						-
Claims on domestic banks that do not meet capital adequacy requirements										-
Claims on foreign bank (ECA Rating 0-1)										-
Claims on foreign bank (ECA Rating 2)										-
Claims on foreign bank (ECA Rating 3-6)										-
Claims on foreign bank (ECA Rating 7)										-
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement										-
Claims on Domestic Corporates	1,133,446,752	0.00		9,330,304					68,600,000	1,211,377,056
Claims on Foreign Corporates (ECA 0-1)										-
Claims on Foreign Corporates (ECA 2)										-
Claims on Foreign Corporates (ECA 3-6)										-
Claims on Foreign Corporates (ECA 7)										-
Regulatory Retail Portfolio (Not Overdue)	35,608,623									35,608,623
Claims Fulfilling all criterion of regulatory retail except granularity										-
Claims secured by residential properties										-
Claims not fully secured by residential properties										-
Claims secured by residential properties (Overdue)										-
Claims secured by Commercial real estate										-



Credit Exposures	Deposits with Bank	Deposits with other banks/FI	Gold	Govt. & NRB Securities	G'tee of Govt. of Nepal	Sec/G'tee of other Sovereigns	G'tee of domestic banks	G'tee of MDBs	Sec/ G'tee of Foreign Banks	Total
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	
High Risk Claims	159,060,341	-		300,000						159,360,341
Investments in equity and other capital instruments of institutions listed in the stock exchange										-
Investments in equity and other capital instruments of institutions not listed in the stock exchange										-
Other Assets - Cash & Cash in Transit Items										
Other Assets - Investments in equity or regulatory capital instruments issued by securities firms										
Fictitious Assets not deducted from Tier I										
Other Assets (as per attachment)										-
Off Balance Sheet Exposures										
Forward Foreign Exchange Contract										-
LC Commitments With Original Maturity Up to 6 months (domestic)	69,474,315						-			69,474,315
ECA Rating 0-1										-
ECA Rating 2										-
ECA Rating 3-6										-
ECA Rating 7										-
LC Commitments With Original Maturity Over 6 months (domestic)										-
ECA Rating 0-1										-
ECA Rating 2										-
ECA Rating 3-6										-
ECA Rating 7										-
Bid Bond, Performance Bond and Counter Guarantee Domestic Counterparty	119,244,906						3,432,364		121,961,960	244,639,230
ECA Rating 0-1										-
ECA Rating 2										-
ECA Rating 3-6										-
ECA Rating 7										-
Guarantee Invoked but yet not honoured	37,000									37,000
Underwriting commitments										-
Lending of Bank's Securities or Posting of Securities as collateral										-
Repurchase Agreements, Assets sale with recourse (including repo/ reverse repo)										-
Advance Payment Guarantee	4,370,783	-					-			4,370,783
Financial Guarantee	12,426,000									12,426,000
Acceptances and Endorsements	26,464,951									26,464,951
Unpaid portion of Partly paid shares and Securities										-

## SCHEDULE 30 C Contd....

Credit Exposures	Deposits with Bank	Deposits with other banks/FI	Gold	Govt. & NRB Securities	G'tee of Govt. of Nepal	Sec/G'tee of other Sovereigns	G'tee of domestic banks	G'tee of MDBs	Sec/ G'tee of Foreign Banks	Total
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	
Irrevocable Credit commitments (Short Term)	117,203,225.17	0.00		158,264,718.17						275,467,943.34
Irrevocable Credit commitments (Long Term)										-
Other Contingent Liabilities										-
<b>Total</b>	<b>1,677,336,896</b>	<b>-</b>	<b>-</b>	<b>167,895,022</b>	<b>-</b>	<b>-</b>	<b>3,432,364</b>	<b>-</b>	<b>190,561,960</b>	<b>2,039,226,242</b>

## SCHEDULE 30 D

### FORM NO.6 RISK WEIGHTED EXPOSURE FOR OPERATIONAL RISK

As on 31 Ashadh 2069 (15.07.2012)

Particulars	Year 1 (2065/66)	Year 2 (2066/67)	Year 3 (2067/68)
Net Interest Income	635,745,411	826,010,718	1,008,193,428
Commission and Discount Income	78,836,624	131,692,149	247,164,766
Other Operating Income	52,790,137	78,796,662	95,172,658
Exchange Fluctuation Income	61,294,299	70,328,247	70,532,720
Addition / Deduction Interest Suspense during the period	-211,611,464	-14,629,711	-150,635,161
<b>Gross income (a)</b>	<b>617,055,007</b>	<b>1,092,198,065</b>	<b>1,270,428,411</b>
<b>Fixed Percentage (b)</b>	<b>15%</b>	<b>15%</b>	<b>15%</b>
<b>Fixed Percentage of Gross Income [c=(a×b)]</b>	<b>92,558,251</b>	<b>163,829,710</b>	<b>190,564,262</b>
<b>Capital Requirement for operational risk (d) (average of c)</b>	<b>148,984,074</b>		
<b>Risk Weight (reciprocal of capital requirement of 10%) in times (e)</b>	<b>10</b>		
<b>Equivalent Risk Weight Exposure [f=(d×e)]</b>	<b>1,489,840,740</b>		
<b>PILLAR-II ADJUSTMENTS</b>			
If Gross Income for all the last three years is negative (6.4 a 8)			
Total Credit and Investment (net of Specific Provision)			
Capital Requirement for operational risk (5%)			
<b>Risk Weight (reciprocal of capital requirement of 10%) in times</b>	<b>10</b>		
<b>Equivalent Risk Weight Exposure [g]</b>			
<b>Equivalent Risk Weight Exposure [h=f+g]</b>			

## SCHEDULE 30 E

### FORM NO.7 RISK WEIGHTED EXPOSURE FOR MARKET RISK

As on 31 Ashadh 2069 (15.07.2012)

S.No.	Currency	Open Position (FCY)	Rate	Open Position (NPR)	Relevant Open Position
1	AUD	2,016.60	90.72	182945.95	182,945.95
2	CAD	1,450.00	86.72	125744	125,744.00
3	CHF	15,600.00	90.64	1413984	1,413,984.00
4	EUR	38,424.12	108.1	4153647.37	4,153,647.37
5	GBP	39,667.52	137.38	5449523.89	5,449,523.89
7	INR	465,721,989.21	1.60075	745504474.2	745,504,474.22
8	JPY	4,995,561.00	1.111	5550068.27	5,550,068.27
9	SGD	220.00	69.61	15314.2	15,314.20
10	USD	56,122.55	88.25	4952815.03	4,952,815.03
Total Open Position (a)					767,348,516.93
Fixed Percentage (b)					5%
Capital Charge for Market Risk [c=(a×b)]					38,367,425.85
Risk Weight (reciprocal of capital requirement of 10%) in times (d)					10.00
Equivalent Risk Weight Exposure [e=(c×d)]					383,674,258.50

## SCHEDULE 31

### PRINCIPAL INDICATORS (FOR 5 YEARS)

Particulars	Indicators	F. Y. 2064/2065	F. Y. 2065/2066	F. Y. 2066/2067	F. Y. 2067/2068	F. Y. 2068/2069
1. Percent of Net Profit/Gross Income	%	22.67	19.14	15.36	13.21	11.25
2. Earnings Per Share	Rs.	28.33	36.18	23.69	24.85	22.93
3. Market Value per Share	Rs.	1,511.00	1,900.00	741.00	565.00	635.00
4. Price Earning Ratio	%	53.34	52.52	31.28	22.73	27.69
5. Dividend (including bonus) on share capital	%	-	42.11	17.50	17.50	17.50
6. Cash Dividend on Share Capital	%	-	2.11	5.00	5.00	5.00
7. Interest Income/Loans & Advances	%	6.75	7.56	9.80	11.24	11.27
8. Staff Expenses/Total Operating Expenses	%	10.98	10.42	6.80	9.13	8.22
9. Interest Expenses /Total Deposit and Borrowings	%	2.93	2.93	4.11	4.92	5.14
10. Exchange Gain/Total Income	%	4.76	3.71	2.76	2.01	2.37
11. Staff (Statutory) Bonus/ Total Staff Expenses	%	31.73	26.64	29.23	20.37	19.19
12. Net Profit/Loans & Advances	%	2.05	2.03	2.18	2.14	1.81
13. Net Profit/ Total Assets	%	1.44	1.05	1.03	1.01	0.83
14. Total Credit/Deposit	%	88.32	55.84	51.48	51.20	49.62
15. Total Operating Expenses/Total Assets	%	3.97	3.88	5.04	6.07	6.06
16. Adequacy of Capital Fund on Risk Weightage Assets						
a. Core Capital	%	9.97	10.03	10.89	10.32	9.16
b. Supplementary Capital	%	2.35	1.89	1.36	1.20	2.05
c. Total Capital Fund	%	12.32	11.92	12.25	11.52	11.21
17. Liquidity (CRR)	%	5.72	6.67	9.03	7.00	8.33
18. Non Performing Credit/Total Credit	Ratio	3.83	2.02	1.48	1.10	0.54
19. Weighted Average Interest Rate Spread	%	3.11	2.84	2.76	2.86	2.70
20. Book Net worth	Rs.	1,404,264,131	1,702,571,354	2,440,863,070	2,869,602,150	3,196,710,863
21. Total Shares	No.	8,745,278	8,745,278	16,536,239	18,693,033	20,939,898
22. Total Staff	No.	249	323	465	505	538
23. Return on Shareholder's Equity	%	17.64	18.58	16.05	16.19	15.02
24. Book Value Per Share	Rs.	160.57	194.68	147.61	153.51	152.66
25. Return on Net Fixed Assets	%	206.09	124.76	93.66	111.41	67.06
26. Total Interest Earning to External Assets	%	6.38	5.14	6.72	7.71	7.45

# PRINCIPAL ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 ASHAD 2069 (15 JULY 2012)

## i) General information

Nepal SBI Bank Limited is a limited liability public listed company domiciled in Nepal. The registered office of the “Bank” is situated at Hattisar, Kathmandu, Nepal. It is a subsidiary of State Bank of India which holds 55.28% shares in the Bank.

The principal activities of the Bank consist of the business of commercial banking and other financial services in Nepal.

The Financial Statements for the year ended on Ashad 31, 2069 (15 July 2012) were authorised for issue by the BOD in its 346th meeting held on September 05, 2012.

## ii) Statement of Compliance

The Financial Statements have been prepared in accordance with Nepal Accounting Standards (NAS) issued by the Nepal Accounting Standard Board except otherwise stated, Banks & Financial Institutions Act 2063, presentation requirement of Nepal Rastra Bank directives and in conformity with the Companies Act 2063.

These policies have been consistently applied to all the years presented except otherwise stated.

## iii) Basis of Preparation

The Financial Statements are prepared on the historical cost basis except for foreign currency items. They are presented in Nepalese Rupees and have been rounded to the nearest Rupee.

## iv) Use of Estimates, Assumptions & Judgements

The preparation of financial statements requires management to make judgements,

estimates and assumptions that affect the application of policies and reported amount of assets and liabilities, income and expenses. Management believes that estimates used in the preparation of financial statements are prudent and reasonable.

Estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future period affected.

## v) Interest Income

Interest income from loans and advances is recognised on cash basis as per the Directives of Nepal Rastra Bank, which is not in line with Nepal Accounting Standard (NAS) 7 (Revenue Accounting), which prescribes that interest income should be recognised on an accrual basis.

Interest income from Investments and other assets is recognised on an accrual basis.

## vi) Commission and Fee Income

Commission and fee income mainly comprises of fees receivable from customers for guarantees, letter of credit and other services provided by the bank. Such income is recognised as revenue on cash basis at the time the services are provided.

## vii) Dividend Income

Dividend income is recognised when the right to receive payment is established.

## viii) Foreign Exchange Transactions

Foreign currency assets and liabilities are translated into Nepalese Rupees at the prevailing middle rate ruling on the Balance Sheet date.

Income arising from the difference between buying and selling rates of foreign exchange transactions are recorded on a daily basis and shown as “Trading Gain on Foreign Exchange”

Gains/losses arising due to fluctuation in exchange rate of different foreign currencies is accounted for on daily basis as “Revaluation Gain/Loss”. As per Directives of Nepal Rastra Bank, 25% of the revaluation gain has to be transferred to Exchange Fluctuation Reserve through Profit and Loss Appropriation Account.

#### **ix) Interest Expense**

Interest payable on deposit liabilities, debenture bonds borrowings and other liabilities are accounted for on accrual basis.

#### **x) Loans and Advances including Bills Purchased**

Loans and advances including bills purchased are stated in the Balance Sheet net of provisions for loan losses. These loans and advances including bills purchased are classified as per the Directives of Nepal Rastra Bank.

#### **xi) Staff Loans**

Loans and advances granted to staff in accordance with the staff loan scheme of the Bank are shown under Other Assets.

#### **xii) Loan Loss Provision**

Provision for possible losses has been made to cover risks inherent in bank’s loan portfolio. Provision for possible losses from loans, advances and bills purchased are made at the rates ranging from 1% to 100% according to classification of such risk assets as per Directives of Nepal Rastra Bank. Loan loss provisions on loans and advances which are insured by the bank are made at 25% of the prevailing rates prescribed by Nepal Rastra Bank.

#### **xiii) Loan (Book) Write off**

Unrecoverable loans and advances graded

“Loss” in compliances with NRB Directives are written off the books as per criteria / policy upon approval of the Board of Directors.

Amount recovered against loans written off are recognised as income in the year of recovery.

#### **xiv) Investments**

The Bank has segregated its investment portfolio into following three categories:

##### **a. Held for Trading:**

An investment that is made for the purpose of generating a profit from short term fluctuations in price is classified under this category. An asset is classified as held for trading even if it is a part of a portfolio of similar assets for which there is a pattern of trading for the purpose of generating a profit from short term fluctuations in price. These investments are marked to market and differences reflected in the profit and loss account.

##### **b. Held to Maturity:**

Investments made with positive intent and ability of the bank to hold till maturity is classified as held to maturity investments. Bank does not have the positive intent to hold an investment to maturity, if any of the following conditions are met:

1. Bank has the intent and the ability to hold the asset for only an undefined period; or
2. Bank stands ready to sell the asset (except when a situation arises that is non-recurring and could not have been reasonably anticipated) in response to changes in market interest rates or risks, liquidity needs, changes in the availability of and the yield on alternative investments, changes in financing sources and terms, or changes in foreign currency risk.

The held to maturity investments are valued at amortised cost i.e. the cost price less any



impairments (if applicable). The impairments are included in the profit and loss accounts for the period.

#### c. Available for Sale:

All other investments that are neither “held for trading” nor “held to maturity” are classified under this category. These investments are marked to market on a regular basis and the difference is adjusted through reserves. Bank will maintain Investment Adjustment Reserve (eligible as Tier 2 capital) to the extent of 2% of available for sale portfolio as per Directives of Nepal Rastra Bank.

### xv) Fixed Assets and Depreciation

- Fixed assets are stated at cost less accumulated depreciation.
- Land is not depreciated.
- Asset with a value less than Rs 5,000 is charged off as a revenue expense in the year of purchase irrespective of its useful life.
- Fixed assets and cost on improvements and renovation of leasehold properties are depreciated at rates based upon their expected useful lives, using the straight-line method and grouped under ‘Others’ in schedule 14. The estimated useful lives and depreciation rates of fixed assets are as follows:

Asset Heads	Useful Life (years)	Depreciation Rate (%)
Equipments and Computer & Accessories	2.5 -5	40 -20
Furniture	6.67-10	15-10
Civil Construction (Leasehold assets)	13.33	7.50%
Vehicles	6.66	15.00%

### xvi) Intangible Assets

#### a. Basis of Recognition

An intangible asset is recognised if it is probable that the future economic benefits

that are attributable to the assets will flow to the bank and the cost of the assets can be measured reliably.

#### b. Measurement

Software: Software represents the value of computer application software licensed for use of the Bank, other than software applied to the operation software system of computers. These intangible assets are carried at its cost, less accumulated depreciation and any impairment losses. These assets are included under the account head “Office Equipment” (Computers and Accessories) and amortized accordingly.

### xvii) Non-Banking Assets (NBAs)

Non-Banking Assets represent properties that are acquired in full or partial satisfaction of debts.

The Bank has adopted a policy of acquiring properties that are placed as collateral in full or partial satisfaction of debts as per prevailing laws and guidelines. The value of such properties shall be determined as per Directives of Nepal Rastra Bank.

Non-Banking Assets are stated net of provision for losses in the Balance Sheet.

### xviii) Employee Benefits

#### Short Term Employee Benefit

The undiscounted amount of short-term employee benefits, such as salaries, medical benefit, staff bonus etc. which are expected to be paid in exchange for the services rendered by employees is recognised during the period when the employee renders the service.

The Bank offers leave encashment facility to its confirmed employees which may be encashed during the service period as per the Staff Service Rule of the Bank and unused leave is accumulated and paid at the time of

separation from service. Provision for leave is made on accrual basis determined by the management as per Staff Service By-Laws of the Bank.

#### **Defined Contribution Plan**

Bank contributes 10% of Basic Salary of all permanent employees as provident fund to “Nepal SBI Bank Limited Retirement Fund” and same amount is contributed from employee. “Nepal SBI Bank Limited Retirement Fund” is an approved retirement fund which is independently administrated. Bank’s contribution is charged as expense when employee has rendered service to bank.

Bank pays insurance premium of its permanent employee as per Staff Service Rules of the Bank. Insurance policy is in the name of a specified plan participant and bank has no legal liability to cover any loss on the policy and insurer has sole responsibility for paying the benefit. The amount of insurance premium paid is charged as expense for the period.

#### **Defined Benefit Plan**

Permanent employees of bank are eligible for gratuity payment on their separation from service as per Staff Service Rule of the Bank. Provision for gratuity is made on accrual basis determined by the management as per Staff Service Rule of the Bank taking the proportion of service period served by permanent employees. Gratuity is accumulated as provision and has not been transferred to any other retirement funds.

#### **xix) Stationery Stock**

Stationery purchased is stated at cost and charged to revenue at the time of consumption.

#### **xx) Provision for Taxation**

Provision for taxation has been made on the basis of the Income Tax Act 2058 and amendments thereto.

#### **xxi) Deferred Tax**

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities, and their respective tax bases. Deferred tax assets and liabilities are measured using tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled based on the laws that have been enacted or subsequently enacted on the reporting date.

Deferred tax assets arising from temporary difference are recognized to the extent there is certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets and liabilities are presented under “Other Assets or Liabilities” as Per Nepal Accounting Standard 9 and Directives No. 4. An amount equal to total of deferred tax income is transferred to Deferred Tax Reserve.

#### **xxii) Lease**

Assets held under finance leases are initially recognized as assets of the Bank at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the financial statement as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets. Contingent rentals are recognized as expenses in the periods in which they are incurred.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

**xxiii) Provisions, Contingent Liabilities and Contingent Assets**

The Bank creates a provision when there is a present obligation as a result of past events that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an economic benefit will arise, the asset and related income are recognised in the period in which the change occurs.

Liabilities on account of derivative contracts are reported under contingent liabilities under Forward Exchange Contract liabilities. These include notional principal on outstanding forward rate agreements.

**xxiv) Cash & Cash Equivalents**

Cash & cash equivalents comprise cash and bank balances.

**xxv) Previous Year's Figures**

Previous year's figures are grouped or regrouped wherever necessary to facilitate comparison.

# NOTES TO ACCOUNTS

## FOR THE YEAR ENDED 31 ASHAD 2069 (15 JULY 2012)

**1. Provision for Staff Bonus**

Provision for staff bonus amounting to Rs 68,665,358 has been computed and provided for at 10% of net profit after bonus.

**2. Staff Housing Fund**

As the Bank has a provision for extending housing loans to the eligible staff, a separate staff housing fund has not been created as prescribed by the Labour Act, 2048.

**3. Change in Estimate**

The Bank has revised the useful life of its assets with effect from 17 July 2011 and the effect of such change has been recognized prospectively in the profit and loss account. The revision in the useful life of the assets has resulted in increase in the net profits for the FY by Rs 22,750,339.

**4. Debenture Redemption Reserve**

As provided in respective prospectus, an amount equal to Rs 28,571,429 and Rs 16,776,256 has been appropriated to debenture redemption reserve during the year for NSBL 6% debenture and NSBL 12.5% debenture respectively.

**5. General Reserve**

As required under the Banks and Financial Institutions Act 2063, 20% of the current year's net profit amounting to Rs 96,021,099 has been transferred to General Reserve.

**6. Exchange Fluctuation Reserve**

Revaluation gain arising out of exchange fluctuation during the year is Rs 3,195,800.00 As per Directives of Nepal Rastra Bank, 25% of such gain amounting to Rs 798,950.00 has been transferred to Exchange Fluctuation Reserve.

**7. Capital Adjustment Reserve**

The Opening Capital Adjustment Reserve of Rs 3 crores is transferred to Profit & Loss Appropriation Account for the purpose of 12.5 % bonus shares. Rs 0.50 crore has been transferred to Capital Adjustment Reserve from the Profit and Loss Appropriation Account this year.

**8. Investment Adjustment Reserve**

As required by Directives of Nepal Rastra Bank, 2% of investment amount under 'Investment Available for Sale' category amounting to Rs. 515,360 has been transferred to Investment Adjustment Reserve. Total balance of Investment Adjustment Reserve after such transfer is Rs. 515,360.

**9. Provision for Gratuity**

During the FY 2068-69, the Bank has provided Rs 13,586,600.00 on account of gratuity. A sum of Rs 225,225.00 was paid as gratuity during the year out of the accumulated provision. Separate fund as required by the Labour Rule, 2048 has not been created for gratuity liability payable to staff.

**10. Provision for Leave Encashment**

During the FY 2068-69, the Bank has provided Rs 11,771,717.00 for accrued leave encashment.

**11. Tax Settlement Outstanding**

Bank has settled the corporate tax liability up to FY 2064-65 and has also received advance payment certificate from Large Tax Payers' Office (LTPO) for excess tax payment made up to the end of the FY 2064-65. For the FY 2065-66 and 2066-67 and 2067-68 tax returns under self assessments have been submitted to Large Tax Payer Office for which final assessment is yet to be completed.

## 12. Income Tax and Deferred Tax

Provision for income tax has been made as per the provisions of Income Tax Act. Deferred Tax has been calculated as per the “Nepal Accounting Standard 9- Income Taxes”.

The movement in deferred tax assets/ liabilities is as follows:

Particulars / Items	Carrying Amount	Tax Base	Deductible Temp Diff	Taxable Tem. Diff.	Deferred Tax Asset/ Liabilities
Fixed Assets	456,760,554	516,733,688	59,973,134		17,991,940
Provision for Gratuity and Leave	131,990,873	-	131,990,873		39,597,262
Provision for NBA	-	17,759,000	17,759,000		5,327,700
Premium Paid on Development Bond	-	-	-		-
Interest Income Treasury Bills	-	-		-	
Total Deferred Tax as on 15 July 2012	588,751,427	534,492,688	209,723,007	-	62,916,902
Total Deferred Tax Assets as on 17 July 2011					39,683,852
Movement to Profit and Loss Account					23,233,050

## 13. Draft Paid Without Notice (FY 1998/99) (B.S. 2055-56)

Bank had filed a case with the Kathmandu District Court for recovery of Rs 32,000,000 on account of loss incurred by the Bank due to the negligence of collecting Banks. Since the decision of the District Court and Appellate Court was not in favor of the Bank, a leave petition was filed with the Supreme Court. Hearing on the Bank's leave petition is under process. The Bank has already received Rs 9,640,625 from insurance company and banks and 100% provision has been made for the balance amount of Rs 22,359,375 against possible loss on this account.

## 14. Reconciliation Status of Agency Accounts Outstanding as on 15.07.2012

PARTICULARS	TOTAL		< 3 MONTHS		>3< 9 MONTHS		> 9 MONTHS	
	Entry	Net Amt	Entry	Net Amt	Entry	Net Amt	Entry	Net Amt
TOTAL AMOUNT (NPR)	8648	736,877.44	4430	611,537.37	641	24,926.83	3577	100,413.24

The un-reconciled entries represent unpaid credit entries, net of un-reconciled debit entries outstanding. All the un-reconciled entries are identified and being followed up with the correspondent banks. They will be adjusted in due course of business.

## 15. Summary of Loans and Advances disbursed, recovered and Principal & Interest Written-off

Rs in '000

Particulars	Amount
Balance as on 16/07/2011	21,718,790.73
Loans Disbursed	117,683,925.80
Loans Recovered	112,896,537.55
Loans Written Off	42,507.51
Interest Written Off	85,494.70
Balance as on 15/07/2012	26,463,671.46

## 16. Summary of Changes in deposit & liabilities

Rs in '000

Particulars	Current Year	Previous Year	Changes
Call Deposits	2,700,997	1,917,075	783,923
Current Deposits	3,777,859	4,259,416	(481,557)
Fixed Deposits	36,208,650	28,013,550	8,195,100
Margin Deposits	305,175	146,159	159,016
Saving Deposits	10,344,583	8,079,244	2,265,340
<b>Total</b>	<b>53,337,264</b>	<b>42,415,443</b>	<b>10,921,821</b>

## 17. Weighted Average Interest Spread

Particulars	Rate %
Average Rate of Return on Interest Earning Assets (Loan and Advances (including staff loans) and Investments including investment in shares)	8.18
Average Cost on Fund (Deposits, Borrowings, Debenture and NRB Refinance)	5.48
<b>Net Spread</b>	<b>2.70</b>

## 18. Particulars of Expenses yet to be Expensed-off/amortized

Premium paid on Development Bond- Rs. 33,320,505

## 19. Details of leasehold assets amortized and software cost

Particulars	Balance as on 17 July 2011	Added/Sold during the year	Amortized During the Year	Balance as on 15 July 2012
Lease hold	61,729,757	12,553,983	4,956,013	69,327,727
Software	5,604,733	3,088,000	2,794,568	5,898,165
<b>Total</b>	<b>67,334,490</b>	<b>15,641,983</b>	<b>7,750,581</b>	<b>75,225,892</b>

## 20. Summary of Concentration Exposure

Rs in '000

Particulars	Loans, Advances & Bills Purchased	Deposits & Borrowing	Contingent Liabilities
Total amount as on 15/07/2012	26,463,671	53,337,264	5,571,639
Highest exposure to a single unit	465,569	19,957,154	373,498
Percentage of exposure to single unit/total	1.76%	37.42%	6.70%

## 21. None of the bank's borrowings is against the collateral of its own assets.

## 22. Reclassification made in comparative figures

Interest Income on development bond has been presented net of amortized cost of premium paid at the time of acquisition of such bond. Visa commission received from customer has been presented net of payment of commission to VISA service provider. Net effect is presented in the following table.

SN	Account Head	Schedule	Previous Year Figure	Reclassified Figure	Difference
1	Interest Income	18	3,104,231,807	3,099,907,735	(4,324,072)
2	Commission and Discount Income	20	247,164,764	236,159,350	(11,005,414)
3	Other Operating Expense	24	445,072,722	429,743,236	(15,329,486)

## 23. Lease

### 23.1 Finance Lease

The Bank has not entered into any finance lease and does not have any obligation in respect of finance lease.

### 23.2 Operating Lease

The Bank has entered into lease arrangements for office premises and ATM space outside of the branches for different periods continuing from previous years, which can be terminated by either party giving 90 – 180 days' notice. The details of lease payments are as follows:

Amount due during the Current Period	Amount due during the Corresponding Previous Period	Amount due within one year from the balance sheet date	Amount due in the period from second year to sixth year from balance sheet date	Amount due for the remaining period after sixth year from balance sheet date
72,051,161	60,747,291	66,221,935	265,139,299	61,053,397

## 24. Related Party Information and Transactions

### 1.1 Related Party Information

The bank is controlled by State Bank of India, which owns 55.28 % share of company. Key Management Personnel include 3 SBI Officials deputed under Technical Service Agreement and one employee of Nepal SBI Bank Limited.

### 1.2 Related parties transactions

Expense of Rs 13,808,600.00 during the financial year has been made for the technical support provided by holding company to the Bank as per Technical Service Agreement (TSA) among the parties approved by Nepal Rastra Bank. Compensation paid to Key Management Personnel from SBI is provided by SBI. Total meeting fee paid to directors of bank for the fiscal year is Rs 1,884,000.00

### 1.3 Outstanding Assets with related party

Total outstanding balances with related party as on Ashad End 2069 is as follows:

Rs in '000

SN	Particulars	Holding Company
1	Outstanding Placement	19,872,038.81
2	Outstanding Agency Balance	980,915.71
3	Interest recognized as income during the year	426,479.56



## 2. Classification of Assets and Liabilities based on Maturity.

Rs. In Lacs

S.N.	Particulars	1-7 days	8-30 days	31-90 days	91-180 days	181-270 days	271-365 days	More than 1 year	Total
	<b>Assets</b>								
1	Cash Balance	11,868							11868
2	Balance with Banks & FIs	43,216							43216
3	Investment in Foreign Banks	2648	30888	5913	1765	6178	0	151330	198720
4	Call Money	178							178
5	Government Securities	0	0	17613	6335	3897	6336	0	34180
6	Nepal Rastra Bank Bonds	0	0	0	0	2200	0	9227	11427
7	Inter Bank & FI Lending	0							0
8	Loans & Advances	4019	11269	49109	50875	55555	34778	59030	264637
9	Interest Receivable	772	31	37	900	1603	1091	0	4434
10	Reverse Repo								0
11	Acceptance Receivable	0							0
12	Payments under S.No. 20,21 & 22	13527	5531	29911	12754	13339	10709	6141	91913
13	Others	6496						3122	9618
	<b>Total (A)</b>	<b>82725</b>	<b>47718</b>	<b>102582</b>	<b>72629</b>	<b>82771</b>	<b>52915</b>	<b>228851</b>	<b>670192</b>
	<b>Liabilities</b>								
14	Current Deposits	19659						21170	40829
15	Saving Deposits (including call)	34194						96262	130456
16	Fixed Deposits	4842	38035	32499	36047	51049	13245	186369	362087
17	Debentures/Bonds							6000	6000
18	Borrowings	0	0	0	0	0	0	0	0
	Call/Short Notice								0
	Inter-bank/Financial Institutions	0							0
	Refinance								0
	Others								0
19	Other Liabilities and Provisions	8429	0	0	648	0	0	1320	10398
	Sundry Creditors	4518							4518
	Bills Payable	1204							1204
	Interest Payable	622							622
	Provisions	1945	0	0	648			1320	3913
	Others	141							141
20	Acceptance Liabilities	8851	530	2648					12029
21	Irrevocable Loan Commitment	12	750	10917	7116	10783	6599	20	36197
22	Letter of Credit/Guarantee	4665	4251	16345	5638	2556	4111	6122	43688
23	Repo								0
24	Payable under s.no.11								0
25	Others								0
	<b>Total (B)</b>	<b>80652</b>	<b>43566</b>	<b>62409</b>	<b>49450</b>	<b>64388</b>	<b>23955</b>	<b>317262</b>	<b>641682</b>
	<b>Net Financial Assets (A-B)</b>	<b>2073</b>	<b>4152</b>	<b>40173</b>	<b>23180</b>	<b>18384</b>	<b>28960</b>	<b>-88411</b>	<b>28510</b>
	<b>Cumulative Net Financial Assets</b>	<b>2073</b>	<b>6224</b>	<b>46397</b>	<b>69577</b>	<b>87960</b>	<b>116921</b>	<b>28510</b>	<b>0</b>

The unutilized credit commitments have been computed as per its definition given in Capital Adequacy Framework of NRB.

## DISCLOSURE UNDER CAPITAL ADEQUACY FRAMEWORK OF NRB

As on 31 ASHAD 2069

### 1. CAPITAL STRUCTURE & CAPITAL ADEQUACY

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

		<i>Rs. in Lacs</i>	
	Particulars	Amount	Amount
A	Paid Up Equity Share Capital		20,939.90
B	Proposed Bonus Equity Share		2,617.49
C	Statutory General Reserve		5,718.02
D	Retained Earnings		-
E	Share Premium		-
F	Unaudited Current Year Cumulative Profit		-
G	Capital Adjustment Reserve		50.00
H	Deferred Tax Reserve		629.17
I	Current Year's P/L Account		22.03
J	Other Free Reserve (Debenture Redemption Reserve)		1,882.05
K	Less:		(7.48)
	a) Fictitious Assets	-	
	b) Investment arising out of underwriting commitments	(7.48)	
<b>Total Core Capital (Tier I)</b>			<b>31,851.18</b>

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

		<i>Rs. in Lacs</i>	
	Particulars		Amount
A	Subordinate Term Debt		4,400.00
B	General Loan Loss Provision		2,624.33
C	Exchange Equalization Reserve		110.78
D	Investment Adjustment Fund		5.15
<b>Total Supplementary Capital (Tier II)</b>			<b>7,140.26</b>

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

		<i>Rs. in Lacs</i>	
	Particulars		Amount
	Total Core Capital (Tier I)		31,851.18
	Total Supplementary Capital (Tier II)		7,140.26
<b>Total Capital Fund (Tier I + Tier II)</b>			<b>38,991.44</b>

#### iv. Information about Subordinate Term Debt

	Rs. in Lacs
Rs 20 Crores 6% Nepal SBI Debentures 2070 of Rs. 1,000/- each issued on 16.07.2006 and maturing o 15.07.2013	
Rs 40 Crs 12.5% Nepal SBI Debentures 2078 of Rs 1000/- each issued on 12.02.2012 and maturing on 11.02.2022	
- Outstanding Amount	6,000.00
- Fixed Maturity Period of 7 Years from 16.07.2006 and Fixed Maturity Period of 10 Years from 12.02.2012	
- 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	1,882.05
- Amount raised during the year	4,000.00
- Amount Eligible to be reckoned as Capital Fund	4,400.00

#### v. Deduction Form Capital

	Particulars	Amount
A	Fictitious Assets	Nil
B	Investment arising out of underwriting commitments	(7.48)
	<b>Total Deduction</b>	<b>(7.48)</b>

#### vi. Total Qualifying Capital

<b>Total Qualifying Capital</b>	<b>38,991.44</b>
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#### vii. Capital Adequacy Ratio

<b>Capital Adequacy Ratio (Percentage)</b>	<b>11.21%</b>
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#### viii. Summary of Bank's Internal Approach to assess the adequacy of its capital to support current and future activities

A comprehensive ICAAP document is in place in this regard.

#### ix. Features of Subordinate Term Debt

- Fixed Maturity Period of 7 years and 10 years
- Interest payment half yearly
- At the time of liquidation, right of claims of the debenture holder will be entertained only after the claims of depositors.
- Redeemable and non convertible

## 2. RISK EXPOSURE

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

Rs. in Lacs

	Particulars	Amount
A	Risk Weighted Exposure for Credit Risk	322,262.82
B	Risk Weighted Exposure for Operational Risk	14,898.41
C	Risk Weighted Exposure for Market Risk	3,836.74
	<b>Total Risk Weighter Exposure (A+B+C)</b>	<b>340,997.97</b>
D	"Add: 2% of the total RWE as Supervisor is not satisfied with the overall risk Management Policies and Procedures (6.4 a 9)"	6,819.96
E	Add: . % of the total deposit due to insufficient Liquid Assets (6.4 a 6)	-
	<b>Total Risk Weighted Exposures (After Bank's Adjustment of Pillar II)</b>	<b>347,817.93</b>

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

Rs. in Lacs

S.No.	Categories	Amount
1	Claims on Government and Central Bank	-
2	Claims on Other Official Entities	1,127.62
3	Claims on Banks	44,413.92
4	Claims on Corporate and Securities Entities	153,888.19
5	Claims on Regulatory Retail Portfolio	38,643.55
6	Claims Secured by Residential Properties	16,323.97
7	Claims Secured by Commercial Real Estate	3,197.00
8	Past Due Claims	1,659.78
9	High Risk Claims	7,833.46
10	Other Assets	18,360.19
11	Off Balance Sheet Items	36,815.15
	<b>Total</b>	<b>322,262.82</b>

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

Rs. in Lacs

	Particulars	Gross Amount	Provision	Net Amount
A	Restructured	1,064.04	299.04	765.00
B	Sub-standard	45.84	11.46	34.38
C	Doubtful	28.47	12.28	16.19
D	Loss	300.13	268.67	31.46
	<b>Total</b>	<b>1,438.48</b>	<b>591.45</b>	<b>847.03</b>

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

NPA Ratios	Percentage (%)
- Gross NPA to Gross Advances	0.54%
- Net NPA to Net Advances	0.32%

#### v. Movement of Non Performing Assets

Rs. in Lacs

S.No.	Particulars	Opening Balance (Ashad End 2068)	Closing Balance (Ashad End 2069)	Movement
<b>Non Performing Loan</b>				
1	Restructured	1,399.45	1,064.04	(335.41)
2	Sub-Standard	23.96	45.84	21.88
3	Doubtful	18.00	28.47	10.47
4	Loss	951.59	300.13	(651.46)

#### vi Write off of loans and interest Suspense

During the financial year the bank has written off Rs 42507513.85 loan (principal) and Rs.85494699.72 interest suspense as per NRB Directive.

#### vii. Movement Of Loan Loss Provision and Interest Suspense Loan Loss Provision

Rs. in Lacs

S.No.	Particulars	Opening Balance (Ashad End 2068)	Closing Balance (Ashad End 2069)	Movement
1	Pass	2,137.93	2,624.33	486.40
2	Restructured	464.11	299.04	(165.07)
3	Sub-Standard	5.19	11.46	6.27
4	Doubtful	4.96	12.28	7.32
5	Loss	918.00	268.67	(649.33)
<b>Total Loan Loss Provision</b>		<b>3,530.19</b>	<b>3,215.78</b>	<b>(314.41)</b>

#### Interest Suspense

Rs. in Lacs

S.No.	Particulars	Opening Balance (Ashad End 2068)	Closing Balance (Ashad End 2069)	Movement
1	Interest Suspense	1,326.21	770.00	(556.21)

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

Rs. in Lacs

S.No.	Particulars	Ashad End 2069
1	Pass	486.40
2	Restructured	(165.07)
3	Sub-Standard	6.27
4	Doubtful	7.32
5	Loss	(649.33)
<b>Total</b>		<b>(314.41)</b>

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

Investments are segregated as per NRB Directive. At the present, investment under category "Held for Trade" is Nil and investments under other categories are as follows:

#### A. Investment Held to Maturity

Rs. in Lacs

S.No.	Particulars	Cost Price (a) Rs.	Impairment Till Date (b) Rs.	Impairment This Year (c) Rs.	"This Year Profit /Loss (a-b-c) Rs."	Previous Year Profit / Loss Rs.	Remarks
1	Nepal Government Treasury Bills	34,179.85	-	-	-	-	
2	Nepal Government Other securities	11,427.25	-	-	-	-	
3	Foreign Bank Investment (Placement)	198,720.39					
4	Other Investments (Inter Bank Lending)	-	-	-	-	-	
Total Investment		244,327.49	-	-	-	-	

#### B. Investment Available for Sale

Rs. in Lacs

SN	Particulars	Cost Price Rs.	Previous Market Price(a) Rs.	Current Market Price (b) Rs.	This Year Investment Adjustment Reserve (b-a) Rs.	Previous Year Profit /Loss Rs.	Remarks
1	Shares, Debentures and Bond of Domestic Entity						
	Listed	7.48	10.59	10.82	-	-	*
	Not Listed	299.56	-	-	-	-	**
Total Investment		307.04	10.59	10.82	-	-	

Note:

\* Even though the current market price is higher than the cost price, we have not marked these securities to market.

\*\* No Investment Adjustment Reserve has been maintained because NRB Directive No. 4/ 2068 has exempted maintenance of such reserve against investment in Credit Information Center Ltd., Nepal Clearing House and National Banking Training Institute

### 3. RISK MANAGEMENT FUNCTION

#### i. Strategies and Policies

Credit risk process is a joint effort between its marketing and credit areas. Credit officers are engaged in analyzing inherent risks in the customer's business, ability to repay and structure a facility that simultaneously accommodates the financing needs, while assuring security, protection and control of the bank's assets and collateral.

#### ii. The Structure and Organization of the Relevant Risk Management Function

The Board of Directors (BOD) is the ultimate authority in the decision making process. The process, however, is initiated at the business unit officers / business unit heads / ALCO level, credit control and goes through the Chief Credit Officer, Managing Director, Credit Committee and the BOD.

The risk management stops at different levels depending on the bank's policy relating to approval discretions. Further, policy manuals on credit, risk management and operations are also available to guide the staff on day to day business.

iii. The Scope and Nature of Risk Reporting and / or Measurement Systems

Risk reporting / measurement system is done through regular customer interactions, site inspections & annual reviews. These are continuous processes. Further, review of the bank's performance is conducted every quarter and findings are reported to the BOD.

iv. Policies for Hedging and / or the mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges / mitigates

Policies for mitigating risks & strategies are as outlined in the respective manuals and as discussed at various levels after customer interactions / visits, during annual reviews, quarterly reviews and at meetings at various levels.

v. Eligible CRM (Credit Risk Mitigants)

Particulars		Rs. in Lacs
		Eligible CRM
Deposits with Bank		16,773.37
Govt.& NRB Securities		1,678.95
Guarantees of domestic banks		34.32
Guarantees of foreign banks		1,905.62
Total		20,392.26

## SCHEDULE 34

### PARTICULARS REGARDING LOAN AVAILED BY THE PROMOTER/PROMOTER GROUP SHAREHOLDERS FROM ANY BANK/FINANCIAL INSTITUTION AGAINST PLEDGE OF SHARES HELD BY THEM

S.No	Name of the Promoter/ Promoter Group Shareholders	Shares Held by Promoters		Particulars Of the Loan			Remarks
		Total Number Of Shares	Percentage Of the Total Paid Up Capital	Name of the Lending Bank/ Financial Institution	Loan Amount	Number Of Shares Pledged	
1	State Bank of India(SBI)	11,576,116 .42	55.28%	NA	Nil	Nil	
2	Employees Provident Fund (EPF)	3,157,122.66	15.08%	NA	Nil	Nil	



## SCHEDULE 35

### COMPARISON OF UNAUDITED AND AUDITED FINANCIAL STATEMENT FOR THE FY 2068/69

Rs in '000

S. N.	Particulars	As per Unaudited Financial Statement as on 15.07.2012	As per Audited Financial Statement as on 15.07.2012	Variance		Reason for Variance
				In Amount	In %	
		A	B	C=B-A	D=C/A%	
<b>1</b>	<b>Total Capital and Liabilities (1.1 to 1.7)</b>	<b>58,051,122</b>	<b>58,059,708</b>	<b>8,586</b>		
1.1	Paid Up Capital	2,093,990	2,355,739	261,749	12.50%	Due to proposed bonus shares.
1.2	Reserve and surplus	1,203,692	841,720	(361,972)	-30.07%	Due to proposed bonus shares and proposed dividend and increase in net profit.
1.3	Debenture and Bond	600,000	600,000	-	0.00%	
1.4	Borrowings	0	-	-		
1.5	Deposits (a+b)	53,337,264	53,337,265	-	0.00%	
	a. Domestic Currency	32,916,339	32,916,339	-	0.00%	
	b. Foreign Currency	20,420,926	20,420,926	-	0.00%	
1.6	Income Tax Liability	0	3,469	3,469		Due to increase in net profit resulting into increase in income tax provision.
1.7	Other Liabilities	816,177	921,516	105,339	12.91%	Due to proposed dividend and increase in staff bonus.
<b>2</b>	<b>Total Assets (2.1 to 2.7)</b>	<b>58,051,122</b>	<b>58,059,708</b>	<b>8,586</b>		
2.1	Cash and Bank Balance	5,508,382	5,508,382	-	0.00%	
2.2	Money at Call and Short Notice	178,250	178,250	-	0.00%	
2.3	Investments	24,463,452	24,463,452	-	0.00%	
2.4	Loans and Advances (Net)	26,142,094	26,142,094	-	0.00%	
	a. Real Estate Loan	1,318,344	1,318,344	-	0.00%	
	1. Residential Real Estate Loan (Except Personal Home loan up to Rs. 80 Lacs)	314,726	314,726	-	0.00%	
	2. Business Complex & Residential Apartment Construction Loan	316,503	316,503	-	0.00%	
	3. Income generating Commercial Complex Loan	0	-	-		
	4. Other Real Estate Loan (Including Land purchase & Plotting)	687,115	687,115	-	0.00%	
	b. Personal Home Loan of Rs. 80 Lacs or Less	2,304,322	2,304,322	-	0.00%	
	c. Margin Type Loan	0	-	-		
	d. Term Loan	1,129,887	1,129,887	-	0.00%	
	e. Overdraft Loan / TR Loan / WC Loan	16,069,834	16,069,834	-	0.00%	
	f. Others	5,319,707	5,319,707	-	0.00%	

## SCHEDULE 35 *Contd...*

Rs in '000

S. N.	Particulars	As per Unaudited Financial Statement as on 15.07.2012	As per Audited Financial Statement as on 15.07.2012	Variance		Reason for Variance
				In Amount	In %	
2.5	Fixed Assets (Net)	710,847	715,921	5,074	0.71%	Due to change in depreciation amount.
2.6	Non Banking Assets (Net)	0	-	-		
2.7	Other Assets	1,048,096	1,051,609	3,513	0.34%	Due to increase in interest receivable in development bond and change in amount of income tax (current and deferred).
<b>3</b>	<b>Profit and Loss Account</b>			-		
3.1	Interest Income	3,767,515	3,769,483	1,968	0.05%	Due to increase in interest income from development bond.
3.2	Interest Expenses	2,770,799	2,770,799	-	0.00%	
	A Net Interest Income (3.1-3.2)	996,716	998,684	1,968		
3.3	Fees, Commission and Discount	255,326	255,352	26	0.01%	Due to increase in insurance agency commission amount.
3.4	Other Operating Income	141,762	141,762	-	0.00%	
3.5	Foreign Exchange Gain/Loss (Net)	101,138	101,138	-	0.00%	
	B. Total Operating Income (A.+3.3+3.4+3.5)	1,494,942	1,496,936	1,994		
3.6	Staff Expenses	289,153	289,153	-	0.00%	
3.7	Other Operating Expenses	461,251	456,126	(5,125)	-1.11%	Due to decrease in depreciation amount.
	C. Operating Profit Before Provision (B.-3.6-3.7)	744,538	751,657	7,119		
3.8	Provision for Possible Losses	78,012	78,012	-	0.00%	
	D. Operating Profit (C.-3.8)	666,527	673,645	7,118		
3.9	Non Operating Income/Expenses (Net)	2,266	2,183	(83)	-3.66%	Due to decrease in depreciation amount resulting into decrease in profit on disposal of Fixed Assets.
3.1	Write Back of Provision for Possible Loss	91,695	91,695	-	0.00%	
	E. Profit From Regular Activities (D + 3.9+3.10)	760,487	767,523	7,036		
3.11	Extraordinary Income/Expenses (Net)	-12,204	(12,204)	-	0.00%	
	F. Profit before Bonus and Taxes (E + 3.11)	748,284	755,319	7,035		
3.12	Provision for Staff Bonus	68,026	68,665	639	0.94%	Due to combined effects of aforesaid changes.
3.13	Provision for Tax	204,629	206,548	1,919	0.94%	do
	G. Net Profit/Loss (F-3.12-3.13)	475,629	480,106	4,477	0.94%	do

**UNAUDITED FINANCIAL RESULTS (QUARTERLY)**  
**As at end of the 4th Quarter (31/03/2069) of the Fiscal Year 2068/69**

*Rs. in '000*

S. N.	Particulars	This Quarter Ending as on 31.03.2069 (15.07.2012) Unaudited	Previous Quarter Ending as on 30.12.2068 (12.04.2012) Unaudited	Corresponding Previous Year Quarter Ending as on 32.03.2068 (16.07.2011) Audited
<b>1</b>	<b>Total Capital and Liabilities (1.1 to 1.7)</b>	<b>58,051,122</b>	<b>56,515,445</b>	<b>46,088,235</b>
1.1	Paid Up Capital	2,093,990	2,093,990	2,102,966
1.2	Reserves and Surplus	1,203,692	1,047,069	776,327
1.3	Debentures and Bonds	600,000	600,000	200,000
1.4	Borrowings	-	-	-
1.5	Deposits (a+b)	53,337,264	52,234,858	42,415,443
	a. Domestic Currency	32,916,339	33,838,259	28,904,197
	b. Foreign Currency	20,420,926	18,396,599	13,511,246
1.6	Income Tax Liability	-	-	-
1.7	Other Liabilities	816,177	539,528	593,499
<b>2</b>	<b>Total Assets (2.1 to 2.7)</b>	<b>58,051,122</b>	<b>56,515,445</b>	<b>46,088,235</b>
2.1	Cash and Bank Balance	5,508,382	6,431,741	4,877,826
2.2	Money at Call and Short Notice	178,250	-	-
2.3	Investments	24,463,452	23,554,526	18,911,022
2.4	Loans and Advances (Net)	26,142,094	25,025,654	21,365,772
	a. Real Estate Loans	1,318,344	1,414,047	1,547,438
	1. Residential Real Estate Loans (Except Personal Home Loan up to Rs. 10 Million)	314,726	318,849	353,611
	2. Business Complex & Residential Apartment Construction Loans	316,503	345,599	309,931
	3. Income Generating Commercial Complex Loans	-	-	-
	4. Other Real Estate Loans (Including Land Purchase & Plotting)	687,115	749,599	883,896
	b. Personal Home Loans of Rs. 10 Million or Less	2,304,322	2,284,093	2,294,744
	c. Margin Type Loans	-	1,826	2,074
	d. Term Loans	1,129,887	1,165,254	1,059,183
	e. Overdraft Loans / TR Loans / WC Loans	16,069,834	15,241,387	12,221,405
	f. Others	5,319,707	4,919,047	4,240,928
2.5	Fixed Assets (Net)	710,847	700,935	417,003
2.6	Non Banking Assets (Net)	-	-	-
2.7	Other Assets	1,048,096	802,589	516,613

**SCHEDULE A** Contd...  
Rs. in '000

3	Profit and Loss Account	Up to This Quarter Ending as on 31.03.2069 (15.07.2012) Unaudited	Up to Previous Quarter Ending as on as on 30.12.2068 (12.04.2012) Unaudited	Up to Corresponding Previous Year Quarter Ending as on 32.03.2068 (16.07.2011) Audited
3.1	Interest Income	3,767,515	2,688,579	3,104,232
3.2	Interest Expenses	2,770,799	1,993,419	2,096,038
	A. Net Interest Income (3.1-3.2)	996,716	695,160	1,008,193
3.3	Fees, Commission and Discount	255,326	208,870	247,165
3.4	Other Operating Income	141,762	86,990	95,173
3.5	Foreign Exchange Gain/Loss (Net)	101,138	74,821	70,533
	B. Total Operating Income (A.+3.3+3.4+3.5)	1,494,942	1,065,841	1,421,064
3.6	Staff Expenses	289,153	214,900	255,430
3.7	Other Operating Expenses	461,251	346,658	445,073
	C. Operating Profit Before Provision (B.-3.6-3.7)	744,538	504,283	720,561
3.8	Provision for Possible Losses	78,012	60,876	46,308
	D. Operating Profit (C.-3.8)	666,527	443,407	674,252
3.9	Non Operating Income/Expenses (Net)	2,266	356	3,114
3.10	Write Back of Provision for Possible Loss	91,695	52,628	179,122
	E. Profit From Regular Activities (D + 3.9+3.10)	760,487	496,391	856,488
3.11	Extraordinary Income/Expenses (Net)	(12,204)	6,050	(137,673)
	F. Profit before Bonus and Taxes (E + 3.11)	748,284	502,441	718,816
3.12	Provision for Staff Bonus	68,026	45,676	65,347
3.13	Provision for Tax	204,629	137,759	188,904
	G. Net Profit/Loss (F-3.12-3.13)	475,629	319,006	464,565
4	Ratios	At the End of this Quarter	At the End of Previous Quarter	At the End of Corresponding Previous Year Quarter
4.1	Capital Fund to Risk Weighted Assets (RWA)	11.37%	10.76%	11.52%
4.2	Non Performing Loan (NPL) to Total Loan	0.54%	0.84%	1.10%
4.3	Total Loan Loss Provision to Total NPL	223.55%	170.39%	147.52%
4.4	Cost of Fund (Annualized)	5.49%	5.40%	5.19%
4.5	Credit to Deposit Ratio (Calculated as per NRB Directives)	73.09%	68.72%	68.43%
	Additional Information	0.00%		
	Average Yield (Local Currency) (Annualized)	10.20%	10.96%	10.51%
	Average Cost (Local Currency Fund Adjusted for CRR Factor) (Annualized)	7.61%	7.63%	7.27%
	Net Interest Spread (Local Currency)	2.58%	3.33%	3.24%
	Return on Equity (Annualized)	14.43%	14.37%	16.19%
	Return on Assets (Annualized)	0.82%	0.78%	1.01%

Unaudited financial figures are subject to change from Supervisory Authority and External Audit.



**नेपाल राष्ट्र बैंक**

**बैंक सुपरिवेक्षण विभाग**

**गैर-स्थलगत सुपरिवेक्षण महाशाखा**

पत्रसंख्या:- बै.सु.वि./अफसाइट/एजिएम/०७/२०६९-७०

**नेपाल एसबिआई बैंक लिमिटेड**

**हात्तिसार, काठमाडौं।**



केन्द्रीय कार्यालय

बालुवाटार, काठमाडौं

पोष्ट बक्स नं. : ७३

फोन नं.: ४४१७४९७

आन्तरिक: २०४,२०५ र २०६

फ्याक्स नं.: ४४१२३०६

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मिति २०६९/०६/०४

**विषय: वित्तीय विवरण प्रकाशनको स्वीकृति तथा लाभांश वितरण सम्बन्धमा।**

महाशय,

त्यस बैंकले पेश गरेको आर्थिक वर्ष २०६८/६९ को वित्तीय विवरण र सो साथ संलग्न अनुसूचीहरु देहायको निर्देशन सहित सार्वजनिक गर्न सहमति तथा प्रस्ताव गरे बमोजिम रु. १०,४६,९९,४८८/- नगद लाभांश र रु. २६,१७,४८,७३५/- बोनस शेयर घोषणा/वितरण गर्न स्वीकृति प्रदान गरिएको व्यहोरा निर्णयानुसार अनुरोध गर्दछु।

१. लेखापरीक्षकले औल्याएका देहायका कैफियतहरु सहित अन्य कैफियतहरु सुधार गर्न तथा त्यस्ता कैफियतहरु पुनः दोहोरिन नदिने व्यवस्था मिलाउनु हुन।

- Hypothecated Stock मा बहुवैकिङ्ग कर्जा सुविधा उपभोग गरिरहेको केही ऋणीहरुको सन्दर्भमा Stock उपर बैंकहरुको हकदावी के कति हुने सोको यकिनका लागि पारिपासु सम्झौता गर्नु पर्नेमा नगरेको।
- केही कर्जाहरुमा कर्जा स्वीकृत गर्दाको शर्त अनुसार ऋणी फर्म कम्पनीको Site Visit तथा Stock Inspection नगरेको।

२. बैंकको कुल निक्षेपमा ५ निक्षेपकर्ताहरुको अंश ४९ प्रतिशत देखिएकोले यस्तो निक्षेप अधिकेन्द्रित जोखिम न्यूनीकरण गर्ने तर्फ पहल गर्नु हुन।

३. बैंकको निक्षेप अधिकेन्द्रीत (जोखिम) रहेको देखिएकोले सो प्रति सजग रही विविधिकरण तर्फ आवश्यक पहल गर्न हुन।

४. यस बैंकबाट जारी गरीएको निर्देशन नं. १० को वृंदा नं. ७ मा उल्लेखित व्यवस्थाभन्दा बढी हुनेगरी संस्थापक शेयर धारण गर्ने संस्थापक शेयरधनीहरुलाई सो सीमाभित्र नल्याएसम्म प्रस्तावित नगद लाभांश तथा बोनस शेयर वितरण रोक्का राख्नुहुन।

उपरोक्त निर्देशनलाई त्यस बैंकको वार्षिक प्रतिवेदनको छुट्टै पानामा प्रकाशित गर्नु हुन अनुरोध गर्दछु।

भवदीय,

(रामचन्द्र गौतम)

उप-निर्देशक

बोधार्थ :

१. नेपाल राष्ट्र बैंक
- बैंक तथा वित्तीय संस्था नियमन विभाग।
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