

All Banking Solutions, Cards,
Internet & Mobile Banking

20th Annual Report

2012-2013 (2069-2070)

Rising with You towards New Horizons



नेपाल एसबिआई बैंक लिमिटेड
NEPAL SBI BANK LTD.

With us,
You are always a winner



19th Annual General Meeting of Shareholders on 12th October 2012 at Kathmandu.



Winners of CASA Campaign 2013 seen with management team of the Bank.

THE BOARD OF DIRECTORS



Ms. Hasana Sharma
Chairperson
Representing Employees'
Provident Fund



Mr. Hemant G. Contractor
Director
Representing State Bank Of India



Mr. R. Karthikeyan
Director
Representing State Bank Of India



Mr. Vijay Jasuja
Director
Representing State Bank Of India



Mr. Manoj Kumar Agrawal
Director
Representing Public Shareholders



Mr. Niranjana K Tibrewala
Director
Representing Public Shareholders



Mr. Gokul Ram Thapa
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



Study hard, Leave the rest to us.

Nepal SBI Bank Ltd. has been offering Education Loan to the students who have been enrolled for Bachelor's/Master's Degree Program & other Professional Courses, in Nepal and other countries.

Salient features of our product:

- ① Easy loan processing.
- ① Adequate limit to cover the total cost of students.
- ① Loan tenure upto 10 years.
- ① Attractive rate of interest/fees.



For more details, please contact any of our branches located throughout Nepal.

For more details log on to : www.nepalsbi.com.np



Carry your Bank with you...

No more waiting in queues as banking is made easy with Nepal SBI Mobile Wallet. Gain easy access to all the financial services with the push of few buttons of your mobile phones at anytime, even beyond normal banking hours.

Features:

1. Payment to merchant through Mobile Wallet*.
2. Payment to online travel portals for travel booking.
3. Recharge of pre-paid/post-paid mobile, landline & ADSL Bill Payment.
4. Fund transfer from Mobile Wallet to Nepal SBI account & vice-versa.
5. Fund transfer from Mobile Wallet to Mobile wallet.
6. Deposit/Funds withdrawal.
7. No need to open separate bank account.
8. Payment for Ncell Pro.
9. Recharge cards for Dish Home & Broadlink.

For Registration, sms REG to 4114



नेपाल एसबिआई बैंक लिमिटेड
NEPAL SBI BANK LTD.

Corporate Office, Kathmandu

75 ATMs & 62 Banking Outlets

*Merchants associated with Nepal SBI Mobile Wallet System.

Bank is not liable to verify the mobile provider's record regarding ownership of the mobile number.

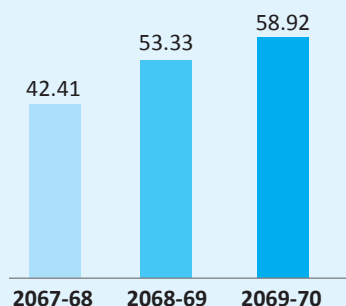


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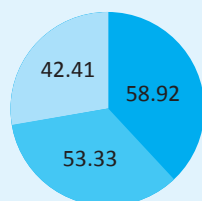
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PERFORMANCE INDICATORS

Deposit (Rs. in Billion)

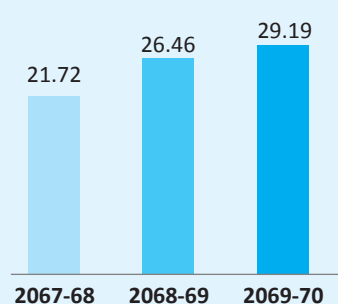


Deposits

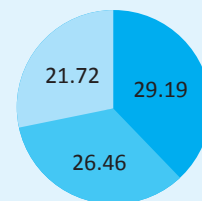


2067-68 2068-69 2069-70

Advances (Rs. in Billion)

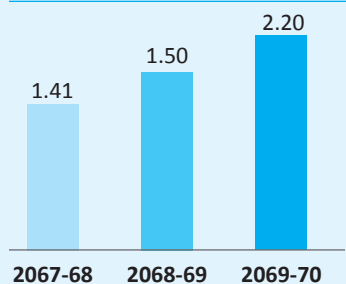


Advances

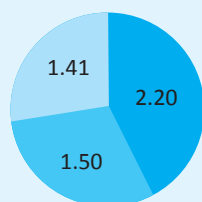


2067-68 2068-69 2069-70

Total income (Rs. in Billion)

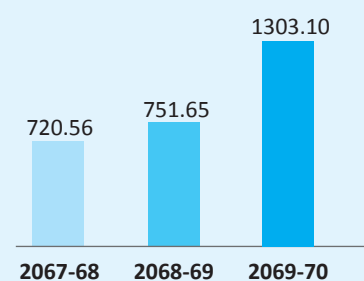


Total Income

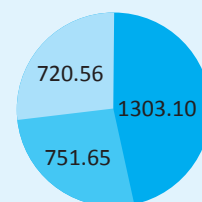


2067-68 2068-69 2069-70

Operating Profit (Rs. in Million)



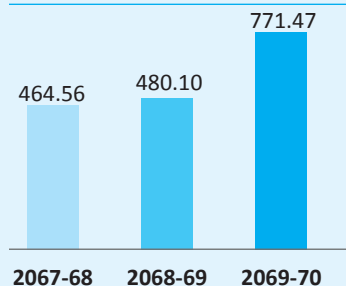
Operating Profit



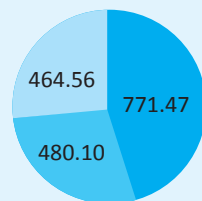
2067-68 2068-69 2069-70

Operating Profit before Provision for Possible Loss

Net profit (Rs. in Million)

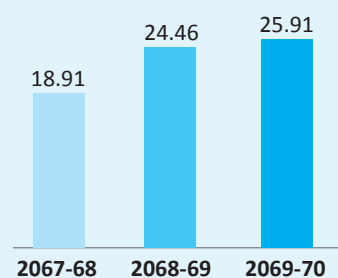


Net Profit

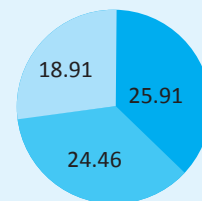


2067-68 2068-69 2069-70

Investment (Rs. in Billion)

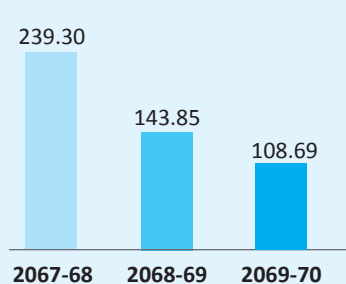


Investment

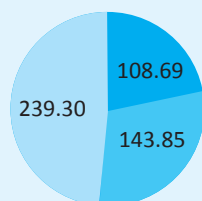


2067-68 2068-69 2069-70

NPA Amount (Rs. in Million)

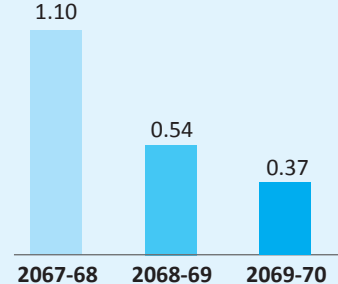


NPA Amount

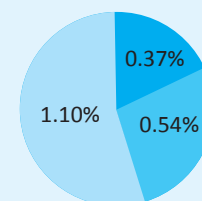


2067-68 2068-69 2069-70

NPA Gross (in %)



NPA Gross (in%)



2067-68 2068-69 2069-70

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 31st Ashad 2070 (15.07.2013).

REVIEW OF THE FY 2069-70

The Bank achieved substantial growth in profits and marked improvement in efficiency parameters during FY 2069-70(2012-13). The reported period witnessed all round advancement in various segments of business, backed by increased network, improved market reach and strategic product profiling. The progress achieved appears encouraging, in the context of considerable challenges posed by global and local conditions and an intensely competitive banking environment.

ECONOMIC ENVIRONMENT

WORLD ECONOMY

The global economy entered the year with reduced downside risks, as the US fiscal cliff and a flare up of the euro area crisis was averted. While downside risks continued to show receding trend, the major economy in terms of volume, i.e. the US, has already started exhibiting the prospects for an improvement in global growth rates. As per the IMF forecast in World Economic Outlook, global economy is expected to grow by 3.3% in 2013 (3.2% in 2012) and 4.0 percent in 2014. The US economy is estimated to increase by 1.9 percent in 2014 while the economy of Euro Zone is likely to contract by 0.3 percent. The housing sector in the US economy has made considerable progress in supporting US economic conditions.

Going forward, US economy is supposed to gain continued traction, even though a sustained pick-up in euro area may take a while to materialize. Policy makers in the euro zone area have reconfirmed their commitment to resolution of the euro crisis by working on a common euro area integration framework. Growth in emerging market and developing economies is projected at 5.3% in 2013 (vis-a-vis 5.1% in 2012). On the whole, an environment of progressively lower global tail risks and continued structural reforms in various economies is expected to favorably impact global growth outlook in 2013.

According to the IMF, the consumer inflation of developed countries is forecast to be 1.7 percent in 2013 and 2.0 percent in 2014 compared to 2.0 percent in 2012. Similarly, consumer inflation of emerging and developing economies is estimated to be 5.9 percent in 2013 and 5.6 percent in 2014. In India, inflation is projected to remain at 10.8 percent in 2013 compared to 9.3 percent in 2012. Inflation in China is expected to remain at 3.0 percent in 2013 compared to 2.6 percent in 2012.

Overall, high volatility in global equity, currency and commodity markets, emerging threat of rising inflation, static or deteriorating consumption and employment pattern in the developed countries remained the major areas of concern of the financial market players.

ECONOMIC ENVIRONMENT IN NEPAL

The economic environment in Nepal has been challenging for many years. Current political, economic scenario and other infrastructural issues made the environment complex for business and industries.

Our country expects to post a real GDP growth rate of 3.6 percent at basic price, as against 4.5 percent growth during the previous year. The growth in Agricultural sector showed a drop in growth rate at 1.3 percent as against a growth of 5 percent during the previous year. Industry and service subsectors are estimated to grow by 1.6 percent and 6 percent respectively as against a growth of 3 percent and 4.5 percent during the previous year. Improved growth of the service sector in the review year is due to the contribution of trade, tourism, transport and communication sectors.

Annual average consumer inflation on point-to-point CPI, increased to 9.9 percent during FY 2069-70 (2012-13) as against 8.3 percent in previous year. Inflation was fuelled by a number of factors such as decline in food production due to unfavorable weather, weak supply situation, energy crisis, devaluation of Nepalese currency with convertible foreign currencies and increase in the price of petroleum products.

On Foreign trade front, merchandise exports went up by 3.6 percent to Rs.76.92 billion in the review year, as against a growth of 15.4 percent during the previous year. The growth of total exports remained low in the review year due to the slowdown in exports to both India and other countries. Exports to India increased by 2.8 percent during the review year compared to the growth of 14.4 percent in the previous year. Exports to other countries grew by 5.2 percent in the review year as against 17.5 percent growth in the previous year.

Merchandise imports surged by 20.6 percent to Rs. 556.74 billion in the review year, as against 16.5 percent increase in the previous year. Imports from India increased by 22.6 percent during the review year compared to a growth of 14.3 percent in the previous year. In USD terms, imports from

other countries went up by 7.1 percent to USD 2.15 billion compared to an increase of 7.9 percent in the previous year. Imports from India increased primarily due to more imports of petroleum products, vehicles and spare parts, cement, rice and chemical fertilizers, among others. Likewise, imports from other countries increased mainly on account of more imports of telecommunication equipment parts, silver, readymade garments, pipe and pipe fittings and chemical fertilizers, among others.

The country's Balance Of Payment (BOP) recorded a surplus of Rs. 68.94 billion during the review period, as compared against surplus of Rs.131.63 billion in the previous year. Although there was a huge trade deficit, the current account recorded a surplus of Rs. 57.6 billion in the review period. The huge BOP surplus was mainly backed by remittance inflow, which crossed Rs.388.46 billion, thereby registering an increase of 21.3 percent. During 2069-70, in US dollar terms, remittance inflow increased by 11.7 percent to US\$ 4.93 billion. Remittances contributed 22 percent of GDP, during the period.

The commitment of foreign direct investment increased in 2012-13. The number of joint venture projects and investment amount increased by 32.2 percent and 171.7 percent respectively. Of the 300 projects approved, largest numbers were from China (96), followed by India (37), South Korea (24), USA (22) and 121 from other countries. Investments commitments from China, British Virgin Islands, UAE and Spain have been higher during the year.

The gross Foreign Exchange reserves increased by 21.4 percent to Rs.533.30 billion in mid-July 2013 from Rs.439.46 billion as of mid-July 2012. In US dollar terms, foreign exchange reserves increased by 12.6 percent to US\$ 4.36 billion in mid-July 2013 from the level of mid-July 2012.

The weighted average 91-day Treasury bills rate remained at 1.19 percent in mid-July 2013 as against 1.15 percent last year. Similarly, the weighted average inter-bank rate among commercial banks remained at 0.86 percent in mid-July 2013 which was also at the same level in mid-July 2012. The liquidity position remained comfortable during the major part of the year.

The ratio of saving to GDP during the year remained at 9.3 percent as compared to 11.5 percent in the previous year. In the review year, the ratio of gross investment to GDP was estimated at 37.8 percent compared to 34.9 percent in the previous year.

CDC (Credit to Domestic deposit and core capital) ratio of commercial banks stood at 71.7 percent in mid-July 2013 compared to 70.1 percent in mid-July 2012. CDC ratio of development banks was 72.7 percent in mid-July 2013 compared to 67.0 percent in mid-July 2012. The ratio for the finance companies remained at 82.5 percent in mid-June 2013, compared to 78.9 percent in the mid-June of the previous year. CDC ratio of your Bank also rose from 73.30 percent to 75.18 percent as at the end of 2069-70.

A number of measures were taken by Nepal Rastra Bank (NRB) and the Govt. of Nepal to improve the investment, monetary and economic condition by extending more focus to channelization of resources into the productive sector. NRB has targeted estimated growth of 5.5 percent in GDP during the current fiscal year. The central bank reiterated its stance to encourage and facilitate merger and acquisitions amongst banks. For ensuring financial stability, it proposes introduction of the provisions of BASEL III in a phased manner. Govt. of Nepal declared the budget of Rs. 517 bn. Highest priority has been given to energy and agriculture sector. The budget has been formulated incorporating the 13th Three year Plan, with the objective of ridding the country of load-shedding within three years by

keeping projects of national pride at the center.

In the face of monetary stance of NRB and ensuing election during the year, banking industry is expected to confront pressure on interest spreads. The concept of base rate was implemented by NRB with the objectives of reducing the spread and making lending rate more transparent and competitive.

THE BANKING INDUSTRY

NRB pursued the conducive policies for strengthening the financial system. The banking arena, however, continued to face stiff competition with 31 'A' class commercial Banks, 86 'B' class Development Banks, 59 'C' class Finance Companies and '31' other financial intermediaries, which compete for a share in the financial market. Net interest margins came under pressure, as attractive investment opportunities dried up amidst liquidity in the market. Resultantly, yields on investments kept 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.

Deposit mobilization of banks and financial institutions (BFIs) increased by 17.4 percent (Rs. 176.27 billion) in 2012/13. Such deposit mobilization had increased by 22.9 percent (Rs. 188.59 billion) in the previous year. In the review year, deposit mobilization of commercial banks and development banks increased by 17.9 percent and 27.1 percent respectively while deposit mobilization of finance companies decreased by 9.6 percent. In the previous year, the deposit mobilization of commercial banks and development banks had increased by 26.7 percent and 34.0 percent respectively, whereas deposit mobilization of finance companies had decreased by 7.5 percent. The deposit mobilization of finance companies declined due to merger of 7 finance companies with the development banks in the review year.



During the review year, the loan and advances of BFIs increased by 18.6 percent (Rs. 180.20 billion) compared to a growth of 13.2 percent (Rs. 112.78 billion) in the previous year. Loan and advances of commercial banks and development banks rose by 19.1 percent and 23.3 percent respectively, whereas the loan and advances of finance companies declined by 5.8 percent. During the review year, credit to private sector increased by 20.8 percent (Rs. 161.92 billion) compared to a rise of 12.2 percent (Rs. 84.86 billion) in the previous year. Of the credit flows to private sector, credit from commercial banks registered a growth of 21.6 percent, development banks 28.3 percent and finance companies 1.3 percent.

Of the total credit from BFIs, the credit to industrial production sector surged by Rs. 34.21 billion in the review year compared to a growth of Rs. 27.29 billion in the previous year. Similarly, credit to the agriculture sector increased by Rs. 10.99 billion in the review year compared to an increase of Rs. 10.52 billion in the previous year. Likewise, credit to construction sector increased by Rs. 13.53 billion, to the wholesale and retail trade sector by Rs. 36.90 billion, and to transportation, communications and public services sector by Rs. 7.75 billion during the review year. Credit flows to these sectors had increased by Rs. 7.03 billion, Rs. 20.76 billion and Rs. 3.89 billion respectively in the previous year. The financial market infrastructure has improved substantially in recent years reducing systemic risks.

At the end of Ashad 2070, branches of commercial Banks, development Banks, finance companies and micro – finance institutions expanded to 1486, 764, 242 and 634 respectively. This has significantly improved the public access to formal Banking channel, each branch approximately covers a population of 8475 on an average.

RECENT DEVELOPMENTS IMPACTING BANKING BUSINESS

DECREASE IN CRR/LIQUIDITY OVERFLOW/ LOW INTEREST IN GOVERNMENT SECURITIES

The central bank (Nepal Rastra Bank) through monetary policy 2070-71 and subsequent circular in this regard, reduced Cash Reserve Ratio to 5 percent for 'A' Class Banks, from 6 percent earlier. Commercial Banks will be required to maintain 12 percent Statutory Liquidity Ratio. On-line bidding system will be introduced in the auction of treasury bills and development bonds.

MERGER AND ACQUISITION

During 2012/13, merger activities among BFIs further accelerated. Two commercial banks merged with each other in 2012/13. Two development banks merged into one commercial bank. Similarly, by merging ten development banks and twelve finance companies with each other, seven development banks and two finance companies were formed. After the implementation of "Merger Bylaw, 2012", 43 BFIs merged into 18 institutions and 13 BFIs have received the letter of intent to merge into 5 institutions. In addition to this, the NRB has already provided the letter of intent to form one national level rural development bank by merging 5 regional rural development banks.

DEPRIVED SECTOR AND PRODUCTIVE SECTOR LENDING

The mandatory deprived sector lending target for 'A' class commercial Bank has been increased to 4.5 percent from 4 percent, Development Bank to 4.0 percent and Finance companies to 3.5 percent by end of upcoming fiscal year 2070-71. This is part of NRB's endeavor to gradually increase investment to deprived sector during next 2 years. Demand for such lending will be increased by increasing credit limit, expanding credit base and simplifying existing procedure. Commercial Banks will have to maintain at least 12 percent credit flow to agriculture and energy sector by mid July 2015.

OPPORTUNITIES, CHALLENGES AND OUTLOOK

With renewed commitments emanating from the new budget declarations and conducive policy instance of Nepal Rastra Bank, the year 2070-71 exhibits signs of 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 FY 2070-71, budget for the Government of Nepal announced considerable expenditure to provide impetus to the economy and keep the business sentiments afloat. The recent measures and policy deliberations mainly on Agriculture, Power and Aviation sector are expected to improve overall investment climate in the country. The monetary policy for FY 2013-14 has been formulated while targeting the economic growth of 5.5 percent. For the FY 2013-14, domestic credit growth is projected at 17.1 percent, whereas deposits growth is projected to be 16.0 percent.

The principal priority 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, strengthening further the sophisticated risk management systems, improving net interest margin, 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, as in the past.

OUR STRATEGIES FOR THE CURRENT YEAR

For credit growth in current year, we will strive to achieve projections by industry specific focus to be driven by wide network of our branches. The focus will be on retail credit growth, where returns are higher and it will be major incremental contributor to interest income. In deposits, shedding of high cost bulk deposits will continue during the current year too and these will be replaced by CASA and retail deposits to reduce cost of funds. To increase other income, the emphasis will be on attracting non fund business and identifying other income generating business like IT related products viz. mobile wallet, e-banking, utility payments and trade finance products like Buyer's credit, foreign currency bill discounting etc. Remittance business is to be increased by expanding network of agents / remitting partners in the countries like South Korea, Malaysia, Bahrain, Qatar, UAE, Japan etc. having large Nepalese expatriate community and through innovative product launches.

MEASURING OUR SUCCESS

IMPROVEMENT IN KEY EFFICIENCY PARAMETERS

(NPR IN CRORE)

FY ended	15th July 2012	15th July 2013	Growth/Improvement
1 Net Interest Income	99.87	162.35	62.48
2 Operating Profit	67.36	117.51	50.15
3 Net Profit	48.01	77.15	29.14
4 Cost of funds (%)	5.48	4.44	(1.04)
5 Cost to income Ratio (%)	50.12	40.65	(9.47)
6 Net Interest Margin (%)	2.17	3.10	0.93
7 Return on Assets (RoA) (%)	0.83	1.19	0.36
8 RoA (%) excluding SAARC Funds	1.26	1.81	0.55
9 Profit per employee	0.09	0.14	0.05

BUSINESS PERFORMANCE

The Bank opened 6 new branches during this year. The Bank improved the spread, managed assets and liabilities effectively, expanded its base of commission, maintained lower NPA level, with growth in other areas too. Your Bank posted 10.47 percent growth in Deposits and 10.32 percent growth in Advances. The Bank continues to maintain its premier position in the country, as one of the most efficient and financially robust Banks.

The Bank posted higher operating profit (before loan loss provisions) of Rs.1303.09 million, as compared to Rs.751.65 million in previous year and achieved qualitative improvement in asset portfolio, with the gross NPA and net NPA level at 0.37 percent and 0.01 percent respectively.

Overall deposit and advances of the Bank reached a level of Rs. 8811.44 crore as at the end of 2069-70 as against Rs. 7980.09 crore as at the end of previous year, recording a growth of Rs.831.35 crore (10.42 percent). The total deposits increased by Rs.558.32 crore to reach a level of Rs.5892.05 crore, while advances increased by Rs.273.02 crore to reach a level of Rs. 2919.39 crore. In line with the decline in interest rates, particularly during the first half of the year, the overall cost of fund of the Bank declined from 5.48 percent to 4.44 percent in 2069-70.

The number of total deposit accounts registered an increase of 74,215 and reached a level of 458,983, showing an accretion of 19.29 percent. Likewise, the borrowal accounts increased by 1,024 reaching a level of 13,268 as at the end of the year.

TREASURY AND INVESTMENTS

Due to comfortable liquidity conditions in local market and amidst low investment opportunities, the year witnessed low investment avenues. The

margins in treasury operation were affected as debt portfolio's performance depends significantly on interest rate movement and system wide liquidity conditions. In fiscal year 2069-70, interest rates were volatile due to inflation and liquidity concerns, within this environment, your Bank continued to actively manage liquidity and optimize return on investment.

Despite stiff competition for Dollar deposits, your Bank mobilized & achieved a growth of 8.79 percent (in dollar terms) in foreign currency deposits during the year. These foreign currency deposits are placed back to back at overseas centers, 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 improve our margins on this business from 24bps in 2068-69 to 28bps (in dollar terms) in 2069-70.

CREDIT MANAGEMENT

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. Our number of advance accounts increased by 1,024 during the FY 2069-70. Taking new and enhanced assessments, the sanctioned exposure increased by 907.07 crore, full benefit of which will accrue during the ensuing period. During the year, your Bank sanctioned credit facilities aggregating Rs.352.93 crore to 72 high value new customers, besides increasing credit limits of the existing customers based on their requirements. In view of the prevailing economic scenario, proactive interaction was maintained with customers with regard to their expectations from your Bank.

REPLACING HIGH COST DEPOSITS

The Bank continued the strategy of replacing high cost deposits by a relatively more stable personal segment deposits during the year 2069-70. The

ratio of high cost (over 11 percent rate) deposits to total fixed deposits was brought down to 3.37 percent as at end-Ashad 2070, compared to 22.66 percent as at end-Ashad 2069. The ratio of low cost deposits (deposits attracting 0 percent -5 percent RoI) increased from 43.22 percent as at end-Ashad 2069 to 71.90 percent as at end-Ashad 2070. This improvement was aided by a robust increase in Saving Bank deposits.

RETAIL BANKING SEGMENT

With increased network, strategic product profiling, aggressive marketing, better services and higher customer confidence, retail segment deposits recorded a growth of Rs. 267.12 crore during 2069-70. 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 70,338 new savings deposit accounts, posting a good growth of 20.20 percent during the year.

The demand from manufacturing sector remained subdued, as also the retail loan segment witnessed stiff competition. The retail segment advances stood at Rs. 926.22 crore in 2069-70 as against Rs. 848.68 crore in the previous year. During the year, the schemes for financing vehicles, housing, education and for loan against mortgage were modified from time to time, keeping in view the market dynamics. Overall, your Bank sanctioned Rs. 428.45 crore in retail advance segments under the various Retail Schemes.

DEPRIVED SECTOR LENDING

As at end-Ashad 2070, the Bank's deprived sector advances increased to a level of Rs.116.97 crore as against Rs.86.80 crore in the previous year. This constituted 4.11 percent of the advances, and was

above the benchmark of 4 percent prescribed by Nepal Rastra Bank.

NPA MANAGEMENT

To give thrust to recovery effort and prevent slippage, 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 was 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 2069-70 was Rs. 10.29 crore. This was achieved in the face of new additions of NPAs aggregating Rs. 6.78 crore. The Gross and Net NPAs of the Bank stood at Rs. 10.87 crore and Rs 0.19 crore respectively, at the end of Ashad 2070 as against Rs. 14.38 crore and Rs. 8.47 crore respectively at the end of previous FY. The number of NPA accounts came down from 79 to 69 accounts.

The Gross NPA ratio improved from 0.54 percent as at end-Ashad 2069 to 0.37 percent as at end-Ashad 2070. Net NPA ratio of the Bank improved from 0.32 percent as at end-Ashad 2069 to 0.01 percent as at end-Ashad 2070.



FINANCIAL HIGHLIGHTS

NET INTEREST INCOME

The Bank's gross interest income increased from Rs.376.95 crore during 2068-69 to Rs. 411.05 crore during 2069-70, recording a growth of 9.04 percent. Interest expenditure decreased by 10.24 percent to Rs. 248.70 crore, as against Rs.277.08 crore in the previous year. In line with the industry trend, the net interest margin increased from 2.17 percent in 2068-69 to 3.10 percent in 2069-70.

NON INTEREST INCOME

The non-interest income of your Bank recorded a growth of 15.07 percent from Rs.49.83 crore in 2068- 69 to Rs. 57.34 crore during 2069-70. The growth was mainly backed by higher contribution from Commission and Discount Income which recorded a growth of 22.85 percent.

OPERATING EXPENSES

The operating expenses recorded increase of 19.92 percent from Rs.74.53 crore in 2068-69 to Rs.89.38 crore during 2069-70. Of this, employee costs increased by 44.06 percent to Rs.41.66 crore, while other operating expenses increased by 4.63 percent to Rs.47.72 crore as at Ashad 2070. Increase in staff overhead cost is representative of full year impact of provisions on account of revision in salary undertaken during the previous year, whereas the other operating cost mainly includes depreciation cost, owing to establishment cost incurred on expansion of branches during the previous years.

PROFIT

The Bank has posted a net profit of Rs.77.15 crores for FY 2069-70 as compared to Rs. 48.01 crores in FY 2068-69, registering a growth of 60.69 percent.

KEY FINANCIAL INDICATORS

During the last 3 years, your bank has witnessed a steady and robust growth in overall balance sheet size.

Earnings per share at Rs. 32.75 (per share of face value Rs.100) in 2069-70 revealed competitive advantage vis a vis industry trend. The Book value of the share improved to a level of Rs. 161.26. This was 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 12.39 percent as per Capital Adequacy Framework. This was well above the Nepal Rastra Bank benchmark of 10 percent. Likewise, the Core capital to Total Risk Weighted Assets (Tier-I) at the end Ashad 2070 was 9.59 percent, which was well above the minimum required benchmark of 6 percent of NRB. This provides sufficient room for further increase in risk assets necessary for the continued growth of the Bank.

The average business per employee increased to Rs. 1638 lacs during 2069-70 as against Rs. 1483 lacs in the previous year.

CORPORATE CITIZENSHIP

CODE OF ETHICS

The Bank is fully compliant 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

The Bank has put 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 2069-70, 40 branches (out of 56) and 3 extension counters, 2 Regional offices, 12 Departments, 5 TFPCs (Trade Finance Centralized Processing Cell) have been subjected to internal audit. No branch remained overdue for audit as at the end of Ashad 2070.

RISK MANAGEMENT

A comprehensive Risk Management System has been ensured to deal with various types of risks. The risk management function is overseen by the Board of Directors through the Risk Management Committee of the Board (RMCB) and 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, TFPC manual, Internet Banking guidelines, Mobile Banking operational guidelines, Credit assessment and process guidelines for the operating units.

The Risk structures are being revisited at frequent intervals and the requisite policies, systems are being introduced and kept updated. For both credit and market risks, stress testing is being done regularly. 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.

The Bank has created Integrated Risk Management Department headed by Chief Risk Officer (CRO) to further strengthen the Risk Management structure, which includes assessing, identifying, monitoring and reducing pertinent business risk that could interface with the Bank's objectives and goal.

ASSET LIABILITY MANAGEMENT

The Bank is efficient in ensuring asset liability management and is undertaking timely review of the ALM positions. 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 is in place for managing Liquidity on a day-to-day basis. Stress Testing on Liquidity, Interest rate and Foreign Exchange positions has 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.

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)

There are total of 75 ATMs installed wide over the country. The number of ATM cardholders of

the Bank increased to 331,021 as at the end of Ashad 2070 from 255,909 as the end of previous year. This shows an increase of 29.35 percent over previous year. 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.

The Bank has been providing wide publicity for increasing the usage of Internet Banking besides increasing awareness amongst staff and existing customers. The Internet Banking user base of the bank grew to 20,294. The growth is about 32.15 percent of last year's Internet Banking user accounts base of the Bank. 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 data centre where the Bank's CBS database resides (both Primary and Disaster Recovery Site) 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 helped in providing customers a satisfying banking experience.

VALUE CREATION AND ALLOCATION

The following appropriations from profits are proposed for the year ended Ashad End, 2070 :

	This Year Rs.	Previous Year Rs.
INCOME		
1. Accumulated Profit up to Last Year (Adjusted)	89,10,620	28,51,532
2. Current Year's Profit	77,14,71,129	48,01,05,493
3. Exchange Fluctuation Fund	-	-
4. Investment Adjustment Reserve	5,15,360	2,52,13,820
5. Capital Adjustment Reserve up to Previous Year	50,00,000	3,00,00,000
6. Reversal of Bonus Shares and Cash Dividend	-	13,96,329
Total	78,58,97,109	53,95,67,174
EXPENSES		
1. Accumulated Loss up to Last Year	-	-
2. Current Year's Loss	-	-
3. General Reserve	15,42,94,226	9,60,21,099
4. Contingent Reserve	-	-
5. Institutional Development Reserve	-	-
6. Dividend Equalization Reserve	-	-
7. Staff Related Reserve	-	-
8. Proposed Dividend @7.5%	17,66,80,388	10,46,99,488
9. Proposed issue of Bonus Shares @12.5%	29,44,67,300	26,17,48,735
10. Special Reserve	-	-
11. Exchange Fluctuation Reserve Fund	11,33,538	7,98,950
12. Capital Redemption Reserve Fund	-	-
13. Capital Adjustment Reserve	35,00,000	50,00,000
14. Investment Adjustment Reserve	5,15,360	5,15,360
15. 6% NSBL Debenture 2070 Redemption Reserve	28,571,426	2,85,71,429
16. 12.5% NSBL Debenture 2078 Redemption Reserve	40,00,000	1,67,76,256
17. 8% NSBL Debenture 2079 Redemption Reserve	17,863,014	-
18. Deferred Tax Reserve	32,316,064	2,32,33,050
Total	780,841,316	53,73,64,367
19. Accumulated Profit/(Loss)	5,055,793	22,02,807

SOCIAL RESPONSIBILITY INITIATIVES

The Bank has been prompt towards social responsibility initiatives and has ensured the gestures as an essential characteristic of our business, and 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. The 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 Natural Calamities, Education, Sports etc. Besides others, the Bank contributed to Prime Minister's Relief Fund for supporting flood victims of western region during the year.

PROGRESS REPORT FOR THE CURRENT YEAR

The first quarter of fiscal year 2070/71 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 Rajan Srinivasan, CGM (International Banking) from SBI's service, Shri R. Karthikeyan, the Chief General Manager, International Banking Group, State Bank of India (SBI) has been nominated by SBI in his place and Shri Gokul Ram Thapa has been appointed in place of Shri Keshav Raj Acharya 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 Rajan Srinivasan and Shri Keshav Raj Acharya in guiding the affairs

of the Bank during their tenure and welcome Shri R. Karthikeyan and Shri Gokul Ram Thapa 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 2069-70 as appointed by the 19th AGM and are eligible for continuance. Accordingly, the Audit committee of the Bank's Board has recommended for continuance of M/S T.R.Upadhaya and Co. Chartered Accountants as Statutory Auditors of the Bank for the year 2070-71.

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

Your Bank now has expanded its reach and operations in 31 districts. The Bank has positioned itself to create promising business opportunities during the ensuing period. Our strategy shall continue to be to evolve the image of the Bank's brand as a prudent and reliable destination for financial solutions. The priorities before us are to ensure strong customer relationships, expanding customer base by exploring new market segments and expand delivery channels for our products, while leveraging our technological strengths. Our

greater focus would be on strengthening policies, processes, controls and workflows. The work flow restructuring initiatives 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 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 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

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 2069/70.
- (ii) Main transactions carried out by the Bank during the financial year 2069/70, 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 2069/70.
- (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	416,560,412.00
(ii)	Other Operating Expenses	477,246,891.00

- (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. Gokul Ram Thapa, Professional Expert Director	Member
iii.	Director (Other than Managing Director representing SBI)	Member
iv.	Head, Internal Audit Department	Member Secretary

- ▶ Number of Audit Committee Meetings held during 2069/70: 6 (Six) Meetings
- ▶ Meeting Allowances Paid to the Members:
 - Directors other than those representing SBI: Rs.96,000
 - Director representing SBI: Nil
- ▶ Role Played by the Audit Committee:
 - 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.
- (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. 480,000/- was paid to the Board members as Board Meeting fee during 2069/70 (@ 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.4,646,728.47 towards the rent of their residential quarters and payment of permissible allowances and expenses. Their salary and allowances are paid by SBI under Technical Services Agreement.
 - b) Other Office Bearers: A total of Rs. 416,560,412/- was paid to other office bearers (staff members) 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 2070:

Financial Year	Amount (Rs.)
2052/53	267,800.00
2053/54	253,600.00
2054/55	290,000.00
2055/56 & 2056/57	443,750.00
2059/60	613,008.40
2062/63	648,009.25
2063/64	1,153,043.50
2066/67	2,616,842.57
2067/68	3,490,789.49
2068/69	5,960,355.31
Grand Total	15,737,198.52

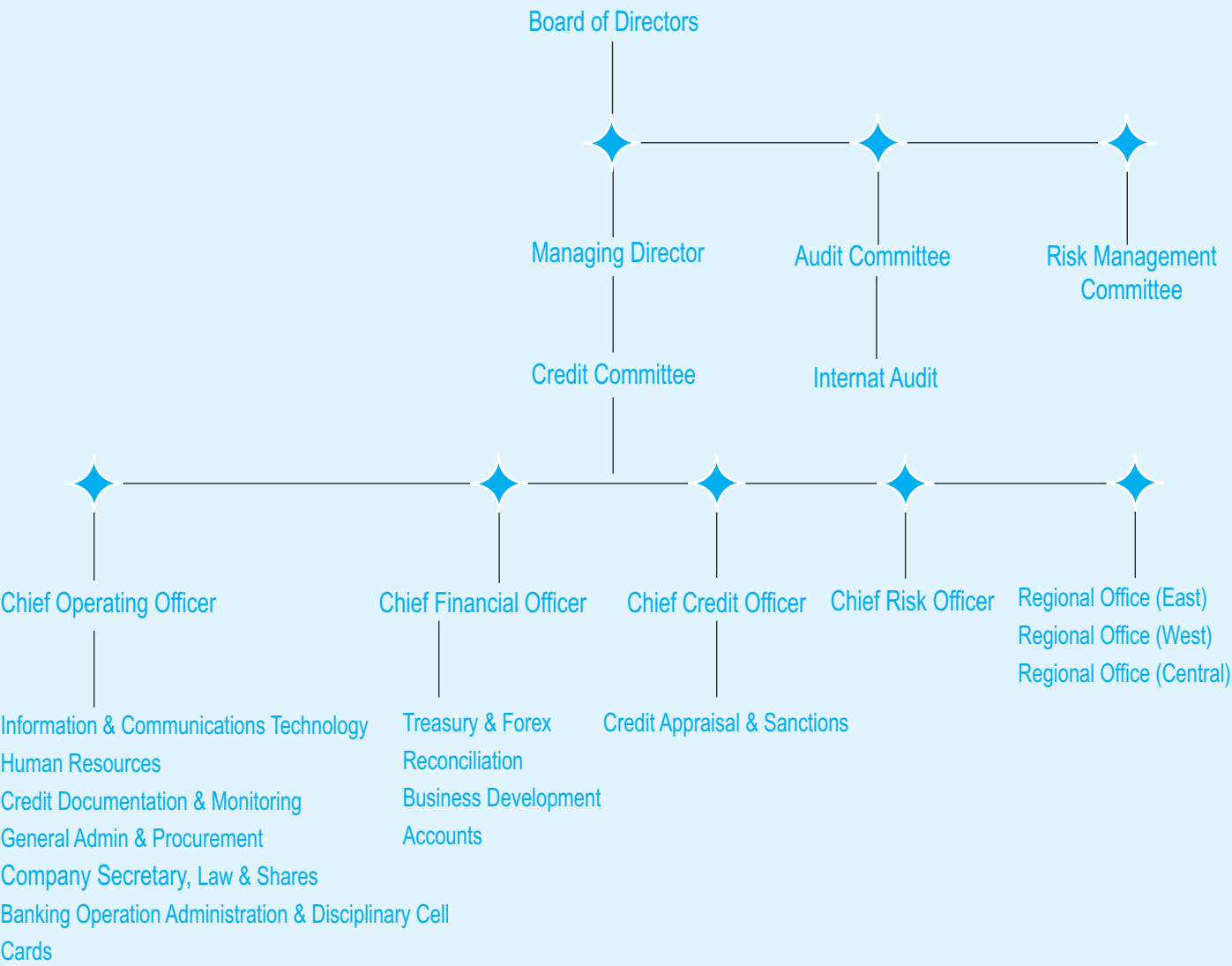
(xii) No property was purchased or sold by the Bank during the year to exceed the ceiling as stipulated under Section 141 of the Companies Act, 2063.

(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.

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. Chhapi Raj Pant
Chief Risk Officer



Mr. Dev Raj Adhikari
Chief Credit Officer
(Officiating)



Mr. Sushil Kumar Sharma
Regional Manager (Central)
Kathmandu



Mr. Suraj Manandhar
Regional Manager (East)
Biratnagar



Mr. Jeeban Babu Subedi
Regional Manager (West)
Nepalgunj

HEAD OF DEPARTMENTS / UNITS



Mr. Ramesh Ghimire
Law and Shares &
Company Secretary



Mr. Umesh Bahadur Karki
Credit Documentation &
Monitoring



Mr. Binod Dhungel
Credit: Retail & SME



Mr. Badri Lal Amatya
Corporate Credit



Mr. Lekhnath Pokharel
Internal Audit



**Mr. Prabin Muni
Bajracharya**
Treasury



Ms. Damayanthi Joshi
Human Resources



Mrs. Sujata Giri
Banking Operation Administration
& Disciplinary Cell



Mr. Bigyan Adhikari
Management Information
System (MIS)



Mrs. Soma Roy Gupta
Reconciliation



Mr. Vikas Budhathoki
Information, Communications
& Technology



Mr. Dikendra Khadka
General Administration
& Procurement

Chief Managers



Mr. Arjun Nepal
Durbar Marg Branch (Kathmandu)



Mr. Bishnu Dev Yadav
Commercial Branch (Kathmandu)

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

The bank operates in a service industry and human capital is the most important of all assets of the bank.

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 642 numbers of participants benefited from 69 training programs organized internally as well as externally with resource support from State Bank Academy, Gurgaon. The industrial relations remained harmonious during the year.

GENERAL ACTIVITIES



Shri Bal Krishna V. Chaubal, Deputy Managing Director of SBI is seen here addressing top level executives of Nepal Rastra Bank and Nepal SBI Bank Ltd. in a managerial skill development seminar entitled

“Management Development for Organizational Effectiveness” held at NRB, Central Office, Baluwatar, Kathmadu on 6th of Chaitra 2069 B.S. (March 19, 2013). Shri Chaubal delivered his intensive lecture with special focus as to how organizational productivity can be enhanced through definite goals and target, strategic planning, interdepartmental coordination, seriousness towards responsibility, hard labor, discipline, etc. Shri Chaubal also gave emphasis to customers’ satisfaction, which, according to him is a tool to measure the outcome of organizational effectiveness.



Nepal Rastra Bank and Nepal SBI Bank Ltd. officials attending Managerial skill development seminar at NRB Central Office, Baluwatar, Kathmandu.

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.

We invest in CSR related-programs and projects within the broad areas of activity: Social Service, Education, Sports, help to victims of natural calamities 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.



Financial support handover to the "Prime Minister Natural Disaster Relief Fund" by the Bank under its CSR initiatives.

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 national and regional level sporting events and also encourage our employees to participate in such events wherever possible.



Scholarships to 11 meritorious students of Shree Nandi Madhyamik Vidhyalaya, Naxal for outstanding performance in SLC examination 2068.



Token of Love (Pens) distributed at Nandi Madhyamik Vidhyalaya.



Hand over of projector to Kendriya Vidhyalaya under our CSR initiatives.

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.

PRODUCT AND SERVICES

The Bank is now extending its banking services across the country through a strong network of 56 Branches, 6 Extension Counters, 3 Regional offices, Corporate Office and 75 ATMs. We have been extending our services to all sectors of the economy with an aim to improve the financial health of these sectors and the population dependent on the sectors. Through a widespread branch network in almost all major cities, towns and other areas coupled with alternative delivery channels, we aim to cater to all the banking needs of our customers.

Deposit Mobilization Activities:

Your bank has been launching various campaigns from time to time. With the CASA (Current Account and Saving Account) and MAMA (Mobile Wallet and Merchant Account) Campaign, the bank was able to add substantial number of saving accounts as well as Mobile wallet and Merchant accounts. The main aim of campaigns (CASA and MAMA) was to gradually shed high-cost fixed deposits from our books, replenish them with Current Accounts and Savings Account Deposits (CASA Deposits) as well as providing our customers with modern technology friendly product like mobile wallet, mobile banking etc



A glimpse of CASA and MAMA Campaign best performer Felicitation Program conducted on the 20th Anniversary Day of Nepal SBI Bank Limited.



MD, Nepal SBI Bank Ltd. addressing staff members on the occasion of 20th Anniversary.

Deposit Products

Saral Bachat Khata: It is one of the most popular deposit account products of the bank which has attracted around 248,257 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.

Vishesh Bachat: It is a special deposit scheme with bundle of additional benefits like free internet banking, Visa debit card, any branch banking, concession on issuance of RTGS and locker rental charge etc.

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 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 may 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 ranging from service related to strategic expansions, project finance etc.



Steel Unit Financed by Bank at Biratnagar, Morang



Tea unit Financed by Bank at Ilam



Steel Pipe Manufacturing Unit Financed by Bank at Sunsari.



Biscuit Manufacturing Unit financed at Duhabi, Biratnagar

Convenient Loan: This is a loan product designed to meet the needs of Small and Medium Sized Enterprises, appraised on a specified format..

Mortgage and Mortgage Plus: Both represent personal credits given to individuals on the basis of their income level and value of mortgaged property.

Other Retail Loans: Retails loans largely comprise of auto finance, home loan, credit for consumer durables, loan for retired Nepalese pensioners of Indian Army.



Tea Processing Unit financed by Bank at Jhapa.

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

PMT's Remittance: Customers can also receive remittance money sent from abroad via remittance channels of 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 331,021 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 and is used mainly for medical treatment, education, tours etc. Bank has sold more than 20,396 Bharat Yatra Cards since its launch in November 2008.

**THE BEST WAY
TO SEND MONEY TO NEPAL**



NEPAL SBI BANK LTD.
Corporate Office, Kathmandu



ATM outlet at our Dullu Branch

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 (except Nepal and India) and also for purchases.

Alternative Delivery Channels

Mobile Wallet: The Bank has received NRB's approval for Mobile Wallet service. It is premium

mobile banking service that can be operated through mobile phone. 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 a 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.

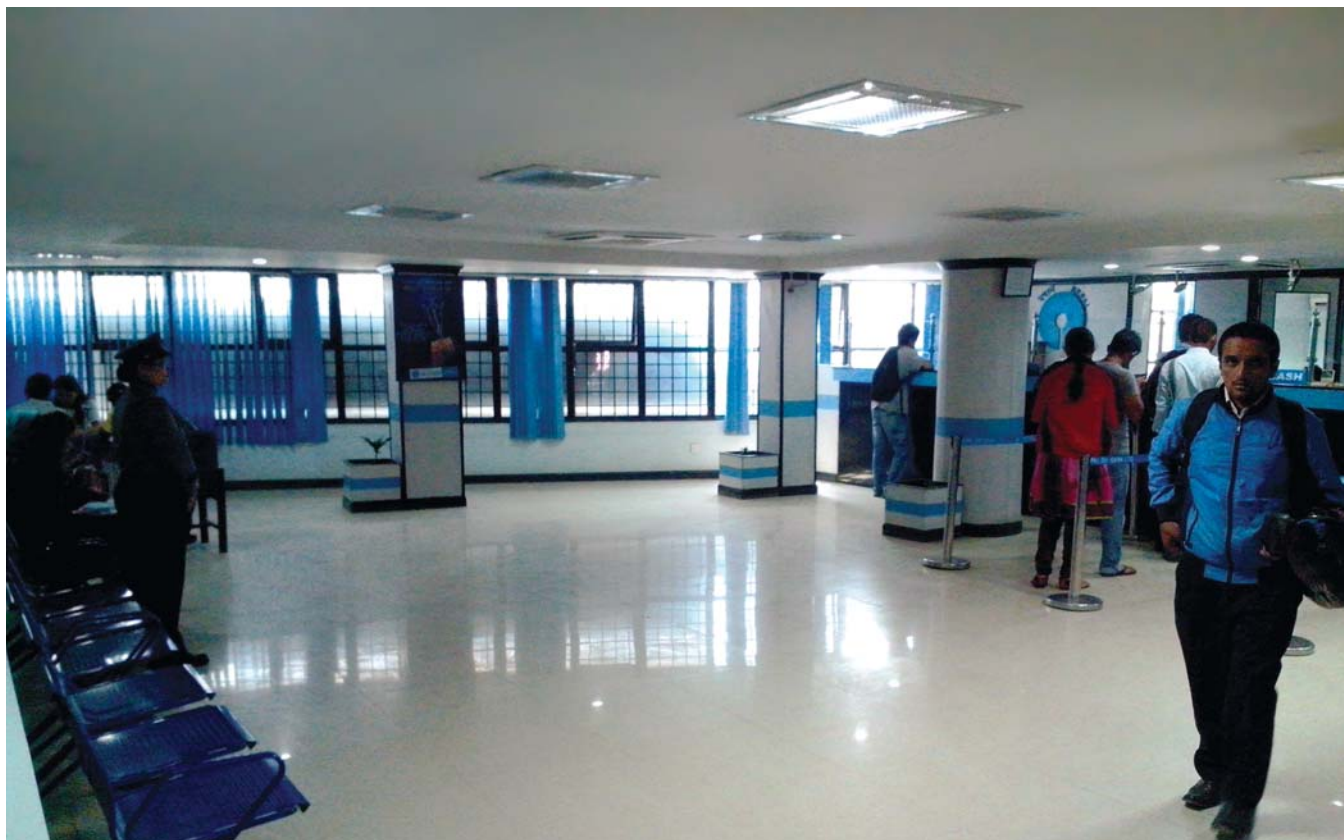
Internet Banking: Internet Banking is available through www.nepalsbi.com.np for both retail

and corporate customer of the Bank. 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 (for those institutions having tie-up with Nepal SBI Bank) with the bank's branches free of charge.



Customer service area of Maharajgunj Branch, Kathmandu

CORPORATE GOVERNANCE

Nepal SBI Bank is committed to the best practices in the area of Corporate Governance in letter and in spirit. 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.

DIRECTOR'S STATEMENT OF RESPONSIBILITIES

The Directors have pleasure in presenting the Annual Reports and Accounts for the fiscal year 2069-70, 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, 2070.

Risk management function is an ongoing process 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 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 19th 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.

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.

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. 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 operates 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, NPA Management Committee and Asset and Liability Management Committee.

b) The Audit Committee

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

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, six meetings 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.

c) Risk Management Committee

The Risk Management Committee (RMC) of the Board consists of 4 members, which is coordinated by one of the non-executive directors. The RMC regularly appraises the Board in regard to the appropriateness and adequacy of the existing risk identification and management system put in place in the Bank and makes recommendation for devising appropriate system and procedures. The Committee constantly reviews various risks associated with the business activities, including risks bearing capabilities and strategies required to manage and mitigate the risks and makes recommendation to the Board as to the appropriateness and adequacy thereof.

OUR NETWORK

Nepal SBI Bank Branch Network



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 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 New Road
- 18 Patan
- 19 Sinamangal
- 20 Teku
- 21 Thamel

OUTSIDE KATHMANDU VALLEY

- 22 Abu Khairani, Tanahu
- 23 Baglung
- 24 Bardibas, Mahottari
- 25 Bargachi, Morang
- 26 Beshisahar, Lamjung
- 27 Bhairahawa, Rupandehi
- 28 Biratnagar, Morang
- 29 Surkhet, Birendranagar
- 30 Birgunj, Parsa
- 31 Birtamod, Jhapa
- 32 Butwal, Rupandehi
- 33 CGI Ext. Counter, Birgunj
- 34 Chandranigahpur, Rautahat
- 35 Damak, Jhapa
- 36 Damauli, Tanahu
- 37 Dhangadi, Kailali
- 38 Dharan, Sunsari
- 39 Dang, Ghorahi
- 40 Gulmi, Tamghas
- 41 Hetauda, Makwanpur
- 42 Ilam
- 43 Itahari, Sunsari
- 44 Janakpur, Dhanusha
- 45 Lahan, Siraha
- 46 Mahendranagar, Kanchanpur
- 47 Myaglung, Terathum
- 48 Narayangarh, Chitwan
- 49 Nepalgunj, Banke
- 50 Palpa, Tansen
- 51 Parasi, Nawalparasi
- 52 Pokhara, New Road
- 53 Pension Paying Office, Pokhara
- 54 Pension Paying Office, Dharan
- 55 Phidim, Panchthar
- 56 Ratnanagar, Chitwan
- 57 Sandhikharka, Arghakhanchi
- 58 Shishuwa, Pokhara
- 59 Srijana Chowk, Pokhara
- 60 Rampur, Parsa
- 61 Tikapur, Kailali
- 62 Waling, Syangja

Corporate Office
Kathmandu

Regional Office (East)
Biratnagar

Regional Office (West)
Nepalgunj

Regional Office (Central)
Kathmandu

ATM LOCATIONS

INSIDE KATHMANDU VALLEY (28)

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 - I
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 - I
26. New Road - II
27. Sinamangal, Pepsicola
28. Teku

OUTSIDE KATHMANDU VALLEY (47)

29. Abukhaireni
30. Baglung - I
31. Baglung- II
32. Bargachhi, Biratnagar
33. Bhairahawa
34. Biratnagar
35. Biratnagar, Mahendra Chowk
36. Birgunj - I
37. Birgunj-II
38. Birtamod
39. BPKIHS Dharan
40. Butwal - I
41. Butwal - II
42. Dabur Nepal, Rampur
43. Damak
44. Damauli
45. Dang
46. Dhangadi
47. Dharan
48. Gulmi
49. Hetauda
50. Ilam
51. Itahari
52. Janakpur
53. Lahan
54. Mahendranagar
55. Manipal Hospital, Pokhara
56. Myanglung
57. Narayangarh - I
58. Narayangarh-II
59. Narayangarh-III, Lions Chowk
60. Nepalgunj
61. Palpa - I
62. Palpa - II
63. Parasi
64. Pokhara - I
65. Pokhara - II
66. Pokhara, Lake Side
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:
 - ▶ 5 lawsuits have been filed against the Bank in respect to Credit/NPA and general matters.
 - ▶ 5 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 2069-70 (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 End 2069)	Rs.675	Rs.476	Rs.517	80960	59
Second Quarter (Poush End 2069)	Rs.901	Rs.500	Rs.851	280010	50
Third Quarter (Chaitra End 2069)	Rs.959	Rs.785	Rs.842	213740	56
Fourth Quarter (Ashadh End 2070)	Rs.872	Rs.775	Rs.850	172387	63

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.
 - 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, Operation Risk Management Committee, Market Risk Management Committee, NPA Management Committee, Credit Risk Management

Committee, NBA Management Committee and Risk Management Committee to review progress in various areas of operations.

- iii) Bank's Internal Audit Department has been strengthened.
- iv) Board of Directors and its Committees' (Audit Committee of the Board and RMCB) meeting are held on regular basis.
- v) ALCO and Risk Management Committees (Operation, Credit and Market) meetings are held regularly.

8. Special Events or Circumstances Related to Sub-Rule (5) of Rule 22:

- The Bank issued "8% Nepal SBI Bank Debentures 2079" amounting to 40 crores during FY 2069/70.
- Details on deviation of 20% or more in the Bank's Audited Financials in comparison to Financials Projected in the prospectus published for the issuance of "8% NSBL Debentures 2079" is as under:

NEPAL SBI BANK LIMITED

Particulars	Fiscal Year 2069/70			
	Rs. In '000			
	Projected	Audited	% Change	Reasons for Difference
Fixed Assets	859,105	661,589	-22.99%	New fixed assets creation was contained by effective utilization of existing resources and judiciously curtailing avoidable expenses.
Cash and Bank Balance	5,379,009	7,713,403	43.40%	This increased due to increase in nostro balances and bulk deposit credit in one of the accounts towards the end of the year.
Net Interest Income	1,161,640	1,623,535	39.76%	Due to reduction in Cost of Fund during the year from 5.48% to 4.44%.
Total Operating Income	1,804,476	2,196,903	21.75%	Due to increase in Net Interest Income and other fee based commission income.
Provision for Loan Loss (Net)	33,800	84,180	149.05%	Provision coverage ratio was improved to 98.21% this year from 41.12% last year; as well as additional provisioning during the year on account of increase in credit portfolio / loans & Advances, as prescribed.
Provision for Bonus	84,864	110,996	30.79%	In line with the growth in profit.
Provision for Tax	254,592	338,488	32.95%	
Net Profit After Tax	594,048	771,471	29.87%	
Indicators				
Earning Per Share (In Rs.)	25.22	32.75	29.86%	Due to increase in profitability parameters.
Return on Net Worth (%)	16.17	20.31	25.60%	

9. 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 (MOA) AND ARTICLES OF ASSOCIATION (AOA) OF NEPAL SBI BANK LTD

(Recommended to the 20th Annual General meeting)

Existing Provision		Proposed Provision		Reason for the Amendment
Memorandum of Association (MOA):				
Clause		Clause		
5.1 (b)	The Issued Capital of the Bank shall be Rs. 2,364,714,900.00 (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 One Hundred Forty Nine)ordinary shares of Rs. 100 (Rupees One Hundred) each.	5.1 (b)	The Issued Capital of the Bank shall be Rs. 2,659,182,200.00 (Two Billion Six Hundred Fifty Nine Million One Hundred Eighty Two Thousand and Two Hundred), which shall be divided into 26,591,822 (Twenty Six Million Five Hundred Ninety One Thousand Eight Hundred Twenty Two) ordinary shares of Rs. 100 (Rupees One Hundred) each.	To meet capital requirement for bank's business.
5.1 (c)	The Paid-up Capital of the Bank shall be Rs. 2,355,738,504.00 (Two Billion Three Hundred Fifty Five Million Seven Hundred Thirty Eight Thousand Five Hundred and Four).	5.1 (c)	The Paid-up Capital of the Bank shall be Rs. 2,650,205,804.00 (Two Billion Six Hundred Fifty Million Two Hundred Five Thousand Eight Hundred and four).	To meet capital requirement for bank's business.
4. UU1		4. UU1	To provide depository participant services to its customers after obtaining the consent/license/membership of the concerned authority under the prevailing laws.	To add Depository Participant Service.
Articles of Association(AOA):				
Article		Article		
10(3)	The Directors must be present in the meeting in person. However, the Directors representing SBI and EPF may be present in the meeting through their alternates.	10(3)	The Directors must be present in the meeting in person. However, the Directors representing SBI and EPF may be present in the meeting through their alternates. The Directors or their alternates may also participate in the Board meeting through video-conferencing subject to the prevailing laws.	To facilitate holding of board meetings through video conferencing.

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 Senior 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 (MLRO) 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 are in the form of loans and advances, management of credit risk becomes the most crucial task.

The Credit Risk Management Committee (CRMC), monitors 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 risk 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, 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 70.36% of total shares in the Bank and rest is distributed among nearly 18,954 general shareholders. State Bank of India holds 55.28% of the total ownership whereas Employee provident Fund holds 15.08% shares.

Shareholding by Members of the Board and Central Management Team

as on Ashad end 2070(July 15, 2013)

Name	Position	No. of Shares
Mr. Manoj Kumar Agrawal	Director	1643
Mr. Niranjana Kumar Tibrewala	Director	16527
Mr. Chhapi Raj Pant	CRO	5122
Mr. Dev Raj Adhikari	CCO (O)	1615

Distribution of Shareholders

as on Ashad end 2070(July 15, 2013)

Range	No of Shareholders	Percentage	No of Shares	Percentage
below 100	5520	29.12%	275316.04	1.17%
101-500	10552	55.67%	2192730	9.31%
501-1000	1719	9.07%	1135347	4.82%
1001- 5000	1062	5.60%	2001546	8.50%
5001-10000	61	0.32%	437478	1.86%
Over 10000	40	0.21%	17514968	74.35%
Total	18954	100.00%	23557385.04	100.00%

FIVE YEARS' FINANCIAL HIGHLIGHTS

NPRs. in Lacs

Ashadh End	F/Y -08/09 2065/66	F/Y -09/10 2066/67	F/Y -10/11 2067/68	FY 11/12 2068/69	FY 12/13 2069/70
Profitability (Key Indicators)					
Interest Income	14,604.46	22,697.04	30,999.08	37,694.83	41,105.14
Interest Expenditure	8,247.00	14,436.94	20,960.38	27,707.99	24,869.79
Fee, Commission and Exchange income	1,401.31	2,020.20	3,066.92	3,564.90	4,156.12
Other Operating Income	527.90	787.97	951.73	1,417.62	1,577.56
Other Operating Expenses	2,239.66	3,438.50	4,297.43	4,561.26	4,772.47
Operating Profit	4,423.66	5,702.90	6,742.52	6,736.45	11,750.55
Profit Before Tax	4,430.32	5,383.62	6,534.69	6,866.54	11,099.59
Profit After Tax	3,163.73	3,917.42	4,645.65	4,801.05	77,14.71
Total Capital and Liabilities	301,664.40	380,476.79	460,882.33	580,597.07	647,961.52
Share Capital	12,243.39	18,613.24	21,029.66	23,557.39	26,502.06
Reserves	4,882.68	5,892.30	7,763.27	8,417.20	11,487.51
Liabilities	-	-	-	-	-
Deposit Accounts	279,572.21	348,964.24	424,154.43	533,372.64	589,204.56
Debenture	2,000.00	2,000.00	2,000.00	6,000.00	8,000.00
Bills Payable	629.47	723.68	806.85	786.16	1,653.54
Other Liabilities	2,336.65	4,283.33	5,128.12	8,463.68	11,113.85
Total Assets	301,664.40	380,476.79	460,882.33	580,597.07	647,961.52
Advances (Net)	151,317.48	174,805.45	213,657.71	261,420.94	287,881.47
Investments	132,861.82	163,056.33	189,110.22	244,634.52	259,061.20
Liquid Assets	11,764.40	34,412.61	48,778.26	56,866.32	78,523.28
Net Fixed Assets	2,535.81	4,182.45	4,170.03	7,159.21	6,615.89
Other Assets	3,184.89	4,019.95	5,166.11	10,516.08	15,879.68

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 2013, 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 2013, 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

Shashi Satyal
Managing Partner



T R Upadhyaya & Co.
Chartered Accountants

Kathmandu,
2 September 2013



नेपाल एसबिआई बैंक लिमिटेड
NEPAL SBI BANK LTD.

FINANCIAL STATEMENTS FOR THE
FY 2069-70 (16.7.2012-15.7.2013)

BALANCE SHEET

AS ON 31 ASHAD 2070 (15 JULY 2013)

CAPITAL & LIABILITIES	SCHEDULE	Current Year Rs.	Previous Year Rs.
1. Share Capital	1	2,650,205,804	2,355,738,504
2. Reserves and Funds	2	1,148,751,613	841,720,359
3. Debentures & Bonds	3	800,000,000	600,000,000
4. Borrowings	4	-	-
5. Deposits	5	58,920,455,656	53,337,264,193
6. Bills Payable	6	165,354,686	78,616,237
7. Proposed Dividend		176,680,388	104,699,488
8. Income Tax Liabilities			3,468,901
9. Other Liabilities	7	934,704,675	738,200,038
Total Capital and Liabilities		64,796,152,822	58,059,707,720

ASSETS	SCHEDULE	Current Year Rs.	Previous Year Rs.
1. Cash Balance	8	1,239,453,119	1,186,755,022
2. Balance with Nepal Rastra Bank	9	4,957,064,493	3,269,609,702
3. Balance with Banks/Financial Institution	10	1,516,885,723	1,052,017,772
4. Money at Call and Short Notice	11	138,925,434	178,250,000
5. Investment	12	25,906,119,814	24,463,451,958
6. Loans, Advances and Bills Purchase	13	28,788,146,625	26,142,094,172
7. Fixed Assets	14	661,589,203	715,920,555
8. Non Banking Assets	15	-	-
9. Other Assets	16	1,587,968,411	1,051,608,539
Total Assets		64,796,152,822	58,059,707,720

Contingent Liabilities	Schedule 17
Directors' Declaration	Schedule 29
Statement of Capital Fund	Schedule 30
Statement of Risk Weighted Assets	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

(G.R. Thapa)
Director

(Hemant G. Contractor)
Director

As per our attached report of even date

(R. Karthikeyan)
Director

(Vijay Jasuja)
Director

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

PROFIT AND LOSS ACCOUNT

FOR THE PERIOD FROM 1 SHRAWAN 2069 TO 31 ASHAD 2070 (16 JULY 2012 TO 15 JULY 2013)

Particulars	Schedule	Current Year Rs.	Previous Year Rs.
1. Interest Income	18	4,110,514,126	3,769,483,069
2. Interest Expenses	19	2,486,978,979	2,770,798,689
Net Interest Income		1,623,535,147	998,684,380
3. Commission and Discount	20	313,696,555	255,351,737
4. Other Operating Incomes	21	157,755,684	141,761,704
5. Exchange Fluctuation Income	22	101,915,128	101,138,325
Total Operating Income.		2,196,902,514	1,496,936,146
6. Staff Expenses	23	416,560,412	289,153,228
7. Other Operating Expenses	24	477,246,891	456,126,353
8. Exchange Fluctuation Loss	22	-	-
Operating Profit before provision for Possible loss		1,303,095,211	751,656,565
9. Provision for Possible Losses	25	128,040,596	78,011,798
Operating Profit		1,175,054,615	673,644,767
10. Non Operating Income /Loss	26	(287,286)	2,182,640
11. Provision for Possible Loss Written Back	27	43,861,090	91,695,108
Profit from Regular Operations		1,218,628,419	767,522,515
12. Profit/Loss from extra-ordinary Activities	28	2,326,357	(12,203,577)
Net profit after considering all activities		1,220,954,776	755,318,938
13. Provision for Staff Bonus		110,995,889	68,665,358
14. Provision for Income Tax		338,487,758	206,548,087
* Current Year's		363,530,553	229,051,564
* Previous Year's		565,456	729,573
Deferred Tax		(25,608,251)	(23,233,050)
Net Profit/Loss		771,471,129	480,105,493

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

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PROFIT AND LOSS APPROPRIATION ACCOUNT

FOR THE PERIOD FROM 1 SHRAWAN 2069 TO 31 ASHAD 2070 (16 JULY 2012 TO 15 JULY 2013)

Particulars	Schedule	This Year Rs.	Previous Year Rs.
INCOME			
1. Accumulated Profit up to Last Year (Adjusted)		8,910,620	2,851,532
2. Current Year's Profit		771,471,129	480,105,493
3. Exchange Fluctuation Reserve		-	-
4. Investment Adjustment Reserve		515,360	25,213,820
5. Capital Adjustment Reserve up to Previous Year		5,000,000	30,000,000
6. Reversal of Bonus Shares and Cash Dividend		-	1,396,329
Total		785,897,109	539,567,174
EXPENSES			
1. Accumulated Loss up to Last Year		-	-
2. Current Year's Loss		-	-
3. General Reserve		154,294,226	96,021,099
4. Contingent Reserve		-	-
5. Institutional Development Reserve		-	-
6. Dividend Equalization Reserve		-	-
7. Staff Related Reserve		-	-
8. Proposed Dividend @ 7.5%		176,680,388	104,699,488
9. Proposed issue of Bonus Shares @ 12.5%		294,467,300	261,748,735
10. Special Reserve		-	-
11. Exchange Fluctuation Reserve Fund		1,133,538	798,950
12. Capital Redemption Reserve Fund		-	-
13. Capital Adjustment Reserve		35,000,000	5,000,000
14. Investment Adjustment Reserve		515,360	515,360
15. 6% NSBL Debenture 2070 Redemption Reserve		28,571,426	28,571,429
16. 12.5% NSBL Debenture 2078 Redemption Reserve		40,000,000	16,776,256
17. 8% NSBL Debenture 2079 Redemption Reserve		17,863,014	-
18. Deferred Tax Reserve		32,316,064	23,233,050
Total		780,841,316	537,364,367
19. Accumulated Profit/(Loss)		5,055,793	2,202,807

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STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD FROM 1 SHRAWAN 2069 TO 31 ASHAD 2070 (16 JULY 2012 TO 15 JULY 2013)

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 01.04.2069	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
Adjustments: Deferred Tax		6,707,813									6,707,813
Adjustments: Proposed Bonus Share of previous year treated as Share Capital as per NRB Directive	261,748,735						(261,748,735)		-		-
Restated Balance as on 01.04.2069	2,355,738,504	8,910,620	571,802,385	5,000,000	-	515,360	-	11,078,075	62,916,902	188,204,830	3,204,166,676
Adjustments											-
Net profit for the period	-	771,471,129	-	-	-			-		-	771,471,129
Capital Adjustment Reserve	-	5,000,000	-	(5,000,000)	-			-		-	-
Investment Adjustment Reserve		515,360				(515,360)					-
Special Reserve		-	200,000,000							(200,000,000)	-
Transfer to General Reserve	-	(154,294,226)	154,294,226	-	-			-		-	-
Capital Adjustment Reserve	-	(35,000,000)	-	35,000,000	-			-		-	-
Proposed Dividend	-	(176,680,388)	-	-	-			-		-	(176,680,388)
Proposed Bonus Shares	-	(294,467,300)					294,467,300				-
Share Premium					-						-
Exchange Fluctuation Fund	-	(1,133,538)		-	-			1,133,538		-	-
Unsubscribed Shares Issued	-			-	-			-		-	-
Capital Redemption Reserve	-	-	-	-	-			-			-
Bonus Share Issued		-	-	-	-			-		-	-
Debenture Redemption Reserve	-	(86,434,440)	-	-	-			-		86,434,440	-
Deferred Tax Reserve	-	(32,316,064)	-	-	-			-	32,316,064	-	-
Investment Adjustment Reserve		(515,360)				515,360					-
Right Share issue	-										-
Closing Balance at Asadh 2070	2,355,738,504	5,055,793	926,096,611	35,000,000	-	515,360	294,467,300	12,211,613	95,232,966	74,639,270	3,798,957,417

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CASH FLOW STATEMENT

FOR THE PERIOD FROM 1 SHRAWAN 2069 TO 31 ASHAD 2070 (16 JULY 2012 TO 15 JULY 2013)

Particulars	This Year Rs.	Previous Year Rs.
(a) Cash Flow from Operating Activities	2,060,734,242	642,513,260
1. Cash Received	4,087,296,346	4,063,565,246
1.1 Interest Income	3,516,708,507	3,566,474,199
1.2 Commission and Discount Income	313,696,555	255,351,737
1.3 Income from Foreign Exchange transaction	101,915,128	101,138,325
1.4 Recovery of loan written off	2,326,357	12,544,937
1.5 Other Incomes	152,649,799	128,056,048
2. Cash Payment	3,671,509,128	3,581,826,274
2.1 Interest Expenses	2,470,114,436	2,735,662,084
2.2 Staff Expenses	330,010,367	267,402,400
2.3 Office Overhead Expenses	366,114,793	325,141,369
2.4 Income Tax Paid	396,600,000	197,500,000
2.5 Other Expenses	108,669,532	56,120,421
Cash Flow before changes in Working Capital	415,787,218	481,738,972
(Increase) /Decrease of Current Assets	(4,016,612,361)	(10,881,685,550)
1. (Increase)/Decrease in Money at Call and Short Notice	39,324,566	(178,250,000)
2. (Increase)/Decrease in short term Investment	(1,430,828,398)	(5,577,387,738)
3. (Increase)/Decrease in Loans, Advances and Bills Purchase	(2,730,231,958)	(4,787,388,247)
4. (Increase)/Decrease in Other Assets	105,123,429	(338,659,565)
Increase /(Decrease) of Current Liabilities	5,661,559,385	11,042,459,838
1. Increase/(Decrease) in Deposits	5,583,191,463	10,921,820,899
2. Increase/(Decrease) in Certificates of Deposits	-	-
3. Increase/(Decrease) in Short Term Borrowings	-	-
4. Increase/(Decrease) in Other Liabilities	78,367,922	120,638,939
(b) Cash Flow from Investment Activities	(60,247,554)	(407,173,403)
1. (Increase)/Decrease in Long-term Investment	-	-
2. (Increase)/Decrease in Fixed Assets	(58,173,262)	(407,759,527)
3. Interest income from Long term Investment	-	-
4. Dividend Income	(2,074,292)	586,124
5. Others	-	-
(c) Cash Flow from Financing Activities	200,000,000	392,020,981
1. Increase/(Decrease) in Long term Borrowings (Bonds, Debentures etc)	200,000,000	400,000,000
2. Increase/(Decrease) in Share Capital	-	(7,979,019)
3. Increase/(Decrease) in Other Liabilities	-	-
4. Increase/(Decrease) in Refinance/facilities received from NRB	-	-
(d) Income/Loss from change in exchange rate in Cash & bank balances	4,534,151	3,195,800
(e) Current Year's Cash Flow from All Activities	2,205,020,839	630,556,638
(f) Opening Balance of Cash and Bank Balances	5,508,382,496	4,877,825,858
(g) Closing Balance of Cash and Bank Balances	7,713,403,335	5,508,382,496

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Chartered Accountants

SHARE CAPITAL AND OWNERSHIP
31 ASHAD 2070 (15 July 2013)

Particulars	This Year Rs.	Previous Year Rs.
1. Share Capital		
1.1 Authorized Capital	3,000,000,000	3,000,000,000
a) 30,000,000 Ordinary Shares of Rs. 100 each	3,000,000,000	3,000,000,000
b)..... Non -Reedemeble Preference shares of Rs..... each	-	-
c)..... Reedemable Preference Shares of Rs each	-	-
1.2 Issued Capital	2,364,714,900	2,102,966,165
a) 23,647,149.00 Ordinary Shares of Rs. 100 each	2,364,714,900	2,102,966,165
b)..... Non -Reedemeble Preference shares of Rs..... each	-	-
c)..... Reedemable Preference Shares of Rs each	-	-
1.3 Paid Up Capital	2,355,738,504	2,093,989,769
a) 23,557,385.04 Ordinary Share of Rs. 100 Each	2,355,738,504	2,093,989,769
b)..... Non -Reedemeble Preference shares of Rs..... each	-	-
c)..... Reedemable Preference Shares of Rs each	-	-
1.4 Proposed Bonus Share	294,467,300	261,748,735
1.5 Calls in Advance	-	-
1.6 Total Amount (1.3+1.4+1.5)	2,650,205,804	2,355,738,504

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 (12035.03 kitta of bonus and 5385.01 for right issue) 17,420.04 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.

Share Ownership Details	This Year Rs.		Previous Year Rs.	
	%	Share Capital	%	Share Capital
1. Domestic Ownership	44.72%	1,053,425,399	44.72%	936,378,127
1.1 Nepal Government	-	-	-	-
1.2 "A" Class Licensed Institutions	-	-	-	-
1.3 Other Licensed Institutions	-	-	-	-
1.4 Other Entities	15.08%	355,176,301	15.08%	315,712,266
1.5 General Public	29.64%	698,249,098	29.64%	620,665,861
1.6 Others	-	-	-	-
2. Foreign Ownership	55.28%	1,302,313,105	55.28%	1,157,611,642
Total	100.00%	2,355,738,504	100.00%	2,093,989,769

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 2070 (15 July 2013)

Particulars	This Year Rs.	Previous Year Rs.
1. General Reserve	926,096,611	571,802,385
2. Capital Reserve	-	-
3. Capital Redemption Reserve	-	-
4. Capital Adjustment Reserve	35,000,000	5,000,000
5. Other Reserves and Funds	170,387,596	251,637,092
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	95,232,966	62,916,902
5.7 Other Free Reserves	-	-
5.8 Investment Adjustment Reserve	515,360	515,360
5.9 Other Reserves (Debenture Redemption Reserves)	74,639,270	188,204,830
5.10 Share Premium Account	-	-
6. Accumulated Profit/(Loss)	5,055,793	2,202,807
7. Exchange Equalization Fund	12,211,613	11,078,075
Total	1,148,751,613	841,720,359

SCHEDULE 3

DEBENTURES AND BONDS

31 ASHAD 2070 (15 July 2013)

Particulars	This Year Rs.	Previous Year Rs.
1. 6% Nepal SBI Bank Debentures 2070 of Rs.1,000 each (Unsecured) Issued on 16.07.2006 and matured and redeemed on 15.07.2013	-	200,000,000 -
2. 12.5% Nepal SBI Bank Debentures 2078 of Rs.1,000 each (Unsecured) Issued on 12.02.2012 and maturing on 11.02.2022 (Outstanding balance of Redemption Reserve Rs.56,776,256)	400,000,000	400,000,000
3. 8% Nepal SBI Bank Debentures 2079 of Rs.1,000 each (Unsecured) Issued on 03.02.2013 and maturing on 02.02.2023 (Outstanding balance of Redemption Reserve Rs. 17,863,014)	400,000,000	-
Total	800,000,000	600,000,000

SCHEDULE 4

LOANS DUE TO BE PAID (BORROWINGS)

31 ASHAD 2070 (15 July 2013)

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

SCHEDULE 5

DEPOSITS

31 ASHAD 2070 (15 July 2013)

Particulars	This Year Rs.	Previous Year Rs.
1. Non-Interest bearing accounts		
A. Current Deposits	5,037,126,566	3,777,858,754
1. Local Currency	3,973,522,687	3,516,188,320
1.1 Nepal Government	7,164,103	1,802,863
1.2 "A" Class Licensed Institutions	23,555,451	49,715,881
1.3 Other Licensed Institutions	64,301,034	66,125,183
1.4 Other Organized Institutions	3,777,072,411	3,299,686,555
1.5 Individuals	101,429,688	98,857,838
1.6 Others	-	-
2. Foreign Currency	1,063,603,879	261,670,434
2.1 Nepal Government	-	-
2.2 "A" Class Licensed Institutions	-	-
2.3 Other Licensed Institutions	-	-
2.4 Other Organized Institutions	1,063,603,879	261,670,434
2.5 Individuals	-	-
2.6 Others	-	-
B. Margin Deposits	245,627,516	305,174,918
1. Employees Guarantee	-	-
2. Guarantee Margin	79,058,175	59,920,310
3. Margin on Letter of Credit	166,569,341	245,254,608
C. Others	-	-
1. Local Currency	-	-
1.1 Financial Institutions	-	-
1.2 Other Organized Institutions	-	-
1.3 Individual	-	-
2. Foreign Currency	-	-
2.1 Financial Institutions	-	-
2.2 Other Organized Institutions	-	-
2.3 Individual	-	-
Total of Non-Interest Bearing Accounts	5,282,754,082	4,083,033,672
2. Interest Bearing Accounts		
A. Saving Deposits	12,887,139,796	10,344,583,175
1. Local Currency	12,814,666,116	10,278,503,378
1.1 Organized Institutions	141,219,285	120,239,603
1.2 Individual	12,673,446,831	10,158,263,775
1.3 Others	-	-

DEPOSITS
31 ASHAD 2070 (15 July 2013)

Particulars	This Year Rs.	Previous Year Rs.
2. Foreign Currency	72,473,680	66,079,797
2.1 Organized Institutions	38,874,293	46,455,621
2.2 Individual	33,599,387	19,624,176
2.3 Others	-	-
B. Fixed Deposits	38,179,006,333	36,208,650,059
1. Local Currency	15,215,385,792	16,251,496,099
1.1 Organized Institutions	8,534,117,370	9,360,674,991
1.2 Individual	6,681,268,422	6,890,821,108
1.3 Others	-	-
2. Foreign Currency	22,963,620,541	19,957,153,960
2.1 Organized Institutions	22,963,620,541	19,957,153,960
2.2 Individual	-	-
2.3 Others	-	-
C. Call Deposits	2,571,555,445	2,700,997,287
1. Local Currency	2,554,949,935	2,564,975,946
1.1 "A" Class Licensed Institutions	-	-
1.2 Other Licensed Institutions	213,112,601	479,493,501
1.3 Other Organized Institutions	1,287,946,488	794,001,098
1.4 Individual	1,053,890,846	1,291,481,347
1.5 Others	-	-
2. Foreign Currency	16,605,510	136,021,341
2.1 "A" Class Licensed Institutions	-	-
2.2 Other Licensed Institutions	-	-
2.3 Other Organized Institutions	16,605,510	136,021,341
2.4 Individual	-	-
2.5 Others	-	-
D. Certificate of Deposit	-	-
1. Organized Institutions	-	-
2. Individual	-	-
3. Others	-	-
Total of Interest Bearing Accounts	53,637,701,574	49,254,230,521
Total Deposit (1+2)	58,920,455,656	53,337,264,193

SCHEDULE 6

BILLS PAYABLE 31 ASHAD 2070 (15 July 2013)

Particulars	This Year Rs.	Previous Year Rs.
1. Local Currency	42,343,805	46,400,974
2. Foreign Currency	123,010,881	32,215,263
Total	165,354,686	78,616,237

SCHEDULE 7

OTHER LIABILITIES 31 ASHAD 2070 (15 July 2013)

Particulars	This Year Rs.	Previous Year Rs.
1. Pension/Gratuity / Leave Fund	218,540,918	131,990,873
2. Employee Provident Fund	-	-
3. Employees Welfare Fund	-	-
4. Provision for Staff Bonus	110,995,889	68,665,358
5. Interest Payable on Deposits	36,171,507	34,202,391
6. Interest Payable on Borrowings/ Debenture	41,865,747	26,970,320
7. Unearned Discount and Commission	-	-
8. Sundry Creditors	39,560,401	41,818,122
9. Branch Account	-	-
10. Deferred Tax Liability	-	-
11. Dividend Payable	15,737,036	14,071,692
12. Others	471,833,177	420,481,282
a. Matured Fixed Deposit	205,273,797	241,627,243
b. Matured Debenture	85,000,000	-
c. TDS Payable	50,356,877	56,737,008
d. Others	131,202,503	122,117,031
Total	934,704,675	738,200,038

SCHEDULE 8

CASH BALANCE 31 ASHAD 2070 (15 July 2013)

Particulars	This Year Rs.	Previous Year Rs.
1. Local Currency (Including Coins)	1,210,972,479	1,167,070,833
2. Foreign Currency	28,480,640	19,684,189
Total	1,239,453,119	1,186,755,022

SCHEDULE 9

BALANCE WITH NEPAL RASTRA BANK 31 ASHAD 2070 (15 July 2013)

Particulars	Local Currency	Foreign Currency			This Year Rs.	Previous Year Rs.
		INR	Convertible	Total		
1. Nepal Rastra Bank	4,448,289,517	-	508,774,976	508,774,976	4,957,064,493	3,269,609,702
a. Current Account	4,448,289,517	-	508,774,976	508,774,976	4,957,064,493	3,269,609,702
b. Other Account	-	-	-	-	-	-

Note: Total balance for which the confirmations are received from NRB is Rs. 4,497,125,852.57 and all the balances with NRB have been reconciled.

SCHEDULE 10

BALANCE WITH BANKS/FINANCIAL INSTITUTIONS 31 ASHAD 2070 (15 July 2013)

Particulars	Local Currency	Foreign Currency			This Year Rs.	Previous Year Rs.
		INR	Convertible	Total		
1. Local Licensed Institutions	82,688,472	-	-	-	82,688,472	113,485,189
a. Current Account	82,688,472	-	-	-	82,688,472	113,485,189
b. Other Account	-	-	-	-	-	-
2. Foreign Banks	-	1,050,496,160	383,701,091	1,434,197,251	1,434,197,251	938,532,583
a. Current Account	-	1,050,496,160	383,701,091	1,434,197,251	1,434,197,251	938,532,583
b. Other Account	-	-	-	-	-	-
Total	82,688,472	1,050,496,160	383,701,091	1,434,197,251	1,516,885,723	1,052,017,772

Note: Total balance for which the confirmations are received from respective licensed institutions is Rs. 1,005,069,222 and all the balances with banks/financial institutions have been reconciled.

SCHEDULE 11

MONEY AT CALL AND SHORT NOTICE 31 ASHAD 2070 (15 July 2013)

Particulars	This Year Rs.	Previous Year Rs.
1. Local Currency	-	90,000,000
2. Foreign Currency	138,925,434	88,250,000
TOTAL	138,925,434	178,250,000

SCHEDULE 12

INVESTMENTS 31 ASHAD 2070 (15 July 2013)

Particulars	Purpose		This Year Rs.	Previous Year Rs.
	Trading	Other		
1. Nepal Government Treasury Bills	-	2,742,523,736	2,742,523,736	3,417,984,650
2. Nepal Government Saving Bonds	-	-	-	-
3. Nepal Government Other securities	-	922,725,000	922,725,000	1,142,725,000
4. Nepal Rastra Bank Bonds	-	-	-	-
5. Foreign Securities	-	-	-	-
6. Local Licensed Institutions	-	-	-	-
7. Foreign Banks	-	22,210,167,578	22,210,167,578	19,872,038,808
8. Corporate Shares	-	30,703,500	30,703,500	30,703,500
9. Corporate Bonds and Debentures	-	-	-	-
10. Other Investments	-	-	-	-
Total Investment	-	25,906,119,814	25,906,119,814	24,463,451,958
Provision	-	-	-	-
Net Investment	-	25,906,119,814	25,906,119,814	24,463,451,958

SCHEDULE 12 A

INVESTMENT IN SHARES, DEBENTURES AND BONDS

31 ASHAD 2070 (15 July 2013)

Particulars	Cost Price Rs.	Market Price Rs.	Provision Amount Rs.	This Year Rs.	Previous Year Rs.
1. Investment in Shares	30,703,500	-	-	30,703,500	30,703,500
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	1,002,320	-	748,000	748,000
4670 Bonus Shares of Rs 100 fully paid up	-	625,780	-	-	-
1.4 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
24,244 Bonus Shares of Rs 100 fully paid up	-	-	-	-	-
1.5 Nepal Clearing House	2,500,000	-	-	2,500,000	2,500,000
1.6 National Banking Training Institute				-	-
12000 Shares of Rs. 100 fully paid up	1,200,000	-	-	1,200,000	1,200,000
2. Investment in Debentures and Bonds	-	-	-	-	-
2.1	-	-	-	-	-
2.2	-	-	-	-	-
2.3	-	-	-	-	-
Total Investment	30,703,500	-	-	30,703,500	30,703,500
3. Provision for Loss	-	-	-	-	-
3.1 Up to previous year	-	-	-	-	-
3.2 Additions/Write back this year	-	-	-	-	-
Total Provision	-	-	-	-	-
Net Investment	30,703,500	-	-	30,703,500	30,703,500

SCHEDULE 12.1

INVESTMENT (HELD FOR TRADING)

31 ASHAD 2070 (15 July 2013)

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	-	-	-	-	-	
Total Investment	-	-	-	-	-	

SCHEDULE 12.2

INVESTMENT (HELD TO MATURITY)

31 ASHAD 2070 (15 July 2013)

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	2,742,523,736	-	-	-	-	
2. Nepal Government Saving Bonds	-	-	-	-	-	
3. Nepal Government Other securities	922,725,000	-	-	-	-	
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)	22,210,167,578	-	-	-	-	
10. Other Investments (Inter Bank Lending)	-	-	-	-	-	
Total Investment	25,875,416,314	-	-	-	-	

SCHEDULE 12.3

INVESTMENT (AVAILABLE FOR SALE)

31 ASHAD 2070 (15 July 2013)

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	1,082,410	1,628,100	-	-	*
Not Listed	29,955,500			-	-	**
9. Foreign Bank Investment (Placement)	-	-	-	-	-	
10. Interbank Lending	-	-	-	-	-	
11. Other Investments	-	-	-	-	-	
Total Investment	30,703,500	1,082,410	1,628,100	-	-	

Note:

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

** No Investment Adjustment Reserve has been maintained for investment in Madhya Paschimanchal Grameen Bikash Bank, Rural Micro-finance Development Center Ltd. (RMDC), Credit Information Center Ltd., Nepal Clearing House, and National Banking Training Institute as NRB Directive No 8/ 2069 has exempted maintenance of such reserve against such investments.

SCHEDULE 13

CLASSIFICATION OF LOANS AND BILLS PURCHASE & PROVISIONING 31 ASHAD 2070 (15 July 2013)

Particulars	Loans & Advances					Bills Purchased/Discounted			This Year (Rs).	Previous Year (Rs).
	Domestic		Other	Foreign	Total	Domestic	Foreign	Total		
	Deprived Sector									
	Insured	Uninsured								
1. Performing Loan	0	1,144,255,803	27,894,431,349	0	29,038,687,152	0	46,524,414	46,524,414	29,085,211,566	26,319,823,276
1.1 Pass		1,144,255,803	27,894,431,349	0	29,038,687,152		46,524,414	46,524,414	29,085,211,566	26,319,823,276
2. Non-Performing Loan	0	377,923	108,233,895	0	108,611,818	0	80,038	80,038	108,691,856	143,848,188
2 a Restructured/Rescheduled			27,630,936		27,630,936			0	27,630,936	106,404,455
2.1 Sub-Standard					0			0	0	4,583,958
2.2 Doubtful					0			0	0	2,846,859
2.3 Loss		377,923	80,602,959		80,980,882		80,038	80,038	81,060,920	30,012,916
A. Total Loan	0	1,144,633,726	28,002,665,244	0	29,147,298,970	0	46,604,452	46,604,452	29,193,903,422	26,463,671,464
3. Loan Loss Provision										
3.1 Pass		11,442,558	287,098,746		298,541,304	0	465,244	465,244	299,006,548	262,432,500
3.2 Restructured/Rescheduled			27,630,936		27,630,936			0	27,630,936	29,903,968
3.3 Sub-Standard					0			0	0	1,145,990
3.4 Doubtful					0			0	0	1,227,822
3.5 Loss		377,923	78,661,352		79,039,275		80,038	80,038	79,119,313	26,867,012
B. Total Provisioning	0	11,820,481	393,391,034	0	405,211,515	0	545,282	545,282	405,756,797	321,577,292
4. Provisioning up to previous year										
4.1 Pass		8,430,128	253,404,619	0	261,834,747	189,598	408,155	597,753	262,432,500	213,793,432
4.2 Restructured/Rescheduled			29,903,968	0	29,903,968			0	29,903,968	46,411,214
4.3 Sub-Standard			1,145,990	0	1,145,990			0	1,145,990	519,179
4.4 Doubtful			1,227,822	0	1,227,822			0	1,227,822	496,074
4.5 Loss		377,923	26,409,051	0	26,786,974		80,038	80,038	26,867,012	91,799,703
C. Total previous year's provision	0	8,808,051	312,091,450	0	320,899,501	189,598	488,193	677,791	321,577,292	353,019,602
D. Written Back from Previous Year's			43,861,090	0	43,861,090			0	43,861,090	91,695,108
E. Additional Provision of Current Year	0	0	128,040,596	0	128,040,596	0	0	0	128,040,596	60,252,798
Changes this year	0	0	84,179,506	0	84,179,506	0	0	0	84,179,506	-31,442,313
Net Loan (A-B)	0	1,132,813,245	27,609,274,210	0	28,742,087,455	0	46,059,170	46,059,170	28,788,146,625	26,142,094,172

Note: Total Exposure under Deprived Sector is Rs. 11,446.34 Lacs (Excluding Investment of Rs.250.20 Lacs)

SCHEDULE 13 (A)

LOAN, ADVANCES AND BILLS PURCHASED SECURITY WISE

31 ASHAD 2070 (15 July 2013)

Particulars	This Year Rs.	Previous Year Rs.
A. Secured	29,193,903,422	26,463,671,464
1. Movable/Immovable Assets	25,345,253,361	22,984,077,763
2. Guarantee of Local Licensed Institutions	630,324,042	518,644,002
3. Government Guarantee	156,121,000	156,121,000
4. Internationally Rated Bank Guarantee	-	98,000,000
5. Export Documents	45,833,878	199,938,029
6. Fixed Deposit Receipts	1,009,416,032	1,151,666,540
a. Own FDR	1,009,416,032	1,151,666,540
b. FDR of Other Licensed Institutions	-	-
7. Government Bonds	326,531,998	243,788,723
8. Counter Guarantee	-	-
9. Personal Guarantee	-	-
10. Other Securities	1,680,423,111	1,111,435,407
B. Unsecured	-	-
Total	29,193,903,422	26,463,671,464

SCHEDULE 14

FIXED ASSETS 31 ASHAD 2070 (15 July 2013)

Particulars	ASSETS					This Year Rs.	Previous Year Rs.
	Land/ Buildings	Vehicles	Machinery	Office Equipment	Others		
1. Cost Price							
a. Previous Year balance	-	137,922,510	248,800,633	388,058,193	113,430,427	888,211,763	753,484,270
b. Addition during the year	-	5,514,400	9,666,784	37,605,540	8,402,349	61,189,073	148,917,309
c. Revaluation/Written Back this year	-	-	-	-	-	-	-
d. Sold during the year	-	-	2,507,002	2,850,093	96,867	5,453,962	13,869,978
e. Written off during the year	-	4,472,567	-	47,000	-	4,519,567	319,838
Total Cost (a+b+c-d-e)	-	138,964,343	255,960,415	422,766,640	121,735,909	939,427,307	888,211,763
2. Depreciation							
a. Up to previous year	-	67,739,328	150,815,618	173,806,637	39,089,625	431,451,208	336,481,741
b. For this year	-	15,052,229	35,430,430	54,607,434	7,446,905	112,536,998	108,402,936
c. Depreciation on revaluation/Written Back	-	-	-	-	-	-	-
d. Depreciation on Assets Sold/Written off	-	1,934,907	2,262,509	2,698,474	94,211	6,990,101	13,433,469
Total Depreciation	-	80,856,650	183,983,539	225,715,597	46,442,319	536,998,105	431,451,208
3. Book Value (WDV) (1-2)	-	58,107,693	71,976,876	197,051,043	75,293,591	402,429,203	456,760,555
4. Land	259,160,000.00	-	-	-	-	259,160,000	259,160,000
5. Capital Construction (Pending Capitalization)	-	-	-	-	-	-	-
6. Leasehold Assets	-	-	-	-	-	-	-
Total (3+4+5+6)	259,160,000	58,107,693	71,976,876	197,051,043	75,293,591	661,589,203	715,920,555

SCHEDULE 15

NON BANKING ASSETS 31 ASHAD 2070 (15 July 2013)

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	-	-
Total	-	17,759,000		17,759,000	-	-

SCHEDULE 16

OTHER ASSETS 31 ASHAD 2070 (15 July 2013)

Particulars		This Year Rs.	Previous Year Rs.
1. Stock of Stationery		3,923,710	4,796,229
2. Income receivable on Investment		960,222,144	366,416,525
3. Accrued Interest on Loan	71,342,890		77,000,495
Less: Interest Suspense Account	(71,342,890)	-	(77,000,495)
4. Commission Receivable		-	-
5. Sundry Debtors		14,987,488	13,639,264
6. Staff Loan & Advances		383,298,544	312,412,962
7. Pre Payments		13,946,167	12,541,274
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		21,481,047	33,320,505
12. Branch Account		-	-
13. Deferred Tax Assets		95,232,965	62,916,901
14. Others		85,235,721	235,924,254
a) Advance Income Tax (Net of Liability)		38,296,222	-
b) Others		46,939,499	235,924,254
Total		1,587,968,411	1,051,608,539

SCHEDULE 16 A

OTHER ASSETS (ADDITIONAL STATEMENT)

31 ASHAD 2070 (15 July 2013)

Particulars	This Year Rs.				Previous Year Rs.
	Up to 1Year	1 to 3 years	Above 3years	Total	
1. Accrued Interest on Loan	23,537,203	9,348,584	38,457,103	71,342,890	77,000,496
2. Drafts Paid without notice	-	-	32,000,000	32,000,000	32,000,000
3. Branch Account	-	-	-	-	-
4. Local/ Foreign Agency Account	-	-	-	-	-
Total	23,537,203	9,348,584	70,457,103	103,342,890	109,000,496

Note: For the DD paid without notice of Rs 3.2 crore, the Bank has already received Rs 96 lacs from insurance company and collecting banks, and 100% provision has been made against possible loss for the balance amount of Rs 2.24 crore. Amount net of aforesaid provision is disclosed in schedule 16.

SCHEDULE 17

CONTINGENT LIABILITIES

31 ASHAD 2070 (15 July 2013)

Particulars	This Year Rs.	Previous Year Rs.
1. Claims on institution not accepted by the Institution	7,801,037	-
2. Letter of Credit (Full Amount)	1,662,738,662	1,602,466,685
a. Less than 6 months maturity	1,662,738,662	1,602,466,685
b. More than 6 months maturity	-	-
3. Rediscounted Bills	-	-
4. Unmatured Guarantees/Bonds	831,501,401	1,179,855,774
a. Bid Bonds	105,819,660	45,181,982
b. Performance Bonds	725,681,741	646,323,792
c. Other Guarantee/Bonds	-	-
5. Unpaid Shares in Investment	-	-
6. Forward Exchange Contract Liabilities	-	-
7. Bills under Collection	130,492,359	82,383,080
8. Acceptance & Endorsement	686,026,825	1,202,876,753
9. Underwriting Commitment	-	-
10. Irrevocable Loan Commitment	4,220,991,985	3,619,674,662
"11. Guarantee provided on Counter Guarantee of Internationally Rated Banks"	3,173,821,979	1,504,118,531
12. Advance Payment Guarantee	68,507,794	82,321,579
13. Financial Guarantee	100,835,620	488,350,000
14. Contingent Liabilities on Income Tax	-	-
15. Others	-	-
Total	10,882,717,662	9,273,697,064

* As defined by Capital Adequacy Framework 2007 (Updated July 2008).

SCHEDULE 18

INTEREST INCOME

FROM 1 SHRAWAN 2069 TO 31 ASHAD 2070 (16 JULY 2012 TO 15 JULY 2013)

Particulars	This Year Rs.	Previous Year Rs.
A. On Loans, Advances and Overdraft	3,270,328,955	2,983,633,021
1. Loans & Advances	2,683,605,397	2,414,399,116
2. Overdraft	586,723,558	569,233,905
B. On Investment	150,207,099	342,396,660
1. Nepal Government Securities	142,988,497	341,614,321
a. Treasury Bills	62,510,077	259,382,418
b. Development Bonds	80,478,420	82,231,903
c. National Saving Certificates	-	-
2. Foreign Securities	-	-
3. Nepal Rastra Bank Bonds	-	-
4. Debenture & Bonds	-	-
5. Interest on Inter Bank Lending	7,218,602	782,339
a. Banks/Financial Institutions	7,218,602	782,339
b. Other Organizations	-	-
C. On Agency Balances	-	-
1. Local Banks	-	-
2. Foreign Banks	-	-
D. On Money at Call and Short Notice	-	-
1. Local Banks/Financial Institutions	-	-
2. Foreign Banks	-	-
E. On Others	689,978,072	443,453,388
1. Certificate of Deposits	-	-
2. Inter-Bank Loan	-	-
3. Others	689,978,072	443,453,388
a. Placement with Foreign Banks	668,520,847	430,404,587
b. Others	21,457,225	13,048,801
Total	4,110,514,126	3,769,483,069

SCHEDULE 19

INTEREST EXPENSES

FROM 1 SHRAWAN 2069 TO 31 ASHAD 2070 (16 JULY 2012 TO 15 JULY 2013)

Particulars	This Year Rs.	Previous Year Rs.
A. ON DEPOSIT LIABILITIES	2,409,602,918	2,737,381,985
1. Fixed Deposits	1,940,747,084	2,237,369,122
1.1 Local Currency	1,322,044,618	1,806,326,285
1.2 Foreign Currency	618,702,466	431,042,837
2. Saving Deposits	383,166,927	283,420,815
2.1 Local Currency	382,723,391	283,044,937
2.2 Foreign Currency	443,536	375,878
3. Call Deposits	85,688,907	216,592,048
3.1 Local Currency	85,345,461	215,678,570
3.2 Foreign Currency	343,446	913,478
4. Certificate of Deposits	-	-
B. ON BORROWINGS	77,376,061	33,416,704
1. Debentures & Bonds	76,257,534	32,970,320
2. Loan from Nepal Rastra Bank	-	-
3. Inter Bank /Financial Institutions Borrowing	1,118,527	446,384
4. Other Corporate Body	-	-
5. Other Borrowings	-	-
C. ON OTHERS	-	-
Total	2,486,978,979	2,770,798,689

SCHEDULE 20

COMMISSION AND DISCOUNT INCOME

FROM 1 SHRAWAN 2069 TO 31 ASHAD 2070 (16 JULY 2012 TO 15 JULY 2013)

Particulars	This Year Rs.	Previous Year Rs.
A. Bills Purchase & Discount	131,594	148,293
1. Local	-	-
2. Foreign	131,594	148,293
B. Commission	135,988,684	114,580,900
1. Letters of Credit	21,319,661	22,388,067
2. Guarantees	57,425,712	42,922,449
3. Collection Fees	5,516,348	5,488,455
4. Remittance Fees	51,726,963	43,781,929
5. Credit Card	-	-
6. Share Underwriting/Issue	-	-
7. Government Transactions	-	-
8. Agency Commission	-	-
9. Exchange Fee	-	-
C. Others	177,576,277	140,622,544
Total	313,696,555	255,351,737

SCHEDULE 21

OTHER OPERATING INCOME

FROM 1 SHRAWAN 2069 TO 31 ASHAD 2070 (16 JULY 2012 TO 15 JULY 2013)

Particulars	This Year Rs.	Previous Year Rs.
1. Safe Deposit Lockers Rental	3,461,500	2,606,039
2. Issue & Renewals of Credit Cards	-	-
3. Issue & Renewals of ATM Cards	40,114,016	35,998,593
4. Telex / T. T.	36,593,015	29,074,056
5. Service Charges	63,258,916	59,760,880
6. Renewal Fees	10,965,252	10,399,441
7. Others	3,362,985	3,922,695
Total	157,755,684	141,761,704

SCHEDULE 22

EXCHANGE FLUCTUATION GAIN/LOSS

FROM 1 SHRAWAN 2069 TO 31 ASHAD 2070 (16 JULY 2012 TO 15 JULY 2013)

Particulars	This Year Rs.	Previous Year Rs.
a. Revaluation Gain (Loss)	4,534,151	3,195,800
b. Trading Gain (except Exchange Fees)	97,380,977	97,942,525
Total Gain/ (Loss)	101,915,128	101,138,325

SCHEDULE 23

EXPENSES RELATED TO EMPLOYEES

FROM 1 SHRAWAN 2069 TO 31 ASHAD 2070 (16 JULY 2012 TO 15 JULY 2013)

Particulars	This Year Rs.	Previous Year Rs.
1. Salary	156,352,389	121,455,108
2. Allowances	113,802,899	95,596,573
3. Contribution to Provident Fund	15,302,200	11,576,278
4. Training Expenses	1,617,542	1,212,786
5. Uniform	733,876	479,450
6. Medical	7,767,920	1,996,663
7. Insurance	17,371,895	20,606,874
8. Pension, Gratuity and Leave Provision	92,387,304	25,358,317
9. Others (Canteen)	11,224,387	10,871,179
Total	416,560,412	289,153,228

SCHEDULE 24

OTHER OPERATING EXPENSES

FROM 1 SHRAWAN 2069 TO 31 ASHAD 2070 (16 JULY 2012 TO 15 JULY 2013)

Particulars	This Year Rs.	Previous Year Rs.
1. House Rent	75,720,232	72,051,161
2. Electricity & Water	16,918,300	14,193,923
3. Repair & Maintenance	18,518,833	16,653,650
a. Building (on lease)	1,433,568	2,847,954
b. Vehicles	2,932,249	2,443,425
c. Others(Computer, Office Equipment, Furniture)	14,153,016	11,362,271
4. Insurance	22,790,710	18,198,227
5. Postage, Telex, Telephone & Fax	9,170,246	10,420,935
6. Small equipments	588,462	1,453,924
7. Travelling Allowances & Expenses	8,980,979	12,632,819
8. Printing & Stationery	29,366,886	24,634,841
9. Books & Periodicals	778,332	658,595
10. Advertisements	8,103,685	9,488,575
11. Legal Expenses	1,352,118	1,898,378
12. Donations	200,000	10,000
13. Expenses relating to Board of Directors	2,064,028	4,335,050
a. Meeting Fees	608,000	1,884,000
b. Other Expenses	1,456,028	2,451,050
14. Annual General Meeting Expenses	1,833,444	2,484,246
15. Expenses relating to Audit	404,705	324,391
a. Audit Fees	271,200	226,000
b. Other Expenses	133,505	98,391
16. Commission on Remittances	-	-
17. Depreciation on Fixed Assets	112,536,997	108,402,937
18. Amortization of Preliminary Expenses	-	-
19. Share Issue expenses	-	-
20. Technical Services Fee	14,928,713	13,808,600
21. Entertainment	1,317,470	833,694
22. Written Off Expenses	-	-
23. Security Expenses	39,163,761	40,009,044
24. Credit Guarantee Premium	358,640	1,265,369
25. Commission and Discount	-	-
26. Others	112,150,350	102,367,994
a) Information Technology Support Cost	47,693,073	44,712,364
b) Others	64,457,277	57,655,630
Total	477,246,891	456,126,353

SCHEDULE 25

PROVISION FOR POSSIBLE LOSS

FROM 1 SHRAWAN 2069 TO 31 ASHAD 2070 (16 JULY 2012 TO 15 JULY 2013)

Particulars	This Year Rs.	Previous Year Rs.
1. Increase in Loan Loss Provision	128,040,596	60,252,798
2. Increase in Provision for Loss on Investment	-	-
3. Provision Against Non-Banking Assets	-	17,759,000
4. Provision Against Other Assets	-	-
Total	128,040,596	78,011,798

SCHEDULE 26

NON-OPERATING INCOME / LOSS

FROM 1 SHRAWAN 2069 TO 31 ASHAD 2070 (16 JULY 2012 TO 15 JULY 2013)

Particulars	This Year Rs.	Previous Year Rs.
1. Profit (Loss) on Sale of Investments	-	1,800,660.00
2. Profit (Loss) on Sale of Assets	32,383	(438,565)
3. Dividend (Net)	(2,074,292)	586,124
4. Subsidies received from Nepal Rastra Bank	-	-
a. Reimbursement of losses of specified branches	-	-
b. Interest Subsidy	-	-
c. Exchange Counter	-	-
5. Others	1,754,623	234,421
Total Non-Operating Income (Loss)	(287,286)	2,182,640

* Dividend Rs 2,333,532 received from RMDC in the FY 2067-68 and recognized in the same FY has been refunded during the FY 2069-70 as per decision of RMDC under direction of NRB.

SCHEDULE 27

PROVISION FOR POSSIBLE LOSS WRITTEN BACK

FROM 1 SHRAWAN 2069 TO 31 ASHAD 2070 (16 JULY 2012 TO 15 JULY 2013)

Particulars	This Year Rs.	Previous Year Rs.
1. Loan Loss Provision Written Back	43,861,090	91,695,108
2. Provision against Non Banking Assets Written Back	-	-
3. Investment Provision Written Back	-	-
4. Provision against other Assets Written Back	-	-
Total	43,861,090	91,695,108

SCHEDULE 28

PROFIT/LOSS FROM EXTRA ORDINARY ACTIVITIES

FROM 1 SHRAWAN 2069 TO 31 ASHAD 2070 (16 JULY 2012 TO 15 JULY 2013)

Particulars	This Year Rs.	Previous Year Rs.
1. Recovery of Write off Loan	1,258,192	29,370,529
2. Voluntary Retirement Scheme Expenses	-	-
3. Loan Write -Offs (28 (a))	-	(42,507,514)
4. Other expenses/Income (recovery of interest from written off loans)	1,068,165	933,408
Total	2,326,357	(12,203,577)

SCHEDULE 28 A

STATEMENT OF LOAN WRITTEN-OFF FROM 1 SHRAWAN 2069 TO 31 ASHAD 2070 (16 JULY 2012 TO 15 JULY 2013)

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	NIL	NIL	NIL	NIL	NIL	NIL
2	Project Loan	NIL	NIL	NIL	NIL	NIL	NIL
3	Fixed Capital Loan	NIL	NIL	NIL	NIL	NIL	NIL
4	Personal Loan	NIL	NIL	NIL	NIL	NIL	NIL
5	Other Loan	NIL	NIL	NIL	NIL	NIL	NIL
	Total Loan	NIL	NIL	NIL	NIL	NIL	NIL

SCHEDULE 29

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

31 ASHAD 2070 (15 July 2013)

In Rs.lacs

Name of Promoter/Director/Chief Executive	Outstanding up to Last Year		Recovered in Current Year		Additional Lending in this year	Outstanding as of Asadh end 2070	
	Principal	Interest	Principal	Interest		Principal	Interest
A. Directors	-	-	-	-	-	-	-
1. Manoj Kumar Agrawal (M/s Hyat Enterprises)*	106.03	-	-	-	6.83	112.86	-
B. Chief Executive	-	-	-	-	-	-	-
1.	-	-	-	-	-	-	-
2.	-	-	-	-	-	-	-
C. Promoters	-	-	-	-	-	-	-
1.	-	-	-	-	-	-	-
2.	-	-	-	-	-	-	-
D. Employees	-	-	-	-	-	-	-
1.	-	-	-	-	-	-	-
2.	-	-	-	-	-	-	-
3.	-	-	-	-	-	-	-
E. Shareholders	-	-	-	-	-	-	-
1.	-	-	-	-	-	-	-
2.	-	-	-	-	-	-	-
3.	-	-	-	-	-	-	-
Total	106.03	-	-	-	6.83	112.86	-

* Regular Overdraft facility against FD sanctioned to the unit during FY 2069/70 is Rs 168.00 lacs and LC/TR/STD/L facilities are sanctioned as sublimit of regular Overdraft facility of Rs.168.00 lacs.

CAPITAL ADEQUACY TABLE
As on 31 Ashadh 2070 (15.07.2013)

Particulars	This Year Rs.	Previous Year Rs.
1.1 RISK WEIGHTED EXPOSURES	Ashadh End 2070	Ashadh End 2069
a Risk Weighted Exposure for Credit Risk	36,300,667,167	32,226,282,192
b Risk Weighted Exposure for Operational Risk	1,901,971,050	1,489,840,740
c Risk Weighted Exposure for Market Risk	484,174,570	383,674,259
Total Risk Weighted Exposures (a+b+c)	38,686,812,787	34,099,797,191
<i>Adjustments Under Pillar II</i>		
Add: 2% of the total RWE as per NRB Direction.	773,736,256	681,995,944
Add: % of the total deposit due to insufficient Liquid Assets (6.4 a 6)	-	-
Total Risk Weighted Exposures (After Bank's Adjustment of Pillar II)	39,460,549,043	34,781,793,135
1.2 CAPITAL	Ashadh End 2070	Ashadh End 2069
Core Capital (Tier 1)	3,785,482,444	3,185,117,428
a Paid up Equity Share Capital	2,355,738,504	2,093,989,769
b Irredeemable Non-cumulative preference shares	-	-
c Share Premium	-	-
d Proposed Bonus Equity Shares	294,467,300	261,748,735
e Statutory General Reserves	926,096,611	571,802,385
f Retained Earnings	-	-
g Un-audited current year cumulative profit/(Loss)	5,055,793	2,202,807
h Capital Redemption Reserve	-	-
i Capital Adjustment Reserve	35,000,000	5,000,000
j Dividend Equalization Reserves	-	-
k Deferred Tax Reserve	95,232,966	62,916,902
l Other Free Reserve (Debenture Redemption Reserve)	74,639,270	188,204,830
m Less: Goodwill	-	-
n Less: Fictitious Assets	-	-
o Less: Investment in equity in licensed Financial Institutions	-	-
p Less: Investment in equity of institutions with financial interests	-	-
q Less: Investment in equity of institutions in excess of limits	-	-
r Less: Investments arising out of underwriting commitments	748,000	748,000
s Less: Reciprocal crossholdings	-	-
t Less: Purchase of Land & Building in excess of limit & unutilized	-	-
u Less: Other Deductions	-	-
<i>Adjustments Under Pillar II</i>		
Less: Shortfall in Provision (6.4 a 1)	-	-
Less: Loans and Facilities extended to Related Parties and Restricted lending (6.4 a 2)	-	-
Supplementary Capital (Tier 2)	1,103,155,547	714,025,935
a Cumulative and/or Redeemable Preference Share	-	-
b Subordinated Term Debt	800,000,000	440,000,000
c Hybrid Capital Instruments	-	-
d General loan loss provision	290,428,574	262,432,500
e Exchange Equalization Reserve	12,211,613	11,078,075
f Investment Adjustment Reserve	515,360	515,360
g Assets Revaluation Reserve	-	-
h Other Reserves	-	-
Total Capital Fund (Tier I and Tier II)	4,888,637,991	3,899,143,363
1.3 CAPITAL ADEQUACY RATIOS	Ashadh End 2070	Ashadh End 2069
Tier 1 Capital to Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)	9.59%	9.16%
Tier 1 and Tier 2 Capital to Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)	12.39%	11.21%

SCHEDULE 30 B

RISK WEIGHTED EXPOSURE FOR CREDIT RISK

As on 31 Ashadh 2070 (15.07.2013)

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 Exposures
Cash Balance	1,239,453,119			1,239,453,119	0%	-	1,186,755,022	~
Balance With Nepal Rastra Bank	4,957,064,493			4,957,064,493	0%	-	3,269,609,702	-
Gold	-			-	0%	-		
Investment in Nepalese Government Securities	3,665,248,736			3,665,248,736	0%	-	4,560,709,650	
All other Claims on Government of Nepal	156,121,000			156,121,000	0%	-	156,121,000	
Investment in Nepal Rastra Bank securities				-	0%	-		
All other claims on Nepal Rastra Bank				-	0%	-		
Claims on Foreign Government and Central Bank (ECA 0-1)				-	0%	-		
Claims on Foreign Government and Central Bank (ECA -2)			-	-	20%	-		
Claims on Foreign Government and Central Bank (ECA -3)			-	-	50%	-		
Claims on Foreign Government and Central Bank (ECA-4-6)			-	-	100%	-		
Claims on Foreign Government and Central Bank (ECA -7)			-	-	150%	-		
"Claims On BIS, IMF, ECB, EC and on Multilateral Development Banks (MDB's) recognized by the framework "				-	0%	-		
Claims on Other Multilateral Development Banks			-	-	100%	-		
Claims on Public Sector Entity (ECA 0-1)			-	-	20%	-		
Claims on Public Sector Entity (ECA 2)			-	-	50%	-		
Claims on Public Sector Entity (ECA 3-6)			-	-	100%	-		
Claims on Public Sector Entity (ECA 7)	98,406,283		-	98,406,283	150%	147,609,425	75,174,968	112,762,452
Claims on domestic banks that meet capital adequacy requirements	741,230,578		-	741,230,578	20%	148,246,116	668,289,758	133,657,952
Claims on domestic banks that do not meet capital adequacy requirements	110,707,371		-	110,707,371	100%	110,707,371	142,089,433	142,089,433
Claims on foreign bank (ECA Rating 0-1)	388,402,324		-	388,402,324	20%	77,680,465	590,475,979	118,095,196
Claims on foreign bank (ECA Rating 2)			-	-	50%	-		
Claims on foreign bank (ECA Rating 3-6)	19,609,924		-	19,609,924	100%	19,609,924	4,412,500	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	23,236,352,578		-	23,236,352,578	20%	4,647,270,516	20,215,682,912	4,043,136,582
Claims on Domestic Corporates	18,736,703,250		1,120,298,534	17,616,404,716	100%	17,616,404,716	15,388,819,120	15,388,819,120
Claims on Foreign Corporates (ECA 0-1)			-	-	20%	-		
Claims on Foreign Corporates (ECA 2)			-	-	50%	-		

RISK WEIGHTED EXPOSURE FOR CREDIT RISK
As on 31 Ashadh 2070 (15.07.2013)

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 Exposures
Claims on Foreign Corporates (ECA 3-6)			-	-	100%	-		
Claims on Foreign Corporates (ECA 7)			-	-	150%	-		
Regulatory Retail Portfolio (Not Overdue)	6,099,582,616	8,577,974	17,938,686	6,073,065,956	75%	4,554,799,467	5,152,472,874	3,864,354,656
Claims Fulfilling all criterion of regulatory retail except granularity			-	-	100%	-		
Claims secured by residential properties	1,865,437,900		-	1,865,437,900	60%	1,119,262,740	2,655,484,861	1,593,290,917
Claims not fully secured by residential properties			-	-	150%	-		
Claims secured by residential properties (Overdue)	66,017,655	6,711,711	-	59,305,944	100%	59,305,944	39,105,971	39,105,971
Claims secured by Commercial real estate	120,000,000		-	120,000,000	100%	120,000,000	319,700,000	319,700,000
Past due claims (except for claim secured by residential properties)	120,542,045	100,038,538	-	20,503,507	150%	30,755,261	110,651,804	165,977,706
High Risk Claims	1,254,164,179		103,770,284	1,150,393,895	150%	1,725,590,843	522,230,675	783,346,013
Investments in equity and other capital instruments of institutions listed in the stock exchange	-		-	-	100%	-		
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	29,955,500	44,933,250
Staff Loan secured by residential Properties	138,453,258	-	-	138,453,258	60%	83,071,955		
Other Assets - Interest Receivable / Claim on Govt. Securities	14,601,173			14,601,173	0%		61,670,073	-
Other Assets - Cash & Cash in Transit Items in the process of collection	46,604,451		-	46,604,451	20%	9,320,890	59,775,377	11,955,075
Other Assets (as per attachment)	3,108,493,113	1,011,989,924		2,096,503,189	100%	2,096,503,189	1,779,130,414	1,779,130,414
TOTAL	66,213,151,546	1,127,318,147	1,242,007,504	63,843,825,895		32,611,072,072	56,988,317,593	28,544,767,237

RISK WEIGHTED EXPOSURE FOR CREDIT RISK

As on 31 Ashadh 2070 (15.07.2013)



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 Exposures
Revocable Commitments				-	0%	-		
Bills Under Collection	130,492,359			130,492,359	0%	-	82,383,080	
Forward Foreign Exchange Contract Liabilities	-			-	10%	-		
LC Commitments With Original Maturity Up to 6 months Domestic Counterparty	1,662,738,662		106,631,408	1,556,107,254	20%	311,221,451	1,532,992,370	306,598,474
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	4,005,323,380		281,368,891	3,723,954,489	50%	1,861,977,245	1,950,985,076	975,492,538
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%	-		
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	68,137,794		5,307,698	62,830,096	100%	62,830,096	77,580,796	77,580,796
Financial Guarantee	100,835,620		12,829,562	88,006,058	100%	88,006,058	475,924,000	475,924,000
Acceptances and Endorsements	686,026,825		8,780,684	677,246,141	100%	677,246,141	1,176,411,802	1,176,411,802
Unpaid portion of Partly paid shares and Securities	-		-	-	100%	-		
Irrevocable Credit commitments (Short Term)	4,220,991,985		783,121,466	3,437,870,519	20%	687,574,104	3,344,206,719	668,841,344
Irrevocable Credit commitments (Long Term)				-	50%	-		
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1%				-	20%	-		
Other Contingent Liabilities			-	-	100%	-		
Unpaid Guarantee Claims	370,000		-	370,000	200%	740,000	333,000	666,000
TOTAL	10,874,916,625		1,198,039,709	9,676,876,916		3,689,595,095	8,640,816,843	3,681,514,954
Total RWE for credit Risk Before Adjustment (A) +(B)	77,088,068,171	1,127,318,147	2,440,047,213	73,529,280,785		36,300,667,167	65,629,134,436	32,226,282,191
Adjustments under Pillar II								
Add: 10% of the loan and facilities in excess of Single Obligor Limits (6.4 a 3)								
Add: 1% of the contract (sale) value in case of the sale of credit with recourse (6.4 a 4)								
Total RWE for Credit Risk (After bank's Adjustments of Pillar II)								

ELIGIBLE CREDIT RISK MITIGANTS
As on 31 Ashadh 2070 (15.07.2013)

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	-	-	-	-						-
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	794,466,536	-		325,831,998					0.00	1,120,298,534
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)	17,938,686									17,938,686
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										-

ELIGIBLE CREDIT RISK MITIGANTS

As on 31 Ashadh 2070 (15.07.2013)

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)	
High Risk Claims	103,070,284	-		700,000						103,770,284
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)	106,631,408						-			106,631,408
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	97,088,865						22,880,234		161,399,792	281,368,891
ECA Rating 0-1										-
ECA Rating 2										-
ECA Rating 3-6										-
ECA Rating 7										-
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	3,873,189	1,434,509					-			5,307,698
Financial Guarantee	12,829,562									12,829,562
Acceptances and Endorsements	8,780,684									8,780,684
Unpaid portion of Partly paid shares and Securities										-

ELIGIBLE CREDIT RISK MITIGANTS
As on 31 Ashadh 2070 (15.07.2013)

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)	107,153,464	-		675,968,002					-	783,121,466
Irrevocable Credit commitments (Long Term)										-
Other Contingent Liabilities										-
Unpaid Guarantee Claims	-									-
Total	1,251,832,678	1,434,509	-	1,002,500,000	-	-	22,880,234	-	161,399,792	2,440,047,213

SCHEDULE 30 D
RISK WEIGHTED EXPOSURE FOR OPERATIONAL RISK
As on 31 Ashadh 2070 (15.07.2013)

Particulars	Year 1 (2066/67)	Year 2 (2067/68)	Year 3 (2068/69)
Net Interest Income	826,010,718	1,008,193,428	998,684,380
Commission and Discount Income	131,692,149	247,164,766	255,351,737
Other Operating Income	78,796,662	95,172,658	141,761,704
Exchange Fluctuation Income	70,328,247	70,532,720	101,138,325
Addition / Deduction Interest Suspense during the period	(14,629,711)	(150,635,161)	(55,620,527)
Gross income (a)	1,092,198,065	1,270,428,411	1,441,315,619
Fixed Percentage (b)	15%	15%	15%
Fixed Percentage of Gross Income [c=(a×b)]	163,829,710	190,564,262	216,197,343
Capital Requirement for operational risk (d) (average of c)	190,197,105		
Risk Weight (reciprocal of capital requirement of 10%) in times (e)	10		
Equivalent Risk Weight Exposure [f=(d×e)]	1,901,971,050		
PILLAR-II ADJUSTMENTS			
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%)			
Risk Weight (reciprocal of capital requirement of 10%) in times	10		
Equivalent Risk Weight Exposure [g]			
Equivalent Risk Weight Exposure [h=f+g]			

SCHEDULE 30 E

RISK WEIGHTED EXPOSURE FOR MARKET RISK

As on 31 Ashadh 2070 (15.07.2013)

S.No.	Currency	Open Position (FCY)	Rate	Open Position (NPR)	Relevant Open Position
1	INR	586,513,535	1.60	938,421,656	938,421,656
2	USD	45,235	95.80	4,333,490	4,333,490
3	GBP	26,573	144.19	3,831,623	3,831,623
4	EUR	110,092	124.82	13,741,697	13,741,697
5	THB	-	-	-	-
6	CHF	11,470	100.34	1,150,900	1,150,900
7	AUD	36,786	87.33	3,212,556	3,212,556
8	CAD	75	91.70	6,878	6,878
9	SGD	220	75.48	16,606	16,606
10	JPY	3,824,976	0.95	3,633,727	3,633,727
11	HKF	-	-	-	-
12	DKK	-	-	-	-
13	SEK	-	-	-	-
14	SAR	-	-	-	-
15	QAR	-	-	-	-
16	AED	-	-	-	-
17	MYR	-	-	-	-
18	KRW	-	-	-	-
19	CNY	-	-	-	-
Total Open Position (a)					968,349,133
Fixed Percentage (b)					5.00%
Capital Charge for Market Risk [c=(a×b)]					48,417,457
Risk Weight (reciprocal of capital requirement of 10%) in times (d)					10
Equivalent Risk Weight Exposure [e=(c×d)]					484,174,570

**PRINCIPAL INDICATORS
(FOR 5 YEARS)**

Particulars	Indicators	F. Y. 2065/2066	F. Y. 2066/2067	F. Y. 2067/2068	F. Y. 2068/2069	F. Y. 2069/2070
1. Percent of Net Profit/Gross Income	%	19.14	15.36	13.21	11.25	16.47
2. Earnings Per Share	Rs.	36.18	23.69	24.85	22.93	32.75
3. Market Value per Share	Rs.	1,900.00	741.00	565.00	635.00	850.00
4. Price Earning Ratio	Times	52.52	31.28	22.73	27.69	25.95
5. Dividend (including bonus) on share capital	%	42.11	17.50	17.50	17.50	20.00
6. Cash Dividend on Share Capital	%	2.11	5.00	5.00	5.00	7.50
7. Interest Income/Loans & Advances	%	7.56	9.80	11.24	11.27	11.20
8. Staff Expenses/Total Operating Expenses	%	10.42	6.80	9.13	8.22	12.32
9. Interest Expenses /Total Deposit and Borrowings	%	2.93	4.11	4.92	5.14	4.16
10. Exchange Gain/Total Income	%	3.71	2.76	2.01	2.37	2.18
11. Staff (Statutory) Bonus/ Total Staff Expenses	%	26.64	29.23	20.37	19.19	21.04
12. Net Profit/Loans & Advances	%	2.03	2.18	2.14	1.81	2.64
13. Net Profit/ Total Assets	%	1.05	1.03	1.01	0.83	1.19
14. Total Credit/Deposit	%	55.84	51.48	51.20	49.62	49.55
15. Total Operating Expenses/Total Assets	%	3.88	5.04	6.07	6.06	5.22
16. Adequacy of Capital Fund on Risk Weightage Assets						
a. Core Capital	%	10.03	10.89	10.32	9.16	9.59%
b. Supplementary Capital	%	1.89	1.36	1.20	2.05	2.80%
c. Total Capital Fund	%	11.92	12.25	11.52	11.21	12.39%
17. Liquidity (CRR)	%	6.67	9.03	7.00	8.33	9.58
18. Non Performing Credit/Total Credit	%	2.02	1.48	1.10	0.54	0.37
19. Weighted Average Interest Rate Spread	%	2.84	2.76	2.86	2.70	3.38
20. Book Net worth	Rs.	1,702,571,354	2,440,863,070	2,869,602,150	3,196,710,863	3,798,957,417
21. Total Shares	No.	8,745,278	16,536,239	18,693,033	20,939,898	23,557,385
22. Total Staff	No.	323	465	505	538	538
23. Return on Shareholder's Equity	%	18.58	16.05	16.19	15.02	20.31
24. Book Value Per Share	Rs.	194.68	147.61	153.51	152.66	161.26
25. Return on Net Fixed Assets	%	124.76	93.66	111.41	67.06	116.61
26. Total Interest Earning to External Assets	%	5.14	6.72	7.71	7.45	7.52

PRINCIPAL ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 ASHAD 2070 (15 JULY 2013)

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, 2070 (15 July 2013) were authorised for issue by the BOD in its 358th meeting held on 1st September 2013.

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 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 in 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 (other than if 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 service 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 Rules 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 employee of bank is 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 of 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 2070 (15 JULY 2013)

1. Provision for Staff Bonus

Provision for staff bonus amounting to Rs 110,995,889 has been computed and provided for at 10% of net profit (before tax) 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. Debenture Redemption Reserve

An amount equal to Rs. 28,571,426, Rs 40,000,000, and Rs 17,863,014 has been appropriated to 'Debenture Redemption Reserve' during the year for 6% NSBL Debenture 2070, 12.50% NSBL Debenture 2078 and 8% NSBL Debenture 2079, respectively. 6% NSBL Debenture 2070 matured on 15.07.2013. Accordingly an amount of Rs. 200,000,000 has also been transferred to General Reserve.

4. General Reserve

As required under the Banks and Financial Institutions Act, 2063, 20% of the current year's net profit amounting to Rs 154,294,226 has been transferred to General Reserve.

5. Exchange Fluctuation Reserve

Revaluation gain arising out of exchange fluctuation during the year is Rs 4,534,151. As per Directives of Nepal Rastra Bank, 25% of such gain amounting to Rs 1,133,538 has been transferred to Exchange Fluctuation Reserve.

6. Capital Adjustment Reserve

The opening 'Capital Adjustment Reserve' of Rs 50 lacs is transferred to 'Profit & Loss Appropriation Account' for the purpose of 12.5% bonus shares.

Rs 350 lacs have been transferred to 'Capital Adjustment Reserve' from the 'Profit and Loss Appropriation Account' in the current year.

7. Investment Adjustment Reserve

As required by Directives of Nepal Rastra Bank, 2% of investments under 'Investment Available for Sale' category amounting to Rs 515,360 have been maintained in 'Investment Adjustment Reserve'.

8. Provision for Gratuity

During the FY 2069-70, the Bank has provided Rs 53,456,343 on account of staff gratuity liability as per Staff Service Rule of the Bank. A sum of Rs 2,316,202 was paid as gratuity during the year. Separate fund as required by the Labour Rule, 2048 has not been created for staff gratuity liability.

9. Provision for Leave Encashment

During the FY 2069-70, the Bank has provided Rs 38,930,962 for accrued leave encashment. A sum of Rs 3,521,056 was paid against leave entitlement during the year.

10. Tax Settlement Outstanding

Large Taxpayers Office (LTO) has completed the assessment of tax returns filed under self assessment procedure pertaining up to FY 2065-66 and accordingly the Bank has settled its corporate tax liability related to those financial years. Tax returns filed under self assessments for the FYs 2066-67, 2067-68 and 2068-69 are yet to be assessed by the LTO.

11. Income Tax and Deferred Tax

Provision for income tax has been made as per the provisions of Income Tax Act and amendment thereof.

Deferred Tax has been calculated as per the "Nepal Accounting Standard 9 - Income Taxes".

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

Amount in Rs

Particulars / Items	Carrying Amount	Tax Base	Deductible Temp Diff	Taxable Tem. Diff.	Deferred Tax Asset
Fixed Assets	402,429,203	461,213,130	58,783,927		17,635,178
Provision for Gratuity and Leave	218,540,918	-	218,540,918		65,562,275
Provision for NBA	-	17,759,000	17,759,000		5,327,700
Provision for Draft Fraud	22,359,375	-	22,359,375		6,707,813
	643,329,496	478,972,130	317,443,220	-	95,232,966
Opening Balances (2069.04.01)					62,916,902
Differences					32,316,064
a. Accounted in Profit and Loss Account					25,608,251
b. Accounted in Opening Retained Earnings					6,707,813

12.12. Draft Paid Without Notice (FY A.D. 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 Kathmandu District Court and Appellate Court was not in favor of the Bank, a review petition was filed with the Supreme Court. Hearing on the Bank's petition is under process. The Bank has already received Rs 9,640,625 from an insurance company and collecting banks, and 100% provision has been made against possible loss for the balance amount of Rs 22,359,375.

13. Claims against the Bank

One of the shareholders had filed a legal suit with Kathmandu District Court demanding interest on the subscription money deposited for subscription of unsubscribed right shares. On 2070.02.19, Kathmandu District Court rendered its verdict to compensate Rs 3,600,636 in the form of interest @10% from 2067.08.08 to 2068.12.19 on the subscription money deposited. The Bank, has decided to prefer filing of an appeal with the Appellate Court, Patan against the decision of the Kathmandu District Court.

The claim pertains to the allotment of unsubscribed right shares which was annulled by the Supreme Court vide its writ of certiorari cum mandamus dated 2068.11.22 (5.3.2012 AD). The Bank has filed a review petition with the Supreme Court on 2069.1.20 (2.5.2012 AD). Hearing of the petition is awaited.

14. Reconciliation Status of Agency Accounts Outstanding as on 15.07.2013

Rs in '000

PARTICULARS	TOTAL		< 3 MONTHS		>3< 9 MONTHS		> 9 MONTHS	
	Entry	Net Amt	Entry	Net Amt	Entry	Net Amt	Entry	Net Amt
TOTAL AMOUNT (NPR)	5,986	515,986	3,969	483,372	560	15,511	1,457	17,103

Un-reconciled amount represents the net amount of un-reconciled debit and credit entries. The Bank regularly follows up on the matter for identification and these will be adjusted in subsequent years in due course of business.

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

Particulars	Current Year	Previous Year
Opening Balance	26,463,671	21,718,791
Loans Disbursed	136,239,116	117,683,926
Loans Recovered	133,508,884	112,896,536
Loans Written Off	-	42,506
Interest Written Off	-	85,495
Closing Balance	29,193,903	26,463,675

16. Summary of Changes in deposit & liabilities

Rs in '000

Particulars	Current Year	Previous Year	Changes
Call Deposits	2,571,555	2,700,997	(1,29,442)
Current Deposits	5,037,127	3,777,859	12,59,268
Fixed Deposits	38,179,006	36,208,650	19,70,356
Margin Deposits	245,628	305,175	(59,547)
Saving Deposits	12,887,140	10,344,583	25,42,557
Total	58,920,456	53,337,264	55,83,192

17. Weighted Average Interest Spread

Rs in '000

Particulars	Rate %
Average Rate of Return on Interest Earning Assets (Loan and Advances (including staff loans) and Investments including investment in shares)	7.82
Average Cost on Fund (Deposits, Borrowings, Debenture and NRB Refinance)	4.44
Net Spread	3.38

18. Particulars of Expenses yet to be Expensed-off

Premium paid on Development Bonds yet to be expensed off as on 15 July 2013 is Rs 21,481,047. Rs. 11,839,458 of the premium has been amortized during the year.

19. Details of leasehold assets amortized and software cost

Particulars	Balance as on 16 July 2012	Added/Sold during the year	Amortized During the Year	Balance as on 15 July 2013
Lease hold	69,327,727	6,788,112	5,708,687	70,407,152
Software	5,898,165	3,463,439	2,340,401	7,021,203
Total	75,225,892	10,251,551	8,049,088	77,428,355

20. Summary of Concentration Exposure

Amount in Rs

Particulars	Loans, Advances & Bills Purchased	Deposits & Borrowing	Contingent Liabilities
Total amount as on 15/07/2013	2,91,93,903	5,89,20,456	65,23,432
Highest exposure to a single unit (group)	4,76,671	2,24,36,721	5,06,242
Percentage of exposure to single unit/total	1.63	38.08	7.76

21. Loan against collateral of its own assets

Bank has not taken any loans against collateral of its own assets.

22. Lease

22.1 Finance Lease

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

22.2 Operating Lease

The Bank has entered into a lease arrangement for office premises and ATM space outside of the branches for different periods continuing from previous years, which can be terminated by either party on prior notice of the period of 90 to 180 days.

Details of lease payment are as follows:

Particulars	Amount in Rs	
	Current Year	Previous Year
Amount due during the Current Period	75,720,232	72,051,161
Amount due within one year from the balance sheet date	78,923,911	66,221,935
Amount due in the period from second year to sixth year from balance sheet date	520,897,813	265,139,299
Amount due for the remaining period after sixth year from balance sheet date	95,497,932	61,053,397

23. Related Party Information and Transactions

23.1 Related Party Information

The following are the details of related parties:

Particulars	Relationship	Remarks
State Bank of India	Parent Company	55.28 % holding in the Bank
Employee Provident Fund	Promoter	15.08 % holding in the Bank
Mr. Alok Kumar Sharma	Managing Director	Key Management Personnel
Mr. V K Tyagi	Chief Operating Officer	Key Management Personnel
Mr. Anil Kumar Singh	Chief Financial Officer	Key Management Personnel
Subsidiaries of State Bank of India	Fellow Subsidiaries	

23.2 Key Management Personnel

Salary to the key management personnel is borne by State Bank of India, the parent company under the Technical Service Agreement (TSA) entered with the Bank which is approved by Nepal Rastra Bank. The key management personnel are also provided with living, medical and other related facilities.

23.3 Related Party Transactions

The details of the related party transactions are as follows:

Rs in '000				
S.NO.	Related Parties	Particulars	Current Year	Previous Year
1.	State Bank of India	Technical Service Fee (Expenses)	14,929	13,809
2.	State Bank of India & Fellow Subsidiaries	Receivable against placement (asset)	22,210,168	19,872,039
3.	State Bank of India & Fellow Subsidiaries	Against outstanding Agency Balance (Asset)	1,440,820	980,916
4.	State Bank of India & Fellow Subsidiaries	Interest recognized as income during the year (Income)	664,441	426,480
5.	Employee Provident Fund	Deposit	595,664	2,500,000

24. Non Banking Assets:

The details of the related party transactions are as follows:

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)
			In %	In Amount	
Leatherage Bansbari Tannery & Shoe Factory	July 15, 2012	17,759,000	100%	17,759,000	-
Total	-	17,759,000		17,759,000	-

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
	Assets								
1	Cash Balance	12,395							12,395
2	Balance with Banks & FIs	64,740							64,740
3	Investment in Foreign Banks	0	45,026	15,309	25,866	1,21,690	14,211	0	2,22,102
4	Call Money	0							0
5	Government Securities	0	1,309	20,221	3,953	0	1,942	0	27,425
6	Nepal Rastra Bank Bonds	0	0	0	0	0	1182	8046	9227
7	Inter Bank & FI Lending	1,389							1,389
8	Loans & Advances	6,066	11,975	52,061	50,507	72,854	34,691	63,786	2,91,939
9	Interest Receivable	714	30	57	152	0	1,262	8,099	10,315
10	Reverse Repo								0
11	Acceptance Receivable	0							0
12	Payments under S.No. 20,21 & 22	6,214	8,207	22,581	14,819	22,300	9,728	23,596	1,07,444
13	Others	6,072						3,830	9,903
	Total (A)	97,589	66,546	1,10,229	95,298	2,16,843	63,016	1,07,357	7,56,878
	Liabilities								
14	Current Deposits	31,658						21,170	52,828
15	Saving Deposits (including call)	38,632						115,955	154,587
16	Fixed Deposits	1,778	48,467	29,843	81,301	155,812	39,047	25,542	381,790
17	Debentures/Bonds							8,000	8,000
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	10,979	0	0	1,110	0	0	2,185	14,274
	Sundry Creditors	4,352							4,352
	Bills Payable	2,049							2,049
	Interest Payable	780	0	0					780
	Provisions	3,640	0	0	1,110			2,185	6,936
	Others	157							157
20	Acceptance Liabilities	2,810	2,314	1,736					6,860
21	Irrevocable Loan Commitment	307	1,789	4,204	7,851	19,471	8,588		42,210
22	Letter of Credit/Guarantee	3,097	4,104	16,641	6,968	2,829	1,140	23,596	58,374
23	Repo								0
24	Payable under s.no.11								0
25	Others								0
	Total (B)	89,261	56,674	52,424	97,229	178,112	48,776	196,448	718,923
	Net Financial Assets (A-B)	8,329	9,872	57,805	-1,932	38,731	14,241	-89,091	37,955
	Cumulative Net Financial Assets	8,329	18,201	76,006	74,075	112,806	127,046	37,955	0

The unutilized credit commitments has been computed as per its definition given in Capital Adequacy Framework 2007 (updated July 2008).

DISCLOSURE UNDER CAPITAL ADEQUACY FRAMEWORK OF NRB

As on 31st Ashad 2070

1. CAPITAL STRUCTURE & CAPITAL ADEQUACY

i. Core Capital (Tier I)

		Rs. in Lacs	
	Particulars	Amount	Amount
A	Paid Up Equity Share Capital		26,502
B	Statutory General Reserve		9,261
C	Share Premium		0
D	Retained Earnings		0
E	Unaudited Current Year Cumulative Profit		51
F	Capital Adjustment Reserve		350
G	Deferred Tax Reserve		952
H	Other Free Reserve (Debenture Redemption Reserve)		746
I	Less:		7
	a) Fictitious Assets	-	
	b) Investment arising out of underwriting commitments	7.48	
Total Core Capital (Tier I)			37,855

ii. Supplementary Capital (Tier II)

		Rs. in Lacs	
	Particulars	Amount	Amount
A	Subordinate Term Debt		8,000
B	General Loan Loss Provision		2,904
C	Investment Adjustment Reserve		5
D	Exchange Equalization Reserve		122
Total Supplementary Capital (Tier II)			11,031

iii. Capital Fund (Tier I + Tier II)

		Rs. in Lacs	
	Particulars	Amount	Amount
	Total Core Capital (Tier I)		37,855
	Total Supplementary Capital (Tier II)		11,031
Total Capital Fund (Tier I + Tier II)			48,886

iv. Information about Subordinate Term Debt

Rs. in Lacs

1. 12.5% Nepal SBI Bank Debentures 2078 of Rs.1,000 each (Unsecured) issued on 12.02.2012 and maturing on 11.02.2022 of Rs. 4,000.00 lacs; and

2. 8% Nepal SBI Bank Debentures 2079 of Rs.1,000 each (Unsecured) issued on 03.02.2013 and maturing on 02.02.2023 of Rs. 4,000.00 lacs.

• Outstanding Amount (15.07.2013)	8,000
Fixed Maturity Period of 10 Years from 12.02.2012 and 03.02.2013	
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	746
• Amount raised during the year	4,000
• Amount released during the year due to maturity	2,000
• Amount Eligible to be reckoned as Capital Fund (15.07.2013)	8,000

v. Deduction Form Capital

Rs. in Lacs

	Particulars	Amount
A	Fictitious Assets	0
B	Investment arising out of underwriting commitments	7
	Total Deduction	7

vi. Total Qualifying Capital

Total Qualifying Capital	48,886
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vii. Capital Adequacy Ratio

Capital Adequacy Ratio (Percentage)	12.39%
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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	363,007
B	Risk Weighted Exposure for Operational Risk	19,020
C	Risk Weighted Exposure for Market Risk	4,842
D	Add: 2% of the total RWE as per NRB direction	7,737
	Total Risk Weighted Exposure (A+B+C+D)	394,606

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	1,476
3	Claims on Banks	50,035
4	Claims on Corporate and Securities Entities	176,164
5	Claims on Regulatory Retail Portfolio	45,548
6	Claims Secured by Residential Properties	11,786
7	Claims Secured by Commercial Real Estate	1,200
8	Past Due Claims	308
9	High Risk Claims	17,256
10	Other Assets	22,338
11	Off Balance Sheet Items	36,896
	Total	363,007

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

Rs. in Lacs

	Particulars	Gross Amount	Provision	Net Amount
A	Restructured	276	276	0
B	Sub-standard	0	0	0
C	Doubtful	0	0	0
D	Loss	811	791	20
	Total	1,087	1,067	20

iv. Non Performing Assets (NPA) Ratios

NPA Ratios	Percentage (%)
- Gross NPA to Gross Advances	0.37%
- Net NPA to Net Advances	0.01%

v. Movement of Non Performing Assets

Rs. in Lacs

S.No.	Particulars	Opening Balance (Ashad End 2069)	Closing Balance (Ashad End 2070)	Movement
Non Performing Loan				
1	Restructured	1064	276	-788
2	Sub-Standard	46	0	-46
3	Doubtful	29	0	-29
4	Loss	300	811	511

vi Write off of loans and interest Suspense

- During the financial year the bank has not written off any loan (principal).
- At the end of the financial year the bank has Rs 713.43 lacs outstanding as Interest Suspense.

vii. Movement Of Loan Loss Provision and Interest Suspense

Loan Loss Provision

Rs. in Lacs

S.No.	Particulars	Opening Balance (Ashad End 2069)	Closing Balance (Ashad End 2070)	Movement
1	Pass	2,624	2,990	366
2	Restructured	299	276	(23)
3	Sub-Standard	12	-	(12)
4	Doubtful	12	-	(12)
5	Loss	269	791	522
Total Loan Loss Provision		3,216	4,057	841

Interest Suspense

Rs. in Lacs

S.No.	Particulars	Opening Balance (Ashad End 2069)	Closing Balance (Ashad End 2070)	Movement
1	Interest Suspense	770	713	(57)

viii. Details of Additional Loan Loss Provision

Rs. in Lacs

S.No.	Particulars	Ashad End 2070
1	Pass	366
2	Restructured	240
3	Sub-Standard	-
4	Doubtful	-
5	Loss	675
Total		1,281

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	27,425.24	-	-	-	-	
2	Nepal Government Other securities	9,227.25	-	-	-	-	
3	Foreign Bank Investment (Placement)	222,101.68					
4	Other Investments (Inter Bank Lending)	-	-	-	-	-	
	Total Investment	258,754.17	-	-	-	-	

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	10.82	16.28	-	-	*
	Not Listed	299.56	-	-	-	-	**
	Total Investment	307.04	10.82	16.28	-	-	

Note:

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

** No Investment Adjustment Reserve has been maintained for investment in Madhya Paschimanchal Grameen Bikash Bank. Rural Micro-finance Development Center Ltd. (RMDC), Credit Information Center Ltd., Nepal Clearing House, and National Banking Training Institute as NRB Directive No 8/2069 has exempted maintenance of such reserve against such investments.

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

“A comprehensive Risk Management System has been ensured to deal with various types of risks. The risk management function is overseen by the Board of Directors through the Risk Management Committee of the Board (RMCB) and 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, TFCPC manual, Internet Banking guidelines, Mobile Banking operational guidelines, Credit assessment and process guidelines for the operating units.

The Risk structures are being revisited at frequent intervals and the requisite policies, systems are being introduced and kept updated. For both credit and market risks, stress testing is being done regularly. 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.

The Bank has created Integrated Risk Management Department headed by Chief Risk Officer (CRO) to further strengthen the Risk Management structure, which includes assessing, identifying, monitoring and reducing pertinent business risk that could interface with the Bank's objectives and goal."

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)
As on 31 Ashadh 2070 (15.07.2013)

Rs. in Lacs

Particulars	Eligible CRM
Deposits with Bank	12,532.67
Govt.& NRB Securities	10,025.00
Guarantees of domestic banks	228.80
Guarantees of foreign banks	1,614.00
Total	24,400.47

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)	13,023,131	55.28%	NA	Nil	Nil	
2	Employees Provident Fund (EPF)	3,551,763	15.08%	NA	Nil	Nil	

COMPARISON OF UNAUDITED AND AUDITED FINANCIAL STATEMENT FOR THE FY 2069/70

Rs in '000

S. N.	Particulars	As per Unaudited Financial Statement as on 15.07.2013	As per Audited Financial Statement as on 15.07.2013	Variance		Reason for Variance
				In Amount	In %	
		A	B	C=B-A	D=C/A%	
1	Total Capital and Liabilities (1.1 to 1.7)	64,793,964	64,796,152	2,188	0.00%	
1.1	Paid Up Capital	2,355,739	2,650,206	294,467	12.50%	Due to proposed bonus shares.
1.2	Reserve and surplus	1,617,711	1,148,752	(468,959)	-28.99%	Due to proposed bonus shares/ cash dividend and increase in net profit / impact of deferred tax.
1.3	Debenture and Bond	800,000	800,000	-	0.00%	
1.4	Borrowings	0	-	-		
1.5	Deposits (a+b)	58,920,456	58,920,456	-	0.00%	
	a. Domestic Currency	34,804,152	34,804,152	-	0.00%	
	b. Foreign Currency	24,116,304	24,116,304	-	0.00%	
1.6	Income Tax Liability	0	-	-		
1.7	Other Liabilities	1,100,059	1,276,739	176,680	16.06%	Due to proposed cash dividend.
2	Total Assets (2.1 to 2.7)	64,793,964	64,796,152	2,188	0.00%	
2.1	Cash and Bank Balance	7,713,403	7,713,403	-	0.00%	
2.2	Money at Call and Short Notice	138,925	138,925	-	0.00%	
2.3	Investments	25,906,120	25,906,120	-	0.00%	
2.4	Loans and Advances (Net)	28,788,147	28,788,147	-	0.00%	
	a. Real Estate Loan	1,023,788	1,023,788	-	0.00%	
	1. Residential Real Estate Loan (Except Personal Home loan up to Rs. 80 Lacs)	273,693	273,693	-	0.00%	
	2. Business Complex & Residential Apartment Construction Loan	118,800	118,800	-	0.00%	
	3. Income generating Commercial Complex Loan	0	-	-		
	4. Other Real Estate Loan (Including Land purchase & Plotting)	631,295	631,295	-	0.00%	
	b. Personal Home Loan of Rs. 80 Lacs or Less	2,299,876	2,299,876	-	0.00%	
	c. Margin Type Loan	0	-	-		
	d. Term Loan	1,591,847	1,591,847	-	0.00%	
	e. Overdraft Loan / TR Loan / WC Loan	17,763,631	17,763,631	-	0.00%	
	f. Others	6,109,005	6,109,005	-	0.00%	

COMPARISON OF UNAUDITED AND AUDITED FINANCIAL STATEMENT FOR THE FY 2069/70

Rs in '000

S. N.	Particulars	As per Unaudited Financial Statement as on 15.07.2013	As per Audited Financial Statement as on 15.07.2013	Variance		Reason for Variance
				In Amount	In %	
2.5	Fixed Assets (Net)	661,589	661,589	-	0.00%	
2.6	Non Banking Assets (Net)	0	-	-		
2.7	Other Assets	1,585,780	1,587,968	2,188	0.14%	Due to increase in deferred tax and decrease in tax liability.
3	Profit and Loss Account			-		
3.1	Interest Income	4,110,514	4,110,514	-	0.00%	
3.2	Interest Expenses	2,486,979	2,486,979	-	0.00%	
	A Net Interest Income (3.1-3.2)	1,623,535	1,623,535	-	0.00%	
3.3	Fees, Commission and Discount	313,697	313,697	-	0.00%	
3.4	Other Operating Income	157,756	157,756	-	0.00%	
3.5	Foreign Exchange Gain/Loss (Net)	101,915	101,915	-	0.00%	
	B. Total Operating Income (A.+3.3+3.4+3.5)	2,196,903	2,196,903	-	0.00%	
3.6	Staff Expenses	416,560	416,560	-	0.00%	
3.7	Other Operating Expenses	477,247	477,247	-	0.00%	
	C. Operating Profit Before Provision (B.-3.6-3.7)	1,303,096	1,303,096	-	0.00%	
3.8	Provision for Possible Losses	128,041	128,041	-	0.00%	
	D. Operating Profit (C.-3.8)	1,175,055	1,175,055	-	0.00%	
3.9	Non Operating Income/Expenses (Net)	-287	(287)	-	0.00%	
3.1	Write Back of Provision for Possible Loss	43,861	43,861	-	0.00%	
	E. Profit From Regular Activities (D + 3.9+3.10)	1,218,629	1,218,629	-	0.00%	
3.11	Extraordinary Income/Expenses (Net)	2,326	2,326	-	0.00%	
	F. Profit before Bonus and Taxes (E + 3.11)	1,220,955	1,220,955	-	0.00%	
3.12	Provision for Staff Bonus	110,996	110,996	-	0.00%	
3.13	Provision for Tax	333,969	338,488	4,519	1.35%	Due to decrease in deferred tax income recognised in profit and loss account and decrease in current year income tax provision.
	G. Net Profit/Loss (F-3.12-3.13)	775,990	771,471	(4,519)	-0.58%	

UNAUDITED FINANCIAL RESULTS (QUARTERLY)
As at end of the 4th Quarter (31/03/2070) of the Fiscal Year 2069/70

Rs. in '000

S. N.	Particulars	This Quarter Ending as on 31.03.2070 (15.07.2013) Unaudited	Previous Quarter Ending as on 31.12.2069 (13.04.2013) Unaudited	Corresponding Previous Year Quarter Ending as on 31.03.2069 (15.07.2012) Audited
1	Total Capital and Liabilities (1.1 to 1.7)	64,793,964	59,604,517	58,059,708
1.1	Paid Up Capital	2,355,739	2,355,739	2,355,739
1.2	Reserves and Surplus	1,617,711	1,391,129	841,720
1.3	Debentures and Bonds	800,000	1,000,000	600,000
1.4	Borrowings	-	4,375	-
1.5	Deposits (a+b)	58,920,456	53,667,025	53,337,265
	a. Domestic Currency	34,804,152	32,503,954	32,916,339
	b. Foreign Currency	24,116,304	21,163,071	20,420,926
1.6	Income Tax Liability	-	-	3,469
1.7	Other Liabilities	1,100,059	1,186,250	921,515
2	Total Assets (2.1 to 2.7)	64,793,964	59,604,517	58,059,708
2.1	Cash and Bank Balance	7,713,403	4,750,080	5,508,382
2.2	Money at Call and Short Notice	138,925	330,000	178,250
2.3	Investments	25,906,120	23,647,282	24,463,452
2.4	Loans and Advances (Net)	28,788,147	28,550,425	26,142,094
	a. Real Estate Loans	1,023,788	1,012,708	1,318,344
	1. Residential Real Estate Loans (Except Personal Home Loan up to Rs. 10 Million)	273,693	264,099	314,726
	2. Business Complex & Residential Apartment Construction Loans	118,800	148,500	316,503
	3. Income Generating Commercial Complex Loans	-	-	-
	4. Other Real Estate Loans (Including Land Purchase & Plotting)	631,295	600,109	687,115
	b. Personal Home Loans of Rs. 10 Million or Less	2,299,876	2,306,251	2,304,322
	c. Margin Type Loans	-	-	-
	d. Term Loans	1,591,847	1,472,112	1,129,887
	e. Overdraft Loans / TR Loans / WC Loans	17,763,631	17,959,380	16,069,834
	f. Others	6,109,005	5,799,973	5,319,707
2.5	Fixed Assets (Net)	661,589	664,469	715,921
2.6	Non Banking Assets (Net)	-	-	-
2.7	Other Assets	1,585,780	1,662,261	1,051,609

UNAUDITED FINANCIAL RESULTS (QUARTERLY)

As at end of the 4th Quarter (31/03/2070) of the Fiscal Year 2069/70

Rs. in '000

3	Profit and Loss Account	This Quarter Ending as on 31.03.2070 (15.07.2013) Unaudited	Previous Quarter Ending as on 31.12.2069 (13.04.2013) Unaudited	Corresponding Previous Year Quarter Ending as on 31.03.2069 (15.07.2012) Audited
3.1	Interest Income	4,110,514	3,049,767	3,769,483
3.2	Interest Expenses	2,486,979	1,863,342	2,770,799
	A. Net Interest Income (3.1-3.2)	1,623,535	1,186,424	998,684
3.3	Fees, Commission and Discount	313,697	232,650	255,352
3.4	Other Operating Income	157,756	113,997	141,762
3.5	Foreign Exchange Gain/Loss (Net)	101,915	70,519	101,138
	B. Total Operating Income (A.+3.3+3.4+3.5)	2,196,903	1,603,591	1,496,936
3.6	Staff Expenses	416,560	312,934	289,153
3.7	Other Operating Expenses	477,247	343,557	456,126
	C. Operating Profit Before Provision (B.-3.6-3.7)	1,303,095	947,100	751,657
3.8	Provision for Possible Losses	128,041	125,917	78,012
	D. Operating Profit (C.-3.8)	1,175,055	821,182	673,645
3.9	Non Operating Income/Expenses (Net)	(287)	(1,193)	2,183
3.10	Write Back of Provision for Possible Loss	43,861	41,718	91,695
	E. Profit From Regular Activities (D + 3.9+3.10)	1,218,628	861,708	767,523
3.11	Extraordinary Income/Expenses (Net)	2,326	1,826	(12,204)
	F. Profit before Bonus and Taxes (E + 3.11)	1,220,955	863,534	755,319
3.12	Provision for Staff Bonus	110,996	78,503	68,665
3.13	Provision for Tax	333,969	235,622	206,548
	G. Net Profit/Loss (F-3.12-3.13)	775,990	549,409	480,106
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)	12.86%	13.14%	11.37%
4.2	Non Performing Loan (NPL) to Total Loan	0.37%	0.48%	0.54%
4.3	Total Loan Loss Provision to Total NPL	373.31%	290.11%	223.55%
4.4	Cost of Fund (Annualized)	4.44%	4.50%	5.49%
4.5	Credit to Deposit Ratio (Calculated as per NRB Directives)	75.18%	79.89%	73.09%
4.6	Base Rate	9.86%	9.31%	NA
	Additional Information			
	Average Yield (Local Currency) (Annualized)	10.21%	10.17%	10.20%
	Average Cost (Local Currency Fund Adjusted for CRR Factor) (Annualized)	5.78%	5.87%	7.61%
	Net Interest Spread (Local Currency)	4.43%	4.30%	2.58%
	Return on Equity (Annualized)	22.13%	21.55%	14.43%
	Return on Assets (Annualized)	1.27%	1.22%	0.82%

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/०१/२०६९-७०



केन्द्रीय कार्यालय
 बालुवाटार, काठमाडौं
 पोष्ट बक्स नं. : ७३
 फोन नं. : ४४१७४९७
 आन्तरिक: २०४, २०५ र २०६
 फ्याक्स नं. : ४४१२३०६
 E-mail : bsdooffice@nrb.org.np
 Web Site: www.nrb.org.np

मिति: २०७०/६/१

नेपाल एसबिआई बैंक लिमिटेड
 हात्तिसार, काठमाडौं।

विषय: लाभांश घोषणा/वितरण तथा वित्तीय विवरण प्रकाशन सम्बन्धमा।

महाशय,

त्यस बैंकले पेश गरेको आर्थिक वर्ष २०६९/७० को वित्तीय विवरण र सो साथ संलग्न अनुसूचीहरु देहायको निर्देशन सहित सार्वजनिक गर्न सहमति तथा प्रस्ताव गरे बमोजिम चुक्ता पूँजीको ७.५ प्रतिशत (रु. १७,६६,८०,३८८/-) नगद लाभांश तथा १२.५ प्रतिशत (रु. २९,४४,६७,३००/-) बोनस शेयर वार्षिक साधारण सभाबाट स्वीकृत भएको आधारमा घोषणा/वितरण गर्न स्वीकृति प्रदान गरिएको व्यहोरा निर्णयानुसार अनुरोध गर्दछु।

- लेखापरीक्षकले औल्याएका देहायका कैफियतहरु सहित प्रतिवेदनमा उल्लेख गरिएका अन्य कैफियतहरु सुधार गर्न तथा त्यस्ता कैफियतहरु पुनः दोहोरिन नदिने व्यवस्था मिलाउनु हुन।
 - केहि कर्जा फाइलहरुमा बहुबैकिङ्ग स्वघोषणा तथा व्यक्तिगत जमानी दिनेको Networth Detail नलिएको।
 - कर्जा स्वीकृत शर्त अनुसार केहि कर्जामा नियमित रुपमा Stock र Receivable को आधारमा ऋणीले लिन सक्ने कर्जा सीमाको गणना गर्ने नगरेको।
 - केहि अवस्थामा कर्जा नविकरण गर्दा कर्जा सूचना नलिईएको।
 - बैंकको कुल निक्षेपमा एउटै संस्थाको ४० प्रतिशत र १० ठूला निक्षेपकर्ताको निक्षेपको अंश ५१ प्रतिशत रहेको।

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

भवदीय,



(विमल राज खनाल)

उप-निर्देशक

बोधार्थ :

- नेपाल राष्ट्र बैंक
 बैंक तथा वित्तीय संस्था नियमन विभाग।
- नेपाल एसबिआई बैंक लि., डेस्क।

COMPLIANCE STATUS IN REGARD TO THE INSTRUCTIONS OF NEPAL RASTRA BANK (NRB) VIDE THEIR LETTER BAI/SU.BI./OFFSITE/AGM/01/2069-70 DATED 17.09.2013

S.N.	NRB Direction	Status of Compliance
1.	Arrangement to be made to rectify the under mentioned irregularities pointed out by the Statutory Auditors and other observations made in the Audit Report and also to ensure that such irregularities shall not be repeated in future.	The irregularities pointed out by the statutory auditors as well as other observations made in the Audit Report have since been rectified. The status of compliance in detail is being put up to the Audit Committee of the Board for closure. The requisite operative guidelines have been issued and arrangements made to ensure that such irregularities do not recur.
2.	Multiple banking declaration and details of estimated net worth of the guarantors not obtained in some loan accounts.	Multiple banking declaration and details of estimated net worth has since been obtained in the commented cases in the Audit Report.
3.	Drawing power is found to have not been calculated based on the periodic stocks and receivable statement as in the terms of sanction in a few loan accounts.	Drawing powers are being calculated as per terms of sanction. In all the commented cases, drawing power has since been recalculated based on latest stocks and receivable statements.
4.	CIC report has not been obtained while renewing some loan accounts.	Latest CIC reports have since been obtained in all cases
5.	A single organization holds 40% of the total deposit of the Bank whereas the share of 10 large depositors is 51%.	The single organization is a fund created by Regional forum of various countries. No liquidity ratio is required to be maintained, there against. As such, the position may be considered acceptable.



NOTES:

[illegible]



Our Dallu Branch, Kathmandu



Our Durbar Marg Branch, Kathmandu



- नेपाल एसबिआई बैंकका शाखारुबाट तुरुन्तै खरिद गर्न सकिने ।
- मात्र रु १,०००/- जम्मा गर्नु पर्ने ।
- दैनिक रु १६,०००/- सम्म रकम किन्न सकिने तथा रु १,००,०००/- सम्मको खरिद गर्न सकिने ।
- यो कार्ड नेपाल स्थित एसबिआई बैंकको ATM र भारत स्थित एस.बि.आई. समूहको ATM का साथै नेपाल र भारतका VISA सञ्जालसंग आबद्ध ATM हरूमा प्रयोग गर्न सकिन्छ ।

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