

Sanima Bank Ltd.

**FORM NO.1 CAPITAL ADEQUACY TABLE
As on 15.07.2012 (Ashad End 2069)**

1.1	RISK WEIGHTED EXPOSURES	Current Period	Previous Period
a	Risk Weighted Exposure for Credit Risk	10,277,680,836	9,589,695,085
b	Risk Weighted Exposure for Operational Risk	414,768,190	414,768,190
c	Risk Weighted Exposure for Market Risk	6,661,360	1,863,700
	Total Risk Weighted Exposures (a+b+c)	10,699,110,386	10,006,326,975
	Adjustments Under Pillar II	-	-
	Add: 3% of the total RWE due to non compliance to Disclosure Requirements (6.4 a 10)	-	-
	Add: .% of the total deposit due to insufficient Liquid Assets (6.4 a 6)	-	-
1.2	CAPITAL	Current Period	Previous Period
	Core Capital (Tier 1)	2,226,950,550	2,156,811,135
a	Paid up Equity Share Capital	2,016,000,000	2,016,000,000
b	Irredeemable Non-cumulative preference shares	-	-
c	Share Premium	10,563,747	10,563,747
d	Proposed Bonus Equity Shares	-	-
e	Statutory General Reserves	69,598,577	69,598,577
f	Retained Earnings	20,709,661	20,709,661
g	Un-audited current year cumulative profit (Note 1)	120,985,347	23,977,929
h	Capital Redemption Reserve	-	-
i	Capital Adjustment Reserve	-	-
j	Dividend Equalization Reserves	-	-
k	Other Free Reserve (Debenture Redemption Reserve)	-	-
l	Deffered Tax Reserve	18,218	18,218
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	10,355,000	10,350,000
q	Less: Investment in equity of institutions in excess of limits	-	-
r	Less: Investments arising out of underwriting commitments	-	-
s	Less: Other Deductions	-	-
	Adjustments Under Pillar II		
	Less: Shortfall in Provision (6.4 a 1)		
	Less: Loans and Facilities extended to Related Parties and Restricted lending (6.4 a 2)	570,000	
	Supplementary Capital (Tier 2)	105,666,577	85,742,421
a	Cumulative and/or Redeemable Preference Share	-	-
b	Subordinated Term Debt	-	-
c	Hybrid Capital Instruments	-	-
d	General loan loss provision	95,938,692	83,591,668
e	Investment Adjustment Reserve	7,927,132	350,000
f	Assets Revaluation Reserve	-	-
g	Exchange Equalization Reserve	1,800,753	1,800,753
h	Other Reserves	-	-
	Total Capital Fund (Tier I and Tier II)	2,332,617,127	2,216,260,553
1.3	CAPITAL ADEQUACY RATIOS	Current Period	Previous Period
	Tier 1 Capital to Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)	20.81%	21.29%
	Tier 1 and Tier 2 Capital to Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)	21.80%	22.15%

FORM NO.2 RISK WEIGHTED EXPOSURE FOR CREDIT RISK

As on 15.07.2012 (Ashad End 2069)

A. Balance Sheet Exposures	Book Value	Specific Provision	Eligible CRM	Net Value	Risk Weight	Risk Weighted Exposures
	a	b	c	d=a-b-c	e	f=d*e
Cash Balance	256,197,727			256,197,727	0%	-
Balance With Nepal Rastra Bank	1,005,249,544			1,005,249,544	0%	-
Gold	-			-	0%	-
Investment in Nepalese Government Securities	2,002,514,945			2,002,514,945	0%	-
All other Claims on Government of Nepal	26,913,241			26,913,241	0%	-
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)	-		-	-	150%	-
Claims on domestic banks that meet capital adequacy requirements	133,349,316		-	133,349,316	20%	26,669,863
Claims on domestic banks that do not meet capital adequacy requirements	51,976,330	7,572,132	-	44,404,198	100%	44,404,198
Claims on foreign bank (ECA Rating 0-1)	131,885,821		-	131,885,821	20%	26,377,164
Claims on foreign bank (ECA Rating 2)	-		-	-	50%	-
Claims on foreign bank (ECA Rating 3-6)	-		-	-	100%	-
Claims on foreign bank (ECA Rating 7)	-		-	-	150%	-
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	(18,836,158)		-	(18,836,158)	20%	(3,767,232)
Claims on Domestic Corporates	5,267,750,262	-	3,785,093	5,263,965,169	100%	5,263,965,169
Claims on Foreign Corporates (ECA 0-1)	-		-	-	20%	-
Claims on Foreign Corporates (ECA 2)	-		-	-	50%	-
Claims on Foreign Corporates (ECA 3-6)	-		-	-	100%	-
Claims on Foreign Corporates (ECA 7)	-		-	-	150%	-
Regulatory Retail Portfolio (Not Overdue)	2,505,773,632		80,389,751	2,425,383,881	75%	1,819,037,911
Claims Fulfilling all criterion of regulatory retail except granularity	-		-	-	100%	-
Claims secured by residential properties	521,249,896		-	521,249,896	60%	312,749,938
Claims not fully secured by residential properties	-		-	-	150%	-
Claims secured by residential properties (Overdue)	-		-	-	100%	-
Claims secured by Commercial real estate	313,145,077		-	313,145,077	100%	313,145,077
Past due claims (except for claim secured by residential properties)	96,138,038	13,114,255	-	83,023,783	150%	124,535,675
High Risk Claims	818,098,682	715,869	14,670,000	802,712,813	150%	1,204,069,220
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	10,455,000	355,000	-	10,100,000	150%	15,150,000
Other Assets - Interest Receivable / Claim on Govt. Securities	24,715,139			24,715,139	0%	-
Other Assets - Cash & Cash in Transit Items	-			-	20%	-
Other Assets (as per attachment)	775,526,087	30,620,667		744,905,420	100%	744,905,420
TOTAL	13,922,102,579	52,377,923	98,844,844	13,770,879,812		9,891,242,403

FORM NO.2 RISK WEIGHTED EXPOSURE FOR CREDIT RISK

As on 15.07.2012 (Ashad End 2069)

B. Off Balance Sheet Exposures	Gross Book Value a	Specific Provision b	Eligible CRM c	Net Value d=a-b-c	Risk Weight e	Risk Weighted Exposures f=d*e
Revocable Commitments				-	0%	-
Bills Under Collection	-			-	0%	-
Forward Foreign Exchange Contract Liabilities	-			-	10%	-
LC Commitments With Original Maturity Up to 6 months Domestic Counterparty	98,579,304.66		-	-	20%	-
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	266,127,114		14,519,387	251,607,727	50%	125,803,864
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	82,860,080		3,074,179	79,785,901	100%	79,785,901
Financial Guarantee	60,896,803		5,771,559	55,125,244	100%	55,125,244
Acceptances and Endorsements	-		-	-	100%	-
Unpaid portion of Partly paid shares and Securities	-		-	-	100%	-
Irrevocable Credit commitments (Short Term)	578,300,721		-	578,300,721	20%	115,660,144
Irrevocable Credit commitments (Long Term)	-		-	-	50%	-
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	-			-	20%	-
Other Contingent Liabilities	10,063,280		-	10,063,280	100%	10,063,280
Unpaid Guarantee Claims	-		-	-	200%	-
TOTAL	1,096,827,303	-	23,365,125	974,882,873		386,438,433
Total RWE for credit Risk Before Adjustment (A) +(B)	15,018,929,882	52,377,923	122,209,969	14,745,762,685		10,277,680,836
<u>Adjustments under Pillar II</u>						
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)						

FORM NO.3 ELIGIBLE CREDIT RISK MITIGANTS

As on 15.07.2012 (Ashad End 2069)

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)	
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	14,519,387									14,519,387
ECA Rating 0-1										-
ECA Rating 2										-
ECA Rating 3-6										-
ECA Rating 7										-
Guarantee Invoked but yet not honoured	-									-
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	3,074,179									3,074,179
Financial Guarantee	5,771,559									5,771,559
Acceptances and Endorsements										-
Unpaid portion of Partly paid shares and Securities										-
Irrevocable Credit commitments (Short Term)										-
Irrevocable Credit commitments (Long Term)										-
Other Contingent Liabilities	-									-
Total	122,209,969	-	-	-	-	-	-	-	-	122,209,969

FORM NO.5 OTHER ASSETS
As on 15.07.2012 (Ashad End 2069)

S. No.	Assets	Gross Amount	Specific Provision	Net Balance
1	Fixed Assets	479,012,647	-	479,012,647
2	Interest Receivable on Other Investment	498,619	-	498,619
3	Interest Receivable on Loan	30,620,667	30,620,667	-
4	Non Banking Assets	-	-	-
5	Reconciliation Account	-	-	-
6	Draft Paid Without Notice	-	-	-
7	Sundry Debtors	10,234,982	-	10,234,982
8	Advance payment and Deposits	61,570,522	-	61,570,522
9	Staff Loan & Advance	68,188,886	-	68,188,886
10	Stationery	2,349,815	-	2,349,815
11	All other assets	123,049,949	-	123,049,949
TOTAL		775,526,087	30,620,667	744,905,420

FORM NO.6 RISK WEIGHTED EXPOSURE FOR OPERATIONAL RISK
As on 15.07.2012 (Ashad End 2069)

Particulars	Year 1 (2065/66)	Year 2 (2066/67)	Year 3 (2067/68)
Net Interest Income	122,657,953	216,346,417	355,456,322
Commission and Discount Income	4,251,601	3,908,315	4,949,150
Other Operating Income	25,564,749	30,740,447	34,805,648
Exchange Fluctuation Income	8,479,790	5,606,611	157,502
Addition / Deduction Interest Suspense during the period	(364,221)	4,434,107	12,541,981
Gross income (a)	160,589,872	261,035,897	407,910,603
Alfa (b)	15%	15%	15%
Fixed Percentage of Gross Income [c=(a×b)]	24,088,481	39,155,385	61,186,590
Capital Requirement for operational risk (d) (average of c)	41,476,819		
Risk Weight (reciprocal of capital requirement of 10%) in times (e)	10	10	
Equivalent Risk Weight Exposure [f=(d×e)]	414,768,190		
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]			

**FORM NO.7 RISK WEIGHTED EXPOSURE FOR MARKET RISK
As on 15.07. 2012 (Ashad End 2069)**

S.No.	Currency	Open Position (FCY)	Rate	Open Position (NPR)	Relevant Open Position
1	INR	268,680	1.60	430,089.52	430,090
2	USD	27,000	88.25	2,382,750.00	2,382,750
Total Open Position (a)					13,322,720
Fixed Percentage (b)					5%
Capital Charge for Market Risk [c=(axb)]					666,136
Risk Weight (reciprocal of capital requirement of 10%) in times (d)					10
Equivalent Risk Weight Exposure [e=(cxd)]					6,661,360

FORM NO. 8 NET LIQUID ASSETS TO TOTAL DEPOSIT RATIO
As on 15.07.2012 (Ashad End 2069)

Particulars	Amount
Total Deposit and Borrowing (A)	11,266,984,351
Total Deposit (as per NRB Ni.Fa. 9.1)	11,178,734,351
Total Borrowing (as per NRB Ni. Fa 9.1)	88,250,000
Liquid Assets (B)	3,394,413,844
Cash (9.1)	256,197,727
Bank Balance (9.1)	1,135,041,005
Money at call and short notice(9.1)	660,167
Investment in Government Securities (9.1)	2,002,514,945
Placement up to 90 days	-
Borrowing Payable upto 90 days C	-
Net Liquid Assets (D)= (B-C)	3,394,413,844
Net Liquid Assets to Total Deposit	30.36%
Shortfall in Ratio	0
Amount to be added to Risk Weighted Exposures	-