

Department of Off-site Supervision

Bangladesh Bank
Head Office
Post Box No. 325
Dhaka-1000

DOS Circular No- 01

February 23, 2011
Date: -----
Falgun 11, 1417

Chief Executives
All Scheduled Banks in Bangladesh

Dear Sir,

Revised Guidelines on Stress Testing

Please refer to DOS Circular No. 1 dated April 21, 2010 by which “Guidelines on Stress Testing” was issued to ensure the soundness and sustainability of the banking industry and make the banks more shock resilient.

Recently Bangladesh Bank has revised the guidelines in order to make it more effective. It has been decided that henceforth banks shall carry out stress testing in line with the revised guidelines on quarterly basis i.e. on March 31, June 30, September 30 and December 31. They shall also submit the report in the format attached herewith (Annex-1) along with a soft copy within 30 days of each quarter end.

This circular along with the revised guidelines are available on the website of Bangladesh Bank.

Please acknowledge receipt.

Yours sincerely,

Enclosure: As above.

(Sultan Ahmed)
General Manager
Phone: 7120376

GUIDELINES ON STRESS TESTING



**Bangladesh Bank
February, 2011**

Guidelines on Stress Testing

Panel of editors

Sultan Ahmed, General Manager

Md. Azizur Rahman, Deputy General Manager

Md. Arifuzzaman, Deputy Director

Mohammad Shahriar Siddiqui, Deputy Director

Md. Aminur Rahman Chowdhury, Deputy Director

Muhammad Mahfuzur Rahman Khan, Deputy Director

Ashok Kumar Karmaker, Deputy Director

Department of Off-site Supervision

Bangladesh Bank

February 2011

Preface

To understand and appreciate the risks the banking industry is exposed to, ensure the soundness & sustainability of the industry and make the banks more shock resilient, "Guidelines on Stress Testing" was issued through DOS Circular No. 01 dated April 21, 2010. Banks were asked to carry out stress testing on their own portfolio based on the issued guidelines and they had been exercising the same accordingly. Being requested by the banks, Department of Off-site Supervision (DOS), Bangladesh Bank conducted a day-long workshop on August 09, 2010 on stress testing guidelines for the concerned senior officials of the banks. During the workshop, BB collected feedback on the guidelines. The workshop recommended to review the guidelines for making it easier, comfortably realisable and more compatible & consistent with our industry.

Accordingly, the guidelines have been reviewed on the basis of feedback received. The revised guidelines are articulated with a number of fresh issues which were not incorporated in the previous guidelines. Moreover an effort has been provided to refine some of the issues in line with international best practices and Basel II framework. Shock levels have been redefined on the basis of trend analysis. Some of the Formats in Ms-Excel Spreadsheet have been redesigned through which banks would provide input data to Bangladesh Bank. The newly incorporated issues are-

- Sensitivity analysis for interest rate based stress test along with duration gap.
- International standard practices adopted for liquidity stress test.
- Stress testing in line with Basel II (Balance sheet item)
- Stress testing under standard shocks & self determined shocks
- Change of frequency level i.e. stress testing will have to be conducted quarterly instead of half-yearly.
- Consistent with the existing disclosure requirement, and
- Inclusion of VaR analysis.

The revised guidelines will help the banks to understand the potential behaviour of various positions on its balance sheet in circumstances of stress.

Based on this knowledge, facilitating the development of risk mitigation and contingency plans and would enable the banks to create sufficient buffer for absorbing shocks. It would also enable the banks to develop sound risk management practices which would ensure more safety and sustainability of the banking industry.

All the banks would carry out stress testing in line with revised Stress Testing Guidelines on quarterly basis i.e. on March 31, June 30, September 30 and December 31 each year with their first stress testing exercise to be based on 31-03-2011.



(S. K. Sur Chowdhury)

Executive Director
Bangladesh Bank

Guidelines on Stress Testing

1.0 Introduction:

These guidelines are issued by Bangladesh Bank (BB) under section 45 of 'ব্যাংক কোম্পানী আইন, ১৯৯১'¹ and introduced to provide a structured way of assessing the vulnerability of financial institutions to extreme but plausible market conditions. These guidelines enable institutions to accurately assess risk and define the "risk appetite" of the organization and also provide critical information to senior management for decisions around capital allocation and contingency planning. BB has made these guidelines as mandatory for all scheduled banks working in Bangladesh from January 01, 2011.

Stress testing, as defined by BIS, is a risk management technique used to evaluate the potential effects on an institution's financial condition of a specific event and/or movement in a set of financial variables. It refers to the process to cover multiple risk measures across categories and complements traditional risk models. It is also an integral part of the BIS Capital Adequacy framework. The traditional focus of stress testing relates to exceptional but plausible events.

Considering the importance and complexity of the methodology of stress testing, BB issued guidelines on Stress testing in 2010 and made mandatory for banks and financial institutions. These guidelines have been revised to make it inline with Basel II capital framework and also to incorporate a useful VaR methodology. The revised guidelines are exclusively applicable for schedule banks working in Bangladesh. Two types of formats have been developed to make the stress testing process easier and convenient for the stake holders.

General framework:

Stress testing process includes-

1. identification of specific vulnerabilities or areas of concern;
2. construction of a scenario;
3. performing the numerical analysis;
4. considering the numerical analysis and
5. summarizing and interpreting the results.

¹ Bank Company Act, 1991

This process finally produces a numerical estimate of the change in the value of risk exposed positions. To interpret the result, the following series of consideration should be used by the bank: deterioration in quality of asset results in stress losses that affect bank profitability and finally bank capital adequacy.

2.0 Scope of Stress Testing:

The present technique of stress testing will be continued. Moreover stress test under Basel II and simple maturity gap analysis for measuring 'Interest rate risk' is introduced. 'Duration GAP analysis' for determining the change in market value of equity has also been re-organized to make it easier for the users. It should be done separately to fulfill the requirements of Risk Based Capital Adequacy Guidelines of Bangladesh Bank. Value at Risk (VaR) has also been incorporated with a view to estimating the actual amount of potential loss which may arise from unfavorable situations. Moreover, VaR helps in making a comparison with the result of potential losses calculated under stress testing system.

3.0 Framework for Stress Testing:

The stress-testing framework involves the scope of the risks covered and the process/procedure to carry out the stress test. This framework should be flexible enough to adopt advanced models for stress testing. It involves:

- A well constituted organizational structure defining clearly the roles and responsibilities of the persons involved in the exercise. Preferably, it should be the part of the risk management functions of the bank. The persons involved should be independent from those who are actually involved in the risk taking and should directly report the results to the senior management.
- Defining the coverage and identifying the data required and available.
- Identifying, analyzing and proper recording of the assumptions used for stress testing.
- Calibrating the scenarios or shocks applied to the data and interpreting the results.
- An effective management information system that ensures flow of information to the senior management to take proper measures to avoid certain extreme conditions.
- Setting the specific trigger points to meet the benchmarks/standards set by Bangladesh Bank.

- Ensuring a mechanism for an ongoing review of the results of the stress test exercise and reflecting in the policies and limits set by management and board of directors.
- Taking this stress test as a starting point and developing in-house stress test model to assess the bank's specific risks

4.0 Methodology and Calibration of Shocks :

4.1 Credit Risk :

Stress test for credit risk assesses the impact of increase in the level of non-performing loans (NPLs) of the banks. This involves five individual shocking events. Each shocking event contains Minor, Moderate and Major Levels of shock.

4.1.1 Increase in NPLs:

This includes three standard scenarios each of which explains the impact of downgrading a portion of the total performing loans directly to bad & loss category having 100% provisioning requirement. The standard Shock levels are 3%, 9% and 15%.

4.1.2 Increase in NPLs due to default of Top large borrowers:

This includes three standard scenarios. The scenarios are constituted assuming that a number of top borrowers of the bank may become defaulter due to various reasons creating a shocking event to the bank. The Standard shock levels are: default of top 3(three) borrowers, default of top 7(seven) borrowers and default of top 10(ten) borrowers. In all cases the performing loans of the respective borrowers are assumed to be directly downgraded to bad/loss category creating a requirement of 100% provision.

4.1.3 Fall in the forced sale value (FSV) of mortgaged collateral:

This includes three Standard scenarios assuming different levels of Shocks i.e. decrease in value in case of forced sale of mortgaged collateral creating shocking events to the bank-company. The Standard levels of shocks are 10%, 20% and 40%.

4.1.4 Negative shift in the NPLs categories:

This includes three standard scenarios. The scenarios are constituted assuming that negative shifts in the existing NPLs categories take place due to some unfavorable events in the country or outside the country creating shocking events for the bank which results in some more provision requirements. The Standard shocks (amount of loan shift from one category to another) are: 5%, 10% and 15% downward shift in the NPLs categories. For example, for the first level of shock, 5% of the SMA downgraded to substandard, 5% of the substandard downgraded to doubtful and 5% of the doubtful downgraded to bad/loss category.

4.1.5 Increase of NPLs in particular 2 sectors:

This measures the concentration risk particularly in 2 sectors where the bank has the highest investment or exposure. The scenarios are constituted assuming that 3%, 9% and 15% (Standard shocks) of performing loans of that 2 sectors directly downgraded to bad/loss category.

4.2 Interest Rate Risk:

Interest rate risk is the potential that the value of the **on-balance sheet** and the **off-balance sheet** positions of the bank would be negatively affected with the change in the interest rates. The vulnerability of the bank towards the adverse movements of the interest rate can be gauged by using **simple sensitivity analysis** as well as **duration GAP analysis**.

The banks should follow the steps mentioned below in carrying out the interest rate stress tests:

For simple Sensitivity analysis

- Calculate all on-balance sheet Rate Sensitive Assets (RSA) and Rate Sensitive Liabilities (RSL).
- Plot the RSA and RSL into different time buckets on the basis of maturity.
- Calculate maturity GAP by deducting RSL from RSA (GAP= RSA - RSL).
- Using the formula of $\Delta NII = \Delta i(GAP)$

For Duration Gap analysis

- Estimate the market value of all on-balance sheet rate sensitive assets and liabilities of the bank to arrive at market value of equity
- Calculate the durations of each class of asset and the liability of the on-balance sheet portfolio arrive at the aggregate weighted average duration of assets and liabilities
- Calculate the duration GAP by subtracting aggregate duration of liabilities from that of assets.
- Estimate the changes in the economic value of equity due to change in interest rates on on-balance sheet positions along the three interest rate changes.
- Calculate surplus/(deficit) on off-balance sheet items under the assumption of three different interest rate changes i.e. 1%, 2%, and 3%
- Estimate the impact of the net change (both for on-balance sheet and off-balance sheet) in the market value of equity on the capital adequacy ratio (CAR).

Market value of the asset or liability shall be assessed by calculating its present value discounted at the prevailing interest rate. The outstanding balances of the assets and Liabilities should be taken along with their respective maturity or repricing period, whichever is earlier.

Duration GAP & Price Sensitivity

Duration is the measure of a portfolio's price sensitivity to changes in interest rates. Longer the duration, larger the changes in the price for a given change in the interest rates. Larger the coupon, lower would be the duration and smaller would be the change in the price for a given change in the interest rates. The duration is measured as:

$$D = \frac{\sum_{t=1}^n \frac{CF_t(t)}{(1 + YTM)^t}}{\sum_{t=1}^n \frac{CF_t}{(1 + YTM)^t}} = \frac{\sum_{t=1}^n \frac{CF_t(t)}{(1 + YTM)^t}}{PV(Securities)}$$

Where

CF_t= cash flow at time t,

t = the number of periods of time until the cash flow payment,

YTM = the yield to maturity of the security generating the cash flow, and

n = the number of cash flows.

The duration GAP is measured by comparing the weighted average duration of assets with the weighted average duration of liabilities. The weighted average duration of assets and liabilities is calculated as follows:

$$\text{Weighted Average Duration of Assets(DA)} = \sum_a^n W_a D_a$$

$$\text{Weighted Average Duration of Assets(DA)} = \sum_l^m W_l D_l$$

Where

W_a = market value of the asset "a" divided by the market value of all the assets

W_l = market value of the liability "l" divided by the market value of all the liabilities

D_a = duration of the asset "a"

D_l = duration of the liability "l"

n = total number of assets

m = total number of liabilities

The duration GAP indicates how the market value of equity (MVE) of a bank will change with a certain change in interest rates. If the weighted average duration of assets exceeds the weighted average duration of liabilities (leverage-adjusted), the duration GAP is said to be positive. A positive duration gap signifies that the assets are relatively more interest rate sensitive than liabilities. Hence if the interest rates rise, the value of assets will fall proportionately more than the value of liabilities and the market value of equity will fall accordingly and vice versa. Duration Gap will be calculated as under:

$$DGAP = DA - \frac{(MVL)}{(MVA)} \times DL$$

The change in market value of equity shall be calculated as:

$$\Delta MVE \cong (-DGAP) \times \frac{\Delta i}{(1+y)} \times \text{Total Assets}$$

Δi = The change in the interest rate

y = The effective yield to maturity of all the assets

The impact of interest rate change on interest bearing off-balance sheet contracts shall be separately calculated. As a first step, the actual market price of each contract shall be determined which should represent the actual price of the contract if sold immediately. The second step involves calculating the market price again by marking to market each contract separately assuming a change in interest rate. The difference between the two market prices would determine the amount of revaluation surplus or deficit. The revaluation surplus would arise if the actual market price of the contract is less than the price calculated after assuming a change in the interest rate and revaluation deficit would result in, if otherwise. The revaluation surplus/deficit arising due to the change in the interest rates of the off-balance sheet contracts should be subtracted/ added to the fall in market value of equity derived by the DGAP approach to arrive at the net change in the market value of equity.

The impact of this net change in the market value of equity will then be calibrated in the CAR and the revised CAR shall be calculated under each of the above scenarios.

4.3 Exchange Rate Risk :

The stress test for exchange rate assesses the impact of change in exchange rate on the value of equity. To assess foreign exchange risk the overall net exchange position of the bank including the on-balance sheet and off-balance sheet exposures shall be charged by the weightage of 5%, 10% and 15% for minor, moderate and major levels respectively. The overall net exchange position will be the 'total of the net long positions' or the 'total of the net short positions' whichever is higher. In this case the bank shall follow FE Circular No.07 dated 15-04-2010. The impact of the respective shocks will have to be calibrated in terms of the CAR. The revised CAR will then be calculated after adjusting total loss from the risk-weighted assets of the bank.

4.4 Equity Price Risk :

The stress test for equity price risk assesses the impact of the fall in the stock market index. Appropriate shocks will have to be absorbed to the respective securities if the current market value of all the on balance sheet and off balance sheet securities listed on the stock exchanges including shares, NIT units, mutual funds etc falls at the rate of 10%, 20% and 40% respectively. The impact of resultant loss will be calibrated in the CAR.

4.5 Liquidity Risk :

The stress test for liquidity risk evaluates the resilience of the banks towards the fall in liquid liabilities. A special threshold of one business week survival period is set to test the ability to withstand a liquidity run autonomously from the whole market. The liquidity test shows how many days a bank would be able to survive a liquidity drain without resorting to liquidity from outside (other banks or the central banks). The considerable terms for liquidity stress test are as under:-

- Chronic withdrawal of demand and time deposit both in local and foreign currency.
- The bank is considered to be a well liquid bank if it can survive 5 days under the stress situation.

Standard shocks would be 2%, 4% and 6% respectively. These shocks would be in excess of bank's normal withdrawal.

4.6 Combined Shock:

Bank will assess combined shock by aggregating the results of credit shock, exchange rate shock, equity shock and interest rate shock. In case of credit shock, increase in NPLs, results of increase in NPLs due to default of Top large borrowers, fall in the forced sale value (FSV) of mortgaged collateral, negative shift in the NPLs categories and increase of NPLs in particular 2 sectors would have to be taken into account.

5.0 Value at Risk (VaR)

VaR is a method of measuring market risk based upon a common confidence interval and time horizon. It is a statistical estimate of expected potential loss that is derived by translating the riskiness of any financial instrument into a common standard. The bank may use 99% or 95% confidence level, and one day holding period for its trading portfolios. That means about once (with 99% confidence) or five (with 95% confidence) in every one hundred days the trading position are expected to lose more than the VaR estimate. The Board should review the VaR results quarterly.

VaR measures potential losses in normally active markets. An inherent limitation of VaR is that it gives no information about how much losses could exceed their expected levels. On the other hand, the stress testing program identifies key risks and ensures that bank's capital can easily absorb potential loss from abnormal events.

Methods of Calculating VaR:

1. The Variance-Covariance Method
2. Historical Method
3. Monte Carlo Simulation

Among the three methods the variance-covariance method is simple to apply and fairly straightforward to explain. Also datasets for its use are immediately available. That's why the banks are advised to follow Variance-Covariance Method for measuring VaR.

Formula for assessing VaR of stocks for more than two

Portfolio VaR= Total portfolio x Standard deviation of portfolio

Where std = $[s(1)^2 + s(2)^2 + s(3)^2 + 2s(1)s(2)p(1,2) + 2s(1)s(3)p(1,3) + 2s(2)s(3)p(2,3)]^{1/2}$

- S_1 = the standard deviation or volatility of the first asset
- S_2 = the standard deviation or volatility of the second asset
- S_3 = the standard deviation or volatility of the third asset
- P= Correlation

6.0 **Reporting**

The banks will exercise stress testing on their own portfolio on quarterly basis i.e. on March 31, June 30, September 30 and December 31. Banks will have to submit their stress testing report as per formats mentioned in section 7.0 within the 30 days of the following month. Name and address with contact number (preferably cell no) of two concerned officials will have to be furnished in the statements for further query; if necessary.

7.0 Standard formats for stress testing

NAME OF THE BANK
STRESS TEST: SENSITIVITY ANALYSIS
Quarter
Q1
Year
2010
Table A1. Balance sheet data

Total assets	12,807.71
Cash	243.48
Balance with Bangladesh Bank	785.41
Money at Call	11.95
Balance with Other Banks and Fis	88.43
T-bills	862.53
Market Value Of investment in listed shares, debentures & bonds, MFU (Own Portfolio)	551.57
Long-term government bonds	235.95
Total loans	8,904.52
Other assets	1,123.87
Total Liabilities and Shareholder's equity	12,807.71
Total liabilities	11,383.50
Deposits	9,885.22
Demand deposits	3,775.63
Domestic currency	3,775.63
Foreign currency	0.00
Time deposits	6,109.59
Domestic currency	6,109.59
Foreign currency	0.00
Other Liabilities	1,498.28
Total capital (equity)	1,424.21

Table A2. Other input data

Capital adequacy calculation	
Regulatory capital	1,499.94
Risk weighted assets	13,460.88
CAR (%)	11.14

Credit risk data

Performing loans	8,722.66
Unclassified	8,617.90
Special mention Account	104.76
Non performing loans (NPLs), gross	181.86
Substandard loans	11.44
Doubtful loans	6.78
Bad/Loss	163.64
Provisions held	179.31
Collateral reported against:	
Substandard loans	3.59
Doubtful loans	2.78
Bad/Loss	114.18
Unclassified	6,735.39
Structure of Unclassified Lons:	
Loans for which no collateral is held	1,683.82
Loans for which collateral is held	6,934.08

Sectoral structure of lending

		loans for which Collateral is held	loans for which no Collateral is held	Value of collateral Reported
Total loans	10,770.52	5,186.00	5,584.52	1,100.00
Agriculture	709.02	200.00	509.02	100.00
RMG	4,890.00	2000.00	2890.00	1000.00
Textile	1,181.69	1000.00	181.69	
Ship Building	2,282.00	1200.00	1082.00	
Ship Breaking	927.00	527.00	400.00	
Other Manufacturing Industry	609.00	209.00	400.00	
SME loans	0.00			
Construction	0.00			
Power, Gas	0.00			
Transport, Storage and Communication	0.00			
Trade Service	0.00			
Commercial real estate financing	0.00			
Residential real estate financing	0.00			
Consumer Credit	0.00			
Capital Market (loan provided for brokerage or merchant banking, to stock dealer or any kind of capital market activities)	171.81	50.00	121.81	
Non-bank financial institutions	0.00			
Others	0.00			

NAME OF THE BANK

STRESS TEST: SENSITIVITY ANALYSIS

	Quarter	Q1	Year	2010	
Nonperforming loans		2,693.36			
Agriculture		214.21			
RMG		1,230.00			
Textile		357.01			
Ship Building		476.13			
Ship Breaking		259.62			
Other Manufacturing Industry		103.42			
SME loans		52.98			
Construction					
Power, Gas					
Transport, Storage and Communication					
Trade Service					
Commercial real estate financing					
Residential real estate financing					
Consumer Credit					
Capital Market (loan provided for brokerage or merchant banking)					
Non-bank financial institutions					
Others					
Largest borrowers(Descending)			Loans for which Collateral is held	Loans for which no Collateral is held	Value of collateral Reported
Total Loan to 10 borrowers		186.87	87.28	99.59	15.00
		50.51	20.51	30.00	15.00
		43.77	23.77	20.00	
		33.67	13.00	20.67	
		30.30	20.00	10.30	
		28.62	10.00	18.62	
		0.00			
		0.00			
		0.00			
		0.00			
		0.00			
		0.00			
Interest rate risk data					
Total Risk Sensitive Assets (by time to repricing or maturity whichever comes first)		7,502.00			
< 3 months		6,199.12			
3-6 months		1,020.97			
6-12 months		281.91			
Total risk sensitive liabilities (by time to repricing or maturity whichever comes first)		10,724.48			
< 3 months		9,217.12			
3-6 months		1,494.81			
6-12 months		12.56			
Structure of the bond portfolio					
Long-term government bonds		235.95			
Average duration of bonds held		1.89			
Liquid assets		2,227.75			
Short-term liabilities		3,775.63			
Demand deposits		3,775.63			
other		0.00			
Exchange rate risk data					
Net open position		155.73			
Net US\$ position		-108.01			
Net euro position		95.48			
Net GBP position		60.25			
Net positions in other curr.		-14.15			
FX loans		2,564.00			

BANK NAME
Stress Testing: Liquidity
**Quarter
Year**
**Q1
2010**

Average daily withdrawal of deposit (%)	Demand deposits (d)		
	Demand deposits (f)		
	Time deposits (d)		
	Time deposits (f)		
Demand deposits (domestic currency)	3,775.63		
	Minor	Moderate	Major
Withdrawn per day (%)			
Demand deposits (foreign currency)	0.00		
	Minor	Moderate	Major
Withdrawn per day (%)			
Time deposits (domestic currency)	6,109.59		
	Minor	Moderate	Major
Withdrawn per day (%)			
Time deposits (foreign currency)	0.00		
	Minor	Moderate	Major
Withdrawn per day (%)			
Liquid assets	2,227.75		
	Minor	Moderate	Major
Available per day (%)			
Non-liquid assets	10,579.96		
	Minor	Moderate	Major
Available per day (%)			
Day:1	Minor	Moderate	Major
Demand deposits (domestic)	3775.63	3775.63	3775.63
Demand deposits (foreign)	0.00	0.00	0.00
Time deposits (domestic)	6109.59	6109.59	6109.59
Time deposits (foreign)	0.00	0.00	0.00
New cash outflow (during day 1)	0.00	0.00	0.00
Liquid assets (after day 1)	2227.75	2227.75	2227.75
Non-liquid assets (after day 1)	10579.96	10579.96	10579.96
New cash inflow (during day 1)	0.00	0.00	0.00
Net cash inflow since beginning of run	0.00	0.00	0.00
Liquid? (1=yes, 0=no)	1	1	1
Day:2	Minor	Moderate	Major
Demand deposits (domestic)	3775.63	3775.63	3775.63
Demand deposits (foreign)	0.00	0.00	0.00
Time deposits (domestic)	6109.59	6109.59	6109.59
Time deposits (foreign)	0.00	0.00	0.00
New cash outflow (during day 2)	0.00	0.00	0.00
Liquid assets (after day 2)	2227.75	2227.75	2227.75
Non-liquid assets (after day 2)	10579.96	10579.96	10579.96
New cash inflow (during day 2)	0.00	0.00	0.00
Net cash inflow since beginning of run	0.00	0.00	0.00
Liquid? (1=yes, 0=no)	1	1	1
Day:3	Minor	Moderate	Major
Demand deposits (domestic)	3775.63	3775.63	3775.63
Demand deposits (foreign)	0.00	0.00	0.00
Time deposits (domestic)	6109.59	6109.59	6109.59
Time deposits (foreign)	0.00	0.00	0.00
New cash outflow (during day 3)	0.00	0.00	0.00
Liquid assets (after day 3)	2227.75	2227.75	2227.75
Non-liquid assets (after day 3)	10579.96	10579.96	10579.96
New cash inflow (during day 3)	0.00	0.00	0.00
Net cash inflow since beginning of run	0.00	0.00	0.00
Liquid? (1=yes, 0=no)	1	1	1

BANK NAME**Stress Testing: Liquidity**Quarter
YearQ1
2010

Day:4	Minor	Moderate	Major
Demand deposits (domestic)	3775.63	3775.63	3775.63
Demand deposits (foreign)	0.00	0.00	0.00
Time deposits (domestic)	6109.59	6109.59	6109.59
Time deposits (foreign)	0.00	0.00	0.00
New cash outflow (during day 4)	0.00	0.00	0.00
Liquid assets (after day 4)	2227.75	2227.75	2227.75
Non-liquid assets (after day 4)	10579.96	10579.96	10579.96
New cash inflow (during day 4)	0.00	0.00	0.00
Net cash inflow since beginning of run	0.00	0.00	0.00
Liquid? (1=yes, 0=no)	1	1	1
Day:5	Minor	Moderate	Major
Demand deposits (domestic)	3775.63	3775.63	3775.63
Demand deposits (foreign)	0.00	0.00	0.00
Time deposits (domestic)	6109.59	6109.59	6109.59
Time deposits (foreign)	0.00	0.00	0.00
New cash outflow (during day 5)	0.00	0.00	0.00
Liquid assets (after day 5)	2227.75	2227.75	2227.75
Non-liquid assets (after day 5)	10579.96	10579.96	10579.96
New cash inflow (during day 5)	0.00	0.00	0.00
Net cash inflow since beginning of run	0.00	0.00	0.00
Liquid? (1=yes, 0=no)	1	1	1

Authoeized Signature:

Name:

Designation:

Phone:

BANK NAME:

Stress Testing	Quarter	Q1	Year	2010
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FEX SHOCK

Regulatory Capital	1,499.94
Total RWA	13,460.88
CAR before shock (%)	11.14
Net open position	155.73
Net US\$ position	-108.01
Net euro position	95.48
Net GBP position	60.25
Net positions in other curr.	-14.15

Please Use Currency Appreciation Format
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Currency Depreciation

	Minor	Moderate	Major
Assumed change			
Extra provision required	0.00	0.00	0.00
Regulatory Capital after shock	1,499.94	1,499.94	1,499.94
RWA after shock	13,460.88	13,460.88	13,460.88
CAR after shock (%)	0.00	0.00	0.00
Changes in CAR after shock	0.00	0.00	0.00

Currency Appreciation

	Minor	Moderate	Major
Assumed change			
Extra provision required	0.00	0.00	0.00
Regulatory Capital after shock	1499.94	1499.94	1499.94
RWA after shock	13460.88	13460.88	13460.88
CAR after shock (%)	0.00	0.00	0.00
Changes in CAR after shock	0.00	0.00	0.00

Authoeized Signature:**Name:****Designation:****Phone:**

BANK NAME: 0
Stress Testing Quarter Q1 Year 2010

EQUITY PRICE SHOCK

Regulatory Capital 1,499.94
 Total RWA 13,460.88
 CAR before shock (%) 11.14
 Market Value Of investment in listed shares, debentures & bonds, MFU (Own Portfolio) 551.57

Equity Shock

	Minor	Moderate	Major
Assumed fall in price			
Fall in MTM value	0.00	0.00	0.00
Regulatory Capital after shock	1,499.94	1,499.94	1,499.94
RWA after shock	13,460.88	13,460.88	13,460.88
CAR after shock (%)	11.14	11.14	11.14
Changes in CAR after shock	0.00	0.00	0.00

Authoeized Signature:

Name:

Designation:

Phone:

BANK NAME:

0

Stress Testing : Interest Rate**Quarter
Year****Q1
2010****Maturity buckets****Gap**

< 3 months	-3,018.00
3-6 months	-473.84
6-12 months	269.35

Cummulative gap

< 3 months	-3,018.00
<6 months	-3,491.83
<12 months	-3,222.48
CAR before-shock (%)	11.14

Interest Rate Stress Test

Assumed change in Interest Rate

Net interest income impact

	Minor	Moderate	Major
<12 months	0.00	0.00	0.00
Capital after-shock	1499.94	1499.94	1499.94
CAR after-shock (%)	11.14	11.14	11.14
Change in CAR after-shock (%)	0.00	0.00	0.00

Repricing impact

Change in the value of the bond portfolio	0.00	0.00	0.00
Capital after-shock	1,499.94	1,499.94	1,499.94
CAR after-shock (percent)	11.14	11.14	11.14
Change in CAR after-shock (%)	0.00	0.00	0.00
Overall change in CAR (NII and repricing impact,%)	0.00	0.00	0.00

Authoeized Signature:**Name:****Designation:****Phone:**

BANK NAME:

0

Stress Testing Quarter Q1 Year 2010**CREDIT SHOCK: INDIVIDUAL**

Total loans (gross)	8,905
Performing loans	8,723
Unclassified	8,618
Special mention loans	105
Non performing loans (NPLs), gross	182
Substandard loans	11
Doubtful loans	7
Bad/Loss	164
Provisions held	179
Regulatory capital	1,500
Risk-weighted assets (RWA)	13,461
Capital adequacy ratio (CAR) pre-shock	11.14
NPLs (gross)/total loans (gross)	2.04
(NPLs-provisions)/capital	0.17
Collateral Reported against:	
Substandard loans	4
Doubtful loans	3
Bad/Loss	114
Unclassified	6,735
Structure of Unclassified Lons:	
Loans for which no collateral is held	1,684
Loans for which collateral is held	6,934

Shock 1(1): Stress on sectoral concentration: performing loan directly downgraded to B/L**RMG****Sector****a) Loan without collateral**

2890

Existing rate of Provisioning

Assumed increase in NPLs

Additional NPLs

Provisions needed

Provisions held

Extra provisions to be made

Capital post-shock

RWA post-shock

Capital adequacy post-shock

Capital adequacy change

	UC	SMA	SS	DF	B/L
	Minor	Moderate	Major		
	RESULT				
	0.00	0.00	0.00		
	0.00	0.00	0.00		
	0.00	0.00	0.00		
	0.00	0.00	0.00		
	1,499.94	1,499.94	1,499.94		
	13,460.88	13,460.88	13,460.88		
	11.14	11.14	11.14		
	0.00	0.00	0.00		

BANK NAME:

0

Stress Testing

Quarter

Q1

Year

2010

CREDIT SHOCK: INDIVIDUAL

Shock 1(1): Stress on sectoral concentration: performing loan directly downgraded to B/L

RMG

Sector

b) Loan for which collateral is held

2000

Collateral held

1000

Existing rate of Provisioning

Assumed increase in NPLs

Additional NPLs

Propotionate value of collateral

Provisions needed

Provisions held

Extra provisions to be made

Capital post-shock

RWA post-shock

Capital adequacy post-shock

Capital adequacy change

	UC	SMA	SS	DF	B/L
	Minor	Moderate	Major		
	RESULT				
	0.00	0.00	0.00		
	0.00	0.00	0.00		
	0.00	0.00	0.00		
	0.00	0.00	0.00		
	0.00	0.00	0.00		
	1,499.94	1,499.94	1,499.94		
	13,460.88	13,460.88	13,460.88		
	11.14	11.14	11.14		
	0.00	0.00	0.00		

Shock 1(2): Stress on sectoral concentration: performing loan directly downgraded to B/L

Sector Name:

Capital Market (loan provided for brokerage or merchant banking, to stock dealer or any kind of capital m

a) Loan without collateral

121.81

Existing rate of Provisioning

Assumed increase in NPLs

Additional NPLs

Provisions needed

Provisions held

Extra provisions to be made

Capital post-shock

RWA post-shock

Capital adequacy post-shock

Capital adequacy change

	UC	SMA	SS	DF	B/L
	Minor	Moderate	Major		
	RESULT				
	0.00	0.00	0.00		
	0.00	0.00	0.00		
	0.00	0.00	0.00		
	0.00	0.00	0.00		
	1,499.94	1,499.94	1,499.94		
	13,460.88	13,460.88	13,460.88		
	11.14	11.14	11.14		
	0.00	0.00	0.00		

BANK NAME:**0****Stress Testing****Quarter****Q1****Year****2010****CREDIT SHOCK: INDIVIDUAL****Shock 1(2): Stress on sectoral concentration: performing loan directly downgraded to B/L**

Sector Name:

Capital Market (loan provided for brokerage or merchant banking, to stock dealer or any kind of capital market act)

b) Loan for which collateral is held

50

Collateral held

0

Existing rate of Provisioning

Assumed increase in NPLs

Additional NPLs

Proportionate value of collateral

Provisions needed

Provisions held

Extra provisions to be made

Capital post-shock

RWA post-shock

Capital adequacy post-shock

Capital adequacy change

	UC	SMA	SS	DF	B/L
	Minor	Moderate	Major		
	RESULT				
	0.00	0.00	0.00		
	0.00	0.00	0.00		
	0.00	0.00	0.00		
	0.00	0.00	0.00		
	0.00	0.00	0.00		
	1,499.94	1,499.94	1,499.94		
	13,460.88	13,460.88	13,460.88		
	11.14	11.14	11.14		
	0.00	0.00	0.00		

Shock 2(1): Increase in NPLs due to default of Top large loan borrowers**a) Loan for which no collateral is held**

Existing rate of Provisioning

Assumed increase in NPLs

Number of Defaulters

Additional NPLs

Provisions needed

Provisions held

Extra provisions to be made

Capital post-shock

RWA post-shock

Capital adequacy post-shock

Capital adequacy change

	50.00	50.00	50.00	DF	B/L
	100.0%	100.0%	100.0%		
	Minor	Moderate	Major		
	RESULT				
	50.00	50.00	50.00		
	0.00	0.00	0.00		
	0.00	0.00	0.00		
	0.00	0.00	0.00		
	1,499.94	1,499.94	1,499.94		
	13,460.88	13,460.88	13,460.88		
	11.14	11.14	11.14		
	0.00	0.00	0.00		

BANK NAME:

0

Stress Testing

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CREDIT SHOCK: INDIVIDUAL

Shock 2(1): Increase in NPLs due to default of Top large loan borrowers

a) Loan for which collateral is held

Collateral value reported

Existing rate of Provisioning

Assumed increase in NPLs

Number of Defaulters

Additional NPLs

Proportionate value of collateral

Provisions needed

Provisions held

Extra provisions to be made

Capital post-shock

RWA post-shock

Capital adequacy post-shock

Capital adequacy change

44.28	44.28	44.28		
15.00	15.00	15.00		
UC	SMA	SS	DF	B/L
100.0%	100.0%	100.0%		
Minor	Moderate	Major		
RESULT				
44.28	44.28	44.28		
15.00	15.00	15.00		
0.00	0.00	0.00		
0.00	0.00	0.00		
0.00	0.00	0.00		
1,499.94	1,499.94	1,499.94		
13,460.88	13,460.88	13,460.88		
11.14	11.14	11.14		
0.00	0.00	0.00		

Authoeized Signature:

Name:

Designation:

Phone:

BANK NAME:**Stress Testing**

Quarter

Q1

Year

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CRIDIT SHOCK: COMBINED**Total loans (gross) 8,905****Performing loans 8,723**

Unclassified 8,618

Special mention loans 105

Non performing loans (NPLs), gross 182

Substandard loans 11.44

Doubtful loans 7

Bad/Loss 164

Provisions held 179**Total loan loss provision 0.00**

Unclassified 0.00

Special mention loans 0.00

Substandard loans 0.00

Doubtful loans 0.00

Bad/Loss 0.00

Others 179.31

Regulatory capital 1,500

Risk-weighted assets (RWA) 13,461

Capital adequacy ratio (CAR) pre-shock 11.14

NPLs (gross)/total loans (gross) 2.04

(NPLs-provisions)/capital 12.12

Collateral Reported against:

Substandard loans 4

Doubtful loans 3

Bad/Loss 114

Unclassified 6,735

Structure of Unclassified Lons:

Loans for which no collateral is held 1,684

Loans for which collateral is held 6,934

Result Of the Combined Shock:

	Minor	Moderate	Major
Capital adequacy change	0.00	0.00	0.00
CAR post-shock (%)	11.14	11.14	11.14

Authoeized Signature:**Name:****Designation:****Phone:**

BANK NAME:

0

Stress Testing

Quarter

Q1

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2010

CRIDIT SHOCK: COMBINED**Shock 1: Decrease in the FSV of the Collateral**

	UC	SMA	SS	DF	B/L
Existing rate of Provisioning					
Decrease in FSV of the Collateral by					
	Minor	Moderate	Major		
Collateral value after applying the shock:	RESULT				
Substandard loans	3.59	3.59	3.59		
Doubtful loans	2.78	2.78	2.78		
Loss loans	114.18	114.18	114.18		
Provisions needed	0.00	0.00	0.00		
Provisions held	0.00	0.00	0.00		
Extra provisions to be made	0.00	0.00	0.00		
Capital post-shock	1,499.94	1,499.94	1,499.94		
RWA post-shock	13,460.9	13,460.9	13,460.9		
CAR post-shock (%)	11.14	11.14	11.14		
Capital adequacy change	0.00	0.00	0.00		

Shock 2(a): Increase in NPLs of loans for which no collateral is held

	UC	SMA	SS	DF	B/L
Existing rate of Provisioning					
Assumed increase in NPLs (%)					
	Minor	Moderate	Major		
Additional NPLs	RESULT				
Provisions needed	0.00	0.00	0.00		
Provisions held	0.00	0.00	0.00		
Extra provisions to be made	0.00	0.00	0.00		
Capital post-shock	1,499.94	1,499.94	1,499.94		
RWA post-shock	13,460.88	13,460.88	13,460.88		
CAR post-shock (%)	11.14	11.14	11.14		
Capital adequacy change	0.00	0.00	0.00		

BANK NAME:

0

Stress Testing

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CRIDIT SHOCK: COMBINED**Shock 2(b): Increase in NPLs of loans for which collateral is held**

	UC	SMA	SS	DF	B/L
Existing rate of Provisioning					
Assumed increase in NPLs					
	Minor	Moderate	Major		
	RESULT				
Additional NPLs	0.00	0.00	0.00		
Propotionate value of collateral after shock	0.00	0.00	0.00		
Provisions needed	0.00	0.00	0.00		
Provisions held	0.00	0.00	0.00		
Extra provisions to be made	0.00	0.00	0.00		
Capital post-shock	1,499.94	1,499.94	1,499.94		
RWA post-shock	13,460.88	13,460.88	13,460.88		
CAR post-shock (%)	11.14	11.14	11.14		
Capital adequacy change	0.00	0.00	0.00		

Result (Shock 2a + Shock 2b)

Capital adequacy change	0.00	0.00	0.00
Capital adequacy post-shock	11.14	11.14	11.14

Shock 3: Negative Shift in NPLs categories

	UC	SMA	SS	DF	B/L
Existing rate of Provisioning					
Assumed shift in NPLs categories					
	Minor	Moderate	Major		
	RESULT				
SS after shift	11.44	11.44	11.44		
DF after shift	6.78	6.78	6.78		
B/L after shift	163.64	163.64	163.64		
Propotionate value of collateral after shift:					
SS	3.59	3.59	3.59		
DF	2.78	2.78	2.78		
B/L	114.59	114.59	114.59		
Propotionate provision after shift:					
SS	0.00	0.00	0.00		
DF	0.00	0.00	0.00		
B/L	0.00	0.00	0.00		
Extra provisions to be made	0.00	0.00	0.00		
Capital post-shock	1,499.94	1,499.94	1,499.94		
RWA post-shock	13,460.88	13,460.88	13,460.88		
CAR post-shock (%)	11.14	11.14	11.14		
Capital adequacy change	0.00	0.00	0.00		

Bank Name:

Quarter Q1

Year

2010

0

NEGATIVE SHIFT IN RATING CATEGORIES (Balance sheet Exposure): Shock 1

Total Capital Maintained									
Total RWA									
Capital Adequacy Ratio		#DIV/0!							
MCR									
Sl.	Exposure Type	BB's Rating	Risk Weight (%)	Exposure	RWA	Shock Applied (%)	Exposure	RWA	
a	Claims on Multilateral Development Banks (MDBs) other than IBRD , IFC, ADB, AfDB, EBRD, IADB, EIB, EIF, NIB, CDB, IDB, CEDB.	1	20	100	20		100	20	
		2,3	50	200	100	0%	200	100	
		4,5	100	500	500	0%	500	500	
		6	150	800	1200	0%	800	1200	
		Unrated	50	1200	600		1200	600	
	Total			2800.00	2420.00		2800.00	2420.00	
	Increase in RWA								0
	Increase in Minimum Capital requirement								0
	Capital Adequacy Ratio after shock								#DIV/0!
b	Claims on public sector entities (excluding equity exposure)	1	20	100	20	0%	100	20	
		2,3	50	200	100	0%	200	100	
		4,5	100	500	500	0%	500	500	
		6	150	800	1200	0%	800	1200	
		Unrated	50	1200	600		1200	600	
	Total			2800.00	2420.00		2800.00	2420.00	
	Increase in RWA								0
	Increase in Capital requirement								0
	Capital Adequacy Ratio after shock								#DIV/0!
c	Claims on Banks and NBFIs (denominated i) Original maturity over 3 months	1	20	100	20	0%	100	20	
		2,3	50	200	100	0%	200	100	
		4,5	100	500	500	0%	500	500	
		6	150	800	1200	0%	800	1200	
		Unrated	50	1200	600		1200	600	
	Total			3800.00	2620.00		3800.00	2620.00	
	Increase in RWA								0
	Increase in Capital requirement								0
	Capital Adequacy Ratio after shock								#DIV/0!
d	Claims on Corporate (excluding equity exposures)	1	20	1000	200	0%	1000	200	
		2	50	1000	500	0%	1000	500	
		3,4	100	500	500	0%	500	500	
		5,6	150	800	1200	0%	800	1200	
		Unrated	125	1200	1500		1200	1500	
	Total			4500.00	3900.00		4500.00	3900.00	
	Increase in RWA								0
	Increase in Capital requirement								0
	Capital Adequacy Ratio after shock								#DIV/0!
e	Claims Categorized as retail portfolio & small enterprise (excluding consumer finance and staff loan)	Shift of Performing loan to SMA, Shock Applied							
		Total retail & small enterprise loan				Rate of Provision (UC)			
		Before Shock			Under Stress Condition				
		Risk Weight (%)	Exposure	RWA	Provision Held (UC)	Exposure	Risk Weight (%)	RWA	
		Total	75%		0	0	0	150.00%	0
		Increase in RWA							0
	Increase in Capital requirement							0	
	Capital Adequacy Ratio after shock							#DIV/0!	
f	Consumer Finance	Shift of Performing loan to SMA, Shock Applied							
		Total Consumer loan				Rate of Provision (UC)			
		Before Shock			Under Stress Condition				
		Risk Weight (%)	Exposure	RWA	Provision Held (UC)	Exposure	Risk Weight (%)	RWA	
		Total	100%		0	0	0	150.00%	0
		Increase in RWA							0
	Increase in Capital requirement							0.00	
	Capital Adequacy Ratio after shock							#DIV/0!	
g	Claims fully secured by residential property (excluding staff loan/Investment)	Shift of Performing loan to SMA, Shock Applied							
		Total loan				Rate of Provision (UC)			
		Before Shock			Under Stress Condition				
		Risk Weight (%)	Exposure	RWA	Provision Held (UC)	Exposure	Risk Weight (%)	RWA	
		Total	50%		0	0	0	100.00%	0
		Increase in RWA							0
	Increase in Capital requirement							0.00	
	Capital Adequacy Ratio after shock							#DIV/0!	
h	Claims fully secured by Commercial real estate (excluding staff loan/Investment)	Shift of Performing loan to SMA, Shock Applied							
		Total loan				Rate of Provision (UC)			
		Before Shock			Under Stress Condition				
		Risk Weight (%)	Exposure	RWA	Provision Held (UC)	Exposure	Risk Weight (%)	RWA	
		Total	100%		0	0	0	150.00%	0
		Increase in RWA							0
	Increase in Capital requirement							0.00	
	Capital Adequacy Ratio after shock							#DIV/0!	
Total increase in RWA after shock				0.00					
Total increase in Capital requirement after shock				0.00					
Total RWA after shock				0.00					
Capital Adequacy Ratio after shock (%)				#DIV/0!					
Change in CAR (%)				#DIV/0!					

Bank Name:

Quarter Q1

Year

2010

0

NEGATIVE SHIFT IN RATING CATEGORIES (Balance sheet Exposure): Shock 2

Total Capital Maintained 0.00

Total RWA 0.00

Capital Adequacy Ratio #DIV/0!

MCR 0.00

Sl.	Exposure Type	BB's Rating	Risk Weight (%)	Before Shock		Under Stress Condition		
				Exposure	RWA	Shock Applied (%)	Exposure	RWA
a	Claims on Multilateral Development Banks (MDBs) other than IBRD, IFC, ADB, AfDB, EBRD, IADB, EIB, EIF, NIB, CDB, IDB, CEDB.	1	20	100	20		100	20
		2,3	50	200	100	0%	200	100
		4,5	100	500	500	0%	500	500
		6	150	800	1200	0%	800	1200
		Unrated	50	1200	600		1200	600
	Total			2800.00	2420.00		2800.00	2420.00
	Increase in RWA						0	
	Increase in Minimum Capital requirement						0	
	Capital Adequacy Ratio after shock						#DIV/0!	
b	Claims on public sector entities (excluding equity exposure)	1	20	100	20	0%	100	20
		2,3	50	200	100	0%	200	100
		4,5	100	500	500	0%	500	500
		6	150	800	1200	0%	800	1200
		Unrated	50	1200	600		1200	600
	Total			2800.00	2420.00		2800.00	2420.00
	Increase in RWA						0	
	Increase in Capital requirement						0	
	Capital Adequacy Ratio after shock						#DIV/0!	
c	Claims on Banks and NBFIs (denominated i) Original maturity over 3 months	1	20	100	20	0%	100	20
		2,3	50	200	100	0%	200	100
		4,5	100	500	500	0%	500	500
		6	150	800	1200	0%	800	1200
		Unrated	50	1200	600		1200	600
	Total			3800.00	2620.00		3800.00	2620.00
	Increase in RWA						0	
	Increase in Capital requirement						0	
	Capital Adequacy Ratio after shock						#DIV/0!	
d	Claims on Corporate (excluding equity exposures)	1	20	1000	200	0%	1000	200
		2	50	1000	500	0%	1000	500
		3,4	100	500	500	0%	500	500
		5,6	150	800	1200	0%	800	1200
		Unrated	125	1200	1500		1200	1500
	Total			4500.00	3900.00		4500.00	3900.00
	Increase in RWA						0	
	Increase in Capital requirement						0	
	Capital Adequacy Ratio after shock						#DIV/0!	
e	Claims Categorized as retail portfolio & small enterprise (excluding consumer finance and staff loan)	Shift of Performing loan to SMA, Shock Applied						
		Total retail & small enterprise loan			Rate of Provision (UC)			
		Before Shock			Under Stress Condition			
		Risk Weight (%)	Exposure	RWA	Provision Held (UC)	Exposure	Risk Weight (%)	RWA
		75%		0	0	0	150.00%	0
	Total							
	Increase in RWA						0	
	Increase in Capital requirement						0	
	Capital Adequacy Ratio after shock						#DIV/0!	
f	Consumer Finance	Shift of Performing loan to SMA, Shock Applied						
		Total Consumer loan			Rate of Provision (UC)			
		Before Shock			Under Stress Condition			
		Risk Weight (%)	Exposure	RWA	Provision Held (UC)	Exposure	Risk Weight (%)	RWA
		100%		0	0	0	150.00%	0
	Total							
	Increase in RWA						0	
	Increase in Capital requirement						0.00	
	Capital Adequacy Ratio after shock						#DIV/0!	
g	Claims fully secured by residential property (excluding staff loan/Investment)	Shift of Performing loan to SMA, Shock Applied						
		Total loan			Rate of Provision (UC)			
		Before Shock			Under Stress Condition			
		Risk Weight (%)	Exposure	RWA	Provision Held (UC)	Exposure	Risk Weight (%)	RWA
		50%		0		0	100.00%	0
	Total							
	Increase in RWA						0	
	Increase in Capital requirement						0.00	
	Capital Adequacy Ratio after shock						#DIV/0!	
h	Claims fully secured by Commercial real estate (excluding staff loan/Investment)	Shift of Performing loan to SMA, Shock Applied						
		Total loan			Rate of Provision (UC)			
		Before Shock			Under Stress Condition			
		Risk Weight (%)	Exposure	RWA	Provision Held (UC)	Exposure	Risk Weight (%)	RWA
		100%		0	0	0	150.00%	0
	Total							
	Increase in RWA						0	
	Increase in Capital requirement						0.00	
	Capital Adequacy Ratio after shock						#DIV/0!	
	Total increase in RWA after shock			0.00				
	Total increase in Capital requirement after shock			0.00				
	Total RWA after shock			0.00				
	Capital Adequacy Ratio after shock (%)			#DIV/0!				
	Change in CAR (%)			#DIV/0!				

Bank Name:

Quarter Q1

Year

2010

0

NEGATIVE SHIFT IN RATING CATEGORIES (Balance sheet Exposure): Shock 3

Total Capital Maintained 0.00

Total RWA 0.00

Capital Adequacy Ratio #DIV/0!

MCR 0.00

Sl.	Exposure Type	BB's Rating	Risk Weight (%)	Before Shock		Under Stress Condition		
				Exposure	RWA	Shock Applied (%)	Exposure	RWA
a	Claims on Multilateral Development Banks (MDBs) other than IBRD, IFC, ADB, AfDB, EBRD, IADB, EIB, EIF, NIB, CDB, IDB, CEDB.	1	20	100	20		100	20
		2,3	50	200	100	0%	200	100
		4,5	100	500	500	0%	500	500
		6	150	800	1200	0%	800	1200
		Unrated	50	1200	600		1200	600
	Total			2800.00	2420.00		2800.00	2420.00
	Increase in RWA						0	
	Increase in Minimum Capital requirement						0	
	Capital Adequacy Ratio after shock						#DIV/0!	
b	Claims on public sector entities (excluding equity exposure)	1	20	100	20	0%	100	20
		2,3	50	200	100	0%	200	100
		4,5	100	500	500	0%	500	500
		6	150	800	1200	0%	800	1200
		Unrated	50	1200	600		1200	600
	Total			2800.00	2420.00		2800.00	2420.00
	Increase in RWA						0	
	Increase in Capital requirement						0	
	Capital Adequacy Ratio after shock						#DIV/0!	
c	Claims on Banks and NBFIs (denominated i) Original maturity over 3 months	1	20	100	20	0%	100	20
		2,3	50	200	100	0%	200	100
		4,5	100	500	500	0%	500	500
		6	150	800	1200	0%	800	1200
		Unrated	50	1200	600		1200	600
	Total			3800.00	2620.00		3800.00	2620.00
	Increase in RWA						0	
	Increase in Capital requirement						0	
	Capital Adequacy Ratio after shock						#DIV/0!	
d	Claims on Corporate (excluding equity exposures)	1	20	1000	200	0%	1000	200
		2	50	1000	500	0%	1000	500
		3,4	100	500	500	0%	500	500
		5,6	150	800	1200	0%	800	1200
		Unrated	125	1200	1500		1200	1500
	Total			4500.00	3900.00		4500.00	3900.00
	Increase in RWA						0	
	Increase in Capital requirement						0	
	Capital Adequacy Ratio after shock						#DIV/0!	
e	Claims Categorized as retail portfolio & small enterprise (excluding consumer finance and staff loan)	Shift of Performing loan to SMA, Shock Applied						
		Total retail & small enterprise loan				Rate of Provision (UC)		
		Before Shock				Under Stress Condition		
		Risk Weight (%)	Exposure	RWA	Provision Held (UC)	Exposure	Risk Weight (%)	RWA
		Total	75%		0	0	0	150.00%
		Increase in RWA						0
	Increase in Capital requirement						0	
	Capital Adequacy Ratio after shock						#DIV/0!	
f	Consumer Finance	Shift of Performing loan to SMA, Shock Applied						
		Total Consumer loan				Rate of Provision (UC)		
		Before Shock				Under Stress Condition		
		Risk Weight (%)	Exposure	RWA	Provision Held (UC)	Exposure	Risk Weight (%)	RWA
		Total	100%		0	0	0	150.00%
		Increase in RWA						0
	Increase in Capital requirement						0.00	
	Capital Adequacy Ratio after shock						#DIV/0!	
g	Claims fully secured by residential property (excluding staff loan/Investment)	Shift of Performing loan to SMA, Shock Applied						
		Total loan				Rate of Provision (UC)		
		Before Shock				Under Stress Condition		
		Risk Weight (%)	Exposure	RWA	Provision Held (UC)	Exposure	Risk Weight (%)	RWA
		Total	50%		0	0	0	100.00%
		Increase in RWA						0
	Increase in Capital requirement						0.00	
	Capital Adequacy Ratio after shock						#DIV/0!	
h	Claims fully secured by Commercial real estate (excluding staff loan/Investment)	Shift of Performing loan to SMA, Shock Applied						
		Total loan				Rate of Provision (UC)		
		Before Shock				Under Stress Condition		
		Risk Weight (%)	Exposure	RWA	Provision Held (UC)	Exposure	Risk Weight (%)	RWA
		Total	100%		0	0	0	150.00%
		Increase in RWA						0
	Increase in Capital requirement						0.00	
	Capital Adequacy Ratio after shock						#DIV/0!	
	Total increase in RWA after shock			0.00				
	Total increase in Capital requirement after shock			0.00				
	Total RWA after shock			0.00				
	Capital Adequacy Ratio after shock (%)			#DIV/0!				
	Change in CAR (%)			#DIV/0!				

NAME OF THE BANK
STRESS TEST: SENSITIVITY ANALYSIS

Quarter Q1 Year 2010

Stress Test Results: Changes in Capital adequacy at different shock levels
 Regulatory CAR (%) 9.00
 CAR before shock (%) 11.14

Individual Shocks	Minor	CAR after Shock (%)	Moderate	CAR after Shock (%)	Major	CAR after Shock (%)
	Changes in CA		Changes in CA		Changes in CA	
Performing loan directly downgraded to B/L :Sectoral Concentration 1	0.00	11.14	0.00	11.14	0.00	11.14
Performing loan directly downgraded to B/L :Sectoral Concentration 2	0.00	11.14	0.00	11.14	0.00	11.14
Increase in NPLs due to default of Top large loan borrowers	0.00	11.14	0.00	11.14	0.00	11.14
Negative Shift in NPLs categories	0.00	11.14	0.00	11.14	0.00	11.14
Decrease in the FSV of the Collateral	0.00	11.14	0.00	11.14	0.00	11.14
Interest Rate	0.00	11.14	0.00	11.14	0.00	11.14
FEX : Currency Appreciation	0.00	11.14	0.00	11.14	0.00	11.14
Equity Shock	0.00	11.14	0.00	11.14	0.00	11.14

Combined Shock	Minor	Moderate	Major
	Changes in CA	Changes in CA	Changes in CA
Decrease in the FSV of the Collateral	0.00	0.00	0.00
Increase in NPLs	0.00	0.00	0.00
Negative Shift in NPLs categories	0.00	0.00	0.00
Interest Rate	0.00	0.00	0.00
FEX : Currency Appreciation	0.00	0.00	0.00
Equity Shock	0.00	0.00	0.00
Total Change	0.00	0.00	0.00
CAR after shock (%)	11.14	11.14	11.14

Credit Shock Under Basel II (Balance Sheet Exposure)	Minor	Moderate	Major
	Changes in CA	Changes in CA	Changes in CA
Total increase in RWA after shock	0.00	0.00	0.00
Total increase in Capital requirement after shock	0.00	0.00	0.00
Total RWA after shock	0.00	0.00	0.00
Capital Adequacy Ratio after shock (%)	#DIV/0!	#DIV/0!	#DIV/0!
Change in CAR (%)	#DIV/0!	#DIV/0!	#DIV/0!
Credit Shock Under Basel II (Off Balance Sheet Exposure)	Minor	Moderate	Major
	Changes in CA	Changes in CA	Changes in CA
Total increase in RWA after shock	0.00	0.00	2625.00
Total increase in Capital requirement after shock	0.00	0.00	0.00
Total RWA after shock	0.00	0.00	2625.00
Capital Adequacy Ratio after shock (%)	#DIV/0!	#DIV/0!	0.00
Total Changes in CAR	#DIV/0!	#DIV/0!	#DIV/0!

Liquidity Stress: 5 working days		Minor	Moderate	Major
Day:1	Liquid? (1=yes, 0=no)	1	1	1
Day:2	Liquid? (1=yes, 0=no)	1	1	1
Day:3	Liquid? (1=yes, 0=no)	1	1	1
Day:4	Liquid? (1=yes, 0=no)	1	1	1
Day:5	Liquid? (1=yes, 0=no)	1	1	1

Signature
 Head Of Risk Management

Signature
 Managing Director

Signature
 President Of the Board

Measures Taken To Reduce Risk:

Bank Name:

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NEGATIVE SHIFT IN RATING CATEGORIES (Off Balance sheet Exposure): Shock 1

Total Capital Maintained		0.00							
Total RWA		0.00							
Capital Adequacy Ratio		#DIV/0!							
MCR		0.00							
Sl.	Exposure Type	Before Shock				Under Stress Condition			
		BB's Rating	Risk Weight (%)	Exposure	RWA	Shock Applied (%)	Exposure	RWA	
a	Claims on Multilateral Development Banks (MDBs) other than IBRD, IFC, ADB, AfDB, EBRD, IADB, EIB, EIF, NIB, CDB, IDB, CEDB.	1	20	100	20		100	20	
		2,3	50	200	100	0%	200	100	
		4,5	100	500	500	0%	500	500	
		6	150	800	1200	0%	800	1200	
		Unrated	50	1200	600		1200	600	
		Total			2800.00	2420.00		2800.00	2420.00
Increase in RWA		0							
Increase in Minimum Capital requirement		0							
Capital Adequacy Ratio after shock		#DIV/0!							
b	Claims on public sector entities (other than Government) in Bangladesh	1	20	100	20	0%	100	20	
		2,3	50	200	100	0%	200	100	
		4,5	100	500	500	0%	500	500	
		6	150	800	1200	0%	800	1200	
		Unrated	50	1200	600		1200	600	
		Total			2800.00	2420.00		2800.00	2420.00
Increase in RWA		0							
Increase in Capital requirement		0							
Capital Adequacy Ratio after shock		#DIV/0!							
c	Claims on Banks and NBFIs (denominated i) Maturity over 3 months	1	20	100	20	0%	100	20	
		2,3	50	200	100	0%	200	100	
		4,5	100	500	500	0%	500	500	
		6	150	800	1200	0%	800	1200	
		Unrated	50	1200	600		1200	600	
		Total			3800.00	2620.00		3800.00	2620.00
Increase in RWA		0							
Increase in Capital requirement		0							
Capital Adequacy Ratio after shock		#DIV/0!							
d	Claims on Corporate	1	20	1000	200	0%	1000	200	
		2	50	1000	500	0%	1000	500	
		3,4	100	500	500	0%	500	500	
		5,6	150	800	1200	0%	800	1200	
		Unrated	125	1200	1500		1200	1500	
		Total			4500.00	3900.00		4500.00	3900.00
Increase in RWA		0							
Increase in Capital requirement		0							
Capital Adequacy Ratio after shock		#DIV/0!							
e	Claims against retail portfolio & small enterprise (excluding consumer loan)	Shift of Performing loan to SMA, Shock Applied							
		Total retail & small enterprise loan				Rate of Provision (UC)			
		Before Shock				Under Stress Condition			
		Risk Weight (%)	Exposure	RWA	Provision Held (UC)	Exposure	Risk Weight (%)	RWA	
		Total	75%		0	0	0	150.00%	0
		Increase in RWA		0					
Increase in Capital requirement		0							
Capital Adequacy Ratio after shock		#DIV/0!							
f	Consumer Finance	Shift of Performing loan to SMA, Shock Applied							
		Total Consumer loan				Rate of Provision (UC)			
		Before Shock				Under Stress Condition			
		Risk Weight (%)	Exposure	RWA	Provision Held (UC)	Exposure	Risk Weight (%)	RWA	
		Total	100%		0	0	0	150.00%	0
		Increase in RWA		0					
Increase in Capital requirement		0.00							
Capital Adequacy Ratio after shock		#DIV/0!							
g	Claims fully secured by residential property	Shift of Performing loan to SMA, Shock Applied							
		Total loan				Rate of Provision (UC)			
		Before Shock				Under Stress Condition			
		Risk Weight (%)	Exposure	RWA	Provision Held (UC)	Exposure	Risk Weight (%)	RWA	
		Total	50%		0	0	100.00%	0	
		Increase in RWA		0					
Increase in Capital requirement		0.00							
Capital Adequacy Ratio after shock		#DIV/0!							
h	Claims fully secured by Commercial real estate	Shift of Performing loan to SMA, Shock Applied							
		Total loan				Rate of Provision (UC)			
		Before Shock				Under Stress Condition			
		Risk Weight (%)	Exposure	RWA	Provision Held (UC)	Exposure	Risk Weight (%)	RWA	
		Total	100%		0	0	150.00%	0	
		Increase in RWA		0					
Increase in Capital requirement		0.00							
Capital Adequacy Ratio after shock		#DIV/0!							
Total increase in RWA after shock		0.00							
Total increase in Capital requirement after shock		0.00							
Total RWA after shock		0.00							
Capital Adequacy Ratio after shock (%)		#DIV/0!							
Change in CAR (%)		#DIV/0!							

Bank Name:

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NEGATIVE SHIFT IN RATING CATEGORIES (Off Balance sheet Exposure): Shock 2

Total Capital Maintained 0.00

Total RWA 0.00

Capital Adequacy Ratio #DIV/0!

MCR 0.00

Sl.	Exposure Type	BB's Rating	Risk Weight (%)	Before Shock		Under Stress Condition		
				Exposure	RWA	Shock Applied (%)	Exposure	RWA
a	Claims on Multilateral Development Banks (MDBs) other than IBRD, IFC, ADB, AfDB, EBRD, IADB, EIB, EIF, NIB, CDB, IDB, CEDB.	1	20	100	20		100	20
		2,3	50	200	100	0%	200	100
		4,5	100	500	500	0%	500	500
		6	150	800	1200	0%	800	1200
		Unrated	50	1200	600		1200	600
	Total			2800.00	2420.00		2800.00	2420.00
	Increase in RWA						0	
	Increase in Minimum Capital requirement						0	
	Capital Adequacy Ratio after shock						#DIV/0!	
b	Claims on public sector entities (other than Government) in Bangladesh	1	20	100	20	0%	100	20
		2,3	50	200	100	0%	200	100
		4,5	100	500	500	0%	500	500
		6	150	800	1200	0%	800	1200
		Unrated	50	1200	600		1200	600
	Total			2800.00	2420.00		2800.00	2420.00
	Increase in RWA						0	
	Increase in Capital requirement						0	
	Capital Adequacy Ratio after shock						#DIV/0!	
c	Claims on Banks and NBFIs (denominated i) Maturity over 3 months	1	20	100	20	0%	100	20
		2,3	50	200	100	0%	200	100
		4,5	100	500	500	0%	500	500
		6	150	800	1200	0%	800	1200
		Unrated	50	1200	600		1200	600
	Total			3800.00	2620.00		3800.00	2620.00
	Increase in RWA						0	
	Increase in Capital requirement						0	
	Capital Adequacy Ratio after shock						#DIV/0!	
d	Claims on Corporate	1	20	1000	200	0%	1000	200
		2	50	1000	500	0%	1000	500
		3,4	100	500	500	0%	500	500
		5,6	150	800	1200	0%	800	1200
		Unrated	125	1200	1500		1200	1500
	Total			4500.00	3900.00		4500.00	3900.00
	Increase in RWA						0	
	Increase in Capital requirement						0	
	Capital Adequacy Ratio after shock						#DIV/0!	
e	Claims against retail portfolio & small enterprise (excluding consumer loan)	Shift of Performing loan to SMA, Shock Applied						
		Total retail & small enterprise loan			Rate of Provision (UC)			
		Before Shock			Under Stress Condition			
		Risk Weight (%)	Exposure	RWA	Provision Held (UC)	Exposure	Risk Weight (%)	RWA
		75%		0	0	0	150.00%	0
	Total						0	
	Increase in RWA					0		
	Increase in Capital requirement					0		
	Capital Adequacy Ratio after shock					#DIV/0!		
f	Consumer Finance	Shift of Performing loan to SMA, Shock Applied						
		Total Consumer loan			Rate of Provision (UC)			
		Before Shock			Under Stress Condition			
		Risk Weight (%)	Exposure	RWA	Provision Held (UC)	Exposure	Risk Weight (%)	RWA
		100%		0	0	0	150.00%	0
	Total						0	
	Increase in RWA					0		
	Increase in Capital requirement					0.00		
	Capital Adequacy Ratio after shock					#DIV/0!		
g	Claims fully secured by residential property	Shift of Performing loan to SMA, Shock Applied						
		Total loan			Rate of Provision (UC)			
		Before Shock			Under Stress Condition			
		Risk Weight (%)	Exposure	RWA	Provision Held (UC)	Exposure	Risk Weight (%)	RWA
		50%		0		0	100.00%	0
	Total						0	
	Increase in RWA					0		
	Increase in Capital requirement					0.00		
	Capital Adequacy Ratio after shock					#DIV/0!		
h	Claims fully secured by Commercial real estate	Shift of Performing loan to SMA, Shock Applied						
		Total loan			Rate of Provision (UC)			
		Before Shock			Under Stress Condition			
		Risk Weight (%)	Exposure	RWA	Provision Held (UC)	Exposure	Risk Weight (%)	RWA
		100%		0	0	0	150.00%	0
	Total						0	
	Increase in RWA					0		
	Increase in Capital requirement					0.00		
	Capital Adequacy Ratio after shock					#DIV/0!		
Total increase in RWA after shock				0.00				
Total increase in Capital requirement after shock				0.00				
Total RWA after shock				0.00				
Capital Adequacy Ratio after shock (%)				#DIV/0!				
Change in CAR (%)				#DIV/0!				

Bank Name:

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0

NEGATIVE SHIFT IN RATING CATEGORIES (Off Balance sheet Exposure): Shock 3

Total Capital Maintained 0.00

Total RWA 0.00

Capital Adequacy Ratio #DIV/0!

MCR 0.00

Sl.	Exposure Type	BB's Rating	Risk Weight (%)	Before Shock		Under Stress Condition		
				Exposure	RWA	Shock Applied (%)	Exposure	RWA
a	Claims on Multilateral Development Banks (MDBs) other than IBRD , IFC, ADB, AfDB, EBRD, IADB, EIB, EIF, NIB, CDB, IDB, CEDB.	1	20	100	20		100	20
		2,3	50	200	100	0%	200	100
		4,5	100	500	500	0%	500	500
		6	150	800	1200	0%	800	1200
		Unrated	50	1200	600		1200	600
	Total			2800.00	2420.00		2800.00	2420.00
	Increase in RWA						0	
	Increase in Minimum Capital requirement						0	
	Capital Adequacy Ratio after shock						#DIV/0!	
b	Claims on public sector entities (other than Government) in Bangladesh	1	20	100	20	0%	100	20
		2,3	50	200	100	0%	200	100
		4,5	100	500	500	0%	500	500
		6	150	800	1200	0%	800	1200
		Unrated	50	1200	600		1200	600
	Total			2800.00	2420.00		2800.00	2420.00
	Increase in RWA						0	
	Increase in Capital requirement						0	
	Capital Adequacy Ratio after shock						#DIV/0!	
c	Claims on Banks and NBFIs (denominated i) Maturity over 3 months	1	20	100	20	0%	100	20
		2,3	50	200	100	0%	200	100
		4,5	100	500	500	0%	500	500
		6	150	800	1200	0%	800	1200
		Unrated	50	1200	600		1200	600
	Total			3800.00	2620.00		3800.00	2620.00
	Increase in RWA						0	
	Increase in Capital requirement						0	
	Capital Adequacy Ratio after shock						#DIV/0!	
d	Claims on Corporate	1	20	1000	200	0%	1000	200
		2	50	1000	500	0%	1000	500
		3,4	100	500	500	0%	500	500
		5,6	150	800	1200	0%	800	1200
		Unrated	125	1200	1500		1200	1500
	Total			4500.00	3900.00		4500.00	3900.00
	Increase in RWA						0	
	Increase in Capital requirement						0	
	Capital Adequacy Ratio after shock						#DIV/0!	
e	Claims against retail portfolio & small enterprise (excluding consumer loan)	Shift of Performing loan to SMA, Shock Applied						10.00%
		Total retail & small enterprise loan			1000	Rate of Provision (UC)		
		Before Shock			Under Stress Condition			
		Risk Weight (%)	Exposure	RWA	Provision Held (UC)	Exposure	Risk Weight (%)	RWA
		75%	1500	1125	0	1500	150.00%	2250
	Total						1125	
	Increase in RWA					0		
	Increase in Capital requirement					0.00%		
	Capital Adequacy Ratio after shock							
f	Consumer Finance	Shift of Performing loan to SMA, Shock Applied						
		Total Consumer loan				Rate of Provision (UC)		
		Before Shock			Under Stress Condition			
		Risk Weight (%)	Exposure	RWA	Provision Held (UC)	Exposure	Risk Weight (%)	RWA
		100%	1000	1000	0	1000	150.00%	1500
	Total						500	
	Increase in RWA					0.00		
	Increase in Capital requirement					0.00%		
	Capital Adequacy Ratio after shock							
g	Claims fully secured by residential property	Shift of Performing loan to SMA, Shock Applied						
		Total loan				Rate of Provision (UC)		
		Before Shock			Under Stress Condition			
		Risk Weight (%)	Exposure	RWA	Provision Held (UC)	Exposure	Risk Weight (%)	RWA
		50%	1000	500		1000	100.00%	1000
	Total						500	
	Increase in RWA					0.00		
	Increase in Capital requirement					0.00%		
	Capital Adequacy Ratio after shock							
h	Claims fully secured by Commercial real estate	Shift of Performing loan to SMA, Shock Applied						
		Total loan				Rate of Provision (UC)		
		Before Shock			Under Stress Condition			
		Risk Weight (%)	Exposure	RWA	Provision Held (UC)	Exposure	Risk Weight (%)	RWA
		100%	1000	1000	0	1000	150.00%	1500
	Total						500	
	Increase in RWA					0.00		
	Increase in Capital requirement					0.00%		
	Capital Adequacy Ratio after shock							
	Total increase in RWA after shock			2625.00				
	Total increase in Capital requirement after shock			0.00				
	Total RWA after shock			2625.00				
	Capital Adequacy Ratio after shock (%)			0.00				
	Change in CAR (%)			#DIV/0!				