

Disclosures as per Basel-II Accord

As on 15 July 2012 (4th Quarter end of FY 2011/12)

Capital Structure and Capital Adequacy:

- **Tier 1 capital and a breakdown of its components**

Rs. In “000”

S.N.	Particulars	Amount
a	Paid up Equity Share Capital	1,619,244
b	Share Premium	
c	Proposed Bonus Equity Share	-
d	Statutory General Reserve	228,838
e	Retained Earnings	32,292
f	Unaudited current year cumulative profit	330,456
g	Capital Redemption Reserve	-
h	Capital Adjustment Reserve	-
i	Dividend Equalization Reserves	-
j	Debenture Redemption Reserve	97,616
k	Deffered Tax Reserve	3,545
l	Other Reserves	
m	Less:Investment in equity of institutions with financial interests	(15,000)
	Total Tier 1 Capital	2,296,991

- **Tier 2 capital and a breakdown of its components**

Rs. In “000”

	Particulars	Amount
a	Cumulative and/or Redeemable preference Share	-
b	Subordinated Term Debt	536,662
c	Hybrid Capital Instruments	-
d	General Loan Loss Provision	203,131
e	Investment Adjustment Reserve	300
f	Assets Revaluation Reserve	-
g	Exchange Equilisation Reserve	7,339
h	Other Reserves	-
	Total Tier 2 Capital	747,432

- **Subordinated Term Debts:**

- 1) The Bank issued Siddhartha Bank Limited Debenture 2072 in FY 2008/09 for Rs.228 million. As per NRB Directives, 60% of the subordinated term debt has

been amortized till this quarter. Main features of Siddhartha Bank Limited Debenture 2072 are as follows:

- Maturity period: 7 Years.
- Interest rate: 8.5% per annum.
- Interest Payment frequency: Half Yearly.
- Claim in case of liquidation: After depositors.
- Debenture Redemption Reserve shall be created to redeem the Bond at Maturity.
- The debenture can be pledged with other banks and financial institution.
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Likewise, The Bank issued Siddhartha Bank Limited Debenture 2075 in FY 2011/12 for Rs.400 million with face value Rs 1,000. Main features of Siddhartha Bank Limited Debenture 2075 are as follows:

- Maturity period: 7 Years.
- Interest rate: 11 % per annum.
- Interest Payment frequency: Half Yearly.
- Claim in case of liquidation: After depositors.
- Debenture Redemption Reserve shall be created to redeem the Bond at Maturity.
- The debenture can be pledged with other banks and financial institution.

• **Deductions from Capital:**

The Bank has investments of Rs.15 million in the equity shares of Siddhartha Insurance Limited, which has been deducted from the core capital while computing capital adequacy.

• **Total Qualifying Capital:**

Rs. In “000”	
Particulars	Amount
Core Capital	2,296,991
Supplementary Capital	747,432
Total Capital Fund	3,044,423

- Risk weighted exposures for Credit Risk, Market Risk and Operational Risk:

Rs. In “000”

Particulars	Amount
Risk Weighted Exposure for Credit Risk	24,498,995
Risk Weighted Exposure for Operational Risk	1,349,785
Risk Weighted Exposure for Market Risk	24,233
Adjustments under Pillar II:	
Add:0% of the total deposit due to insufficient Liquid Assets (6.4 a 6)	-
Add: 2% of the total RWE due to supervisor is not satisfied with the overall risk management policies and procedures of the bank (6.4 a 9)	517,460
Total Risk Weighted Exposure (After Pillar II Adjustment)	26,390,474

Risk Weighted Exposures under different categories of Credit Risk:

Rs. In “000”

S.N.	Categories	Risk Weighted Exposure
1	Claims on Government & Central Bank	-
2	Claims on Other Financial Entities	-
3	Claims on Domestic Banks that meet CAR	282,553
4	Claims on Domestic banks that do not meet CAR	37,929
5	Claims on Foreign Banks (ECA 0-1)	68,911
6	Claims on foreign bank (ECA Rating 3-6)	3,438
7	Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	10,124
8	Claims on Domestic Corporates	10,686,733
9	Claims on Regulatory Retail Portfolio (Not Overdue)	3,181,541
10	Claims fulfilling all criterion of regulatory retail except granularity	
11	Claims secured by residential properties(overdue)	-
12	Claims Secured by Commercial Real Estate	1,677,681
13	Past due claims(except for claim secured by residential properties)	378,651
14	High Risk Claims	4,788,303
15	Investment in Equity of Institution not listed in the Stock Exchange	86,089
16	Staff Loan secured by residential property	144,653
17	Cash In transit and other cahs items in the process of collection	208
18	Other Assets	512,836
19	Off Balance Sheet Items	2,639,345
	Total	24,498,995

- **Total Risk Weighted Exposure calculation table:**

Rs. In “000”

Particulars	Amount
Total Risk Weighted Exposures	26,390,474
Total Core Capital Fund	2,296,991
Total Capital Fund	3,044,423
Total Core Capital to Total Risk Weighted Exposures %	8.70
Total capital to Total Risk Weighted Exposures %	11.54

- **Amount of Non performing Assets (both Gross and Net)**

Rs. In “000”

Particulars	Amount	Loan Loss Provision	Net NPL
Restructured/Rescheduled	86	11	75
Sub-Standard	22,813	5,703	17,110
Doubtfull	218,276	109,138	109,138
Loss	71,732	71,732	-
Total	312,907	186,584	126,322

- **NPA Ratios**

Particulars	in %
Gross NPA to Gross Advances	1.52
Net NPA to Net Advances	0.62

- **Movement in Non Performing Assets**

Rs. In “000”

Particulars	This Quarter	Previous Quarte	Change (%)
Non-Performing Assets	312,907	397,238	-21.23%

- **Written Off Loans and Interest Suspense**

Rs. In “000”

Particulars	Amount
Loan Written Off	-
Interest Suspense	-

- **Movements in Loan Loss Provision and Interest Suspense:**

Rs. In “000”

Particulars	This Quarter	Previous Quarter	Change (%)
Loan Loss Provision	389,716	413,656	(5.79)
Interest Suspense	116,367	138,831	(16.18)

- **Details of Additional Loan Loss Provisions:**

Rs. In “000”

Particulars	This Quarter
Pass	5,034
Restructured/Rescheduled	(2)
Sub-Standard	(21,888)
Doubtfull	10,322
Loss	(17,406)
Total	(23,941)

- **Segregation of Investment Portfolio:**

Rs. In “000”

Particulars	This Quarter
Held for Trading	
Held to Maturity	3,321,476
Available for Sale	72,393
Total Investment	3,393,868