

Disclosures as per Basel-II Accord

As on 14 January 2012 (2nd 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	1,618,264
b	Share Premium	
c	Proposed Bonus Equity Share	-
d	Statutory General Reserve	228,838
e	Retained Earnings	32,503
f	Unaudited current year cumulative profit	93,190
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	2,058,956

- 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	182,216
c	Hybrid Capital Instruments	-
d	General Loan Loss Provision	191,488
e	Investment Adjustment Reserve	300
f	Assets Revaluation Reserve	-
g	Exchange Equilisation Reserve	7,339
h	Other Reserves	-
	Total Tier 2 Capital	381,343

- Subordinated Term Debts:**

The Bank issued Siddhartha Bank Limited Debenture 2072 in FY 2008/09 for Rs.228 million. As per NRB Directives, 20% 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.

- **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	2,058,956
Supplementary Capital	381,343
Total Capital Fund	2,440,299

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

Rs. In “000”

Particulars	Amount
Risk Weighted Exposure for Credit Risk	21,828,503
Risk Weighted Exposure for Operational Risk	1,124,821
Risk Weighted Exposure for Market Risk	75,822
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)	460,583
Total Risk Weighted Exposure (After Pillar II Adjustment)	23,489,729

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	210,122
4	Claims on Domestic banks that do not meet CAR	18,148
5	Claims on Foreign Banks (ECA 0-1)	66,398
6	Claims on foreign bank (ECA Rating 3-6)	
7	Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	3,352
8	Claims on Domestic Corporates	9,826,287
9	Claims on Regulatory Retail Portfolio (Not Overdue)	3,142,207
10	Claims fulfilling all criterion of regulatory retail except granularity	68,219
11	Claims secured by residential properties(overdue)	-
12	Claims Secured by Commercial Real Estate	3,567,575
13	Past due claims(except for claim secured by residential properties)	256,874
14	High Risk Claims	1,708,549
15	Investment in Equity of Institution not listed in the Stock Exchange	7,961
16	Other Assets	887,773
17	Off Balance Sheet Items	2,065,036
Total		21,828,503

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

Rs. In “000”

Particulars	Amount
Total Risk Weighted Exposures	23,489,729
Total Core Capital Fund	2,058,956
Total Capital Fund	2,440,299
Total Core Capital to Total Risk Weighted Exposures %	8.77
Total capital to Total Risk Weighted Exposures %	10.39

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

Rs. In “000”

Particulars	Amount	Loan Loss Provision	Net NPL
Restructured/Rescheduled	143	18	125
Sub-Standard	222,129	55,532	166,597
Doubtfull	24,386	12,193	12,193
Loss	102,301	102,301	-
Total	348,959	170,044	178,915

- **NPA Ratios**

Particulars	in %
Gross NPA to Gross Advances	1.79

- **Movement in Non Performing Assets**

Rs. In "000"

Particulars	This Quarter	Previous Quarter	Change (%)
Non-Performing Assets	348,959	330,573	5.56%

- **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	361,532	304,892	18.58
Interest Suspense	104,331	104,665	(0.32)

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

Rs. In "000"

Particulars	This Quarter
Pass	10,777
Restructured/Rescheduled	(2,896)
Sub-Standard	(3,883)
Doubtfull	4,597
Loss	48,045
Total	56,640

- **Segregation of Investment Portfolio:**

Rs. In "000"

Particulars	This Quarter
Held for Trading	
Held to Maturity	2,250,406
Available for Sale	20,308
Total Investment	2,270,714