

## Disclosures as per Basel-II Accord

As on 13 January 2013 (2<sup>nd</sup> Quarter end of FY 2012/13)

### 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	294,929
e	Retained Earnings	103,628
f	Unaudited current year cumulative profit	116,125
g	Capital Redemption Reserve	-
h	Capital Adjustment Reserve	-
i	Dividend Equalization Reserves	-
j	Debenture Redemption Reserve	143,148
k	Deffered Tax Reserve	
l	Other Reserves	
m	Less: Investment in equity of institutions with financial interests	(15,000)
	<b>Total Tier 1 Capital</b>	<b>2,262,075</b>

- **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	491,108
c	Hybrid Capital Instruments	-
d	General Loan Loss Provision	215,136
e	Investment Adjustment Reserve	1,342
f	Assets Revaluation Reserve	-
g	Exchange Equilisation Reserve	11,265
h	Deffered Tax Reserve	9,716
	<b>Total Tier 2 Capital</b>	<b>728,567</b>

- **Subordinated Term Debts:**

1) The Bank issued SBL 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 SBL 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	2,262,075
Supplementary Capital	728,567
<b>Total Capital Fund</b>	<b>2,990,642</b>

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

Rs. In “000”

Particulars	Amount
Risk Weighted Exposure for Credit Risk	25,686,409
Risk Weighted Exposure for Operational Risk	1,444,553
Risk Weighted Exposure for Market Risk	132,923
Adjustments under Pillar II:	
Add: 2% of Gross income of last FY due to supervisor is not satisfied with sound practice of management of operational risk (6.4 a 7)	241,008
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)	545,278
<b>Total Risk Weighted Exposure (After Pillar II Adjustment)</b>	<b>28,050,171</b>

**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	259,199
4	Claims on Domestic banks that do not meet CAR	10,881
5	Claims on Foreign Banks (ECA 0-1)	241,180
6	Claims on foreign bank ( ECA Rating 3-6)	22,421
7	Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	17,826
8	Claims on Domestic Corporates	11,960,761
9	Claims on Regulatory Retail Portfolio (Not Overdue)	3,616,243
10	Claims fulfilling all criterion of regulatory retail except granularity	
11	Claims secured by residential properties( overdue)	-
12	Claims Secured by Commercial Real Estate	1,455,004
13	Past due claims(except for claim secured by residential properties)	492,136
14	High Risk Claims	4,187,116
15	Investments in equity and other capital instruments of institutions listed in	75,000
16	Investment in Equity of Institution not listed in the Stock Exchange	76,837
17	Investments in Mutual Fund	51,000
18	Staff Loan secured by residential property	132,736
19	Cash In transit and other cash items in the process of collection	14,690
20	Other Assets	712,041
21	Off Balance Sheet Items	2,361,336
	<b>Total</b>	<b>25,686,409</b>

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

Rs. In “000”

Particulars	Amount
Total Risk Weighted Exposures	28,050,171
Total Core Capital Fund	2,262,075
Total Capital Fund	2,990,642
Total Core Capital to Total Risk Weighted Exposures %	8.06
Total capital to Total Risk Weighted Exposures %	10.66

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

Rs. In “000”

Particulars	Amount	Loan Loss Provision	Net NPL
Restructured/Rescheduled	-	-	-
Sub-Standard	289,695	72,424	217,272
Doubtfull	149,420	74,710	74,710
Loss	248,777	248,777	-
<b>Total</b>	<b>687,892</b>	<b>395,911</b>	<b>291,981</b>

- **NPA Ratios**

Particulars	in %
Gross NPA to Gross Advances	3.10
Net NPA to Net Advances	1.35

- **Movement in Non Performing Assets**

Rs. In “000”

Particulars	This Quarter	Previous Quarte	Change (%)
Non-Performing Assets	687,892	406,278	69.32%

- **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	611,048	515,696	18.49
Interest Suspense	164,592	172,355	(4.50)

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

Rs. In “000”

Particulars	This Quarter
Pass	4,739
Restructured/Rescheduled	
Sub-Standard	43,986
Doubtfull	59,044
Loss	(12,418)
<b>Total</b>	<b>95,351</b>

- **Segregation of Investment Portfolio:**

Rs. In “000”

Particulars	This Quarter
Held for Trading	
Held to Maturity	4,302,129
Available for Sale	117,224
<b>Total Investment</b>	<b>4,419,352</b>