

## Disclosures as per Basel-II Accord

As on 16 October 2012 (1<sup>st</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	228,838
e	Retained Earnings	362,748
f	Unaudited current year cumulative profit	21,580
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)
	<b>Total Tier 1 Capital</b>	<b>2,318,570</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	536,662
c	Hybrid Capital Instruments	-
d	General Loan Loss Provision	210,398
e	Investment Adjustment Reserve	300
f	Assets Revaluation Reserve	-
g	Exchange Equilisation Reserve	7,339
h	Other Reserves	-
	<b>Total Tier 2 Capital</b>	<b>754,699</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”

<b>Particulars</b>	<b>Amount</b>
Core Capital	2,318,570
Supplementary Capital	754,699
<b>Total Capital Fund</b>	<b>3,073,269</b>

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

Rs. In “000”

Particulars	Amount
Risk Weighted Exposure for Credit Risk	25,579,310
Risk Weighted Exposure for Operational Risk	1,124,821
Risk Weighted Exposure for Market Risk	239,686
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)	189,959
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)	538,876
<b>Total Risk Weighted Exposure (After Pillar II Adjustment)</b>	<b>27,672,653</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	155,049
4	Claims on Domestic banks that do not meet CAR	22,056
5	Claims on Foreign Banks (ECA 0-1)	147,853
6	Claims on foreign bank ( ECA Rating 3-6)	220,502
7	Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	17,497
8	Claims on Domestic Corporates	11,208,333
9	Claims on Regulatory Retail Portfolio (Not Overdue)	3,357,190
10	Claims fulfilling all criterion of regulatory retail except granularity	
11	Claims secured by residential properties( overdue)	-
12	Claims Secured by Commercial Real Estate	1,562,638
13	Past due claims(except for claim secured by residential properties)	142,934
14	High Risk Claims	4,986,574
15	Investment in Equity of Institution not listed in the Stock Exchange	94,117
16	Staff Loan secured by residential property	129,383
17	Cash In transit and other cahs items in the process of collection	25,373
18	Other Assets	764,922
19	Off Balance Sheet Items	2,744,890

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

Rs. In “000”

Particulars	Amount
Total Risk Weighted Exposures	27,672,653
Total Core Capital Fund	2,318,570
Total Capital Fund	3,073,269
Total Core Capital to Total Risk Weighted Exposures %	8.38
Total capital to Total Risk Weighted Exposures %	11.11

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

Rs. In “000”

Particulars	Amount	Loan Loss Provision	Net NPL
Restructured/Rescheduled	-	-	-
Sub-Standard	113,752	28,438	85,314
Doubtfull	31,331	15,666	15,666
Loss	261,195	261,195	-
<b>Total</b>	<b>406,278</b>	<b>305,299</b>	<b>100,979</b>

- **NPA Ratios**

Particulars	in %
Gross NPA to Gross Advances	1.90
Net NPA to Net Advances	0.48

- **Movement in Non Performing Assets**

Rs. In “000”

Particulars	This Quarter	Previous Quarte	Change (%)
Non-Performing Assets	406,278	312,907	29.84%

- **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	515,696	389,716	32.33
Interest Suspense	172,355	116,367	48.11

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

Rs. In “000”

Particulars	This Quarter
Pass	7,266
Restructured/Rescheduled	(11)
Sub-Standard	22,735
Doubtfull	(93,472)
Loss	189,463
<b>Total</b>	<b>125,981</b>

- **Segregation of Investment Portfolio:**

Rs. In “000”

Particulars	This Quarter
Held for Trading	
Held to Maturity	4,353,145
Available for Sale	77,744
<b>Total Investment</b>	<b>4,430,889</b>