

Disclosures as per Basel-II Accord

As on 13 April 2013 (3rd 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	284,161
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)
	Total Tier 1 Capital	2,430,111

- **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	556,108
c	Hybrid Capital Instruments	-
d	General Loan Loss Provision	222,720
e	Investment Adjustment Reserve	1,342
f	Assets Revaluation Reserve	-
g	Exchange Equilisation Reserve	11,265
h	Deffered Tax Reserve	9,716
	Total Tier 2 Capital	801,150

- **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	2,430,111
Supplementary Capital	801,150
Total Capital Fund	3,231,261

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

Rs. In “000”

Particulars	Amount
Risk Weighted Exposure for Credit Risk	26,720,426
Risk Weighted Exposure for Operational Risk	1,444,553
Risk Weighted Exposure for Market Risk	81,202
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)	564,924
Total Risk Weighted Exposure (After Pillar II Adjustment)	29,052,113

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	172,834
4	Claims on Domestic banks that do not meet CAR	35,935
5	Claims on Foreign Banks (ECA 0-1)	141,661
6	Claims on foreign bank (ECA 2)	13,438
7	Claims on foreign bank (ECA Rating 3-6)	4,358
8	Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	17,714
9	Claims on Domestic Corporates	12,016,475
10	Claims on Regulatory Retail Portfolio (Not Overdue)	3,793,397
11	Claims fulfilling all criterion of regulatory retail except granularity	
12	Claims secured by residential properties(overdue)	-
13	Claims Secured by Commercial Real Estate	1,400,386
14	Past due claims(except for claim secured by residential properties)	412,359
15	High Risk Claims	4,885,590
16	Investments in equity and other capital instruments of institutions listed in	75,000
17	Investment in Equity of Institution not listed in the Stock Exchange	226,444
18	Investments in Mutual Fund	51,000
19	Staff Loan secured by residential property	137,720
20	Cash In transit and other cahs items in the process of collection	38,122
21	Other Assets	661,636
22	Off Balance Sheet Items	2,636,358
	Total	26,720,426

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

Rs. In “000”

Particulars	Amount
Total Risk Weighted Exposures	29,052,113
Total Core Capital Fund	2,430,111
Total Capital Fund	3,231,261
Total Core Capital to Total Risk Weighted Exposures %	8.36
Total capital to Total Risk Weighted Exposures %	11.12

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

Rs. In “000”

Particulars	Amount	Loan Loss Provision	Net NPL
Restructured/Rescheduled	-	-	-
Sub-Standard	155,899	38,975	116,924
Doubtfull	127,406	63,703	63,703
Loss	277,752	277,752	-
Total	561,057	380,429	180,627

- **NPA Ratios**

Particulars	in %
Gross NPA to Gross Advances	2.46
Net NPA to Net Advances	0.81

- **Movement in Non Performing Assets**

Rs. In “000”

Particulars	This Quarter	Previous Quarte	Change (%)
Non-Performing Assets	561,057	687,892	-18.44%

- **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	603,149	611,048	(1.29)
Interest Suspense	191,697	164,592	16.47

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

Rs. In “000”

Particulars	This Quarter
Pass	7,583
Restructured/Rescheduled	
Sub-Standard	(33,449)
Doubtfull	(11,007)
Loss	28,974
Total	(7,898)

- **Segregation of Investment Portfolio:**

Rs. In “000”

Particulars	This Quarter
Held for Trading	
Held to Maturity	4,636,291
Available for Sale	216,963
Total Investment	4,853,254