

## Disclosures as per Basel-II Accord

As on 17 October 2014 (1<sup>st</sup> Quarter end of FY 2014/15)

### 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	1,813,554
b	Share Premium	
c	Proposed Bonus Equity Share	217,626
d	Statutory General Reserve	531,548
e	Retained Earnings	12,155
f	Unaudited current year cumulative profit	144,152
g	Capital Redemption Reserve	-
h	Capital Adjustment Reserve	-
i	Dividend Equalization Reserves	-
j	Debenture Redemption Reserve	372,643
k	Deffered Tax Reserve	27,937
l	Other Reserves	
m	Less:Investment in equity of institutions with financial interests	(32,820)
	<b>Total Tier 1 Capital</b>	<b>3,086,794</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	749,074
c	Hybrid Capital Instruments	-
d	General Loan Loss Provision	291,300
e	Investment Adjustment Reserve	7,414
f	Assets Revaluation Reserve	-
g	Exchange Equilisation Reserve	17,504
h	Other Reserves	
	<b>Total Tier 2 Capital</b>	<b>1,065,292</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.
- Listed with Nepal Stock Exchange

At the same, the bank issued SBL Debenture 2076 in FY 2011/12 for Rs. 303 million with face value of Rs.1000. The salient features of SBL Debenture 2076 are as follows:

- Maturity period: 7 Years.
- Interest rate: 8% 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.
- Listed with Nepal Stock Exchange

- **Deductions from Capital:**

The Bank has investments of Rs.32.82 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	3,086,794
Supplementary Capital	1,065,292
<b>Total Capital Fund</b>	<b>4,152,086</b>

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

Rs. In “000”

Particulars	Amount
Risk Weighted Exposure for Credit Risk	33,982,536
Risk Weighted Exposure for Operational Risk	2,389,777
Risk Weighted Exposure for Market Risk	43,279
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)	570,473
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)	728,312
<b>Total Risk Weighted Exposure (After Pillar II Adjustment)</b>	<b>37,714,376</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	519,709
4	Claims on Domestic banks that do not meet CAR	42,285
5	Claims on Foreign Banks (ECA 0-1)	82,285
6	Claims on foreign bank ( ECA 2)	156,556
7	Claims on foreign bank ( ECA Rating 3-6)	3,154
8	Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	7,425
9	Claims on Domestic Corporates	16,377,006
10	Claims on Regulatory Retail Portfolio (Not Overdue)	5,449,799
11	Claims secured by residential properties	277,493
12	Claims secured by residential properties( overdue)	1,201
13	Claims Secured by Commercial Real Estate	1,300,470
14	Past due claims(except for claim secured by residential properties)	607,471
15	High Risk Claims	4,684,708
16	Investments in equity and other capital instruments of institutions listed in th	264,449
17	Investment in Equity of Institution not listed in the Stock Exchange	81,344
18	Investments in Mutual Fund	51,000
19	Staff Loan secured by residential property	196,255
20	Cash In transit and other cahs items in the process of collection	38,732
21	Other Assets	1,037,119
22	Off Balance Sheet Items	2,804,074
	<b>Total</b>	<b>33,982,536</b>

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

Rs. In “000”

Particulars	Amount
Total Risk Weighted Exposures	37,714,376
Total Core Capital Fund	3,086,794
Total Capital Fund	4,152,086
Total Core Capital to Total Risk Weighted Exposures %	8.18
Total capital to Total Risk Weighted Exposures %	11.01

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

Rs. In “000”

Particulars	Amount	Loan Loss Provision	Net NPL
Restructured/Rescheduled	77,449	9,681	67,768
Sub-Standard	127,844	31,961	95,883
Doubtfull	265,608	132,804	132,804
Loss	347,713	347,713	-
<b>Total</b>	<b>818,614</b>	<b>522,159</b>	<b>296,455</b>

- **NPA Ratios**

Particulars	in %
Gross NPA to Gross Advances	2.74%
Net NPA to Net Advances	1.02%

- **Movement in Non Performing Assets**

Rs. In “000”

Particulars	This Quarter	Previous Quarte	Change (%)
Non-Performing Assets	818,614	823,141	(0.55)

- **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”

<b>Particulars</b>	<b>This Quarter</b>	<b>Previous Quarter</b>	<b>Change (%)</b>
Loan Loss Provision	813,403	798,824	1.83
Interest Suspense			

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

Rs. In “000”

<b>Particulars</b>	<b>This Quarter</b>
Pass	(150,574)
Restructured/Rescheduled	69,807
Sub-Standard	123,845
Doubtfull	(29,493)
Loss	994
<b>Total</b>	<b>14,579</b>

- **Segregation of Investment Portfolio:**

Rs. In “000”

<b>Particulars</b>	<b>This Quarter</b>
Held for Trading	84,774
Held to Maturity	53,275
Available for Sale	264,449
<b>Total Investment</b>	<b>402,498</b>