

Disclosures as per Basel-II Accord

As on 16 July 2014 (4th Quarter end of FY 2013/14)

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	0
d	Statutory General Reserve	391,441
e	Retained Earnings	16,096
f	Unaudited current year cumulative profit	791,467
g	Capital Redemption Reserve	-
h	Capital Adjustment Reserve	-
i	Dividend Equalization Reserves	-
j	Debenture Redemption Reserve	239,601
k	Deffered Tax Reserve	20,061
l	Other Reserves	
m	Less: Investment in equity of institutions with financial interests	(32,820)
	Total Tier 1 Capital	3,239,400

- **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	279,139
e	Investment Adjustment Reserve	6,092
f	Assets Revaluation Reserve	-
g	Exchange Equilisation Reserve	15,355
h	Other Reserves	
	Total Tier 2 Capital	1,049,661

- **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	3,239,400
Supplementary Capital	1,049,661
Total Capital Fund	4,289,061

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

Rs. In “000”

Particulars	Amount
Risk Weighted Exposure for Credit Risk	31,980,251
Risk Weighted Exposure for Operational Risk	1,913,886
Risk Weighted Exposure for Market Risk	38,073
Adjustments under Pillar II:	
Add: 3% of Gross income of last FY due to supervisor is not satisfied with sound practice of management of operational risk (6.4 a 7)	501,881
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)	678,644
Total Risk Weighted Exposure (After Pillar II Adjustment)	35,112,735

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	280,914
4	Claims on Domestic banks that do not meet CAR	83,612
5	Claims on Foreign Banks (ECA 0-1)	107,942
6	Claims on foreign bank (ECA 2)	642
7	Claims on foreign bank (ECA Rating 3-6)	3,082
8	Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	7,507
9	Claims on Domestic Corporates	15,215,972
10	Claims on Regulatory Retail Portfolio (Not Overdue)	5,060,229
11	Claims secured by residential properties	275,117
12	Claims secured by residential properties(overdue)	2,853
13	Claims Secured by Commercial Real Estate	1,265,637
14	Past due claims(except for claim secured by residential properties)	384,095
15	High Risk Claims	4,899,353
16	Investments in equity and other capital instruments of institutions listed	86,437
17	Investment in Equity of Institution not listed in the Stock Exchange	425,859
18	Investments in Mutual Fund	51,000
19	Staff Loan secured by residential property	193,544
20	Cash In transit and other cash items in the process of collection	-
21	Other Assets	959,406
22	Off Balance Sheet Items	2,677,048
Total		31,980,251

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

Rs. In “000”

Particulars	Amount
Total Risk Weighted Exposures	35,112,735
Total Core Capital Fund	3,239,400
Total Capital Fund	4,289,061
Total Core Capital to Total Risk Weighted Exposures %	9.23
Total capital to Total Risk Weighted Exposures %	12.22

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

Rs. In “000”

Particulars	Amount	Loan Loss Provision	Net NPL
Restructured/Rescheduled	-	-	-
Sub-Standard	93,858	23,464	70,393
Doubtfull	54,691	27,346	27,346
Loss	325,483	325,483	-
Total	474,032	376,293	97,739

- NPA Ratios

Particulars	in %
Gross NPA to Gross Advances	1.69%
Net NPA to Net Advances	0.36%

- Movement in Non Performing Assets

Rs. In “000”

Particulars	This Year	Previous Year	Change (%)
Non-Performing Assets	474,032	567,868	(16.52)

- 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 Year	Previous Year	Change (%)
Loan Loss Provision	654,862	635,055	3.12
Interest Suspense	119,989	81,749	46.78

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

Rs. In “000”

Particulars	This Quarter
Pass	44,800
Restructured/Rescheduled	
Sub-Standard	(23,091)
Doubtfull	429
Loss	(2,332)
Total	19,806

- **Segregation of Investment Portfolio:**

Rs. In “000”

Particulars	This Quarter
Held for Trading	
Held to Maturity	2,873,997
Available for Sale	454,163
Total Investment	3,328,160