

Disclosures as per Basel-II Accord

As on 14 January 2014 (2nd 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	1,619,244
b	Share Premium	
c	Proposed Bonus Equity Share	194,309
d	Statutory General Reserve	391,441
e	Retained Earnings	16,096
f	Unaudited current year cumulative profit	242,586
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	(15,000)
	Total Tier 1 Capital	2,708,338

- **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	246,265
e	Investment Adjustment Reserve	6,092
f	Assets Revaluation Reserve	-
g	Exchange Equilisation Reserve	15,355
h	Other Reserves	
	Total Tier 2 Capital	1,016,786

- **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.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	2,708,338
Supplementary Capital	1,016,786
Total Capital Fund	3,725,124

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

Rs. In “000”

Particulars	Amount
Risk Weighted Exposure for Credit Risk	29,480,151
Risk Weighted Exposure for Operational Risk	1,913,886
Risk Weighted Exposure for Market Risk	100,686
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)	334,587
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)	629,894
Total Risk Weighted Exposure (After Pillar II Adjustment)	32,459,205

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	251,823
4	Claims on Domestic banks that do not meet CAR	44,672
5	Claims on Foreign Banks (ECA 0-1)	144,563
6	Claims on foreign bank (ECA 2)	152,796
7	Claims on foreign bank (ECA Rating 3-6)	3,156
8	Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	20,001
9	Claims on Domestic Corporates	13,839,689
10	Claims on Regulatory Retail Portfolio (Not Overdue)	4,556,241
11	Claims fulfilling all criterion of regulatory retail except granularity	-
12	Claims secured by residential properties(overdue)	-
13	Claims Secured by Commercial Real Estate	1,303,071
14	Past due claims(except for claim secured by residential properties)	587,778
15	High Risk Claims	4,452,047
16	Investments in equity and other capital instruments of institutions listed in	86,437
17	Investment in Equity of Institution not listed in the Stock Exchange	211,659
18	Investments in Mutual Fund	51,000
19	Staff Loan secured by residential property	172,674
20	Cash In transit and other cahs items in the process of collection	14,424
21	Other Assets	852,163
22	Off Balance Sheet Items	2,735,957
	Total	29,480,151

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

Rs. In “000”

Particulars	Amount
Total Risk Weighted Exposures	32,459,205
Total Core Capital Fund	2,708,338
Total Capital Fund	3,725,124
Total Core Capital to Total Risk Weighted Exposures %	8.34
Total capital to Total Risk Weighted Exposures %	11.48

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

Rs. In “000”

Particulars	Amount	Loan Loss Provision	Net NPL
Restructured/Rescheduled	-	-	-
Sub-Standard	311,211	77,803	233,409
Doubtfull	215,761	107,881	107,881
Loss	371,575	371,575	-
Total	898,548	557,258	341,289

- **NPA Ratios**

Particulars	in %
Gross NPA to Gross Advances	3.52
Net NPA to Net Advances	1.38

- **Movement in Non Performing Assets**

Rs. In “000”

Particulars	This Quarter	Previous Quarte	Change (%)
Non-Performing Assets	898,548	740,631	21.32%

- **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	804,870	718,830	11.97
Interest Suspense	240,786	251,486	(4.25)

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

Rs. In “000”

Particulars	This Quarter
Pass	10,870
Restructured/Rescheduled	
Sub-Standard	2,620
Doubtfull	74,888
Loss	(2,338)
Total	86,040

- **Segregation of Investment Portfolio:**

Rs. In “000”

Particulars	This Quarter
Held for Trading	
Held to Maturity	5,032,976
Available for Sale	293,543
Total Investment	5,326,519