

## Disclosures as per Basel-II Accord

As on 17 October 2013 (1<sup>st</sup> 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	-
d	Statutory General Reserve	294,929
e	Retained Earnings	594,116
f	Unaudited current year cumulative profit	105,611
g	Capital Redemption Reserve	-
h	Capital Adjustment Reserve	-
i	Dividend Equalization Reserves	-
j	Debenture Redemption Reserve	143,148
k	Deffered Tax Reserve	9,716
l	Other Reserves	
m	Less:Investment in equity of institutions with financial interests	(15,000)
	<b>Total Tier 1 Capital</b>	<b>2,751,764</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	794,628
c	Hybrid Capital Instruments	-
d	General Loan Loss Provision	234,621
e	Investment Adjustment Reserve	1,342
f	Assets Revaluation Reserve	-
g	Exchange Equilisation Reserve	11,265
h	Other Reserves	
	<b>Total Tier 2 Capital</b>	<b>1,041,856</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.
- 

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	2,751,764
Supplementary Capital	1,041,856
<b>Total Capital Fund</b>	<b>3,793,620</b>

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

Rs. In “000”

Particulars	Amount
Risk Weighted Exposure for Credit Risk	28,482,932
Risk Weighted Exposure for Operational Risk	1,913,886
Risk Weighted Exposure for Market Risk	130,756
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)	610,551
<b>Total Risk Weighted Exposure (After Pillar II Adjustment)</b>	<b>31,472,713</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	311,834
4	Claims on Domestic banks that do not meet CAR	9,536
5	Claims on Foreign Banks (ECA 0-1)	261,443
6	Claims on foreign bank ( ECA 2)	22,104
7	Claims on foreign bank ( ECA Rating 3-6)	7,346
8	Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	7,691
9	Claims on Domestic Corporates	12,909,338
10	Claims on Regulatory Retail Portfolio (Not Overdue)	4,274,426
11	Claims fulfilling all criterion of regulatory retail except granularity	
12	Claims secured by residential properties( overdue)	-
13	Claims Secured by Commercial Real Estate	1,352,880
14	Past due claims(except for claim secured by residential properties)	539,543
15	High Risk Claims	4,496,427
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	173,360
18	Investments in Mutual Fund	51,000
19	Staff Loan secured by residential property	166,044
20	Cash In transit and other cahs items in the process of collection	6,883
21	Other Assets	1,007,168
22	Off Balance Sheet Items	2,799,473
	<b>Total</b>	<b>28,482,932</b>

- Total Risk Weighted Exposure calculation table:**

Rs. In “000”

<b>Particulars</b>	<b>Amount</b>
Total Risk Weighted Exposures	31,472,713
Total Core Capital Fund	2,751,764
Total Capital Fund	3,793,620
Total Core Capital to Total Risk Weighted Exposures %	8.74
Total capital to Total Risk Weighted Exposures %	12.05

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

Rs. In “000”

<b>Particulars</b>	<b>Amount</b>	<b>Loan Loss Provision</b>	<b>Net NPL</b>
Restructured/Rescheduled	-	-	-
Sub-Standard	300,732	75,183	225,549
Doubtfull	65,986	32,993	32,993
Loss	373,913	373,913	-
<b>Total</b>	<b>740,631</b>	<b>482,089</b>	<b>258,542</b>

- NPA Ratios**

<b>Particulars</b>	<b>in %</b>
Gross NPA to Gross Advances	3.06
Net NPA to Net Advances	1.10

- Movement in Non Performing Assets**

Rs. In “000”

<b>Particulars</b>	<b>This Quarter</b>	<b>Previous Quarte</b>	<b>Change (%)</b>
Non-Performing Assets	740,631	545,878	35.68%

- Written Off Loans and Interest Suspense**

Rs. In “000”

<b>Particulars</b>	<b>Amount</b>
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	718,830	635,055	13.19
Interest Suspense	251,486	193,381	30.05

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

Rs. In “000”

<b>Particulars</b>	<b>This Quarter</b>
Pass	2,772
Restructured/Rescheduled	
Sub-Standard	28,628
Doubtfull	6,077
Loss	46,298
<b>Total</b>	<b>83,774</b>

- **Segregation of Investment Portfolio:**

Rs. In “000”

<b>Particulars</b>	<b>This Quarter</b>
Held for Trading	
Held to Maturity	3,801,373
Available for Sale	268,010
<b>Total Investment</b>	<b>4,069,383</b>