



## Disclosures as per Basel-II Accord

As on 17, October 2015 (1<sup>st</sup> Quarter end of FY 2015/16)

### 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	2,031,180
b	Share Premium	
c	Proposed Bonus Equity Share	427,617
d	Statutory General Reserve	684,964
e	Retained Earnings	2,397
f	Unaudited current year cumulative profit	172,036
g	Capital Redemption Reserve	-
h	Capital Adjustment Reserve	-
i	Dividend Equalization Reserves	-
j	Debenture Redemption Reserve	539,931
k	Deffered Tax Reserve	44,491
l	Other Reserves	
m	Less: Investment in equity of institutions with financial interests	83,820
	<b>Total Tier 1 Capital</b>	<b>3,729,813</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	1,169,074
c	Hybrid Capital Instruments	-
d	General Loan Loss Provision	408,770
e	Investment Adjustment Reserve	15,481
f	Assets Revaluation Reserve	-
g	Exchange Equilisation Reserve	21,402
h	Other Reserves	44,491
	<b>Total Tier 2 Capital</b>	<b>1,659,217</b>

- **Subordinated Term Debts:**

1) The Bank issued SBL Debenture 2072 in FY 2008/09 for Rs.228 million. As per NRB Directives, 80% 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. As per NRB Directives, 20% of the subordinated term debt has been amortized till this quarter. 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 2012/13 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

At the same, the bank issued SBL Debenture 2078 in FY 2014/15 for Rs. 500 million with face value of Rs.1000. The salient features of SBL Debenture 2078 are as follows:

- Maturity period: 7 Years.
- Interest rate: 7.50% 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 and Rs 51 million in the equity shares of Siddhartha Capital Ltd, which has been deducted from the core capital while computing capital adequacy.

- **Total Qualifying Capital:**

Rs. In “000”

Particulars	Amount
Core Capital	3,729,813
Supplementary Capital	1,659,217
<b>Total Capital Fund</b>	<b>5,389,030</b>

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

Rs. In “000”

Particulars	Amount
Risk Weighted Exposure for Credit Risk	44,641,489
Risk Weighted Exposure for Operational Risk	2,736,388
Risk Weighted Exposure for Market Risk	93,584
Adjustments under Pillar II:	
Add: 4% of Gross income of last FY due to supervisor is not satisfied with sound practice of management of operational risk (6.4 a 7)	793,586
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)	949,429
Add:1% of the total RWE due to supervisor is not satisfied with disclosure policy of the bank ( 6.4 a 10)	474,715
<b>Total Risk Weighted Exposure (After Pillar II Adjustment)</b>	<b>49,689,191</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 capital adequacy requirements	120,572
4	Claims on domestic banks that do not meet capital adequacy requirements	48,694
5	Claims on Foreign Banks (ECA 0-1)	103,394
6	Claims on foreign bank ( ECA 2)	92,825
7	Claims on foreign bank ( ECA Rating 3-6)	3,313
8	Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	23,742
9	Claims on Domestic Corporates	21,165,818
10	Claims on Regulatory Retail Portfolio (Not Overdue)	6,973,600
11	Claims secured by residential properties	469,796
12	Claims secured by residential properties( overdue)	-
13	Claims Secured by Commercial Real Estate	1,277,800
14	Past due claims(except for claim secured by residential properties)	477,521
15	High Risk Claims	7,798,524
16	Investments in equity and other capital instruments of institutions listed in the s	470,635
17	Investment in Equity of Institution not listed in the Stock Exchange	127,601
18	Investments in Mutual Fund	-
19	Staff Loan secured by residential property	239,377
20	Cash In transit and other cash items in the process of collection	42,286
21	Other Assets	939,660
22	Off Balance Sheet Items	4,266,330
<b>Total</b>		<b>44,641,489</b>

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

Rs. In “000”

Particulars	Amount
Total Risk Weighted Exposures	49,689,191
Total Core Capital Fund	3,729,813
Total Capital Fund	5,389,030
Total Core Capital to Total Risk Weighted Exposures %	7.51
Total capital to Total Risk Weighted Exposures %	10.85

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

Rs. In “000”

Particulars	Amount	Loan Loss Provision	Net NPL
Restructured/Rescheduled	60,209	7,526	52,683
Sub-Standard	94,590	23,648	70,943
Doubtfull	211,841	105,921	105,921
Loss	305,580	305,580	-
<b>Total</b>	<b>672,220</b>	<b>442,675</b>	<b>229,546</b>

• **NPA Ratios**

Particulars	in %
Gross NPA to Gross Advances	1.72
Net NPA to Net Advances	0.60

- **Movement in Non Performing Assets**

Rs. In "000"

Particulars	This Year	Previous Year	Change (%)
Non-Performing Assets	672,220	667,108	0.77

- **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	851,480	811,514	4.92
Interest Suspense	259,082	132,807	95.08

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

Rs. In "000"

Particulars	This Quarter
Pass	29,830
Restructured/Rescheduled	(94)
Sub-Standard	(7,130)
Doubtfull	14,650
Loss	2,711
<b>Total</b>	<b>39,966</b>

- **Segregation of Investment in Corporate Share Portfolio:**

Rs. In "000"

Particulars	This Quarter
Held for Trading	64,767
Held to Maturity	8,330,401
Available for Sale	348,320
<b>Total Investment</b>	<b>8,743,488</b>