

Disclosures as per Basel-II Accord

As on 13 April 2014 (3rd 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	363,679
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	2,811,611

- **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	253,763
e	Investment Adjustment Reserve	6,092
f	Assets Revaluation Reserve	-
g	Exchange Equilisation Reserve	15,355
h	Other Reserves	
	Total Tier 2 Capital	1,024,284

- **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	2,811,611
Supplementary Capital	1,024,284
Total Capital Fund	3,835,895

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

Rs. In “000”

Particulars	Amount
Risk Weighted Exposure for Credit Risk	29,770,747
Risk Weighted Exposure for Operational Risk	1,913,886
Risk Weighted Exposure for Market Risk	95,081
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)	635,594
Total Risk Weighted Exposure (After Pillar II Adjustment)	32,749,895

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	280,355
4	Claims on Domestic banks that do not meet CAR	30,623
5	Claims on Foreign Banks (ECA 0-1)	128,889
6	Claims on foreign bank (ECA 2)	3,814
7	Claims on foreign bank (ECA Rating 3-6)	3,083
8	Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	3,830
9	Claims on Domestic Corporates	14,197,193
10	Claims on Regulatory Retail Portfolio (Not Overdue)	4,637,409
11	Claims secured by residential properties	233,850
12	Claims secured by residential properties(overdue)	2,356
13	Claims Secured by Commercial Real Estate	1,287,046
14	Past due claims(except for claim secured by residential properties)	383,953
15	High Risk Claims	4,405,398
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	298,391
18	Investments in Mutual Fund	51,000
19	Staff Loan secured by residential property	179,758
20	Cash In transit and other cahs items in the process of collection	23,064
21	Other Assets	944,197
22	Off Balance Sheet Items	2,590,102
	Total	29,770,747

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

Rs. In “000”

Particulars	Amount
Total Risk Weighted Exposures	32,749,895
Total Core Capital Fund	2,811,611
Total Capital Fund	3,835,895
Total Core Capital to Total Risk Weighted Exposures %	8.59
Total capital to Total Risk Weighted Exposures %	11.71

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

Rs. In “000”

Particulars	Amount	Loan Loss Provision	Net NPL
Restructured/Rescheduled	-	-	-
Sub-Standard	114,329	28,582	85,747
Doubtfull	223,709	111,855	111,855
Loss	485,103	485,103	-
Total	823,141	625,540	197,601

- **NPA Ratios**

Particulars	in %
Gross NPA to Gross Advances	3.14%
Net NPA to Net Advances	0.78%

- **Movement in Non Performing Assets**

Rs. In “000”

Particulars	This Quarter	Previous Quarte	Change (%)
Non-Performing Assets	823,141	898,548	(8.39)

- **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	880,538	804,870	9.40
Interest Suspense	255,488	240,786	6.11

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

Rs. In “000”

Particulars	This Quarter
Pass	7,387
Restructured/Rescheduled	
Sub-Standard	(47,925)
Doubtfull	3,974
Loss	113,528
Total	76,964

- **Segregation of Investment Portfolio:**

Rs. In “000”

Particulars	This Quarter
Held for Trading	
Held to Maturity	4,878,308
Available for Sale	369,184
Total Investment	5,247,492