



Disclosures as per Basel-II Accord

As on 14, January 2015 (2nd Quarter end of FY 2014/15)

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	
d	Statutory General Reserve	531,548
e	Retained Earnings	12,155
f	Unaudited current year cumulative profit	326,084
g	Capital Redemption Reserve	-
h	Capital Adjustment Reserve	-
i	Dividend Equalization Reserves	-
j	Debenture Redemption Reserve	372,643
k	Deffered Tax Reserve	27,937
l	Other Reserves	
m	Less: Investment in equity of institutions with financial interests	(32,820)
	Total Tier 1 Capital	3,268,726

- 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	1,149,074
c	Hybrid Capital Instruments	-
d	General Loan Loss Provision	320,420
e	Investment Adjustment Reserve	7,414
f	Assets Revaluation Reserve	-
g	Exchange Equilisation Reserve	17,504
h	Other Reserves	
	Total Tier 2 Capital	1,494,413

- **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 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, which has been deducted from the core capital while computing capital adequacy.

• **Total Qualifying Capital:**

Rs. In “000”

Particulars	Amount
Core Capital	3,268,726
Supplementary Capital	1,494,413
Total Capital Fund	4,763,139

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

Rs. In “000”

Particulars	Amount
Risk Weighted Exposure for Credit Risk	37,302,470
Risk Weighted Exposure for Operational Risk	2,346,925
Risk Weighted Exposure for Market Risk	92,959
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)	544,762
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)	794,847
Total Risk Weighted Exposure (After Pillar II Adjustment)	41,081,964

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	775,179
4	Claims on Domestic banks that do not meet CAR	19,585
5	Claims on Foreign Banks (ECA 0-1)	108,302
6	Claims on foreign bank (ECA 2)	5,718
7	Claims on foreign bank (ECA Rating 3-6)	3,166
8	Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	828
9	Claims on Domestic Corporates	18,078,873
10	Claims on Regulatory Retail Portfolio (Not Overdue)	5,973,003
11	Claims secured by residential properties	333,392
12	Claims secured by residential properties(overdue)	552
13	Claims Secured by Commercial Real Estate	1,086,362
14	Past due claims(except for claim secured by residential properties)	604,045
15	High Risk Claims	5,631,202
16	Investments in equity and other capital instruments of institutions listed in the	268,389
17	Investment in Equity of Institution not listed in the Stock Exchange	110,593
18	Investments in Mutual Fund	51,000
19	Staff Loan secured by residential property	210,199
20	Cash In transit and other cash items in the process of collection	17,375
21	Other Assets	930,162
22	Off Balance Sheet Items	3,094,546
Total		37,302,470

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

Rs. In “000”

Particulars	Amount
Total Risk Weighted Exposures	41,081,964
Total Core Capital Fund	3,268,726
Total Capital Fund	4,763,139
Total Core Capital to Total Risk Weighted Exposures %	7.96
Total capital to Total Risk Weighted Exposures %	11.59

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

Rs. In “000”

Particulars	Amount	Loan Loss Provision	Net NPL
Restructured/Rescheduled	76,282	9,535	66,747
Sub-Standard	111,581	27,895	83,686
Doubtfull	318,271	159,136	159,136
Loss	305,916	305,916	-
Total	812,051	502,482	309,568

- **NPA Ratios**

Particulars	in %
Gross NPA to Gross Advances	2.47%
Net NPA to Net Advances	0.97%

- **Movement in Non Performing Assets**

Rs. In “000”

Particulars	This Quarter	Previous Quarte	Change (%)
Non-Performing Assets	822,887	818,614	0.52

- **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 Quarter	Previous Quarter	Change (%)
Loan Loss Provision	813,403	774,085	5.08
Interest Suspense	185,360	175,785	5.45

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

Rs. In “000”

Particulars	This Quarter
Pass	29,161
Restructured/Rescheduled	(146)
Sub-Standard	(4,066)
Doubtfull	26,332
Loss	(41,796)
Total	9,484

- **Segregation of Investment Portfolio:**

Rs. In “000”

Particulars	This Quarter
Held for Trading	109,288
Held to Maturity	5,288,501
Available for Sale	243,806
Total Investment	5,641,595