

Disclosures as per Basel-II Accord

As on 13, January 2017 (2nd Quarter end of FY 2017/18)

Capital Structure and Capital Adequacy:

- Tier 1 capital and a breakdown of its components**

Rs. In “000”

| S.N. | Particulars | Amount |
|---|---|------------------|
| Tier 1 Capital (Core Capital) (CET1+ AT1) | | 7,469,421 |
| Common Equity Tier 1 (CET 1) | | 7,469,421 |
| a | Paid Up Equity Share Capital | 3,761,745 |
| b | Equity Share Premium | |
| c | Proposed Bonus Equity shares | 1,473,263 |
| d | Statutory General Reserves | 1,082,375 |
| e | Retained Earnings | 72,678 |
| f | Unaudited Current year Cumulative Profit/(Loss) | 726,037 |
| g | Other Free Reserves | 484,092 |
| h | k.1- Calls in Advance for Right Share | |
| i | k.2- Debenture Redemption Reserve | 484,092 |
| j | k.2- Merger Surplus Reserve | |
| k | Less: Deferred tax Assets | 46,949 |
| l | Less: Investment in equity of institutions with financial interests | 83,820 |
| Additional Tier 1 (AT1) | | - |
| a | Perpetual Non Cumulative Preference Share Capital | - |
| b | Perpetual Debt Instruments | - |
| c | Stock Premium | - |

- 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 | 842,112 |
| c | Hybrid Capital Instruments | - |
| d | General Loan Loss Provision | 724,820 |
| e | Investment Adjustment Reserve | 25,062 |
| f | Assets Revaluation Reserve | - |
| g | Exchange Equilisation Reserve | 24,819 |
| h | Other Reserves | 46,949 |
| Total Tier 2 Capital | | 1,663,762 |

- Subordinated Term Debts:**

1. The Bank issued SBL Debenture 2075 in FY 2011/12 for Rs.400 million with face value Rs 1,000. As per NRB Directives, 60% 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
2. At the same, the bank issued SBL Debenture 2076 in FY 2012/13 for Rs. 303 million with face value of Rs.1000. As per NRB Directives, 40% of the subordinated term debt has been amortized till this quarter. 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
3. 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 |
|------------------------------|------------------|
| Common Equity Tier 1 (CET 1) | 7,469,421 |
| Additional Tier 1 (AT1) | - |
| Supplementary Capital | 1,663,762 |
| Total Capital Fund | 9,133,183 |

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

Rs. In “000”

| Particulars | Amount |
|--|-------------------|
| Risk Weighted Exposure for Credit Risk | 71,592,075 |
| Risk Weighted Exposure for Operational Risk | 3,221,850 |
| Risk Weighted Exposure for Market Risk | 94,431 |
| 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) | 1,057,544 |
| Add: 4% 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) | 2,996,334 |
| Total Risk Weighted Exposure (After Pillar II Adjustment) | 78,962,234 |

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 | 953,658 |
| 4 | Claims on domestic banks that do not meet capital adequacy requirements | - |
| 5 | Claims on Foreign Banks (ECA 0-1) | 170,033 |
| 6 | Claims on foreign bank (ECA 2) | 81,845 |
| 7 | Claims on foreign bank (ECA Rating 3-6) | - |
| 8 | Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement | 83,312 |
| 9 | Claims on Domestic Corporates | 32,305,414 |
| 10 | Claims on Regulatory Retail Portfolio (Not Overdue) | 12,168,175 |
| 11 | Claims secured by residential properties | 1,225,123 |
| 12 | Claims secured by residential properties(overdue) | 53,763 |
| 13 | Claims Secured by Commercial Real Estate | 1,590,303 |
| 14 | Past due claims(except for claim secured by residential properties) | 596,479 |
| 15 | High Risk Claims | 15,457,722 |
| 16 | Investments in equity and other capital instruments of institutions listed in the st | 610,994 |
| 17 | Investment in Equity of Institution not listed in the Stock Exchange | 114,439 |
| 18 | Investments in Mutual Fund | - |
| 19 | Staff Loan secured by residential property | 325,517 |
| 20 | Cash In transit and other cahs items in the process of collection | 30,992 |
| 21 | Other Assets | 940,962 |
| 22 | Off Balance Sheet Items | 4,883,342 |
| | Total | 71,592,075 |

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

Rs. In “000”

| Particulars | Amount |
|---|------------|
| Total Risk Weighted Exposures | 78,962,234 |
| Tier 1 Capital (Core Capital) (CET1+ AT1) | 7,469,421 |
| Total Capital Fund | 9,133,183 |
| Total Core Capital to Total Risk Weighted Exposures % | 9.46 |
| Total capital to Total Risk Weighted Exposures % | 11.57 |

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

Rs. In “000”

| Particulars | Amount | Loan Loss Provision | Net NPL |
|--------------------------|----------------|---------------------|----------------|
| Restructured/Rescheduled | | - | - |
| Sub-Standard | 397,709 | 99,427 | 298,282 |
| Doubtfull | 171,781 | 85,890 | 85,890 |
| Loss | 389,859 | 389,859 | - |
| Total | 959,349 | 575,177 | 384,172 |

- **NPA Ratios**

| Particulars | in % |
|-----------------------------|------|
| Gross NPA to Gross Advances | 1.50 |
| Net NPA to Net Advances | 0.61 |

- Movement in Non Performing Assets**

Rs. In “000”

| Particulars | This Quarter | Previous Quarte | Change (%) |
|-----------------------|--------------|-----------------|------------|
| Non-Performing Assets | 959,349 | 953,732 | 0.59 |

- 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 | 1,301,477 | 1,267,319 | 2.70 |
| Interest Suspense | 347,111 | 368,307 | (5.75) |

- Details of Additional Loan Loss Provisions:**

Rs. In “000”

| Particulars | This Quarter |
|--------------------------|---------------|
| Pass | 40,683 |
| Restructured/Rescheduled | - |
| Sub-Standard | (10,687) |
| Doubtfull | 39,057 |
| Loss | (34,895) |
| Total | 34,157 |

- Segregation of Investment in Corporate Share Portfolio:**

Rs. In “000”

| Particulars | This Quarter |
|-------------------------|----------------|
| Held for Trading | 7,379 |
| Held to Maturity | 411,579 |
| Available for Sale | 389,367 |
| Total Investment | 808,325 |