

Disclosures as per Basel III

As on 17 October 2018 (1st 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)	12,621,222
	Common Equity Tier 1 (CET 1)	12,621,222
a	Paid Up Equity Share Capital	8,464,385
b	Equity Share Premium	122,092
c	Proposed Bonus Equity shares	-
d	Statutory General Reserves	1,359,611
e	Retained Earnings	1,929,241
f	Unaudited Current year Cumulative Profit/(Loss)	525,075
g	Capital Adjustment Reserve	19,428
h	Debenture Redemption Reserve	656,023
i	Less: Deferred tax Assets	60,206
j	Less: Investment in equity of institutions with financial interests	394,427
k	Less: Other Deductions	-
	Additional Tier 1 (AT1)	-

- Tier 2 capital and a breakdown of its components:**

Rs. in '000

S.N.	Particulars	Amount
a	Cumulative and/or Redeemable Preference Shares	-
b	Subordinated Term Debt	360,704
c	Hybrid Capital Instruments	-
d	General Loan Loss Provision	1,015,757
e	Investment Adjustment Reserve	12,273
f	Assets Revaluation Reserve	-
g	Exchange Equalization Reserve	31,126
h	Other Reserves	60,206
	Total Tier 2 Capital	1,480,065

- Subordinated Term Debt:**

- The Bank issued SBL Debenture 2017 in FY 2011/12 for Rs. 400 million with face value Rs. 1,000. As per NRB Directives, 80% of the subordinated term debt has been amortized till this quarter. Main features of Siddhartha Bank Limited Debenture 2017 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 institutions.
 - Listed with Nepal Stock Exchange.
2. The Bank issued SBL Debenture 2076 in FY 2012/13 for Rs. 303 million with face value of Rs. 1000. As per NRB Directives, 60% 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. The Bank also issued SBL Debenture 2078 in FY 2014/15 for Rs. 500 million with face value of Rs. 1000. As per NRB Directives, 20% of the subordinated term debt has been amortized till this quarter. 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. 79.43 million in the equity shares of Siddhartha Insurance Ltd., Rs. 51 million in the equity shares of Siddhartha Capital Ltd. and Rs. 264 million in the equity shares of Reliance Life Insurance 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 (CET1)	12,621,222
Additional Tier 1 (AT1)	-
Supplementary Capital (Tier 2)	1,480,065
Total Capital Fund	14,101,287

• **Capital Adequacy Ratio:**

Rs. in `000	
Capital Adequacy Ratio	Amount
Common Equity Tier 1 Ratio	10.79%
Core Capital Ratio - Tier 1	10.79%
Total Capital Adequacy Ratio (Tier 1 & Tier 2)	12.06%

Risk Exposures

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

Rs. in '000

Particulars	Amount
Risk Weighted Exposure for Credit Risk	105,344,517
Risk Weighted Exposure for Operational Risk	5,212,580
Risk Weighted Exposure for Market Risk	181,161
<u>Adjustments under Pillar II:</u>	
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)	1,752,315
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)	4,429,530
Total Risk Weighted Exposure (After Pillar II Adjustment)	116,920,104

- 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	892,019
4	Claims on domestic banks that do not meet capital adequacy requirements	-
5	Claims on Foreign Banks (ECA 0-1)	347,097
6	Claims on foreign bank (ECA 2)	338,093
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	145,732
9	Claims on Domestic Corporate	49,232,064
10	Claim on Foreign Corporate (ECA 0-1)	-
11	Claim on Foreign Corporate (ECA 7)	-
12	Claims on Regulatory Retail Portfolio (not overdue)	17,283,081
13	Claims secured by residential properties	1,438,744
14	Claims secured by residential properties (overdue)	25,277
15	Claims Secured by Commercial Real Estate	1,549,083
16	Past due claims(except for claim secured by residential properties)	1,912,072
17	High Risk Claims	18,315,070
18	Investments in equity and other capital instruments of institutions listed in the stock exchange	1,094,402
19	Investment in Equity of Institution not listed in the Stock Exchange	190,939
20	Investments in Mutual Fund	-
21	Staff Loan secured by residential property	575,089
22	Cash in transit and other cash items in the process of collection	31,544
23	Other Assets	2,134,475
24	Off Balance Sheet Items	9,839,737
	Total	105,344,517

- Total Risk Weighted Exposure calculation table:**

Rs. in '000

Particulars	Amount
Total Risk Weighted Exposures	116,920,104
Tier 1 Capital (Core Capital) (CET1+AT1)	12,621,222
Total Capital Fund	14,101,287
Total Core Capital to Total Risk Weighted Exposures %	10.79%
Total Capital Fund to Total Risk Weighted Exposures %	12.06%

Details of Non-Performing Assets

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

Rs. in '000

Non-Performing Assets	Amount	Loan Loss Provision	Net NPL
Restructured/Rescheduled	2,969	371	2,598
Sub-Standard	633,163	158,291	474,872
Doubtful	158,953	79,477	79,477
Loss	479,117	479,117	-
Total	1,274,202	717,256	556,946

- NPA Ratios:**

Ratios	in %
Gross NPA to Gross Advances	1.40
Net NPA to Net Advances	0.62

- Movement in Non Performing Assets:**

Rs. in '000

Particulars	This Quarter	Previous Quarter	Change (%)
Non-Performing Assets	1,274,202	938,205	35.81%

- 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	1,741,743	1,507,312	15.55%
Interest Suspense	505,642	308,990	63.64%

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

Rs. in `000

Particulars	This Quarter
Pass	27,093
Watchlist	81,657
Restructured/Rescheduled	(549)
Sub-Standard	64,859
Doubtful	30,206
Loss	31,167
Total	234,431

Segregation of Investment in Shares Portfolio

Rs. in `000

Particulars	Amount
Held for Trading	96,035
Held to Maturity	619,397
Available for Sale	1,066,326
Total Investment	1,781,758