

## Disclosures as per Basel-II Accord

As on 15, July 2016 (4<sup>th</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	3,022,077
b	Share Premium	380
c	Proposed Bonus Equity Share	
d	Statutory General Reserve	822,961
e	Retained Earnings	2,569
f	Unaudited current year cumulative profit	1,308,299
g	Capital Redemption Reserve	-
h	Capital Adjustment Reserve	-
i	Dividend Equalization Reserves	-
j	Debenture Redemption Reserve	1,012,272
k	Deffered Tax Reserve	45,897
l	Other Reserves	
m	Less: Investment in equity of institutions with financial interests	83,820
	<b>Total Tier 1 Capital</b>	<b>6,038,842</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	982,816
c	Hybrid Capital Instruments	-
d	General Loan Loss Provision	517,100
e	Investment Adjustment Reserve	21,422
f	Assets Revaluation Reserve	-
g	Exchange Equilisation Reserve	17,501
h	Other Reserves	45,541
	<b>Total Tier 2 Capital</b>	<b>1,584,380</b>

- **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, 80% 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
Core Capital	6,038,842
Supplementary Capital	1,584,380
<b>Total Capital Fund</b>	<b>7,623,222</b>

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

Rs. In “000”

Particulars	Amount
Risk Weighted Exposure for Credit Risk	63,586,579
Risk Weighted Exposure for Operational Risk	2,736,388
Risk Weighted Exposure for Market Risk	78,861
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)	1,328,037
<b>Total Risk Weighted Exposure (After Pillar II Adjustment)</b>	<b>68,523,450</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	308,480
4	Claims on domestic banks that do not meet capital adequacy requirements	8,795
5	Claims on Foreign Banks (ECA 0-1)	129,367
6	Claims on foreign bank ( ECA 2)	89,272
7	Claims on foreign bank ( ECA Rating 3-6)	3,411
8	Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	71,214
9	Claims on Domestic Corporates	28,514,968
10	Claims on Regulatory Retail Portfolio (Not Overdue)	10,781,884
11	Claims secured by residential properties	1,112,686
12	Claims secured by residential properties( overdue)	73,293
13	Claims Secured by Commercial Real Estate	1,643,885
14	Past due claims(except for claim secured by residential properties)	392,335
15	High Risk Claims	13,088,643
16	Investments in equity and other capital instruments of institutions listed in the st	675,811
17	Investment in Equity of Institution not listed in the Stock Exchange	133,939
18	Investments in Mutual Fund	-
19	Staff Loan secured by residential property	300,685
20	Cash In transit and other cahs items in the process of collection	-
21	Other Assets	1,256,482
22	Off Balance Sheet Items	5,001,430
	<b>Total</b>	<b>63,586,579</b>

- Total Risk Weighted Exposure calculation table:**

Rs. In “000”

Particulars	Amount
Total Risk Weighted Exposures	68,523,450
Total Core Capital Fund	6,038,842
Total Capital Fund	7,623,222
Total Core Capital to Total Risk Weighted Exposures %	8.81
Total capital to Total Risk Weighted Exposures %	11.12

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

Rs. In “000”

Particulars	Amount	Loan Loss Provision	Net NPL
Restructured/Rescheduled	57,168	7,146	50,022
Sub-Standard	190,670	47,667	143,002
Doubtfull	175,623	87,812	87,812
Loss	373,469	373,469	-
<b>Total</b>	<b>796,929</b>	<b>516,094</b>	<b>280,836</b>

- NPA Ratios**

Particulars	in %
Gross NPA to Gross Advances	1.41
Net NPA to Net Advances	0.51

- Movement in Non Performing Assets**

Rs. In "000"

Particulars	This Quarter	Previous Quarter	Change (%)
Non-Performing Assets	796,929	528,911	50.67

- 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	1,132,106	896,596	26.27
Interest Suspense	294,967	193,215	52.66

- Details of Additional Loan Loss Provisions:**

Rs. In "000"

Particulars	This Quarter
Pass	136,798
Restructured/Rescheduled	4,251
Sub-Standard	46,880
Doubtfull	(1,098)
Loss	48,690
<b>Total</b>	<b>235,520</b>

- Segregation of Investment in Corporate Share Portfolio:**

Rs. In "000"

Particulars	This Quarter
Held for Trading	24,674
Held to Maturity	9,346,047
Available for Sale	451,886
<b>Total Investment</b>	<b>9,822,607</b>