



Disclosures as per Basel III Accord

As on 17 October 2017 (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)		9,933,669
Common Equity Tier 1 (CET 1)		9,933,669
a	Paid Up Equity Share Capital	6,826,117
b	Equity Share Premium	200,046
c	Proposed Bonus Equity shares	-
d	Statutory General Reserves	1,082,375
e	Retained Earnings	1,490,684
f	Unaudited Current year Cumulative Profit/(Loss)	216,442
g	Capital Adjustment Reserve	9,848
h	Other Free Reserves	502,924
i	k.1- Calls in Advance for Right Share	18,832
j	k.2- Debenture Redemption Reserve	484,092
k	k.2- Merger Surplus Reserve	-
l	Less: Deferred tax Assets	46,949
m	Less: Investment in equity of institutions with financial interests	347,820
n	Less :Other Deductions	-
Additional Tier 1 (AT1)		-
a	Perpetual Non Cumulative Preference Share Capital	-

- **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	601,408
c	Hybrid Capital Instruments	-
d	General Loan Loss Provision	830,630
e	Investment Adjustment Reserve	24,819
f	Assets Revaluation Reserve	-
g	Exchange Equilisation Reserve	25,062
h	Other Reserves	46,949
Total Tier 2 Capital		1,528,868

- **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, 80% 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, 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. At the same, the bank 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.32.82 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 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)	9,933,669
Additional Tier 1 (AT1)	-
Supplementary Capital	1,528,868
Total Capital Fund	11,462,537

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

Rs. In “000”

Particulars	Amount
Risk Weighted Exposure for Credit Risk	81,366,303
Risk Weighted Exposure for Operational Risk	4,029,651
Risk Weighted Exposure for Market Risk	171,373
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)	1,372,590
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)	3,422,693
Total Risk Weighted Exposure (After Pillar II Adjustment)	90,362,610

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	75,760
4	Claims on domestic banks that do not meet capital adequacy requirements	-
5	Claims on Foreign Banks (ECA 0-1)	250,077
6	Claims on foreign bank (ECA 2)	741,286
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	12,121
9	Claims on Domestic Corporates	36,248,559
10	Claim on Foreign Corporates (ECA 0-1)	852
11	Claim on Foreign Corporates (ECA 7)	13,896
12	Claims on Regulatory Retail Portfolio (Not Overdue)	12,480,561
13	Claims secured by residential properties	1,264,361
14	Claims secured by residential properties(overdue)	63,848
15	Claims Secured by Commercial Real Estate	1,705,742
16	Past due claims(except for claim secured by residential properties)	1,420,518
17	High Risk Claims	16,822,337
18	Investments in equity and other capital instruments of institutions listed in the s	1,134,131
19	Investment in Equity of Institution not listed in the Stock Exchange	112,939
20	Investments in Mutual Fund	-
21	Staff Loan secured by residential property	407,494
22	Cash In transit and other cahs items in the process of collection	8,967
23	Other Assets	945,757
24	Off Balance Sheet Items	7,657,099
	Total	81,366,303

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

Rs. In “000”

Particulars	Amount
Total Risk Weighted Exposures	90,362,610
Tier 1 Capital (Core Capital) (CET1+ AT1)	9,933,669
Total Capital Fund	11,462,537
Total Core Capital to Total Risk Weighted Exposures %	10.99
Total capital to Total Risk Weighted Exposures %	12.69

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

Rs. In “000”

Particulars	Amount	Loan Loss Provision	Net NPL
Restructured/Rescheduled	147,264	18,408	128,856
Sub-Standard	842,851	210,713	632,138
Doubtfull	171,711	85,856	85,856
Loss	249,741	249,741	-
Total	1,411,568	564,717	846,850

- **NPA Ratios**

Particulars	in %
Gross NPA to Gross Advances	2.01
Net NPA to Net Advances	1.23

- **Movement in Non Performing Assets**

Rs. In “000”

Particulars	This Quarter	Previous Quarter	Change (%)
Non-Performing Assets	1,411,568	769,409	83.46

- **Written Off Loans and Interest Suspense**

Rs. In “000”

Particulars	Amount
Loan Written Off	
Interest Suspense	456,770

- **Movements in Loan Loss Provision and Interest Suspense:**

Rs. In “000”

Particulars	This Quarter	Previous Quarter	Change (%)
Loan Loss Provision	1,377,277	1,195,690	15.19
Interest Suspense	456,770	231,644	97.19

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

Rs. In “000”

Particulars	This Quarter
Pass	59,627
Restructured/Rescheduled	18,408
Sub-Standard	128,972
Doubtfull	4,426
Loss	(29,846)
Total	181,587

- **Segregation of Investment in Corporate Share Portfolio:**

Rs. In “000”

Particulars	This Quarter
Held for Trading	83,176
Held to Maturity	650,625
Available for Sale	856,430
Total Investment	1,590,231