

Disclosures as per Basel III

As on 13 April 2018 (3rd 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)	11,005,725
	Common Equity Tier 1 (CET 1)	11,005,725
a	Paid Up Equity Share Capital	8,012,172
b	Equity Share Premium	79,816
c	Proposed Bonus Equity shares	-
d	Statutory General Reserves	1,359,611
e	Retained Earnings	74,441
f	Unaudited Current year Cumulative Profit/(Loss)	1,225,193
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	360,752
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	601,408
c	Hybrid Capital Instruments	-
d	General Loan Loss Provision	865,511
e	Investment Adjustment Reserve	79,443
f	Assets Revaluation Reserve	-
g	Exchange Equilisation Reserve	31,126
h	Other Reserves	60,206
	Total Tier 2 Capital	1,637,694

- Subordinated Term Debt:**

- 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 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. 45.75 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)	11,005,725
Additional Tier 1 (AT1)	-
Supplementary Capital (Tier 2)	1,637,694
Total Capital Fund	12,643,419

• **Capital Adequacy Ratio:**

Rs. in `000	
Capital Adequacy Ratio	Amount
Common Equity Tier 1 Ratio	10.71%
Core Capital Ratio - Tier 1	10.71%
Total Capital Adequacy Ratio (Tier 1 & Tier 2)	12.30%

Risk Exposures

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

Rs. in '000

Particulars	Amount
Risk Weighted Exposure for Credit Risk	93,313,872
Risk Weighted Exposure for Operational Risk	4,029,651
Risk Weighted Exposure for Market Risk	164,800
<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)	1,372,590
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)	3,900,333
Total Risk Weighted Exposure (After Pillar II Adjustment)	102,781,246

- 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	329,385
4	Claims on domestic banks that do not meet capital adequacy requirements	-
5	Claims on Foreign Banks (ECA 0-1)	278,223
6	Claims on foreign bank (ECA 2)	229,906
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	163,262
9	Claims on Domestic Corporate	42,790,181
10	Claim on Foreign Corporate (ECA 0-1)	-
11	Claim on Foreign Corporate (ECA 7)	-
12	Claims on Regulatory Retail Portfolio (not overdue)	15,222,062
13	Claims secured by residential properties	1,361,079
14	Claims secured by residential properties (overdue)	37,756
15	Claims Secured by Commercial Real Estate	1,704,884
16	Past due claims(except for claim secured by residential properties)	1,491,282
17	High Risk Claims	17,644,862
18	Investments in equity and other capital instruments of institutions listed in the stock exchange	889,301
19	Investment in Equity of Institution not listed in the Stock Exchange	508,939
20	Investments in Mutual Fund	-
21	Staff Loan secured by residential property	462,561
22	Cash in transit and other cash items in the process of collection	30,537
23	Other Assets	1,781,300
24	Off Balance Sheet Items	8,388,353
	Total	93,313,872

- Total Risk Weighted Exposure calculation table:**

Rs. in '000

Particulars	Amount
Total Risk Weighted Exposures	102,781,246
Tier 1 Capital (Core Capital) (CET1+AT1)	11,005,725
Total Capital Fund	12,643,419
Total Core Capital to Total Risk Weighted Exposures %	10.71
Total Capital Fund to Total Risk Weighted Exposures %	12.30

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	147,264	18,408	128,856
Sub-Standard	397,700	99,425	298,275
Doubtful	221,321	110,661	110,661
Loss	297,075	297,075	-
Total	1,063,361	525,569	537,792

- NPA Ratios:**

Ratios	in %
Gross NPA to Gross Advances	1.31
Net NPA to Net Advances	0.67

- Movement in Non Performing Assets:**

Rs. in '000

Particulars	This Quarter	Previous Quarter	Change (%)
Non-Performing Assets	1,063,361	1,157,099	(8.10)

- 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	1,391,079	1,358,630	2.39
Interest Suspense	386,926	361,114	7.15

- Details of Additional Loan Loss Provisions:**

Rs. in `000

Particulars	This Quarter
Pass	43,571
Watchlist	1,060
Restructured/Rescheduled	-
Sub-Standard	(28,576)
Doubtful	4,172
Loss	12,221
Total	32,448

Segregation of Investment in Shares Portfolio

Rs. in `000

Particulars	Amount
Held for Trading	92,607
Held to Maturity	655,396
Available for Sale	974,429
Total Investment	1,722,431