



Disclosures as per Basel III Accord

As on 14 January 2018 (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)		10,553,348
Common Equity Tier 1 (CET 1)		10,553,348
a	Paid Up Equity Share Capital	6,826,117
b	Equity Share Premium	79,816
c	Proposed Bonus Equity shares	955,656
d	Statutory General Reserves	1,359,611
e	Retained Earnings	74,441
f	Unaudited Current year Cumulative Profit/(Loss)	772,815
g	Capital Adjustment Reserve	19,428
h	Other Free Reserves	886,421
i	k.1- Calls in Advance for Right Share	230,398
j	k.2- Debenture Redemption Reserve	656,023
k	k.2- Merger Surplus Reserve	
l	Less: Deferred tax Assets	60,206
m	Less:Investment in equity of institutions with financial interests	360,752
n	Less :Other Deductions	-
Additional Tier 1 (AT1)		-

- 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	817,505
e	Investment Adjustment Reserve	31,126
f	Assets Revaluation Reserve	-
g	Exchange Equilisation Reserve	79,443
h	Other Reserves	60,206
Total Tier 2 Capital		1,589,688

- 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.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 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)	10,553,348
Additional Tier 1 (AT1)	-
Supplementary Capital	1,589,688
Total Capital Fund	12,143,036

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

Rs. In “000”

Particulars	Amount
Risk Weighted Exposure for Credit Risk	88,555,230
Risk Weighted Exposure for Operational Risk	4,029,651
Risk Weighted Exposure for Market Risk	93,824
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)	3,707,148
Total Risk Weighted Exposure (After Pillar II Adjustment)	97,758,444

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	441,931
4	Claims on domestic banks that do not meet capital adequacy requirements	-
5	Claims on Foreign Banks (ECA 0-1)	237,281
6	Claims on foreign bank (ECA 2)	496,248
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	45,796
9	Claims on Domestic Corporates	40,590,597
10	Claim on Foreign Corporates (ECA 0-1)	
11	Claim on Foreign Corporates (ECA 7)	
12	Claims on Regulatory Retail Portfolio (Not Overdue)	13,936,838
13	Claims secured by residential properties	1,316,688
14	Claims secured by residential properties(overdue)	37,872
15	Claims Secured by Commercial Real Estate	1,675,910
16	Past due claims(except for claim secured by residential properties)	1,613,440
17	High Risk Claims	17,529,611
18	Investments in equity and other capital instruments of institutions listed in the st	1,200,879
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	431,680
22	Cash In transit and other cash items in the process of collection	9,589
23	Other Assets	1,346,821
24	Off Balance Sheet Items	7,531,108
	Total	88,555,230

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

Rs. In “000”

Particulars	Amount
Total Risk Weighted Exposures	97,758,444
Tier 1 Capital (Core Capital) (CET1+ AT1)	10,553,348
Total Capital Fund	12,143,036
Total Core Capital to Total Risk Weighted Exposures %	10.80
Total capital to Total Risk Weighted Exposures %	12.42

- **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	512,003	128,001	384,002
Doubtfull	212,977	106,489	106,489
Loss	284,854	284,854	-
Total	1,157,099	537,752	619,347

- **NPA Ratios**

Particulars	in %
Gross NPA to Gross Advances	1.50
Net NPA to Net Advances	0.82

- **Movement in Non Performing Assets**

Rs. In "000"

Particulars	This Quarter	Previous Quarter	Change (%)
Non-Performing Assets	1,157,099	1,411,568	(18.03)

- **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	1,355,579	1,435,098	(5.54)
Interest Suspense	361,114	456,770	(20.94)

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

Rs. In "000"

Particulars	This Quarter
Pass	6,849
Restructured/Rescheduled	(0)
Sub-Standard	(90,554)
Doubtfull	20,143
Loss	(15,957)
Total	(79,519)

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

Rs. In "000"

Particulars	This Quarter
Held for Trading	88,528
Held to Maturity	710,396
Available for Sale	894,874
Total Investment	1,693,797