

Disclosures as per Basel III

 As on 14 January 2019 (2nd Quarter end of FY 2075/76)

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)	12,524,158
	Common Equity Tier 1 (CET 1)	12,524,158
a	Paid Up Equity Share Capital	8,887,605
b	Equity Share Premium	122,092
c	Proposed Bonus Equity shares	-
d	Statutory General Reserves	1,359,611
e	Retained Earnings	864,589
f	Unaudited Current year Cumulative Profit/(Loss)	1,069,444
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	2,523,263
c	Hybrid Capital Instruments	-
d	General Loan Loss Provision	931,243
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	3,558,110

- **Subordinated Term Debt:**

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, 100% 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, 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. The Bank issued SBL Debenture 2078 in FY 2014/15 for Rs. 500 million with face value of Rs. 1000. As per NRB Directives, 40% 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.
4. The Bank also issued SBL Debenture 2082 in FY 2018/19 for Rs. 2.16 billion with face value of Rs. 1000. The salient features of SBL Debenture 2082 are as follows:
 - Maturity period: 7 Years
 - Interest rate: 10.50% 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)	12,524,158
Additional Tier 1 (AT1)	-
Supplementary Capital (Tier 2)	3,558,110
Total Capital Fund	16,082,269

- Capital Adequacy Ratio:**

Rs. in '000

Capital Adequacy Ratio	Amount
Common Equity Tier 1 Ratio	10.25%
Core Capital Ratio - Tier 1	10.25%
Total Capital Adequacy Ratio (Tier 1 & Tier 2)	13.16%

Risk Exposures

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

Rs. in '000

Particulars	Amount
Risk Weighted Exposure for Credit Risk	111,375,678
Risk Weighted Exposure for Operational Risk	5,293,036
Risk Weighted Exposure for Market Risk	201,109
<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)	1,804,295
Add: 3% 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)	3,506,095
Total Risk Weighted Exposure (After Pillar II Adjustment)	122,180,212

- 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	1,257,209
4	Claims on domestic banks that do not meet capital adequacy requirements	-
5	Claims on Foreign Banks (ECA 0-1)	263,605
6	Claims on foreign bank (ECA 2)	261,407
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	212,584
9	Claims on Domestic Corporate	51,209,839
10	Claim on Foreign Corporate (ECA 0-1)	-
11	Claim on Foreign Corporate (ECA 2)	-

12	Claims on Regulatory Retail Portfolio (not overdue)	18,845,047
13	Claims secured by residential properties	1,549,264
14	Claims secured by residential properties (overdue)	13,822
15	Claims Secured by Commercial Real Estate	1,335,249
16	Past due claims(except for claim secured by residential properties)	2,518,058
17	High Risk Claims	17,827,729
18	Lending against securities (bonds & shares)	2,057,969
19	Investments in equity and other capital instruments of institutions listed in the stock exchange	1,124,979
20	Investment in Equity of Institution not listed in the Stock Exchange	190,939
21	Staff Loan secured by residential property	602,554
22	Cash in transit and other cash items in the process of collection	8,046
23	Other Assets	2,887,107
24	Off Balance Sheet Items	9,210,270
Total		111,375,678

- Total Risk Weighted Exposure calculation table:**

Rs. in '000

Particulars	Amount
Total Risk Weighted Exposures	122,180,212
Tier 1 Capital (Core Capital) (CET1+AT1)	12,524,158
Total Capital Fund	16,082,269
Total Core Capital to Total Risk Weighted Exposures %	10.25%
Total Capital Fund to Total Risk Weighted Exposures %	13.16%

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	2,986	373	2,613
Sub-Standard	971,247	242,812	728,435
Doubtful	199,992	99,996	99,996
Loss	422,264	422,264	-
Total	1,596,489	765,445	831,044

- NPA Ratios:**

Ratios	in %
Gross NPA to Gross Advances	1.64
Net NPA to Net Advances	0.87

- **Movement in Non-Performing Assets:**

Rs. in '000

Particulars	This Quarter	Previous Quarter	Change (%)
Non-Performing Assets	1,596,489	1,279,785	24.75%

- **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	1,841,433	1,741,743	5.72%
Interest Suspense	-	-	-

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

Rs. in '000

Particulars	This Quarter
Pass	62,520
Watchlist	(4,177)
Restructured/Rescheduled	2
Sub-Standard	83,261
Doubtful	20,519
Loss	(62,436)
Total	99,690

Segregation of Investment in Shares Portfolio

Rs. in '000

Particulars	Cost Price
Held for Trading	108,243
Held to Maturity	625,124
Available for Sale	1,102,326
Total Investment	1,835,693