

Disclosures as per Basel-II Accord

As on 16, October 2016 (1st Quarter end of FY 2016/17)

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)		6,687,350
Common Equity Tier 1 (CET 1)		6,687,350
a	Paid Up Equity Share Capital	3,022,077
b	Equity Share Premium	380
c	Proposed Bonus Equity shares	-
d	Statutory General Reserves	822,961
e	Retained Earnings	1,247,461
f	Unaudited Current year Cumulative Profit/(Loss)	359,676
g	Other Free Reserves	1,364,511
h	k.1- Calls in Advance for Right Share	353,042
i	k.2- Debenture Redemption Reserve	539,931
j	k.2- Merger Surplus Reserve	471,538
k	Less: Deferred tax Assets	45,897
l	Less: Investment in equity of institutions with financial interests	83,820
Additional Tier 1 (AT1)		-
a	Perpetual Non Cumulative Preference Share Capital	-
b	Perpetual Debt Instruments	-
c	Stock Premium	-

- 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	614,544
e	Investment Adjustment Reserve	21,422
f	Assets Revaluation Reserve	-
g	Exchange Equilisation Reserve	17,501
h	Other Reserves	45,541
Total Tier 2 Capital		1,681,824

- Subordinated Term Debts:**

- 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
Common Equity Tier 1 (CET 1)	6,687,350
Additional Tier 1 (AT1)	-
Supplementary Capital	1,681,824
Total Capital Fund	8,369,174

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

Rs. In “000”

Particulars	Amount
Risk Weighted Exposure for Credit Risk	67,664,322
Risk Weighted Exposure for Operational Risk	2,736,388
Risk Weighted Exposure for Market Risk	151,906
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: 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)	2,822,105
Total Risk Weighted Exposure (After Pillar II Adjustment)	74,168,306

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	564,958
4	Claims on domestic banks that do not meet capital adequacy requirements	-
5	Claims on Foreign Banks (ECA 0-1)	117,926
6	Claims on foreign bank (ECA 2)	285,991
7	Claims on foreign bank (ECA Rating 3-6)	3,391
8	Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	65,399
9	Claims on Domestic Corporates	30,278,197
10	Claims on Regulatory Retail Portfolio (Not Overdue)	11,412,492
11	Claims secured by residential properties	1,346,986
12	Claims secured by residential properties(overdue)	50,799
13	Claims Secured by Commercial Real Estate	1,734,269
14	Past due claims(except for claim secured by residential properties)	582,711
15	High Risk Claims	13,673,071
16	Investments in equity and other capital instruments of institutions listed in the st	605,870
17	Investment in Equity of Institution not listed in the Stock Exchange	114,439
18	Investments in Mutual Fund	-
19	Staff Loan secured by residential property	303,023
20	Cash In transit and other cahs items in the process of collection	27,957
21	Other Assets	1,492,050
22	Off Balance Sheet Items	5,004,793
	Total	67,664,322

- Total Risk Weighted Exposure calculation table:**

Rs. In

“000”

Particulars	Amount
Total Risk Weighted Exposures	74,168,306
Tier 1 Capital (Core Capital) (CET1+ AT1)	6,687,350
Total Capital Fund	8,369,174
Total Core Capital to Total Risk Weighted Exposures %	9.02
Total capital to Total Risk Weighted Exposures %	11.28

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

Rs. In “000”

Particulars	Amount	Loan Loss Provision	Net NPL
Restructured/Rescheduled		-	-
Sub-Standard	435,310	110,114	325,196
Doubtfull	93,667	46,834	46,834
Loss	424,755	425	424,330
Total	953,732	157,373	796,359

- NPA Ratios**

Particulars	in %
Gross NPA to Gross Advances	1.59
Net NPA to Net Advances	0.63

- Movement in Non Performing Assets**

Rs. In “000”

Particulars	This Quarter	Previous Quarte	Change (%)
Non-Performing Assets	953,732	796,929	19.68

- 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	1,267,319	1,132,106	11.94
Interest Suspense	368,307	294,967	24.86

- Details of Additional Loan Loss Provisions:**

Rs. In “000”

Particulars	This Quarter
Pass	69,594
Restructured/Rescheduled	(7,146)
Sub-Standard	62,447
Doubtfull	(40,978)
Loss	51,286
Total	135,203

- Segregation of Investment in Corporate Share Portfolio:**

Rs. In “000”

Particulars	This Quarter
Held for Trading	5,112
Held to Maturity	353,669
Available for Sale	413,060
Total Investment	771,841