

**Disclosures as per Basel III**

 As on 16 July 2018 (4<sup>th</sup> Quarter end of FY 2074/75)

**Capital Structure and Capital Adequacy:**

 • **Tier 1 capital and a breakdown of its components:**

Rs. in '000

S.N.	Particulars	Amount
	<b>Tier 1 Capital (Core Capital) ( CET1+ AT1)</b>	<b>12,080,320</b>
	<b>Common Equity Tier 1 (CET 1)</b>	<b>12,080,320</b>
a	Paid Up Equity Share Capital	8,464,385
b	Equity Share Premium	122,092
c	Proposed Bonus Equity shares	-
d	Statutory General Reserves	1,359,611
e	Retained Earnings	74,441
f	Unaudited Current year Cumulative Profit/(Loss)	1,805,299
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	-
	<b>Additional Tier 1 (AT1)</b>	<b>-</b>

 • **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	360,704
c	Hybrid Capital Instruments	-
d	General Loan Loss Provision	904,764
e	Investment Adjustment Reserve	79,443
f	Assets Revaluation Reserve	-
g	Exchange Equalization Reserve	31,126
h	Other Reserves	60,206
	<b>Total Tier 2 Capital</b>	<b>1,436,243</b>

 • **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)	12,080,320
Additional Tier 1 (AT1)	-
Supplementary Capital (Tier 2)	1,436,243
<b>Total Capital Fund</b>	<b>13,516,563</b>

• **Capital Adequacy Ratio:**

Rs. in '000	
Capital Adequacy Ratio	Amount
Common Equity Tier 1 Ratio	11.11%
Core Capital Ratio - Tier 1	11.11%
Total Capital Adequacy Ratio (Tier 1 & Tier 2)	12.43%

## Risk Exposures

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

Rs. in '000

Particulars	Amount
Risk Weighted Exposure for Credit Risk	99,168,185
Risk Weighted Exposure for Operational Risk	4,029,651
Risk Weighted Exposure for Market Risk	61,346
<b>Adjustments under Pillar II:</b>	
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)	4,130,367
<b>Total Risk Weighted Exposure (After Pillar II Adjustment)</b>	<b>108,762,140</b>

- 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	324,036
4	Claims on domestic banks that do not meet capital adequacy requirements	-
5	Claims on Foreign Banks (ECA 0-1)	364,417
6	Claims on foreign bank ( ECA 2)	127,725
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	83,536
9	Claims on Domestic Corporate	45,154,128
10	Claim on Foreign Corporate (ECA 0-1)	-
11	Claim on Foreign Corporate (ECA 7)	-
12	Claims on Regulatory Retail Portfolio (not overdue)	16,558,395
13	Claims secured by residential properties	1,414,159
14	Claims secured by residential properties (overdue)	30,745
15	Claims Secured by Commercial Real Estate	1,730,111
16	Past due claims(except for claim secured by residential properties)	1,755,619
17	High Risk Claims	18,077,436
18	Investments in equity and other capital instruments of institutions listed in the stock exchange	875,222
19	Investment in Equity of Institution not listed in the Stock Exchange	508,939
20	Investments in Mutual Fund	523,529
21	Staff Loan secured by residential property	-
22	Cash in transit and other cash items in the process of collection	58,208
23	Other Assets	2,142,359
24	Off Balance Sheet Items	9,439,622
	<b>Total</b>	<b>99,168,185</b>

- Total Risk Weighted Exposure calculation table:**

Rs. in '000

Particulars	Amount
Total Risk Weighted Exposures	108,762,140
Tier 1 Capital (Core Capital) ( CET1+AT1)	12,080,320
Total Capital Fund	13,516,563
Total Core Capital to Total Risk Weighted Exposures %	11.11
Total Capital Fund to Total Risk Weighted Exposures %	12.43

### 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	-	-	-
Sub-Standard	384,168	96,042	288,126
Doubtful	226,935	113,467	113,467
Loss	295,089	295,089	-
<b>Total</b>	<b>906,192</b>	<b>504,598</b>	<b>401,594</b>

- NPA Ratios:**

Ratios	in %
Gross NPA to Gross Advances	1.05
Net NPA to Net Advances	0.47

- Movement in Non Performing Assets:**

Rs. in '000

Particulars	This Quarter	Previous Quarter	Change (%)
Non-Performing Assets	906,192	1,063,361	(14.78%)

- 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	1,409,362	1,391,079	1.31%
Interest Suspense	386,578	386,926	(0.09%)

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

Rs. in `000

<b>Particulars</b>	<b>This Quarter</b>
Pass	55,640
Watchlist	(16,387)
Restructured/Rescheduled	(18,408)
Sub-Standard	(3,383)
Doubtful	2,807
Loss	(1,986)
<b>Total</b>	<b>18,282</b>

**Segregation of Investment in Shares Portfolio**

Rs. in `000

<b>Particulars</b>	<b>Amount</b>
Held for Trading	95,235
Held to Maturity	616,421
Available for Sale	1,005,921
<b>Total Investment</b>	<b>1,717,577</b>