

Disclosures as per Basel III

 As on 15 July 2021 (4th Quarter end of FY 2077/78)

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)	16,599,541
	Common Equity Tier 1 (CET 1)	16,599,541
a	Paid Up Equity Share Capital	10,962,299
b	Equity Share Premium	-
c	Proposed Bonus Equity shares	-
d	Statutory General Reserves	3,187,906
e	Retained Earnings	1,269,322
f	Unaudited Current year Cumulative Profit/(Loss)	-
g	Capital Adjustment Reserve	19,428
h	Debenture Redemption Reserve	1,637,520
i	Less: Intangible Assets	81,501
j	Less: Investment in equity of institutions with financial interests	395,432
k	Less: Deferred tax Assets	-
	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	7,230,047
c	Hybrid Capital Instruments	-
d	General Loan Loss Provision	2,233,562
e	Investment Adjustment Reserve	-
f	Assets Revaluation Reserve	-
g	Exchange Equalization Reserve	31,126
h	Other Reserves	-
	Total Tier 2 Capital	9,494,735

- **Subordinated Term Debt:**

1. 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.
2. 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.
3. The Bank also issued SBL Debenture 2083 in FY 2019/20 for Rs. 2.50 billion with face value of Rs. 1000. The salient features of SBL Debenture 2083 are as follows:
 - Maturity period: 7 Years
 - Interest rate: 10.25% 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 2084 in FY 2020/21 for Rs. 3 billion with face value of Rs. 1000. The salient features of SBL Debenture 2084 are as follows:
 - Maturity period: 7 Years
 - Interest rate: 8.5% 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. 80.43 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)	16,599,541
Additional Tier 1 (AT1)	-
Supplementary Capital (Tier 2)	9,494,735
Total Capital Fund	26,094,277

- Capital Adequacy Ratio:**

Capital Adequacy Ratio	Percentage (%)
Common Equity Tier 1 Ratio	8.56%
Core Capital Ratio - Tier 1	8.56%
Total Capital Adequacy Ratio (Tier 1 & Tier 2)	13.45%

Risk Exposures

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

Rs. in '000

Particulars	Amount
Risk Weighted Exposure for Credit Risk	178,684,977
Risk Weighted Exposure for Operational Risk	7,694,209
Risk Weighted Exposure for Market Risk	147,512
<u>Adjustments under Pillar II:</u>	
Add: 3% of Gross income of last FY due to supervisor is not satisfied with sound practice of management of operational risk (6.4 a 7)	1,820,792
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)	5,595,801
Total Risk Weighted Exposure (After Pillar II Adjustment)	193,943,290

- Risk Weighted Exposures under different categories of Credit Risk:**

Rs. in '000

S.N.	Categories	Risk Weighted Exposure
1	Claims on Domestic Public Sector Entities	-
2	Claims on domestic banks that meet capital adequacy requirements	69,762
3	Claims on domestic banks that do not meet capital adequacy requirements	-
4	Claims on Foreign Banks (ECA 0-1)	431,298
5	Claims on foreign bank (ECA 2)	434,980
6	Claims on foreign bank (ECA Rating 3-6)	-
7	Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	384,702
8	Claims on Domestic Corporate	93,993,173
9	Claim on Foreign Corporate (ECA 0-1)	-
10	Claim on Foreign Corporate (ECA 2)	-
11	Claims on Regulatory Retail Portfolio (not overdue)	34,903,200

12	Claims secured by residential properties	2,965,422
13	Claims secured by residential properties (overdue)	108,973
14	Claims Secured by Commercial Real Estate	1,332,872
15	Past due claims(except for claim secured by residential properties)	5,797,782
16	High Risk Claims	9,825,989
17	Lending against securities (bonds & shares)	6,021,151
18	Investments in equity and other capital instruments of institutions listed in the stock exchange	1,926,237
19	Investment in Equity of Institution not listed in the Stock Exchange	305,108
20	Staff Loan secured by residential property	1,182,152
21	Cash in transit and other cash items in the process of collection	-
22	Other Assets	4,304,685
23	Off Balance Sheet Items	14,697,492
Total		178,684,977

- Total Risk Weighted Exposure calculation table:**

Rs. in `000

Particulars	Amount
Total Risk Weighted Exposures	193,943,290
Tier 1 Capital (Core Capital) (CET1+AT1)	16,599,541
Total Capital Fund	26,094,277
Total Core Capital to Total Risk Weighted Exposures %	8.56%
Total Capital Fund to Total Risk Weighted Exposures %	13.45%

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	1,586	198	1,388
Sub-Standard	1,232,779	296,631	936,148
Doubtful	219,348	107,335	112,012
Loss	476,228	463,530	12,699
Total	1,929,941	867,694	1,062,246

- NPA Ratios:**

Ratios	in %
Gross NPA to Gross Advances	1.16
Net NPA to Net Advances	0.65

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

Rs. in '000

Particulars	This Quarter	Previous Quarter	Change (%)
Non-Performing Assets	1,929,941	1,395,589	38.29%

- **Written Off Loans and Interest Suspense:**

Rs. in '000

Particulars	Amount
Loan Written Off	25
Interest Suspense	-

- **Movements in Loan Loss Provision and Interest Suspense:**

Rs. in '000

Particulars	This Quarter	Previous Quarter	Change (%)
Loan Loss Provision	3,241,924	2,793,844	16.04%
Interest Suspense	-	-	-

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

Rs. in '000

Particulars	This Quarter
Pass	515,919
Watchlist	(44,359)
Restructured/Rescheduled	85
Sub-Standard	182,788
Doubtful	(37,003)
Loss	(169,351)
Total	448,080

Segregation of Investment in Shares Portfolio (at fair value)

Rs. in '000

Particulars	Cost Price
Held for Trading	-
Held to Maturity	-
Available for Sale	6,182,620
Total Investment	6,182,620