

Disclosures as per Basel III

 As on 12 April 2020 (3rd Quarter end of FY 2076/77)

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)	12,603,479
	Common Equity Tier 1 (CET 1)	12,603,479
a	Paid Up Equity Share Capital	9,787,767
b	Equity Share Premium	-
c	Proposed Bonus Equity shares	-
d	Statutory General Reserves	2,191,961
e	Retained Earnings	78,203
f	Unaudited Current year Cumulative Profit/(Loss)	481,122
g	Capital Adjustment Reserve	19,428
h	Debenture Redemption Reserve	586,892
i	Less: Intangible Assets	146,461
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	4,762,559
c	Hybrid Capital Instruments	-
d	General Loan Loss Provision	1,186,465
e	Investment Adjustment Reserve	-
f	Assets Revaluation Reserve	-
g	Exchange Equalization Reserve	31,126
h	Other Reserves	-
	Total Tier 2 Capital	5,980,150

- **Subordinated Term Debt:**

1. The Bank issued SBL Debenture 2076 in FY 2012/13 for Rs. 303 million with face value of Rs. 1000. 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.
2. 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.
3. 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.
4. 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.

- **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)	12,603,479
Additional Tier 1 (AT1)	-
Supplementary Capital (Tier 2)	5,980,150
Total Capital Fund	18,583,629

- Capital Adequacy Ratio:**

Capital Adequacy Ratio	Amount
Common Equity Tier 1 Ratio	8.04%
Core Capital Ratio - Tier 1	8.04%
Total Capital Adequacy Ratio (Tier 1 & Tier 2)	11.86%

Risk Exposures

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

Rs. in '000

Particulars	Amount
Risk Weighted Exposure for Credit Risk	143,784,985
Risk Weighted Exposure for Operational Risk	6,219,162
Risk Weighted Exposure for Market Risk	96,579
<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)	2,087,541
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)	4,503,022
Total Risk Weighted Exposure (After Pillar II Adjustment)	156,691,289

- 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	556,139
3	Claims on domestic banks that do not meet capital adequacy requirements	-
4	Claims on Foreign Banks (ECA 0-1)	415,981
5	Claims on foreign bank (ECA 2)	358,873
6	Claims on foreign bank (ECA Rating 3-6)	244,100
7	Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	19,815
8	Claims on Domestic Corporate	69,575,440
9	Claim on Foreign Corporate (ECA 0-1)	-
10	Claim on Foreign Corporate (ECA 2)	-
11	Claims on Regulatory Retail Portfolio (not overdue)	25,855,782

12	Claims secured by residential properties	2,186,068
13	Claims secured by residential properties (overdue)	49,964
14	Claims Secured by Commercial Real Estate	1,237,207
15	Past due claims(except for claim secured by residential properties)	4,544,492
16	High Risk Claims	14,923,927
17	Lending against securities (bonds & shares)	3,319,978
18	Investments in equity and other capital instruments of institutions listed in the stock exchange	1,705,793
19	Investment in Equity of Institution not listed in the Stock Exchange	191,891
20	Staff Loan secured by residential property	851,421
21	Cash in transit and other cash items in the process of collection	-
22	Other Assets	5,243,518
23	Off Balance Sheet Items	12,504,593
Total		143,784,985

- Total Risk Weighted Exposure calculation table:**

Rs. in '000

Particulars	Amount
Total Risk Weighted Exposures	156,691,289
Tier 1 Capital (Core Capital) (CET1+AT1)	12,603,479
Total Capital Fund	18,583,629
Total Core Capital to Total Risk Weighted Exposures %	8.04%
Total Capital Fund to Total Risk Weighted Exposures %	11.86%

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	3,969	496	3,473
Sub-Standard	1,757,601	448,736	1,308,865
Doubtful	693,650	346,730	346,920
Loss	417,259	417,259	-
Total	2,872,479	1,213,221	1,659,258

- NPA Ratios:**

Ratios	in %
Gross NPA to Gross Advances	2.24
Net NPA to Net Advances	1.32

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

Rs. in '000

Particulars	This Quarter	Previous Quarter	Change (%)
Non-Performing Assets	2,872,479	1,913,428	50.12%

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

Rs. in '000

Particulars	Amount
Loan Written Off	37,507
Interest Suspense	-

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

Rs. in '000

Particulars	This Quarter	Previous Quarter	Change (%)
Loan Loss Provision	2,718,556	2,219,086	22.51%
Interest Suspense	-	-	-

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

Rs. in '000

Particulars	This Quarter
Pass	22,236
Watchlist	125,084
Restructured/Rescheduled	(81)
Sub-Standard	151,684
Doubtful	185,822
Loss	14,725
Total	499,470

Segregation of Investment in Shares Portfolio

Rs. in '000

Particulars	Cost Price
Held for Trading	116,138
Held to Maturity	-
Available for Sale	2,787,867
Total Investment	2,904,005