

Disclosures as per Basel III

 As on 17 October 2019 (1st 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)	13,763,998
	Common Equity Tier 1 (CET 1)	13,763,998
a	Paid Up Equity Share Capital	8,887,605
b	Equity Share Premium	122,092
c	Proposed Bonus Equity shares	-
d	Statutory General Reserves	2,191,961
e	Retained Earnings	1,801,401
f	Unaudited Current year Cumulative Profit/(Loss)	244,118
g	Capital Adjustment Reserve	419,428
h	Debenture Redemption Reserve	586,892
i	Less: Intangible Assets	94,065
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	4,862,559
c	Hybrid Capital Instruments	-
d	General Loan Loss Provision	1,051,833
e	Investment Adjustment Reserve	-
f	Assets Revaluation Reserve	-
g	Exchange Equalization Reserve	31,126
h	Other Reserves	-
	Total Tier 2 Capital	3,450,311

- **Subordinated Term Debt:**

1. 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.
2. 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.
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)	13,763,998
Additional Tier 1 (AT1)	-
Supplementary Capital (Tier 2)	5,945,517
Total Capital Fund	19,709,515

- Capital Adequacy Ratio:**

Capital Adequacy Ratio	Amount
Common Equity Tier 1 Ratio	9.96%
Core Capital Ratio - Tier 1	9.96%
Total Capital Adequacy Ratio (Tier 1 & Tier 2)	14.26%

Risk Exposures

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

Rs. in '000

Particulars	Amount
Risk Weighted Exposure for Credit Risk	125,765,911
Risk Weighted Exposure for Operational Risk	6,219,162
Risk Weighted Exposure for Market Risk	131,435
<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)	3,963,495
Total Risk Weighted Exposure (After Pillar II Adjustment)	138,167,544

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

Rs. in '000

S.N.	Categories	Risk Weighted Exposure
1	Claims on domestic banks that meet capital adequacy requirements	535,570
2	Claims on domestic banks that do not meet capital adequacy requirements	-
3	Claims on Foreign Banks (ECA 0-1)	445,187
4	Claims on foreign bank (ECA 2)	121,205
5	Claims on foreign bank (ECA Rating 3-6)	-
6	Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	32,821
7	Claims on Domestic Corporate	60,679,901
8	Claim on Foreign Corporate (ECA 0-1)	-
9	Claim on Foreign Corporate (ECA 2)	-
10	Claims on Regulatory Retail Portfolio (not overdue)	23,293,614
11	Claims secured by residential properties	1,912,662

12	Claims secured by residential properties (overdue)	61,393
13	Claims Secured by Commercial Real Estate	1,378,919
14	Past due claims(except for claim secured by residential properties)	3,206,923
15	High Risk Claims	14,987,229
16	Lending against securities (bonds & shares)	2,474,568
17	Investments in equity and other capital instruments of institutions listed in the stock exchange	1,730,183
18	Investment in Equity of Institution not listed in the Stock Exchange	191,891
19	Staff Loan secured by residential property	723,913
20	Cash in transit and other cash items in the process of collection	-
21	Other Assets	3,409,195
22	Off Balance Sheet Items	10,580,737
Total		125,765,911

- Total Risk Weighted Exposure calculation table:**

Rs. in '000

Particulars	Amount
Total Risk Weighted Exposures	138,167,544
Tier 1 Capital (Core Capital) (CET1+AT1)	13,763,998
Total Capital Fund	19,709,515
Total Core Capital to Total Risk Weighted Exposures %	9.96%
Total Capital Fund to Total Risk Weighted Exposures %	14.26%

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	4,208	526	3,682
Sub-Standard	840,806	210,869	629,937
Doubtful	175,845	87,928	87,917
Loss	425,379	425,379	-
Total	1,446,238	724,702	721,536

- NPA Ratios:**

Ratios	in %
Gross NPA to Gross Advances	1.28
Net NPA to Net Advances	0.65

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

Rs. in '000

Particulars	This Quarter	Previous Quarter	Change (%)
Non-Performing Assets	1,446,238	819,518	76.47%

- **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	2,011,244	1,695,428	18.63%
Interest Suspense	-	-	-

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

Rs. in '000

Particulars	This Quarter
Pass	12,486
Watchlist	112,411
Restructured/Rescheduled	1
Sub-Standard	148,643
Doubtful	(9,757)
Loss	52,031
Total	315,816

- **Segregation of Investment in Shares Portfolio**

Rs. in '000

Particulars	Cost Price
Held for Trading	75,799
Held to Maturity	-
Available for Sale	2,574,652
Total Investment	2,650,452