

Disclosures as per Basel III

 As on 17 October 2021 (1st Quarter end of FY 2078/79)

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)	17,680,988
	Common Equity Tier 1 (CET 1)	17,680,988
a	Paid Up Equity Share Capital	10,962,299
b	Equity Share Premium	-
c	Proposed Bonus Equity shares	-
d	Statutory General Reserves	3,191,649
e	Retained Earnings	1,808,629
f	Unaudited Current year Cumulative Profit/(Loss)	948,731
g	Capital Adjustment Reserve	19,428
h	Debenture Redemption Reserve	1,220,853
i	Less: Intangible Assets	75,169
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	6,730,047
c	Hybrid Capital Instruments	-
d	General Loan Loss Provision	2,651,101
e	Investment Adjustment Reserve	-
f	Assets Revaluation Reserve	-
g	Exchange Equalization Reserve	31,126
h	Other Reserves	-
	Total Tier 2 Capital	9,412,274

- **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)	17,680,988
Additional Tier 1 (AT1)	-
Supplementary Capital (Tier 2)	9,412,274
Total Capital Fund	27,093,262

- Capital Adequacy Ratio:**

Capital Adequacy Ratio	Percentage (%)
Common Equity Tier 1 Ratio	8.51%
Core Capital Ratio - Tier 1	8.51%
Total Capital Adequacy Ratio (Tier 1 & Tier 2)	13.05%

Risk Exposures

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

Rs. in '000

Particulars	Amount
Risk Weighted Exposure for Credit Risk	188,127,457
Risk Weighted Exposure for Operational Risk	8,777,938
Risk Weighted Exposure for Market Risk	2,298,832
<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)	2,507,087
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)	5,976,127
Total Risk Weighted Exposure (After Pillar II Adjustment)	207,687,440

- 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	2,176,865
3	Claims on domestic banks that do not meet capital adequacy requirements	-
4	Claims on Foreign Banks (ECA 0-1)	500,054
5	Claims on foreign bank (ECA 2)	207,912
6	Claims on foreign bank (ECA Rating 3-6)	5,776
7	Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	712,694
8	Claims on Domestic Corporate	99,558,165
9	Claim on Foreign Corporate (ECA 0-1)	-
10	Claim on Foreign Corporate (ECA 2)	-
11	Claims on Regulatory Retail Portfolio (not overdue)	34,628,890

12	Claims secured by residential properties	5,081,022
13	Claims secured by residential properties (overdue)	179,173
14	Claims Secured by Commercial Real Estate	1,373,812
15	Past due claims(except for claim secured by residential properties)	4,710,216
16	High Risk Claims	11,034,220
17	Lending against securities (bonds & shares)	5,103,434
18	Investments in equity and other capital instruments of institutions listed in the stock exchange	1,907,315
19	Investment in Equity of Institution not listed in the Stock Exchange	389,188
20	Staff Loan secured by residential property	1,251,697
21	Cash in transit and other cash items in the process of collection	-
22	Other Assets	4,229,029
23	Off Balance Sheet Items	15,077,993
Total		188,127,457

- Total Risk Weighted Exposure calculation table:**

Rs. in `000

Particulars	Amount
Total Risk Weighted Exposures	207,687,440
Tier 1 Capital (Core Capital) (CET1+AT1)	17,680,988
Total Capital Fund	27,093,262
Total Core Capital to Total Risk Weighted Exposures %	8.51%
Total Capital Fund to Total Risk Weighted Exposures %	13.05%

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	22,052	2,756	19,295
Sub-Standard	14,237	3,110	11,126
Doubtful	386,135	182,976	203,159
Loss	559,747	537,699	22,048
Total	982,170	726,542	255,629

- NPA Ratios:**

Ratios	in %
Gross NPA to Gross Advances	0.54
Net NPA to Net Advances	0.14

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

Rs. in '000

Particulars	This Quarter	Previous Quarter	Change (%)
Non-Performing Assets	982,170	1,649,537	-40.46%

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

Rs. in '000

Particulars	Amount
Loan Written Off	1,075
Interest Suspense	-

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

Rs. in '000

Particulars	This Quarter	Previous Quarter	Change (%)
Loan Loss Provision	3,383,590	3,174,918	6.57%
Interest Suspense	-	-	-

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

Rs. in '000

Particulars	This Quarter
Pass	187,599
Watchlist	89,350
Restructured/Rescheduled	(662)
Sub-Standard	(220,158)
Doubtful	83,021
Loss	69,522
Total	208,672

Segregation of Investment in Shares Portfolio (at fair value)

Rs. in '000

Particulars	Cost Price
Held for Trading	-
Held to Maturity	-
Available for Sale	5,284,664
Total Investment	5,284,664