

Disclosures as per Basel III

 As on 14 January 2022 (2nd 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)	18,355,171
	Common Equity Tier 1 (CET 1)	18,355,171
a	Paid Up Equity Share Capital	12,524,427
b	Equity Share Premium	-
c	Proposed Bonus Equity shares	-
d	Statutory General Reserves	3,191,649
e	Retained Earnings	164,284
f	Unaudited Current year Cumulative Profit/(Loss)	1,435,244
g	Capital Adjustment Reserve	19,428
h	Debenture Redemption Reserve	1,220,853
i	Less: Intangible Assets	69,282
j	Less: Investment in equity of institutions with financial interests	131,432
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	6,297,535
c	Hybrid Capital Instruments	-
d	General Loan Loss Provision	2,702,569
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. and Rs. 51 million in the equity shares of Siddhartha Capital 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)	18,355,171
Additional Tier 1 (AT1)	-
Supplementary Capital (Tier 2)	9,031,230
Total Capital Fund	27,386,400

- Capital Adequacy Ratio:**

Capital Adequacy Ratio	Percentage (%)
Common Equity Tier 1 Ratio	8.63%
Core Capital Ratio - Tier 1	8.63%
Total Capital Adequacy Ratio (Tier 1 & Tier 2)	12.88%

Risk Exposures

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

Rs. in '000

Particulars	Amount
Risk Weighted Exposure for Credit Risk	192,839,233
Risk Weighted Exposure for Operational Risk	8,777,938
Risk Weighted Exposure for Market Risk	2,395,212
<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)	6,120,371
Total Risk Weighted Exposure (After Pillar II Adjustment)	212,639,841

- 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	1,755,092
3	Claims on domestic banks that do not meet capital adequacy requirements	-
4	Claims on Foreign Banks (ECA 0-1)	506,248
5	Claims on foreign bank (ECA 2)	275,639
6	Claims on foreign bank (ECA Rating 3-6)	3,924
7	Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	264,456
8	Claims on Domestic Corporate	101,940,346
9	Claim on Foreign Corporate (ECA 0-1)	-
10	Claim on Foreign Corporate (ECA 2)	-
11	Claims on Regulatory Retail Portfolio (not overdue)	32,473,213

12	Claims secured by residential properties	5,339,131
13	Claims secured by residential properties (overdue)	172,670
14	Claims Secured by Commercial Real Estate	1,424,754
15	Past due claims(except for claim secured by residential properties)	5,170,113
16	High Risk Claims	15,469,902
17	Lending against securities (bonds & shares)	5,055,832
18	Investments in equity and other capital instruments of institutions listed in the stock exchange	2,167,815
19	Investment in Equity of Institution not listed in the Stock Exchange	393,802
20	Staff Loan secured by residential property	1,401,607
21	Cash in transit and other cash items in the process of collection	-
22	Other Assets	3,611,121
23	Off Balance Sheet Items	15,413,569
Total		192,839,233

- Total Risk Weighted Exposure calculation table:**

Rs. in `000

Particulars	Amount
Total Risk Weighted Exposures	212,639,841
Tier 1 Capital (Core Capital) (CET1+AT1)	18,355,171
Total Capital Fund	27,386,400
Total Core Capital to Total Risk Weighted Exposures %	8.63%
Total Capital Fund to Total Risk Weighted Exposures %	12.88%

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	18,753	2,344	16,409
Sub-Standard	6,915	1,355	5,559
Doubtful	198,148	94,592	103,556
Loss	455,045	439,715	15,330
Total	678,860	538,006	140,853

- NPA Ratios:**

Ratios	in %
Gross NPA to Gross Advances	0.37
Net NPA to Net Advances	0.08

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

Rs. in '000

Particulars	This Quarter	Previous Quarter	Change (%)
Non-Performing Assets	678,860	982,170	-30.88%

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

Rs. in '000

Particulars	Amount
Loan Written Off	1,200
Interest Suspense	-

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

Rs. in '000

Particulars	This Quarter	Previous Quarter	Change (%)
Loan Loss Provision	3,246,104	3,383,590	-4.06%
Interest Suspense	-	-	-

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

Rs. in '000

Particulars	This Quarter
Pass	43,128
Watchlist	7,920
Restructured/Rescheduled	(412)
Sub-Standard	(1,755)
Doubtful	(88,384)
Loss	(97,984)
Total	(137,486)

Segregation of Investment in Shares Portfolio (at fair value)

Rs. in '000

Particulars	Fair Value
Held for Trading	-
Held to Maturity	-
Available for Sale	5,775,074
Total Investment	5,775,074