

Disclosures as per Basel III

 As on 14 January 2020 (2nd 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)	13,056,101
	Common Equity Tier 1 (CET 1)	13,056,101
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)	881,972
g	Capital Adjustment Reserve	19,428
h	Debenture Redemption Reserve	586,892
i	Less: Intangible Assets	94,689
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	1,167,435
e	Investment Adjustment Reserve	-
f	Assets Revaluation Reserve	-
g	Exchange Equalization Reserve	31,126
h	Other Reserves	-
	Total Tier 2 Capital	6,061,120

- **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)	13,056,101
Additional Tier 1 (AT1)	-
Supplementary Capital (Tier 2)	6,061,120
Total Capital Fund	19,117,221

- Capital Adequacy Ratio:**

Capital Adequacy Ratio	Amount
Common Equity Tier 1 Ratio	8.79%
Core Capital Ratio - Tier 1	8.79%
Total Capital Adequacy Ratio (Tier 1 & Tier 2)	12.86%

Risk Exposures

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

Rs. in '000

Particulars	Amount
Risk Weighted Exposure for Credit Risk	135,890,211
Risk Weighted Exposure for Operational Risk	6,219,162
Risk Weighted Exposure for Market Risk	134,759
<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)	4,267,324
Total Risk Weighted Exposure (After Pillar II Adjustment)	148,598,997

- 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	259,800
2	Claims on domestic banks that meet capital adequacy requirements	729,858
3	Claims on domestic banks that do not meet capital adequacy requirements	-
4	Claims on Foreign Banks (ECA 0-1)	114,023
5	Claims on foreign bank (ECA 2)	392,366
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	23,254
8	Claims on Domestic Corporate	66,668,920
9	Claim on Foreign Corporate (ECA 0-1)	-
10	Claim on Foreign Corporate (ECA 2)	-
11	Claims on Regulatory Retail Portfolio (not overdue)	25,084,839

12	Claims secured by residential properties	2,073,014
13	Claims secured by residential properties (overdue)	53,001
14	Claims Secured by Commercial Real Estate	1,216,036
15	Past due claims(except for claim secured by residential properties)	3,482,169
16	High Risk Claims	15,872,540
17	Lending against securities (bonds & shares)	2,808,340
18	Investments in equity and other capital instruments of institutions listed in the stock exchange	1,744,776
19	Investment in Equity of Institution not listed in the Stock Exchange	191,891
20	Staff Loan secured by residential property	796,109
21	Cash in transit and other cash items in the process of collection	-
22	Other Assets	3,361,355
23	Off Balance Sheet Items	11,017,920
Total		135,890,211

- Total Risk Weighted Exposure calculation table:**

Rs. in '000

Particulars	Amount
Total Risk Weighted Exposures	148,598,997
Tier 1 Capital (Core Capital) (CET1+AT1)	13,056,101
Total Capital Fund	19,117,221
Total Core Capital to Total Risk Weighted Exposures %	8.79%
Total Capital Fund to Total Risk Weighted Exposures %	12.86%

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	4,618	577	4,041
Sub-Standard	1,183,568	297,052	886,517
Doubtful	322,708	160,908	161,800
Loss	402,534	402,534	-
Total	1,913,428	861,071	1,052,357

- NPA Ratios:**

Ratios	in %
Gross NPA to Gross Advances	1.55
Net NPA to Net Advances	0.87

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

Rs. in '000

Particulars	This Quarter	Previous Quarter	Change (%)
Non-Performing Assets	1,913,428	1,446,238	32.30%

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

Rs. in '000

Particulars	Amount
Loan Written Off	31,936
Interest Suspense	-

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

Rs. in '000

Particulars	This Quarter	Previous Quarter	Change (%)
Loan Loss Provision	2,219,086	2,011,244	10.33%
Interest Suspense	-	-	-

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

Rs. in '000

Particulars	This Quarter
Pass	117,015
Watchlist	(45,542)
Restructured/Rescheduled	51
Sub-Standard	86,183
Doubtful	72,979
Loss	(22,845)
Total	207,841

Segregation of Investment in Shares Portfolio

Rs. in '000

Particulars	Cost Price
Held for Trading	95,291
Held to Maturity	-
Available for Sale	2,906,216
Total Investment	3,001,507