

Disclosures as per Basel III

 As on 13 April 2023 (3rd Quarter end of FY 2079/80)

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)	20,122,821
	Common Equity Tier 1 (CET 1)	20,122,821
a	Paid Up Equity Share Capital	14,089,980
b	Equity Share Premium	-
c	Proposed Bonus Equity shares	-
d	Statutory General Reserves	3,775,841
e	Retained Earnings	211,918
f	Unaudited Current year Cumulative Profit/(Loss)	760,241
g	Capital Adjustment Reserve	19,428
h	Debenture Redemption Reserve	1,581,280
i	Less: Intangible Assets	147,771
j	Less: Investment in equity of institutions with financial interests	168,095
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	4,765,024
c	Hybrid Capital Instruments	-
d	General Loan Loss Provision	2,091,477
e	Investment Adjustment Reserve	-
f	Assets Revaluation Reserve	-
g	Exchange Equalization Reserve	45,698
h	Other Reserves	-
	Total Tier 2 Capital	6,902,199

- **Subordinated Term Debt:**

1. 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.
2. 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.
3. 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. 87.09 million in the equity shares of Siddhartha Insurance Ltd., Rs. 30 million in shares of Avasar Equity Limited 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)	20,122,821
Additional Tier 1 (AT1)	-
Supplementary Capital (Tier 2)	6,902,199
Total Capital Fund	27,025,020

- **Capital Adequacy Ratio:**

Capital Adequacy Ratio	Percentage (%)
Common Equity Tier 1 Ratio	8.95%
Core Capital Ratio - Tier 1	8.95%
Total Capital Adequacy Ratio (Tier 1 & Tier 2)	12.02%

Risk Exposures

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

Rs. in `000

Particulars	Amount
Risk Weighted Exposure for Credit Risk	205,891,094
Risk Weighted Exposure for Operational Risk	9,904,181
Risk Weighted Exposure for Market Risk	314,209
<u>Adjustments under Pillar II:</u>	
Add: 3% of Gross income of last FY due to supervisor is not satisfied with sound practice of management of operational risk (6.4 a 7)	2,241,402
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)	6,483,285
Total Risk Weighted Exposure (After Pillar II Adjustment)	224,834,170

- 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	1,597,992
3	Claims on domestic banks that do not meet capital adequacy requirements	-
4	Claims on foreign bank (ECA 0-1)	1,378,842
5	Claims on foreign bank (ECA 2)	474,543
6	Claims on foreign bank (ECA 3-6)	13,429
7	Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	252,664
8	Claims on Domestic Corporate	102,690,594
9	Claim on Foreign Corporate (ECA 0-1)	-
10	Claim on Foreign Corporate (ECA 2)	-
11	Claims on Regulatory Retail Portfolio (not overdue)	30,770,544
12	Claims secured by residential properties	5,095,501
13	Claims secured by residential properties (overdue)	274,183
14	Claims Secured by Commercial Real Estate	868,549
15	Past due claims(except for claim secured by residential properties)	8,613,211
16	High Risk Claims	23,533,809
17	Lending against Shares(up to Rs.2.5 Million)	261,766
18	Trust Receipt Loans for Trading Firms	2,540,937
19	Investments in equity and other capital instruments of institutions listed in the stock exchange	2,149,810
20	Investment in Equity of Institution not listed in the Stock Exchange	2,110,261
21	Staff Loan secured by residential property	2,025,875
22	Cash in transit and other cash items in the process of collection	28,542
23	Other Assets	5,719,050
24	Off Balance Sheet Items	15,488,443
Total Risk Weighted Exposures under different categories of		205,888,544

Credit Risk before adjustments under Pillar II	
Adjustments under Pillar II:	
1% of the contract(sale) value in case of the sale of credit with recourse (6.4 a 4)	2,550
Total Risk Weighted Exposures under different categories of Credit Risk after adjustments under Pillar II	205,891,094

- Total Risk Weighted Exposure calculation table:**

Rs. in `000

Particulars	Amount
Total Risk Weighted Exposures	224,834,170
Tier 1 Capital (Core Capital) (CET1+AT1)	20,122,821
Total Capital Fund	27,025,020
Total Core Capital to Total Risk Weighted Exposures %	8.95%
Total Capital Fund to Total Risk Weighted Exposures %	12.02%

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	2,030	254	1,776
Sub-Standard	4,128,966	1,105,782	3,023,184
Doubtful	2,328,774	1,153,465	1,175,310
Loss	1,028,078	984,221	43,857
Total	7,487,848	3,243,721	4,244,127

- NPA Ratios:**

Ratios	in %
Gross NPA to Gross Advances	3.95
Net NPA to Net Advances	2.31

- Movement in Non-Performing Assets:**

Rs. in `000

Particulars	This Quarter	Previous Quarter	Change (%)
Non-Performing Assets	7,487,848	5,294,521	41.43%

- Written Off Loans and Interest Suspend:**

Rs. in `000

Particulars	Amount
Loan Written Off	1,174
Interest Suspend	-

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

Rs. in `000

Particulars	This Quarter	Previous Quarter	Change (%)
Loan Loss Provision	5,944,481	4,974,865	19.49%
Interest Suspend	-	-	-

- Details of Additional Loan Loss Provisions:**

Rs. in `000

Particulars	This Quarter
Pass	(40,808)
Watchlist	76,438
Restructured/Rescheduled	137
Sub-Standard	327,688
Doubtful	564,153
Loss	42,009
Total	969,616

Segregation of Investment in Shares Portfolio (at fair value)

Rs. in `000

Particulars	Fair Value
Held for Trading	-
Held to Maturity	-
Available for Sale	5,428,765
Total Investment	5,428,765