

**Disclosures as per Basel III**

 As on 14 January 2024 (2<sup>nd</sup> Quarter end of FY 2080/81)

**Capital Structure and Capital Adequacy:**

- Tier 1 capital and a breakdown of its components:**

Rs. in `000

S.N.	Particulars	Amount
	<b>Tier 1 Capital (Core Capital) (CET1+ AT1)</b>	<b>21,792,809</b>
	<b>Common Equity Tier 1 (CET 1)</b>	<b>21,792,809</b>
a	Paid Up Equity Share Capital	14,089,980
b	Equity Share Premium	-
c	Proposed Bonus Equity shares	-
d	Statutory General Reserves	4,409,196
e	Retained Earnings	70,422
f	Unaudited Current year Cumulative Profit/(Loss)	598,990
g	Capital Adjustment Reserve	19,428
h	Debenture Redemption Reserve	3,041,706
i	Less: Intangible Assets	161,510
j	Less: Investment in equity of institutions with financial interests	275,403
k	Less: Deferred tax Assets	-
	<b>Additional Tier 1 (AT1)</b>	<b>-</b>

- 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	3,232,512
c	Hybrid Capital Instruments	-
d	General Loan Loss Provision	2,705,813
e	Investment Adjustment Reserve	11,365
f	Assets Revaluation Reserve	-
g	Exchange Equalization Reserve	69,889
h	Other Reserves	-
	<b>Total Tier 2 Capital</b>	<b>6,019,579</b>

- **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. 30 million in shares of Avasar Equity Limited, Rs. 51 million in the equity shares of Siddhartha Capital Ltd., Rs. 15 million in shares of Nepal Electronic Payment Systems Ltd. and Rs. 179.40 million in shares of Nepal Clearing Housing 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)	21,792,809
Additional Tier 1 (AT1)	-
Supplementary Capital (Tier 2)	6,019,579
<b>Total Capital Fund</b>	<b>27,812,388</b>

- **Capital Adequacy Ratio:**

Capital Adequacy Ratio	Percentage (%)
Common Equity Tier 1 Ratio	9.15%
Core Capital Ratio - Tier 1	9.15%
Total Capital Adequacy Ratio (Tier 1 & Tier 2)	11.68%

## Risk Exposures

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

Rs. in `000

Particulars	Amount
Risk Weighted Exposure for Credit Risk	216,465,050
Risk Weighted Exposure for Operational Risk	11,337,761
Risk Weighted Exposure for Market Risk	754,246
<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)	2,740,463
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)	6,856,712
<b>Total Risk Weighted Exposure (After Pillar II Adjustment)</b>	<b>238,154,232</b>

- 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	1,575,978
3	Claims on domestic banks that do not meet capital adequacy requirements	-
4	Claims on foreign bank (ECA 0-1)	1,029,766
5	Claims on foreign bank (ECA 2)	959,274
6	Claims on foreign bank (ECA 3-6)	8,640
7	Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	310,795
8	Claims on Domestic Corporate	110,370,671
9	Claim on Foreign Corporate (ECA 0-1)	-
10	Claim on Foreign Corporate (ECA 2)	-
11	Claims on Regulatory Retail Portfolio (not overdue)	29,986,065
12	Claims secured by residential properties	6,344,030
13	Claims secured by residential properties (overdue)	360,634
14	Claims Secured by Commercial Real Estate	95,981
15	Past due claims(except for claim secured by residential properties)	10,572,504
16	High Risk Claims	17,141,243
17	Lending against Shares(up to Rs. 5 Million)	730,379
18	Lending against Shares(above Rs. 5 Million)	4,651,307
19	Trust Receipt Loans for Trading Firms	2,290,327
20	Personal Hire purchase/Personal Auto Loans (up to Rs. 2.5 Million)	731,888
21	Personal Hire purchase/Personal Auto Loans (above Rs. 2.5 Million)	482,602
22	Investments in equity and other capital instruments of institutions listed in the stock exchange	2,136,657
23	Investment in Equity of Institution not listed in the Stock Exchange	1,805,933

24	Staff Loan secured by residential property	2,214,530
25	Cash in transit and other cash items in the process of collection	63,988
26	Other Assets	7,432,718
27	Off Balance Sheet Items	15,169,140
<b>Total Risk Weighted Exposures under different categories of Credit Risk before adjustments under Pillar II</b>		<b>216,465,050</b>
<b>Adjustments under Pillar II</b>		
1	1% of the contract(sale) value in case of the sale of credit with recourse (6.4 a 4)	-
<b>Total Risk Weighted Exposures under different categories of Credit Risk after adjustments under Pillar II</b>		<b>216,465,050</b>

- Total Risk Weighted Exposure calculation table:**

Rs. in '000

Particulars	Amount
Total Risk Weighted Exposures	238,154,232
Tier 1 Capital (Core Capital) ( CET1+AT1)	21,792,809
Total Capital Fund	27,812,388
Total Core Capital to Total Risk Weighted Exposures %	9.15%
Total Capital Fund to Total Risk Weighted Exposures %	11.68%

### 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	1,559	195	1,364
Sub-Standard	1,642,828	350,358	1,292,469
Doubtful	1,395,805	689,087	706,718
Loss	2,055,198	1,991,266	63,932
<b>Total</b>	<b>5,095,389</b>	<b>3,030,906</b>	<b>2,064,483</b>

- NPA Ratios:**

Ratios	in %
Gross NPA to Gross Advances	2.56
Net NPA to Net Advances	1.07

- Movement in Non-Performing Assets:**

Rs. in '000

Particulars	This Quarter	Previous Quarter	Change (%)
Non-Performing Assets	5,095,389	6,685,037	-23.78%

- Written Off Loans and Accrued Interest Receivable:**

Rs. in '000

Particulars	Amount
Loan Written Off	7,734
Accrued Interest Receivable	1,896,743

- Movements in Loan Loss Provision and Accrued Interest Receivable:**

Rs. in '000

<b>Particulars</b>	<b>This Quarter</b>	<b>Previous Quarter</b>	<b>Change (%)</b>
Loan Loss Provision	6,154,015	6,403,514	-3.90%
Accrued Interest Receivable	1,896,743	1,662,826	14.07%

- Details of Additional Loan Loss Provisions:**

Rs. in '000

<b>Particulars</b>	<b>This Quarter</b>
Pass	(71,087)
Watchlist	94,373
Restructured/Rescheduled	(55)
Sub-Standard	(470,419)
Doubtful	(102,914)
Loss	300,604
<b>Total</b>	<b>(249,499)</b>

**Segregation of Investment in Shares Portfolio (at fair value)**

Rs. in '000

<b>Particulars</b>	<b>Fair Value</b>
Held for Trading	-
Held to Maturity	-
Available for Sale	5,965,616
<b>Total Investment</b>	<b>5,965,616</b>