

Disclosures as per Basel III

 As on 16 July 2023 (4th 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)	21,919,341
	Common Equity Tier 1 (CET 1)	21,919,341
a	Paid Up Equity Share Capital	14,089,980
b	Equity Share Premium	-
c	Proposed Bonus Equity shares	-
d	Statutory General Reserves	4,413,864
e	Retained Earnings	795,766
f	Unaudited Current year Cumulative Profit/(Loss)	-
g	Capital Adjustment Reserve	19,428
h	Debenture Redemption Reserve	3,041,706
i	Less: Intangible Assets	166,000
j	Less: Investment in equity of institutions with financial interests	275,403
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	2,347,393
e	Investment Adjustment Reserve	5,260
f	Assets Revaluation Reserve	-
g	Exchange Equalization Reserve	69,889
h	Other Reserves	-
	Total Tier 2 Capital	7,187,505

- **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)	21,919,341
Additional Tier 1 (AT1)	-
Supplementary Capital (Tier 2)	7,187,505
Total Capital Fund	29,106,845

- **Capital Adequacy Ratio:**

Capital Adequacy Ratio	Percentage (%)
Common Equity Tier 1 Ratio	9.44%
Core Capital Ratio - Tier 1	9.44%
Total Capital Adequacy Ratio (Tier 1 & Tier 2)	12.53%

Risk Exposures

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

Rs. in `000

Particulars	Amount
Risk Weighted Exposure for Credit Risk	213,066,769
Risk Weighted Exposure for Operational Risk	9,904,181
Risk Weighted Exposure for Market Risk	392,261
<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)	6,700,896
Total Risk Weighted Exposure (After Pillar II Adjustment)	232,305,509

- 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	1,453,244
3	Claims on domestic banks that do not meet capital adequacy requirements	-
4	Claims on foreign bank (ECA 0-1)	1,251,391
5	Claims on foreign bank (ECA 2)	1,526,031
6	Claims on foreign bank (ECA 3-6)	1,052,853
7	Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	363,879
8	Claims on Domestic Corporate	104,928,816
9	Claim on Foreign Corporate (ECA 0-1)	-
10	Claim on Foreign Corporate (ECA 2)	-
11	Claims on Regulatory Retail Portfolio (not overdue)	31,017,737
12	Claims secured by residential properties	5,366,823
13	Claims secured by residential properties (overdue)	314,789
14	Claims Secured by Commercial Real Estate	97,213
15	Past due claims(except for claim secured by residential properties)	9,172,860
16	High Risk Claims	24,892,660
17	Lending against Shares(up to Rs.2.5 Million)	316,614
18	Trust Receipt Loans for Trading Firms	2,312,414
19	Investments in equity and other capital instruments of institutions listed in the stock exchange	2,386,905
20	Investment in Equity of Institution not listed in the Stock Exchange	1,626,079
21	Staff Loan secured by residential property	2,112,245
22	Cash in transit and other cash items in the process of collection	13,709
23	Other Assets	5,525,254
24	Off Balance Sheet Items	17,335,253
Total Risk Weighted Exposures under different categories of		213,066,769

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)	-
Total Risk Weighted Exposures under different categories of Credit Risk after adjustments under Pillar II	213,066,769

- Total Risk Weighted Exposure calculation table:**

Rs. in `000

Particulars	Amount
Total Risk Weighted Exposures	232,305,509
Tier 1 Capital (Core Capital) (CET1+AT1)	21,919,341
Total Capital Fund	29,106,845
Total Core Capital to Total Risk Weighted Exposures %	9.44%
Total Capital Fund to Total Risk Weighted Exposures %	12.53%

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	2,445	306	2,140
Sub-Standard	1,107,049	269,614	837,435
Doubtful	1,886,259	933,005	953,254
Loss	831,636	782,505	49,130
Total	3,827,389	1,985,430	1,841,959

- NPA Ratios:**

Ratios	in %
Gross NPA to Gross Advances	2.01
Net NPA to Net Advances	0.99

- Movement in Non-Performing Assets:**

Rs. in `000

Particulars	This Quarter	Previous Quarter	Change (%)
Non-Performing Assets	3,827,389	7,487,848	-48.89%

- Written Off Loans and Interest Suspense:**

Rs. in `000

Particulars	Amount
Loan Written Off	1,174
Interest Suspense	-

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

Rs. in `000

Particulars	This Quarter	Previous Quarter	Change (%)
Loan Loss Provision	4,910,049	5,944,481	-17.40%
Interest Suspense	-	-	-

- Details of Additional Loan Loss Provisions:**

Rs. in '000

Particulars	This Quarter
Pass	252,280
Watchlist	(28,476)
Restructured/Rescheduled	52
Sub-Standard	(836,168)
Doubtful	(220,460)
Loss	(201,716)
Total	(1,034,488)

Segregation of Investment in Shares Portfolio (at fair value)

Rs. in '000

Particulars	Fair Value
Held for Trading	-
Held to Maturity	-
Available for Sale	6,416,660
Total Investment	6,416,660