

Disclosures as per Basel III

 As on 17 October 2022 (1st 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)	19,985,349
	Common Equity Tier 1 (CET 1)	19,985,349
a	Paid Up Equity Share Capital	12,524,427
b	Equity Share Premium	-
c	Proposed Bonus Equity shares	-
d	Statutory General Reserves	3,839,297
e	Retained Earnings	1,606,811
f	Unaudited Current year Cumulative Profit/(Loss)	110,266
g	Capital Adjustment Reserve	519,428
h	Debenture Redemption Reserve	1,581,280
i	Less: Intangible Assets	64,728
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	5,197,535
c	Hybrid Capital Instruments	-
d	General Loan Loss Provision	2,142,919
e	Investment Adjustment Reserve	-
f	Assets Revaluation Reserve	-
g	Exchange Equalization Reserve	45,698
h	Other Reserves	-
	Total Tier 2 Capital	7,386,153

- **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. 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)	19,985,349
Additional Tier 1 (AT1)	-
Supplementary Capital (Tier 2)	7,386,153
Total Capital Fund	27,371,501

- **Capital Adequacy Ratio:**

Capital Adequacy Ratio	Percentage (%)
Common Equity Tier 1 Ratio	9.13%
Core Capital Ratio - Tier 1	9.13%
Total Capital Adequacy Ratio (Tier 1 & Tier 2)	12.51%

Risk Exposures

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

Rs. in `000

Particulars	Amount
Risk Weighted Exposure for Credit Risk	198,808,596
Risk Weighted Exposure for Operational Risk	10,102,629
Risk Weighted Exposure for Market Risk	477,881
<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)	3,147,294
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)	6,281,673
Total Risk Weighted Exposure (After Pillar II Adjustment)	218,818,073

- 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	1,491,161
3	Claims on domestic banks that do not meet capital adequacy requirements	-
4	Claims on foreign bank (ECA 0-1)	474,045
5	Claims on foreign bank (ECA 2)	404,341
6	Claims on foreign bank (ECA 3-6)	5,472
7	Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	36,868
8	Claims on Domestic Corporate	103,175,725
9	Claim on Foreign Corporate (ECA 0-1)	-
10	Claim on Foreign Corporate (ECA 2)	-
11	Claims on Regulatory Retail Portfolio (not overdue)	31,659,484
12	Claims secured by residential properties	5,137,142
13	Claims secured by residential properties (overdue)	237,888
14	Claims Secured by Commercial Real Estate	891,722
15	Past due claims(except for claim secured by residential properties)	5,859,498
16	High Risk Claims	21,805,136
17	Lending against Shares(up to Rs.2.5 Million)	251,963
18	Trust Receipt Loans for Trading Firms	2,855,512
19	Investments in equity and other capital instruments of institutions listed in the stock exchange	2,161,463
20	Investment in Equity of Institution not listed in the Stock Exchange	399,296
21	Staff Loan secured by residential property	1,849,584
22	Cash in transit and other cash items in the process of collection	17,438
23	Other Assets	5,253,146
24	Off Balance Sheet Items	14,841,711
Total		198,808,596

- Total Risk Weighted Exposure calculation table:**

Rs. in '000

Particulars	Amount
Total Risk Weighted Exposures	218,818,073
Tier 1 Capital (Core Capital) (CET1+AT1)	19,985,349
Total Capital Fund	27,371,501
Total Core Capital to Total Risk Weighted Exposures %	9.13%
Total Capital Fund to Total Risk Weighted Exposures %	12.51%

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	3,139	392	2,747
Sub-Standard	2,624,312	644,556	1,979,756
Doubtful	606,663	297,931	308,733
Loss	786,162	752,463	33,699
Total	4,020,277	1,695,342	2,324,935

- NPA Ratios:**

Ratios	in %
Gross NPA to Gross Advances	2.15
Net NPA to Net Advances	1.27

- Movement in Non-Performing Assets:**

Rs. in '000

Particulars	This Quarter	Previous Quarter	Change (%)
Non-Performing Assets	4,020,277	1,916,291	109.79%

- Written Off Loans and Interest Suspense:**

Rs. in '000

Particulars	Amount
Loan Written Off	-
Interest Suspense	-

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

Rs. in '000

Particulars	This Quarter	Previous Quarter	Change (%)
Loan Loss Provision	4,532,709	3,639,644	24.54%
Interest Suspense	-	-	-

- Details of Additional Loan Loss Provisions:**

Rs. in `000

Particulars	This Quarter
Pass	(280,363)
Watchlist	478,364
Restructured/Rescheduled	(387)
Sub-Standard	416,021
Doubtful	120,348
Loss	159,083
Total	893,066

Segregation of Investment in Shares Portfolio (at fair value)

Rs. in `000

Particulars	Fair Value
Held for Trading	-
Held to Maturity	-
Available for Sale	3,937,207
Total Investment	3,937,207