

Disclosures as per Basel III

As on 17 October 2023 (1st 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
	Tier 1 Capital (Core Capital) (CET1+ AT1)	21,454,914
	Common Equity Tier 1 (CET 1)	21,454,914
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	663,610
f	Unaudited Current year Cumulative Profit/(Loss)	(338,432)
g	Capital Adjustment Reserve	19,428
h	Debenture Redemption Reserve	3,041,706
i	Less: Intangible Assets	155,171
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	3,665,024
c	Hybrid Capital Instruments	-
d	General Loan Loss Provision	3,099,771
e	Investment Adjustment Reserve	11,365
f	Assets Revaluation Reserve	-
g	Exchange Equalization Reserve	69,889
h	Other Reserves	-
	Total Tier 2 Capital	6,846,048

- **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)	21,454,914
Additional Tier 1 (AT1)	-
Supplementary Capital (Tier 2)	6,846,048
Total Capital Fund	28,300,962

- **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)	12.07%

Risk Exposures

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

Rs. in `000

Particulars	Amount
Risk Weighted Exposure for Credit Risk	212,697,808
Risk Weighted Exposure for Operational Risk	11,337,761
Risk Weighted Exposure for Market Risk	874,377
<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)	6,747,298
Total Risk Weighted Exposure (After Pillar II Adjustment)	234,397,708

- 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	1,470,128
3	Claims on domestic banks that do not meet capital adequacy requirements	-
4	Claims on foreign bank (ECA 0-1)	1,074,305
5	Claims on foreign bank (ECA 2)	1,361,924
6	Claims on foreign bank (ECA 3-6)	5,836
7	Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	62,139
8	Claims on Domestic Corporate	105,046,308
9	Claim on Foreign Corporate (ECA 0-1)	-
10	Claim on Foreign Corporate (ECA 2)	-
11	Claims on Regulatory Retail Portfolio (not overdue)	30,428,131
12	Claims secured by residential properties	5,972,774
13	Claims secured by residential properties (overdue)	330,278
14	Claims Secured by Commercial Real Estate	100,373
15	Past due claims(except for claim secured by residential properties)	9,921,431
16	High Risk Claims	21,794,906
17	Lending against Shares(up to Rs. 5 Million)	678,716
18	Personal Hirepurchase/Personal Auto Loans (upto Rs. 2.5 Million)	5,197,400
19	Personal Hirepurchase/Personal Auto Loans (above Rs. 2.5 Million)	746,911
20	Trust Receipt Loans for Trading Firms	473,874
21	Investments in equity and other capital instruments of institutions listed in the stock exchange	2,227,318
22	Investment in Equity of Institution not listed in the Stock Exchange	1,820,627
23	Staff Loan secured by residential property	2,198,109
24	Cash in transit and other cash items in the process of collection	42,833
25	Other Assets	6,628,578

26	Off Balance Sheet Items	15,114,912
Total Risk Weighted Exposures under different categories of Credit Risk before adjustments under Pillar II		212,697,808
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		212,697,808

- Total Risk Weighted Exposure calculation table:**

Rs. in '000

Particulars	Amount
Total Risk Weighted Exposures	234,397,708
Tier 1 Capital (Core Capital) (CET1+AT1)	21,454,914
Total Capital Fund	28,300,962
Total Core Capital to Total Risk Weighted Exposures %	9.15%
Total Capital Fund to Total Risk Weighted Exposures %	12.07%

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	2,000	250	1,750
Sub-Standard	3,325,622	820,778	2,504,845
Doubtful	1,607,702	792,001	815,701
Loss	1,749,713	1,690,662	59,051
Total	6,685,037	3,303,691	3,381,346

- NPA Ratios:**

Ratios	in %
Gross NPA to Gross Advances	3.44
Net NPA to Net Advances	1.80

- Movement in Non-Performing Assets:**

Rs. in '000

Particulars	This Quarter	Previous Quarter	Change (%)
Non-Performing Assets	6,685,037	3,831,797	74.46%

- Written Off Loans and Interest Suspense:**

Rs. in '000

Particulars	Amount
Loan Written Off	7,565
Interest Suspense	-

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

Rs. in '000

Particulars	This Quarter	Previous Quarter	Change (%)
Loan Loss Provision	6,403,514	4,969,950	28.84%
Interest Suspense	-	-	-

- Details of Additional Loan Loss Provisions:**

Rs. in '000

Particulars	This Quarter
Pass	(178,711)
Watchlist	305,629
Restructured/Rescheduled	(18)
Sub-Standard	539,972
Doubtful	(108,898)
Loss	875,589
Total	1,433,563

Segregation of Investment in Shares Portfolio (at fair value)

Rs. in '000

Particulars	Fair Value
Held for Trading	-
Held to Maturity	-
Available for Sale	5,748,176
Total Investment	5,748,176