

**Disclosures as per Basel III**

 As on 16 July 2022 (4<sup>th</sup> Quarter end of FY 2078/79)

**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>19,868,319</b>
	<b>Common Equity Tier 1 (CET 1)</b>	<b>19,868,319</b>
a	Paid Up Equity Share Capital	12,524,427
b	Equity Share Premium	-
c	Proposed Bonus Equity shares	-
d	Statutory General Reserves	3,191,649
e	Retained Earnings	154,912
f	Unaudited Current year Cumulative Profit/(Loss)	2,959,974
g	Capital Adjustment Reserve	19,428
h	Debenture Redemption Reserve	1,220,853
i	Less: Intangible Assets	71,491
j	Less: Investment in equity of institutions with financial interests	131,432
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	6,297,535
c	Hybrid Capital Instruments	-
d	General Loan Loss Provision	2,234,258
e	Investment Adjustment Reserve	-
f	Assets Revaluation Reserve	-
g	Exchange Equalization Reserve	45,698
h	Other Reserves	-
	<b>Total Tier 2 Capital</b>	<b>8,577,491</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.
4. The Bank issued SBL Debenture 2089 in FY 2021/22 for NPR 4 billion with face value of NPR 1000. The salient features of SBL Debenture 2089 are as follows:
  - Maturity period: 10 Years
  - Interest rate: 10.75% 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
<b>Particulars</b>	<b>Amount</b>
Common Equity Tier 1 (CET1)	19,868,319
Additional Tier 1 (AT1)	-
Supplementary Capital (Tier 2)	8,577,491
<b>Total Capital Fund</b>	<b>28,445,810</b>

- **Capital Adequacy Ratio:**

Capital Adequacy Ratio	Percentage (%)
Common Equity Tier 1 Ratio	9.17%
Core Capital Ratio - Tier 1	9.17%
Total Capital Adequacy Ratio (Tier 1 & Tier 2)	13.13%

### Risk Exposures

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

Rs. in `000

Particulars	Amount
Risk Weighted Exposure for Credit Risk	198,903,592
Risk Weighted Exposure for Operational Risk	8,777,938
Risk Weighted Exposure for Market Risk	146,266
<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)	2,507,087
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)	6,234,834
<b>Total Risk Weighted Exposure (After Pillar II Adjustment)</b>	<b>216,569,716</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	1,568,215
3	Claims on domestic banks that do not meet capital adequacy requirements	-
4	Claims on foreign bank (ECA 0-1)	492,259
5	Claims on foreign bank (ECA 2)	121,233
6	Claims on foreign bank (ECA 3-6)	9,955
7	Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	62,082
8	Claims on Domestic Corporate	101,287,771
9	Claim on Foreign Corporate (ECA 0-1)	-
10	Claim on Foreign Corporate (ECA 2)	-
11	Claims on Regulatory Retail Portfolio (not overdue)	30,007,811
12	Claims secured by residential properties	5,285,808
13	Claims secured by residential properties (overdue)	165,762
14	Claims Secured by Commercial Real Estate	898,802
15	Past due claims(except for claim secured by residential properties)	4,604,319
16	High Risk Claims	28,507,136
17	Lending against securities (bonds)	-
18	Trust Receipt Loans for Trading Firms	2,717,625

19	Investments in equity and other capital instruments of institutions listed in the stock exchange	2,151,463
20	Investment in Equity of Institution not listed in the Stock Exchange	369,268
21	Staff Loan secured by residential property	1,775,018
22	Cash in transit and other cash items in the process of collection	-
23	Other Assets	4,707,544
24	Off Balance Sheet Items	14,171,520
<b>Total</b>		<b>198,903,592</b>

- Total Risk Weighted Exposure calculation table:**

Rs. in '000

Particulars	Amount
Total Risk Weighted Exposures	216,569,716
Tier 1 Capital (Core Capital) ( CET1+AT1)	19,868,319
Total Capital Fund	28,445,810
Total Core Capital to Total Risk Weighted Exposures %	9.17%
Total Capital Fund to Total Risk Weighted Exposures %	13.13%

### 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	6,237	780	5,457
Sub-Standard	923,305	228,535	694,770
Doubtful	364,652	177,582	187,070
Loss	622,097	593,380	28,717
<b>Total</b>	<b>1,916,291</b>	<b>1,000,277</b>	<b>916,014</b>

- NPA Ratios:**

Ratios	in %
Gross NPA to Gross Advances	1.03
Net NPA to Net Advances	0.50

- Movement in Non-Performing Assets:**

Rs. in '000

Particulars	This Quarter	Previous Quarter	Change (%)
Non-Performing Assets	1,916,291	2,062,448	-7.09%

- Written Off Loans and Interest Suspense:**

Rs. in '000

Particulars	Amount
Loan Written Off	1,200
Interest Suspense	-

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

Rs. in `000

<b>Particulars</b>	<b>This Quarter</b>	<b>Previous Quarter</b>	<b>Change (%)</b>
Loan Loss Provision	3,621,825	3,604,611	0.48%
Interest Suspense	-	-	-

- Details of Additional Loan Loss Provisions:**

Rs. in `000

<b>Particulars</b>	<b>This Quarter</b>
Pass	(147,099)
Watchlist	47,491
Restructured/Rescheduled	(643)
Sub-Standard	(139,014)
Doubtful	177,582
Loss	78,898
<b>Total</b>	<b>17,214</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	4,211,463
<b>Total Investment</b>	<b>4,211,463</b>