

Disclosures as per Basel III

 As on 12 April 2024 (3rd 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)	22,325,751
	Common Equity Tier 1 (CET 1)	22,325,751
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)	1,119,325
g	Capital Adjustment Reserve	19,428
h	Debenture Redemption Reserve	3,041,706
i	Less: Intangible Assets	148,903
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	3,232,512
c	Hybrid Capital Instruments	-
d	General Loan Loss Provision	2,739,262
e	Investment Adjustment Reserve	11,365
f	Assets Revaluation Reserve	-
g	Exchange Equalization Reserve	69,889
h	Other Reserves	-
	Total Tier 2 Capital	6,053,028

- **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)	22,325,751
Additional Tier 1 (AT1)	-
Supplementary Capital (Tier 2)	6,053,028
Total Capital Fund	28,378,778

- **Capital Adequacy Ratio:**

Capital Adequacy Ratio	Percentage (%)
Common Equity Tier 1 Ratio	9.23%
Core Capital Ratio - Tier 1	9.23%
Total Capital Adequacy Ratio (Tier 1 & Tier 2)	11.73%

Risk Exposures

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

Rs. in `000

Particulars	Amount
Risk Weighted Exposure for Credit Risk	219,140,958
Risk Weighted Exposure for Operational Risk	11,337,761
Risk Weighted Exposure for Market Risk	1,778,006
<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)	6,967,702
Total Risk Weighted Exposure (After Pillar II Adjustment)	241,964,891

- 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	1,479,875
3	Claims on domestic banks that do not meet capital adequacy requirements	-
4	Claims on foreign bank (ECA 0-1)	851,701
5	Claims on foreign bank (ECA 2)	1,791,140
6	Claims on foreign bank (ECA 3-6)	1,072
7	Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	904,696
8	Claims on Domestic Corporate	105,520,469
9	Claim on Foreign Corporate (ECA 0-1)	-
10	Claim on Foreign Corporate (ECA 2)	-
11	Claims on Regulatory Retail Portfolio (not overdue)	34,949,176
12	Claims secured by residential properties	6,911,553
13	Claims secured by residential properties (overdue)	396,787
14	Claims Secured by Commercial Real Estate	146,651
15	Past due claims(except for claim secured by residential properties)	10,310,700
16	High Risk Claims	15,474,119
17	Lending against Shares(up to Rs. 5 Million)	804,951
18	Lending against Shares(above Rs. 5 Million)	5,834,176
19	Trust Receipt Loans for Trading Firms	2,722,227
20	Personal Hire purchase/Personal Auto Loans (up to Rs. 2.5 Million)	697,510
21	Personal Hire purchase/Personal Auto Loans (above Rs. 2.5 Million)	574,494
22	Investments in equity and other capital instruments of institutions listed in the stock exchange	2,256,669
23	Investment in Equity of Institution not listed in the Stock Exchange	1,708,177

24	Staff Loan secured by residential property	2,229,346
25	Cash in transit and other cash items in the process of collection	36,605
26	Other Assets	6,854,107
27	Off Balance Sheet Items	16,684,758
Total Risk Weighted Exposures under different categories of Credit Risk before adjustments under Pillar II		219,140,958
Adjustments under Pillar II		
1	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		219,140,958

- Total Risk Weighted Exposure calculation table:**

Rs. in '000

Particulars	Amount
Total Risk Weighted Exposures	241,964,891
Tier 1 Capital (Core Capital) (CET1+AT1)	22,325,751
Total Capital Fund	28,378,778
Total Core Capital to Total Risk Weighted Exposures %	9.23%
Total Capital Fund to Total Risk Weighted Exposures %	11.73%

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	811	101	710
Sub-Standard	1,464,590	308,106	1,156,484
Doubtful	1,238,044	563,777	674,267
Loss	2,363,011	2,286,685	76,327
Total	5,066,456	3,158,669	1,907,787

- NPA Ratios:**

Ratios	in %
Gross NPA to Gross Advances	2.52
Net NPA to Gross Advances	0.95
Net NPA to Net Advances	0.98

- Movement in Non-Performing Assets:**

Rs. in '000

Particulars	This Quarter	Previous Quarter	Change (%)
Non-Performing Assets	5,066,456	5,095,389	-0.57%

- Written Off Loans and Accrued Interest Receivable:**

Rs. in `000

Particulars	Amount
Loan Written Off	7,565
Accrued Interest Receivable	1,878,803

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

Rs. in `000

Particulars	This Quarter	Previous Quarter	Change (%)
Loan Loss Provision	6,679,871	6,154,015	8.54%
Accrued Interest Receivable	1,878,803	1,896,743	-0.95%

- Details of Additional Loan Loss Provisions:**

Rs. in `000

Particulars	This Quarter
Pass	(42,463)
Watchlist	440,557
Restructured/Rescheduled	(93)
Sub-Standard	(42,252)
Doubtful	(125,310)
Loss	295,419
Total	525,857

Segregation of Investment in Shares Portfolio (at fair value)

Rs. in `000

Particulars	Fair Value
Held for Trading	-
Held to Maturity	-
Available for Sale	5,928,765
Total Investment	5,928,765