

Disclosures as per Basel III

As on 16 October 2024 (1st Quarter end of FY 2081/82)

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)	22,931,583
	Common Equity Tier 1 (CET 1)	22,931,583
a	Paid Up Equity Share Capital	14,089,980
b	Equity Share Premium	-
c	Proposed Bonus Equity shares	-
d	Statutory General Reserves	5,017,278
e	Retained Earnings	366,660
f	Unaudited Current year Cumulative Profit/(Loss)	347,524
g	Capital Adjustment Reserve	4,502,133
h	Capital Adjustment Reserve	19,428
i	Less: Intangible Assets	136,016
j	Less: Investment in equity of institutions with financial interests	1,275,403
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	2,132,512
c	Hybrid Capital Instruments	-
d	General Loan Loss Provision	2,804,267
e	Investment Adjustment Reserve	11,365
f	Assets Revaluation Reserve	-
g	Exchange Equalization Reserve	98,385
h	Other Reserves	394,659
	Total Tier 2 Capital	5,441,188

- **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. 194.40 million in shares of Nepal Clearing Housing Ltd. and Rs. 1,000 million Avasar Equity Diversified Fund 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)	22,931,583
Additional Tier 1 (AT1)	-
Supplementary Capital (Tier 2)	5,441,188
Total Capital Fund	28,372,771

- **Capital Adequacy Ratio:**

Capital Adequacy Ratio	Percentage (%)
Common Equity Tier 1 Ratio	9.21%
Core Capital Ratio - Tier 1	9.21%
Total Capital Adequacy Ratio (Tier 1 & Tier 2)	11.40%

Risk Exposures

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

Rs. in '000

Particulars	Amount
Risk Weighted Exposure for Credit Risk	224,341,363
Risk Weighted Exposure for Operational Risk	12,850,789
Risk Weighted Exposure for Market Risk	1,821,766
<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)	2,728,608
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)	7,170,418
Total Risk Weighted Exposure (After Pillar II Adjustment)	248,912,943

- 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	2,049,547
3	Claims on domestic banks that do not meet capital adequacy requirements	-
4	Claims on foreign bank (ECA 0-1)	184,421
5	Claims on foreign bank (ECA 2)	611,679
6	Claims on foreign bank (ECA 3-6)	4,004
7	Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	2,133,782
8	Claims on Domestic Corporate	67,492,159
9	Claims on Domestic Corporates (A+ to A)	35,553
10	Claims on Domestic Corporates BBB+ & below	34,483,177
11	Claim on Foreign Corporate (ECA 0-1)	-
12	Claim on Foreign Corporate (ECA 2)	-
13	Claims on Regulatory Retail Portfolio (not overdue)	37,123,845
14	Claims secured by residential properties	7,774,024
15	Claims secured by residential properties (overdue)	448,084
16	Claims Secured by Commercial Real Estate	174,409
17	Past due claims (except for claim secured by residential properties)	12,392,708
18	High Risk Claims	14,290,604
19	Lending against Shares (up to Rs. 5 million)	956,594
20	Lending against Shares (above Rs. 5 million)	8,444,829
21	Trust Receipt Loans for Trading Firms	6,047,627
22	Personal Hire purchase/Personal Auto Loans	1,281,110
23	Investments in equity and other capital instruments of institutions listed in the stock exchange	2,713,205

S.N.	Categories	Risk Weighted Exposure
24	Investment in Equity of Institution not listed in the Stock Exchange	193,438
25	Staff Loan secured by residential property	2,370,413
26	Cash in transit and other cash items in the process of collection	22,793
27	Other Assets	7,004,232
28	Off Balance Sheet Items	16,109,126
Total Risk Weighted Exposures under different categories of Credit Risk before adjustments under Pillar II		224,341,363
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		224,341,363

- Total Risk Weighted Exposure calculation table:**

Rs. in `000

Particulars	Amount
Total Risk Weighted Exposures	248,912,943
Tier 1 Capital (Core Capital) (CET1+AT1)	22,931,583
Total Capital Fund	28,372,771
Total Core Capital to Total Risk Weighted Exposures %	9.21%
Total Capital Fund to Total Risk Weighted Exposures %	11.40%

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	60,058	7,507	52,551
Sub-Standard	4,784,289	1,180,100	3,604,189
Doubtful	827,926	404,606	423,320
Loss	2,505,630	2,422,292	83,338
Total	8,177,903	4,014,505	4,163,398

- NPA Ratios:**

Ratios	in %
Gross NPA to Gross Advances	3.91
Net NPA to Gross Advances	1.99
Net NPA to Net Advances	2.06

- Movement in Non-Performing Assets:**

Rs. in `000

Particulars	This Quarter	Previous Quarter	Change (%)
Non-Performing Assets	8,177,903	4,512,848	81.21%

- Written Off Loans and Accrued Interest Receivable:**

Rs. in `000

Particulars	Amount
Loan Written Off	-
Accrued Interest Receivable	2,270,973

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

Rs. in `000

Particulars	This Quarter	Previous Quarter	Change (%)
Loan Loss Provision	7,206,652	6,201,638	16.21%
Accrued Interest Receivable	2,270,973	1,398,791	47.14%

- Details of Additional Loan Loss Provisions:**

Rs. in `000

Particulars	This Quarter
Pass	(84,444.59)
Watchlist	67,781.62
Restructured/Rescheduled	7,507.28
Sub-Standard	852,303.05
Doubtful	14,702.81
Loss	147,163.57
Total	1,005,013.74

Segregation of Investment in Shares Portfolio (at fair value)

Rs. in `000

Particulars	Fair Value
Held for Trading	-
Held to Maturity	-
Available for Sale	8,384,114
Total Investment	8,384,114