

Disclosures as per Basel III

 As on 13 January 2025 (2nd 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)	22,774,365
	Common Equity Tier 1 (CET 1)	22,774,365
a	Paid Up Equity Share Capital	14,089,980
b	Equity Share Premium	-
c	Proposed Bonus Equity shares	-
d	Statutory General Reserves	5,030,176
e	Retained Earnings	16,762.41
f	Unaudited Current year Cumulative Profit/(Loss)	484,973
g	Capital Adjustment Reserve	4,502,133
h	Capital Adjustment Reserve	19,428
i	Less: Intangible Assets	126,840
j	Less: Investment in equity of institutions with financial interests	1,242,247
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	2,844,716
e	Investment Adjustment Reserve	41,365
f	Assets Revaluation Reserve	-
g	Exchange Equalization Reserve	98,385
h	Other Reserves	275,011
	Total Tier 2 Capital	5,391,989

- **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. 51 million in the equity shares of Siddhartha Capital Ltd., Rs. 191.24 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)	22,774,365
Additional Tier 1 (AT1)	-
Supplementary Capital (Tier 2)	5,391,989
Total Capital Fund	28,166,353

- **Capital Adequacy Ratio:**

Capital Adequacy Ratio	Percentage (%)
Common Equity Tier 1 Ratio	9.05%
Core Capital Ratio - Tier 1	9.05%
Total Capital Adequacy Ratio (Tier 1 & Tier 2)	11.19%

Risk Exposures

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

Rs. in '000

Particulars	Amount
Risk Weighted Exposure for Credit Risk	227,577,257
Risk Weighted Exposure for Operational Risk	12,817,350
Risk Weighted Exposure for Market Risk	1,315,148
<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)	2,711,536
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)	7,251,292.67
Total Risk Weighted Exposure (After Pillar II Adjustment)	251,672,584

- 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	1,811,582
3	Claims on domestic banks that do not meet capital adequacy requirements	
4	Claims on foreign bank (ECA 0-1)	148,156
5	Claims on foreign bank (ECA 2)	865,625
6	Claims on foreign bank (ECA 3-6)	6,253
7	Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	1,565,061
8	Claims on Domestic Corporate	63,943,367
9	Claims on Domestic Corporates (A+ to A)	276,941
10	Claims on Domestic Corporates BBB+ & below	42,963,665
11	Claim on Foreign Corporate (ECA 0-1)	
12	Claim on Foreign Corporate (ECA 2)	
13	Claims on Regulatory Retail Portfolio (not overdue)	38,291,480
14	Claims secured by residential properties	8,173,466
15	Claims secured by residential properties (overdue)	404,929
16	Claims Secured by Commercial Real Estate	184,361
17	Past due claims (except for claim secured by residential properties)	12,493,933
18	High Risk Claims	14,109,852
19	Lending against Shares (up to Rs. 5 million)	8,772,312
20	Lending against Shares (above Rs. 5 million)	986,499
21	Trust Receipt Loans for Trading Firms	3,144,494
22	Personal Hire purchase/Personal Auto Loans	1,385,071
23	Investments in equity and other capital instruments of institutions listed in the stock exchange	2,691,324

S.N.	Categories	Risk Weighted Exposure
24	Investment in Equity of Institution not listed in the Stock Exchange	371,962
25	Staff Loan secured by residential property	2,450,280
26	Cash in transit and other cash items in the process of collection	36,469
27	Other Assets	6,073,985
28	Off Balance Sheet Items	16,426,190
Total Risk Weighted Exposures under different categories of Credit Risk before adjustments under Pillar II		227,577,257
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		227,577,257

- Total Risk Weighted Exposure calculation table:**

Rs. in `000

Particulars	Amount
Total Risk Weighted Exposures	251,672,584
Tier 1 Capital (Core Capital) (CET1+AT1)	22,774,365
Total Capital Fund	28,166,353
Total Core Capital to Total Risk Weighted Exposures %	9.05%
Total Capital Fund to Total Risk Weighted Exposures %	11.19%

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
Sub-Standard	3,841,333	1,006,959	2,834,374
Doubtful	3,266,225	1,620,445	1,645,780
Loss	2,633,996	2,543,186	90,810
Total	9,741,554	5,170,590	4,570,964

- NPA Ratios:**

Ratios	in %
Gross NPA to Gross Advances	4.50
Net NPA to Gross Advances	2.11
Net NPA to Net Advances	2.20

- Movement in Non-Performing Assets:**

Rs. in `000

Particulars	This Quarter	Previous Quarter	Change (%)
Non-Performing Assets	9,741,554	8,177,903	19.12%

- **Written Off Loans and Accrued Interest Receivable:**

Rs. in `000

Particulars	Amount
Loan Written Off	2,434
Accrued Interest Receivable	1,805,141

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

Rs. in `000

Particulars	This Quarter	Previous Quarter	Change (%)
Loan Loss Provision	8,286,219	7,206,652	14.98%
Accrued Interest Receivable	1,805,141	2,270,973	-20.51%

- **Details of Additional Loan Loss Provisions:**

Rs. in `000

Particulars	This Quarter
Pass	(20,280)
Watchlist	(56,238)
Restructured/Rescheduled	(7,507)
Sub-Standard	(173,141)
Doubtful	1,215,839
Loss	120,894
Total	1,079,567

Segregation of Investment in Shares Portfolio (at fair value)

Rs. in `000

Particulars	Fair Value
Held for Trading	-
Held to Maturity	-
Available for Sale	8,196,884
Total Investment	8,196,884