

Disclosures as per Basel III

As on 16 July 2025 (4th 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)	26,379,766
	Common Equity Tier 1 (CET 1)	26,379,766
a	Paid Up Equity Share Capital	14,089,980
b	Equity Share Premium	-
c	Proposed Bonus Equity shares	-
d	Statutory General Reserves	5,805,207
e	Retained Earnings	16,762
f	Unaudited Current year Cumulative Profit/(Loss)	1,846,025
g	Capital Adjustment Reserve	19,428
h	Debenture Redemption Reserve	5,962,559
i	Less: Intangible Assets	117,948
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	1,700,000
c	Hybrid Capital Instruments	-
d	General Loan Loss Provision	2,931,048
e	Investment Adjustment Reserve	41,365
f	Assets Revaluation Reserve	-
g	Exchange Equalization Reserve	111,656
h	Other Reserves	257,854
	Total Tier 2 Capital	5,041,922

- **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 in 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)	26,379,766
Additional Tier 1 (AT1)	-
Supplementary Capital (Tier 2)	5,041,922
Total Capital Fund	31,421,688

- **Capital Adequacy Ratio:**

Capital Adequacy Ratio	Percentage (%)
Common Equity Tier 1 Ratio	9.88%
Core Capital Ratio - Tier 1	9.88%
Total Capital Adequacy Ratio (Tier 1 & Tier 2)	11.77%

Risk Exposures

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

Rs. in '000

Particulars	Amount
Risk Weighted Exposure for Credit Risk	241,371,059
Risk Weighted Exposure for Operational Risk	12,817,350
Risk Weighted Exposure for Market Risk	2,422,224
<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)	2,711,547
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)	7,698,319
Total Risk Weighted Exposure (After Pillar II Adjustment)	267,020,498

- 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	2,592,790
3	Claims on domestic banks that do not meet capital adequacy requirements	-
4	Claims on foreign bank (ECA 0-1)	726,565
5	Claims on foreign bank (ECA 2)	1,956,560
6	Claims on foreign bank (ECA 3-6)	7,941
7	Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	909,844
8	Claims on Domestic Corporate	112,250,491
9	Claim on Foreign Corporate (ECA 0-1)	-
10	Claim on Foreign Corporate (ECA 2)	-
11	Claims on Regulatory Retail Portfolio (not overdue)	38,644,663
12	Claims secured by residential properties	9,355,020
13	Claims secured by residential properties (overdue)	405,798
14	Claims Secured by Commercial Real Estate	205,779
15	Past due claims(except for claim secured by residential properties)	11,827,314
16	High Risk Claims	14,319,814
17	Lending against Shares	9,108,647
18	Trust Receipt Loans for Trading Firms	3,229,845
19	Personal Hire purchase/Personal Auto Loans	1,507,883
20	Investments in equity and other capital instruments of institutions listed in the stock exchange	2,716,264
21	Investment in Equity of Institution not listed in the Stock Exchange	435,469
22	Staff Loan secured by residential property	2,491,235

23	Cash in transit and other cash items in the process of collection	41,457
24	Other Assets	5,997,890
25	Off Balance Sheet Items	22,639,790
Total Risk Weighted Exposures under different categories of Credit Risk before adjustments under Pillar II		241,371,059
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		241,371,059

- Total Risk Weighted Exposure calculation table:**

Rs. in '000

Particulars	Amount
Total Risk Weighted Exposures	267,020,498
Tier 1 Capital (Core Capital) (CET1+AT1)	26,379,766
Total Capital Fund	31,421,688
Total Core Capital to Total Risk Weighted Exposures %	9.88%
Total Capital Fund to Total Risk Weighted Exposures %	11.77%

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	44,964	5,621	39,344
Sub-Standard	665,179	161,691	503,488
Doubtful	1,683,451	833,220	850,230
Loss	3,508,430	3,404,855	103,575
Total	5,902,024	4,405,387	1,496,638

- NPA Ratios:**

Ratios	in %
Gross NPA to Gross Advances	2.62%
Net NPA to Gross Advances	0.66%
Net NPA to Net Advances	0.69%

- Movement in Non-Performing Assets:**

Rs. in '000

Particulars	This Quarter	Previous Quarter	Change (%)
Non-Performing Assets	5,902,024	8,881,002	-33.54%

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

Rs. in '000

Particulars	Amount
Loan Written Off	2,431
Accrued Interest Receivable	1,244,962

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

Rs. in '000

Particulars	This Quarter	Previous Quarter	Change (%)
Loan Loss Provision	7,336,434	8,237,528	-10.94%
Accrued Interest Receivable	1,244,962	1,728,821	-27.99%

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

Rs. in '000

Particulars	Changes In This Quarter
Pass	170,507
Watchlist	(242,719)
Restructured/Rescheduled	4,235
Sub-Standard	(337,026)
Doubtful	(1,152,374)
Loss	656,282
Total	(901,094)

- **Segregation of Investment in Shares Portfolio (at fair value)**

Rs. in '000

Particulars	Fair Value
Held for Trading	-
Held to Maturity	-
Available for Sale	7,061,399
Total Investment	7,061,399