

Central Finance Limited

Kupondole Laitpur

Disclosure under Basel-II For Quarter Ending on Poush End 2079

The Information below is as per the Capital Adequacy Framework, disclosure requirement issued by NRB.

1. Capital Adequacy Ratios

Particulars	Ratio
Tier 1 Capital to Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)	19.72%
Tier 1 and Tier 2 Capital to Total Risk Weighted Exposures(After Bank's adjustments of Pillar II)	21.08%

2. Total Qualifying Capital

Particulars	Amount '000'
Core Capital Fund (Tier-I)	1,123,332.07
Supplementary Capital (Tier-II)	77,611.91
Total Capital Fund	1,200,943.98

Core Capital Fund (Tier-I) and breakdown of its components

1.2 CAPITAL		Current Period
(A) Core Capital (Tier 1)		1,123,332.07
a	Paid up Equity Share Capital	948,875.46
b	Irredeemable Non-cumulative preference shares	
c	Share Premium	442.55
d	Proposed Bonus Equity Shares	
e	Statutory General Reserves	168,421.88
f	Retained Earnings	10,432.72

g	Un-audited current year cumulative profit/(loss)	
h	Capital Redemption Reserve	
i	Capital Adjustment Reserve	
J	Debenture Redemption Reserve	
K	Dividend Equalization Reserves	
l	Other Free Reserve	
M	Less: Goodwill	
N	Less: Fictitious Assets	
O	Less: Investment in equity in licensed Financial Institutions	
P	Less: Investment in equity of institutions with financial interests	
Q	Less: Investment in equity of institutions in excess of limits	
R	Less: Investments arising out of underwriting commitments	
S	Less: Reciprocal crossholdings	
T	Less: Purchase of land & building in excess of limit and unutilized	
U	Less: Other Deductions	4,840.54
Adjustments under Pillar II		
SRP 6.4a(1)	Less: Shortfall in Provision	
SRP 6.4a(2)	Less: Loans & Facilities extended to related parties and restricted lending	

Supplementary Capital (Tier-II) and breakdown of its components

(B) Supplementary Capital (Tier 2)		77,611.91
a	Cumulative and/or Redeemable Preference Share	
b	Subordinated Term Debt	
c	Hybrid Capital Instruments	
d	General loan loss provision	77,611.91
e	Exchange Equalization Reserve	
f	Investment Adjustment Reserve	
g	Asset Revaluation Reserve	

h	Other Reserves	
Total Capital Fund (Tier I and Tier II)		1,200,943.98

Risk Weighted Exposures

1. 1 RISK WEIGHTED EXPOSURES		Current Period
a	Risk Weighted Exposure for Credit Risk	4,990,677.4
b	Risk Weighted Exposure for Operational Risk	405,350.46
c	Risk Weighted Exposure for Market Risk	2.56
Total Risk Weighted Exposures (Before adjustments of Pillar II)		5,396,030.41
<i>Adjustments under Pillar II</i>		
SRP 6.4a (5)	ALM policies & practices are not satisfactory, add 1% of net interest income to RWE	2,342.93
SRP 6.4a (6)	Add% of the total deposit due to insufficient Liquid Assets	-
SRP 6.4a (7)	Add RWE equivalent to reciprocal of capital charge of 3 % of gross income.	83,363.7
SRP 6.4a (9)	Overall risk management policies and procedures are not satisfactory. Add 3% of RWE	161,880.91
SRP 6.4a (10)	Desired level of disclosure requirement has not been achieved. Add 1% of RWE	53,960.3
Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)		5,697,578.26

A. Balance Sheet Exposures	Book Value	Specific Provision	Eligible CRM	Net Value	Risk Weight	Risk Weighted Exposures
	a	b	c	d=a-b-c	e	f=d*e
Cash Balance	68,032.41			68,032.41	0%	-
Balance With Nepal Rastra Bank	285,297.07			285,297.07	0%	-

Gold				-	0%	-
Investment in Nepalese Government Securities	1,326,600.00			1,326,600.00	0%	-
All Claims on Government of Nepal				-	0%	-
Investment in Nepal Rastra Bank securities				-	0%	-
All claims on Nepal Rastra Bank				-	0%	-
Claims on Foreign Government and Central Bank (ECA 0-1)				-	0%	-
Claims on Foreign Government and Central Bank (ECA -2)			-	-	20%	-
Claims on Foreign Government and Central Bank (ECA -3)			-	-	50%	-
Claims on Foreign Government and Central Bank (ECA-4-6)			-	-	100%	-
Claims on Foreign Government and Central Bank (ECA -7)			-	-	150%	-
Claims On BIS, IMF, ECB, EC and MDB's recognized by the framework				-	0%	-
Claims on Other Multilateral Development Banks			-	-	100%	-
Claims on Domestic Public Sector Entities			-	-	100%	-
Claims on Public Sector Entity (ECA 0-1)			-	-	20%	-
Claims on Public Sector Entity (ECA 2)			-	-	50%	-
Claims on Public Sector Entity (ECA 3-6)			-	-	100%	-
Claims on Public Sector Entity (ECA 7)			-	-	150%	-

Claims on domestic banks that meet capital adequacy requirements	578,615.69		-	578,615.69	20%	115,723.14
Claims on domestic banks that do not meet capital adequacy requirements			-	-	100%	-
Claims on foreign bank (ECA Rating 0-1)			-	-	20%	-
Claims on foreign bank (ECA Rating 2)			-	-	50%	-
Claims on foreign bank (ECA Rating 3-6)			-	-	100%	-
Claims on foreign bank (ECA Rating 7)			-	-	150%	-
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement			-	-	20%	-
Claims on Domestic Corporates (Credit rating score equivalent to AAA)			-	-	80%	-
Claims on Domestic Corporates (Credit rating score equivalent to AA+ to AA-)			-	-	85%	-
Claims on Domestic Corporates (Credit rating score equivalent to A+ to A-)			-	-	90%	-
Claims on Domestic Corporates (Credit rating score equivalent to BBB+ & below)			-	-	100%	-
Claims on Domestic Corporates (Unrated)	1,597,567.02	39,887.06	-	1,557,679.96	100%	1,557,679.96
Claims on Foreign Corporates (ECA 0-1)			-	-	20%	-
Claims on Foreign Corporates (ECA 2)			-	-	50%	-
Claims on Foreign Corporates (ECA 3-6)			-	-	100%	-
Claims on Foreign Corporates (ECA 7)			-	-	150%	-

Regulatory Retail Portfolio (Not Overdue)	2,332,420.53	36,860.19	106,512.12	2,189,048.22	75%	1,641,786.16
Claims fulfilling all criterion of regularity retail except granularity			-	-	100%	-
Claims secured by residential properties	556,939.62	16,764.30	-	540,175.32	60%	324,105.19
Claims not fully secured by residential properties			-	-	150%	-
Claims secured by residential properties (Overdue)			-	-	100%	-
Claims secured by Commercial real estate	690,404.71	23,583.33	-	666,821.37	100%	666,821.37
Past due claims (except for claims secured by residential properties)	4,642.87	4,642.87	-	0.00	150%	0.00
High Risk claims			-	-	150%	-
Lending Against Securities (Bonds)			-	-	100%	-
Lending Against Shares (upto Rs. 2.5 Million)	2,446.22	74.22	-	2,372.00	100%	2,372.00
Investments in equity and other capital instruments of institutions listed in stock exchange	341,751.90		-	341,751.90	100%	341,751.90
Investments in equity and other capital instruments of institutions not listed in the stock exchange	3,109.20		-	3,109.20	150%	4,663.80
Staff loan secured by residential property	18,147.41			18,147.41	50%	9,073.70
Interest Receivable/claim on government securities	17,899.31			17,899.31	0%	-
Cash in transit and other cash items in the process of collection	444.00			444.00	20%	88.80
Other Assets (as per attachment)	292,247.27	681.27	-	291,566.00	100%	291,566.00

TOTAL (A)	8,116,565.23	122,493.24	106,512.12	7,887,559.87		4,955,632.04
------------------	---------------------	-------------------	-------------------	---------------------	--	---------------------

B. Off Balance Sheet Exposures	Book Value	Specific Provision	Eligible CRM	Net Value	Risk Weight	Risk Weighted Exposures
Revocable Commitments				-	0%	-
Bills Under Collection				-	0%	-
Forward Exchange Contract Liabilities			-	-	10%	-
LC Commitments With Original Maturity Upto 6 months domestic counterparty			-	-	20%	-
Foreign counterparty (ECA Rating 0-1)			-	-	20%	-
Foreign counterparty (ECA Rating 2)			-	-	50%	-
Foreign counterparty (ECA Rating 3-6)			-	-	100%	-
Foreign counterparty (ECA Rating 7)			-	-	150%	-
LC Commitments With Original Maturity Over 6 months domestic counterparty			-	-	50%	-
Foreign counterparty (ECA Rating 0-1)			-	-	20%	-
Foreign counterparty (ECA Rating 2)			-	-	50%	-
Foreign counterparty (ECA Rating 3-6)			-	-	100%	-

Foreign counterparty (ECA Rating 7)			-	-	150%	-
Bid Bond, Performance Bond and Counter guarantee domestic counterparty	2,337.92		-	2,337.92	40%	935.17
Foreign counterparty (ECA Rating 0-1)			-	-	20%	-
Foreign counterparty (ECA Rating 2)			-	-	50%	-
Foreign counterparty (ECA Rating 3-6)			-	-	100%	-
Foreign counterparty (ECA Rating 7)			-	-	150%	-
Underwriting commitments			-	-	50%	-
Lending of Bank's Securities or Posting of Securities as collateral			-	-	100%	-
Repurchase Agreements, Assets sale with recourse			-	-	100%	-
Advance Payment Guarantee			-	-	100%	-
Financial Guarantee			-	-	100%	-
Acceptances and Endorsements			-	-	100%	-
Unpaid portion of Partly paid shares and Securities			-	-	100%	-
Irrevocable Credit commitments (short term)	170,550.95		-	170,550.95	20%	34,110.19

Irrevocable Credit commitments (long term)			-	-	50%	-
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement				-	20%	-
Other Contingent Liabilities			-	-	100%	-
Unpaid Guarantee Claims			-	-	200%	-
TOTAL (B)	172,888.87	-	-	172,888.87		35,045.36
Total RWE for credit Risk Before Adjustment (A)+(B)	8,289,454.10	122,493.24	106,512.12	8,060,448.74		4,990,677.40
<u>Adjustments under Pillar II</u>						
SRP 6.4a(3) - Add 10% of the loans & facilities in excess of Single Obligor Limits to RWE						-
SRP 6.4a(4) - Add 1% of the contract (sale) value in case of the sale of credit with recourse to RWE						-
Total RWE for Credit Risk after Bank's adjustments under Pillar II	8,289,454.10	122,493.24	106,512.12	8,060,448.74		4,990,677.40

Amount of Non-Performing Loan

Particulars	Loan	Provision	Net NPA
Restructured/Reschedule	1,864,631.54	233,078.94	1,631,552.60
Sub standard	321,303,629.67	80,965,907.42	240,337,722.25
Doubtful	42,520,884.71	21,260,442.36	21,260,442.36
Bad Loan	29,660,979.34	29,660,979.34	-
Non-Performing Loan	395,350,125.26	132,120,408.06	263,229,717.21

NPA Ratios

Particulars	Gross NPA	Net NPA
Performing Loan to Total Loan	92.37%	94.71%
NPL to Total Loan	7.63 %	5.29%

Movement of Loan Loss Provision

Particulars	Amount
Total LLP 2079.07.01 (Opening Balance)	159,109,426.00
Total LLP 2079.09.30	209,742,901.41
LLP Booked till 2079.09.30	209,742,901.41
Additional LLP to be Booked/(Write back) till 2079.09.30	50,633,475.41

Movement of Non-Performing Loan

Particulars	Amount
Total NPL 2079.07.01 (Opening Balance)	133,995,647.58
Additional NPL in FY 2079-80	261,354,477.68
Total NPL 2079.09.30	395,350,125.26

Movement of Interest Suspense

Particulars	Amount
Opening Interest Suspense 01.07.2079	84,092,795.68
Total Interest Accrued	365,358,126.19
Interest Recovered	355,498,959.00
Interest Suspense as on 2079.09.30	93,951,962.87

Segregation of investment portfolio into Held for trading, Held to maturity and Available for sale category

Particulars	Amount
Held for Trading	-
Held for Maturity	315,727,424.00
Available for Sale	-
Total	315,727,424.00