

# Central Finance Limited

Kupondole Laitpur

## Disclosure under Basel-II For Quarter Ending on Asoj End 2080

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)	20.17%
Tier 1 and Tier 2 Capital to Total Risk Weighted Exposures(After Bank's adjustments of Pillar II)	21.60%

### 2. Total Qualifying Capital

Particulars	Amount '000'
Core Capital Fund (Tier-I)	1,055,564.41
Supplementary Capital (Tier-II)	74,570.02
<b>Total Capital Fund</b>	<b>1,130,134.43</b>

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

Amount '000'

1.2 CAPITAL		Amount
<b>(A) Core Capital (Tier 1)</b>		<b>1,055,564.41</b>
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	175,292.02
f	Retained Earnings	-55,550.96
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	
n	Less: Goodwill	
o	Less: Fictitious Assets	
p	Less: Investment in equity in licensed Financial Institutions	
q	Less: Investment in equity of institutions with financial interests	
r	Less: Investment in equity of institutions in excess of limits	8,654.12
s	Less: Investments arising out of underwriting commitments	
t	Less: Reciprocal crossholdings	
u	Less: Purchase of land & building in excess of limit and unutilized	
v	Less: Other Deductions	4,840.54
<b>Adjustments under Pillar II</b>		
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>(B) Supplementary Capital (Tier 2)</b>		<b>74,570.02</b>
a	Cumulative and/or Redeemable Preference Share	
b	Subordinated Term Debt	
c	Hybrid Capital Instruments	
d	General loan loss provision	74,570.02
e	Exchange Equalization Reserve	
f	Investment Adjustment Reserve	
g	Other Reserves	
<b>Total Capital Fund (Tier I and Tier II)</b>		<b>1,130,134.43</b>

## Risk Weighted Exposures

<b>1. 1 RISK WEIGHTED EXPOSURES</b>		<b>Current Period</b>
a	Risk Weighted Exposure for Credit Risk	4,613,995.73
b	Risk Weighted Exposure for Operational Risk	427,243.69
c	Risk Weighted Exposure for Market Risk	-
<b>Total Risk Weighted Exposures</b> (Before adjustments of Pillar II)		<b>5,041,239.43</b>
<b><i>Adjustments under Pillar II</i></b>		
<b>SRP 6.4a (5)</b>	<i>ALM policies &amp; practices are not satisfactory, add 1% of net interest income to RWE</i>	2,688.48
<b>SRP 6.4a (6)</b>	<i>Add .....% of the total deposit due to insufficient Liquid Assets</i>	-
<b>SRP 6.4a (7)</b>	<i>Add RWE equivalent to reciprocal of capital charge of 3 % of gross income.</i>	87,381.10
<b>SRP 6.4a (9)</b>	<i>Overall risk management policies and precedures are not satisfactory. Add 2% of RWE</i>	100,824.79
<b>SRP 6.4a (10)</b>	<i>If desired level of disclosure requirement has not been achieved, Add .....% of RWE</i>	-
<b>Total Risk Weighted Exposures</b> (After Bank's adjustments of Pillar II)		<b>5,232,133.79</b>

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	96,282.85			96,282.85	0%	
Balance With Nepal Rastra Bank	300,951.56			300,951.56	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	806,521.48			806,521.48	20%	161,304.30
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%				-	20%	

above their respective regulatory capital requirement						
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)	1,479,952.24	81,727.34		1,398,224.90	100%	1,398,224.90
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)	2,598,155.31	29,291.10	84,035.37	2,484,828.83	75%	1,863,621.62
Claims fulfilling all criterion of regularity retail except granularity				-	100%	
Claims secured by residential properties	655,607.48	4,264.00		651,343.48	60%	390,806.09
Claims not fully secured by residential properties				-	150%	

Claims secured by residential properties (Overdue)	83,475.74	51,442.15		32,033.59	100%	32,033.59
Claims secured by Commercial real estate	96,781.22			96,781.22	100%	96,781.22
Past due claims (except for claims secured by residential properties)	19,656.62	18,962.48		694.14	150%	1,041.21
High Risk claims				-	150%	
Lending Against Securities (Bonds)				-	100%	
Lending Against Shares(upto Rs. 5 Million)	6,009.00	-		6,009.00	100%	6,009.00
Real Estate loans for land acquisition and development (For institutions/projects registred/licensed and approved by Government of Nepal for land acquisition and development purposes)				-	100%	
Personal Hirepurchase/Personal Auto Loans (upto Rs. 2.5 Million)				-	100%	
Personal Hirepurchase/Personal Auto Loans (above Rs. 2.5 Million)				-	125%	
Investments in equity and other capital instruments of institutions listed in stock exchange	291,295.93			291,295.93	100%	291,295.93
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	11,249.29			11,249.29	50%	5,624.64
Interest Receivable/claim on government securities	20,265.28			20,265.28	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)	377,875.13	16,328.48	-	361,546.65	100%	361,546.65
<b>TOTAL (A)</b>	<b>8,174,232.32</b>	<b>202,015.55</b>	<b>84,035.37</b>	<b>7,888,181.40</b>		<b>4,613,041.75</b>

<b>B. Off Balance Sheet Exposures</b>	<b>Book Value</b>	<b>Specific Provision</b>	<b>Eligible CRM</b>	<b>Net Value</b>	<b>Risk Weight</b>	<b>Risk Weighted Exposures</b>
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	2,384.95		-	2,384.95	40%	953.98
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)			-		20%	
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%	
<b>TOTAL (B)</b>	<b>2,384.95</b>		<b>-</b>	<b>2,384.95</b>		<b>953.98</b>
<b>Total RWE for credit Risk Before Adjustment (A) +(B)</b>	<b>8,176,617.27</b>	<b>202,015.55</b>	<b>84,035.37</b>	<b>7,890,566.35</b>		<b>4,613,995.73</b>
<b><u>Adjustments under Pillar II</u></b>						
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						
<b>Total RWE for Credit Risk after Bank's adjustments under Pillar II</b>	<b>8,176,617.27</b>	<b>202,015.55</b>	<b>84,035.37</b>	<b>7,890,566.35</b>		<b>4,613,995.73</b>

### Amount of Non-Performing Loan

Particulars	Loan	Provision	Net NPA
Restructured/Reschedule	-	-	
Sub standard	144,227,541.20	36,056,885.30	108,170,655.90
Doubtful	147,200,391.38	74,240,195.69	72,960,195.69
Bad Loan	75,389,986.77	75,389,986.77	-
<b>Non-Performing Loan</b>	<b>366,817,919.35</b>	<b>185,687,067.76</b>	<b>181,130,851.59</b>

### NPA Ratios

Particulars	Gross NPA	Net NPA
Performing Loan to Total Loan	92.57%	96.13 %
NPL to Total Loan	7.43%	3.87%

### Movement of Loan Loss Provision

Particulars	Amount
Total LLP 2080.04.01 (Opening Balance)	206,895,238.64
Total LLP 2080.06.30	260,257,090.40
LLP Booked till 2080.06.30	260,257,090.40
Additional LLP to be Booked/(Write back) till 2080.06.30	53,361,464.00

**Movement of Non-Performing Loan**

<b>Particulars</b>	<b>Amount</b>
Total NPL 2080.04.01 (Opening Balance)	253,491,475.44
Additional NPL in Q1 of FY 2080-81	113,328,093.91
<b>Total NPL 2080.06.30</b>	<b>366,819,569.35</b>

**Movement of Interest Suspense**

<b>Particulars</b>	<b>Amount</b>
Opening Interest Suspense 2080.04.01	95,374,381.37
Total Interest Accrued	116,131,208.38
Interest Recovered	164,911,011.14
Interest Suspense as on 2080.06.30	144,154,184.13

**Loan Written off during the Quarter**

<b>Particulars</b>	<b>Amount</b>
Ashoj End 2080	-

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

<b>Particulars</b>	<b>Amount</b>
Held for Trading	-
Held for Maturity	340,727,423.30
Available for Sale	-
<b>Total</b>	<b>340,727,423.20</b>