

# Central Finance Limited

Kupondole Laitpur

## Disclosure under Basel-II For Quarter Ending on Poush 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)	17.89%
Tier 1 and Tier 2 Capital to Total Risk Weighted Exposures(After Bank's adjustments of Pillar II)	19.55%

### 2. Total Qualifying Capital

Particulars	Amount '000'
Core Capital Fund (Tier-I)	958,977.39
Supplementary Capital (Tier-II)	88,990.00
<b>Total Capital Fund</b>	<b>1,047,967.39</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>958,977.39</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	(114,038.50)
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	46,753.60
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>88,990.00</b>
a	Cumulative and/or Redeemable Preference Share	
b	Subordinated Term Debt	
c	Hybrid Capital Instruments	
d	General loan loss provision	88,990.00
e	Exchange Equalization Reserve	
f	Investment Adjustment Reserve	
g	Other Reserves	
<b>Total Capital Fund (Tier I and Tier II)</b>		<b>1,047,967.39</b>

### Risk Weighted Exposures

<b>1. 1 RISK WEIGHTED EXPOSURES</b>		<b>Amount</b>
a	Risk Weighted Exposure for Credit Risk	4,739,173.60
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>5,166,417.30</b>
<b>Adjustments under Pillar II</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 procedures are not satisfactory. Add 2% of RWE</i>	103,328.35
<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>5,359,815.22</b>

<b>A. 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>
	<b>a</b>	<b>b</b>	<b>c</b>	<b>d=a-b-c</b>	<b>e</b>	<b>f=d*e</b>
Cash Balance	90,776.00			90,776.00	0%	-
Balance With Nepal Rastra Bank	331,437.00			331,437.00	0%	-
Gold				-	0%	-
Investment in Nepalese Government Securities	1,406,600.00			1,406,600.00	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	816,465.45		-	816,465.45	20%	163,293.09
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)	1,492,523.76	79,855.75	-	1,412,668.02	100%	1,412,668.02
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)	2,589,042.97	49,372.87	102,108.58	2,437,561.52	75%	1,828,171.14
Claims fulfilling all criterion of regularity retail except granularity			-	-	100%	-
Claims secured by residential properties	668,079.45	7,100.89	-	660,978.56	60%	396,587.14
Claims not fully secured by residential properties			-	-	150%	-
Claims secured by residential properties (Overdue)	89,627.73	65,723.51	-	23,904.22	100%	23,904.22
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)	18,388.72	17,297.23	-	1,091.48	150%	1,637.22
High Risk claims			-	-	150%	-
Real Estate loans for land acquisition and development (Other than mentioned in			-	-	125%	-

Capital Adequacy framework 2007-point 3.3(j)(1)(j))						
Lending against Shares(above Rs.5 Million)			-	-	125%	-
Lending Against Securities (Bonds)			-	-	100%	-
Lending Against Shares(upto Rs. 5 Million)	8,009.00	-	-	8,009.00	100%	8,009.00
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	435,119.75		-	435,119.75	100%	435,119.75
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	15,944.66			15,944.66	50%	7,972.33
Interest Receivable/claim on government securities	17,762.64			17,762.64	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)	375,768.76	16,328.48	-	359,440.28	100%	359,440.28
<b>TOTAL (A)</b>	<b>8,455,880.32</b>	<b>235,678.73</b>	<b>102,108.58</b>	<b>8,118,093.02</b>		<b>4,738,336.02</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	2,093.95		-	2,093.95	40%	837.58
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>2,093.95</b>	<b>-</b>	<b>-</b>	<b>2,093.95</b>		<b>837.58</b>
<b>Total RWE for credit Risk Before Adjustment (A) +(B)</b>	<b>8,457,974.27</b>	<b>235,678.73</b>	<b>102,108.58</b>	<b>8,120,186.97</b>		<b>4,739,173.60</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>8,457,974.27</b>	<b>235,678.73</b>	<b>102,108.58</b>	<b>8,120,186.97</b>	<b>4,739,173.60</b>
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### Amount of Non-Performing Loan

Particulars	Loan	Provision	Net NPA
Restructured/Reschedule	-	-	-
Sub standard	228,075,055.32	57,018,763.83	171056291.49
Doubtful	157,017,,013.15	78,508,,506.58	78,508,506.57
Bad Loan	83,182,976.30	83,822,976.30	-
<b>Non-Performing Loan</b>	<b>468,275,044.77</b>	<b>219,350,246.71</b>	<b>248,924,798.07</b>

### NPA Ratios

Particulars	Gross NPA	Net NPA
Performing Loan to Total Loan	90.56%	94.65 %
NPL to Total Loan	9.44%	5.35%

### Movement of Loan Loss Provision

Particulars	Amount
Total LLP 2080.07.01 (Opening Balance)	260,256,698.16
Total LLP 2080.09.29	308,339,899.05
LLP Booked till 2080.09.29	308,339,899.05
Additional LLP to be Booked/(Write back) till 2080.09.29	48,083,200.89

### Movement of Non-Performing Loan

Particulars	Amount
Total NPL 2080.07.01 (Opening Balance)	3,66,819,569.35
Additional NPL in Q2 of FY 2080-81	101,455,475.42
<b>Total NPL 2080.09.29</b>	<b>468,275,044.77</b>

### Movement of Interest Suspense

Particulars	Amount
Opening Interest Suspense 2080.07.01	144,154,184.13
Total Interest Accrued	314,279,033.24
Interest Recovered	338,360,657.12
Interest Suspense as on 2080.09.29	168,235,808.01

### Loan Written off during the Quarter

Particulars	Amount
Poush End 2080	Nil

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

Particulars	Amount
Held for Trading	-
Held for Maturity	363,422,923.30
Available for Sale	-
<b>Total</b>	<b>340,727,423.20</b>