

# Central Finance Limited

Kupondole, Lalitpur

## Disclosure under Basel-II For Quarter Ending on Poush End, 2082

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)	11.87%
Tier 1 and Tier 2 Capital to Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)	13.77%

### 2. Total Qualifying Capital

Particulars	Amount '000'
Core Capital Fund (Tier-I)	736,886.09
Supplementary Capital (Tier-II)	118,248.13
<b>Total Capital Fund</b>	<b>855,134.22</b>

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

1.2 CAPITAL		Amount '000'
<b>(A) Core Capital (Tier 1)</b>		<b>736,886.09</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	197,407.21
F	Retained Earnings	(276,047.51)
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	129,747.72
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	4,043.90
<b>Adjustments under Pillar II</b>		
<b>SRP</b>		
<b>6.4a(1)</b>	Less: Shortfall in Provision	-
<b>SRP</b>		
<b>6.4a(2)</b>	Less: Loans & Facilities extended to related parties and restricted lending	-

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

(B) Supplementary Capital (Tier 2)		140,545.30
A	Cumulative and/or Redeemable Preference Share	-
B	Subordinated Term Debt	-
C	Hybrid Capital Instruments	-
D	General loan loss provision	66,533.00
E	Exchange Equalization Reserve	-
F	Investment Adjustment Reserve	-
G	Accrued Interest Receivable on pass loan included in Regulatory Reserve	7,043.20
H	Interest Capitalized Reserve included in Regulatory Reserve	3,370.82
I	Regulatory reserve for nonbanking assets recorded within the last 24 months	41,301.11
J	Other Reserves	-
<b>Total Capital Fund (Tier I and Tier II)</b>		<b>855,134.22</b>

#### 5. Risk Weighted Exposures

<b>1. 1 RISK WEIGHTED EXPOSURES</b>		<b>Amount '000'</b>
a	Risk Weighted Exposure for Credit Risk	5,654,177.29
b	Risk Weighted Exposure for Operational Risk	319,610.96

c	Risk Weighted Exposure for Market Risk	
	<b>Total Risk Weighted Exposures</b> (Before adjustments of Pillar II)	<b>5,973,788.25</b>
	<b>Adjustments under Pillar II</b>	-
SRP 6.4a (5)	ALM policies & practices are not satisfactory, add 1% of net interest income to RWE	1,406.23
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.	54,526.10
SRP 6.4a (9)	Overall risk management policies and procedures are not satisfactory. Add 3% of RWE	179,213.65
SRP 6.4a (10)	If desired level of disclosure requirement has not been achieved, Add .....% of RWE	-
	<b>Total Risk Weighted Exposures</b> (After Bank's adjustments of Pillar II)	<b>6,208,934.22</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	100,146.85			100,146.85	0%	-
Balance With Nepal Rastra Bank	2,623,838.07			2,623,838.07	0%	-
Gold				-	0%	-
Investment in Nepalese Government Securities	909,200.00			909,200.00	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	460,213.28		-	460,213.28	20%	92,042.66

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)			-	-	100%	-
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)	1,862,515.70		29,897.83	1,832,617.87	75%	1,374,463.40
Claims fulfilling all criterion of regularity retail except granularity	49,000.00		-	49,000.00	100%	49,000.00
Claims secured by residential properties	588,917.09		-	588,917.09	60%	353,350.26
Claims not fully secured by residential properties			-	-	150%	-
Claims secured by residential properties (Overdue)	52,025.09		-	52,025.09	100%	52,025.09
Claims secured by Commercial real estate	148,697.70		-	148,697.70	100%	148,697.70
Past due claims (except for claims secured by residential properties)	1,149,745.78	473,992.20	-	675,753.58	150%	1,013,630.37
High Risk claims	951,379.78		-	951,379.78	150%	1,427,069.68
Real Estate loans for land acquisition and development (Other than mentioned in Capital Adequacy framework 2007-point 3.3(j)(1)(j))			-	-	125%	-
Lending Against Securities (Bonds)			-	-	100%	-
Lending Against Shares	193,097.22		-	193,097.22	100%	193,097.22

Real Estate loans for land acquisition and development (For institutions/projects registered/licensed and approved by Government of Nepal for land acquisition and development purposes)			-	-	100%	-
Personal Hirepurchase/Personal Auto Loans	33,209.15		-	33,209.15	100%	33,209.15
Investments in equity and other capital instruments of institutions listed in stock exchange	542,058.98		-	542,058.98	100%	542,058.98
Investments in equity and other capital instruments of institutions not listed in the stock exchange	5,899.20		-	5,899.20	150%	8,848.80
Staff loan secured by residential property	4,780.97			4,780.97	50%	2,390.48
Interest Receivable/claim on government securities	10,380.32			10,380.32	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)	363,496.92	83,232.62	-	280,264.30	100%	280,264.30
<b>TOTAL (A)</b>	<b>10,049,046.09</b>	<b>557,224.82</b>	<b>29,897.83</b>	<b>9,461,923.44</b>		<b>5,570,236.87</b>

<b>B. Off Balance Sheet Exposures</b>	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	9,964.37		-	9,964.37	40%	3,985.75
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			-	-	20%	-
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)	399,773.35		-	399,773.35	20%	79,954.67
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>409,737.72</b>	-	-	<b>409,737.72</b>		<b>83,940.42</b>
<b>Total RWE for credit Risk Before Adjustment (A) +(B)</b>	<b>10,458,783.81</b>	<b>557,224.82</b>	<b>29,897.83</b>	<b>9,871,661.16</b>		<b>5,654,177.29</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>	10,458,783.81	557,224.82	29,897.83	9,871,661.16		5,654,177.29
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## 6. Amount of Non-Performing Loan

<b>Particulars</b>	<b>Loan</b>	<b>Provision</b>	<b>Net NPA</b>
Restructured/Reschedule	22,071,325	9,728,324	12,343,002
Sub-Standard	175,032,189	43,758,047	131,274,142
Doubtful	205,780,081	102,890,041	102,890,041
Bad Loan	317,615,789	317,615,789	-
<b>Non-Performing Loan</b>	<b>5,082,246,113</b>	<b>540,525,197</b>	<b>246,507,184</b>

## 7. NPA Ratios

<b>Particulars</b>	<b>Gross %</b>	<b>Net %</b>
Performing Loan to Total Loan	85.82%	94.57%
NPL to Total Loan	14.18%	5.43%

## 8. Movement of Loan Loss Provision

<b>Particulars</b>	<b>Amount</b>
Total LLP 2082.07.01 (Opening Balance)	524,880,287
Total LLP 2082.09.30	540,525,197
LLP Booked till 2082.09.30	541,652,845
Additional LLP to be Booked/(Write back) till 2082.09.30	(1,127,648)

## 9. Movement of Non-Performing Loan

Particulars	Amount
Total NPL 2082.07.01 (Opening Balance)	622,404,390
Increase/(Decrease) of NPL in Q2 of FY 2082-83	98,094,993
<b>Total NPL 2082.09.30</b>	<b>720,499,384</b>

## 10. Movement of Interest Suspense

Particulars	Amount
Opening Interest Suspense 2082.07.01	160,509,770
Total Interest Accrued	275,824,422
Interest Recovered	277,021,942
Interest Suspense as on 2082.09.30	159,312,250

## 11. Loan Written off during the Quarter

Particulars	Amount
Poush End 2082	-

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

Particulars	Amount
Held for Trading	-
Held for Maturity	<b>355,757,926.67</b>
Available for Sale	-
<b>Total</b>	<b>355,757,926.67</b>