

CENTURY COMMERCIAL BANK LIMITED
Disclosure as per BASEL II (Capital Adequacy Framework)
(For Quarter ending on 30 Ashwin, 2069)

1. CAPITAL STRUCTURE AND CAPITAL ADEQUACY

• **Tier 1 capital and a breakdown of its components:**

Particulars	NPR
Paid Up Capital	1,080,000,000.00
Statutory General Reserves	2,246,328.84
Retained Earnings	8,456,266.56
Un-audited current year cumulative profit	1,819,230.59
Other Free Reserve	66,528,736.70
Core Capital	1,159,050,562.68

• **Tier 2 capital and a breakdown of its components:**

Particulars	NPR
General Loan Loss Provision	64,060,447.85
Exchange Equalization Reserves	529,048.79
Supplementary Capital	64,589,496.64

• **Detail of Subordinated Term Debts:**

There is no Subordinated Term Debts as of Year Ended Ashad End, 2069.

• **Deductions from capital:**

There is no item to be deducted from capital.

• **Total qualifying capital;**

Particulars	NPR
Core Capital	1,159,050,562.68
Supplementary Capital	64,589,496.64
Total Qualifying Capital (Total Capital Fund)	1,223,640,059.32

• **Capital Adequacy Ratio;**

Particulars	Percentage of Total RWE
Capital Adequacy Ratio - Core Capital	16.51
Capital Adequacy Ratio - Total Capital Fund	17.43

2. RISK EXPOSURE

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

Particulars	Amount in NPR
Risk weighted exposures for Credit Risk	6,661,738,585.94
Risk weighted exposures for Operational Risk	186,313,764.07
Risk weighted exposures for Market Risk	33,042,076.69
Total	6,881,094,426.70

- **Risk Weighted Exposures under each of 11 categories of Credit Risk:**

S.N.	Claims Categories	Risk Weighted Amount
1	Claims on govt. and central Bank	-
2	Claims on other official entities	-
3	Claims on Banks	150,042,114.09
4	Claims on corporate and securities firm	4,195,535,690.76
5	Claims on regulatory retail portfolio	87,404,336.04
6	Claim secured by residential properties	256,436,988.85
7	Claims secured by commercial real state	204,206,253.54
8	Past due Claims	212,911,179.65
9	High risk claims	622,373,215.12
10	Other Assets	543,959,154.21
11	Off Balance sheet Items	388,869,653.69
	Total	6,661,738,585.94

- **Total Risk Weighted Exposure calculation table;**

Particulars	Amount in NPR
Risk weighted exposures for Credit Risk	6,661,738,585.94
Risk weighted exposures for Operational Risk	186,313,764.07
Risk weighted exposures for Market Risk	33,042,076.69
Add : 2% of Total RWE due insufficient risk management system	137,621,888.53
Total Risk Weighted Exposure	7,018,716,315.24
Total Capital Fund	1,223,640,059.32
Total Capital to Total Risk Weighted Exposures	17.43%

- **Amount of Non Performing Assets (NPAs) [both Gross and Net]:**

➤ Restructure Loan/Reschedule Loan	Nil
➤ Substandard Loan	Nil
➤ Doubtful Loan	Nil
➤ Loss Loan	Nil

- **Non Performing Assets (NPAs) ratios**

➤ Gross NPA to Gross Advances	Nil
➤ Net NPA to Net Advances	Nil

- **Movement of Non Performing Assets** Nil

- **Write off of Loans and Interest Suspense** Nil

- **Movements in Loan Loss Provisions and Interest Suspense:**

Description	Last Quarter	This Quarter	Increase/ (Decrease)
Loan Loss Provision	42,021,868.80	64,060,447.85	22,038,579.05
Interest Suspense	416,503.12	11,611,333.64	11,194,830.52

Century Commercial Bank Limited has all pass loans so far, for which 1% loan loss provision has been provided for as per the NRB Directives 02/068. All settled loans during the year were also from pass loans. Similarly, all interest suspense include interest accrued but not due on all pass loans which has been and being settled in due course of business.

- **Details of additional Loan Loss Provisions:** All the loans are outstanding during this period fall under pass loans, hence, there are no additional loan loss provision made.

- **Segregation of Investment Portfolio into held for trading, Held to maturity and available for sale Category:**

Investment Portfolio	Net Amount (NPR)
Held For Trading	-
Held To Maturity	538,930,102.50
Available For Sale	1,000,000.00

3. **RISK MANAGEMENT STRATEGIES AND FUNCTION**

Summary of the bank's internal approach to assess the adequacy of its capital to support current and future activities, if applicable:

Bank management is responsible for understanding the nature and level of risk taken by the bank and relating the risk to the capital adequacy level. The *Risk Management Committee* reviews the Credit Risk, analyzes the trend, assesses the exposure impact on capital and provides a summary report to the *Credit Sub-Committee* and *Board of Directors* (BOD).

In respect of operational risk, the Consumer Banking, Wholesale Banking and each Support Function Business Operational Risk Manager provide operational loss data to Country Operational Risk Assurance Manager who in turn analyzes the trend and provides a summary report to the *Risk Management Committee*, *Management Committee* and *Board of Directors*. Finance & Strategic Planning checks the capital charge on operational risk.

With regard to market risk, In order to effectively manage the market risk the bank has set up the two tiered treasury department structure viz:

- Treasury Front Office
- Back office.

Treasury front office is entrusted with the functions of market watch, research (both fundamental and technical) and analysis. Front office takes decisions as regards to investments and trading as per approved policy/guidelines and within the perimeters of NRB regulations.

Treasury back office is entrusted with the function of settlement and delivery of all the deals which are executed by front office dealers as per the approved policies/regulations. The net open position report is also discussed at the *Assets Liabilities Management Committee* (ALCO).