

CENTURY COMMERCIAL BANK LIMITED
Disclosure as per BASEL II (Capital Adequacy Framework)
(For Forth Quarter ending on 31 Chaitra, 2069)

1. CAPITAL STRUCTURE AND CAPITAL ADEQUACY

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

Particulars	Amount in NPR
Paid Up Capital	1,080,000,000.00
Statutory General Reserves	1,833,153.78
Retained Earnings	6,803,566.33
Un-audited current year cumulative profit	23,964,335.98
Other Free Reserve	66,528,736.70
Core Capital	1,179,129,792.79

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

Particulars	Amount in NPR
General Loan Loss Provision	81,164,974.67
Exchange Equalization Reserves	529,048.79
Supplementary Capital	81,694,023.46

• **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	Amount in NPR
Core Capital	1,179,129,792.79
Supplementary Capital	81,694,023.46
Total Qualifying Capital (Total Capital Fund)	1,260,823,816.25

• **Capital Adequacy Ratio;**

Particulars	Percentage of Total RWE
Capital Adequacy Ratio – Core Capital	13.70%
Capital Adequacy Ratio – Total Capital Fund	14.65%

2. RISK EXPOSURE

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

Particulars	Amount in NPR
Risk weighted exposures for Credit Risk	8,107,545,948.12
Risk weighted exposures for Operational Risk	155,261,470.06
Risk weighted exposures for Market Risk	17,588,802.51
Total	8,280,396,220.68

- 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	129,338,841.92
4	Claims on corporate and securities firm	5,042,224,866.13
5	Claims on regulatory retail portfolio	138,964,908.49
6	Claim secured by residential properties	400,095,161.15
7	Claims secured by commercial real state	163,399,226.37
8	Past due Claims	175,428,780.95
9	High risk claims	682,237,289.76
10	Other Assets	538,533,610.24
11	Off Balance sheet Items	837,323,263.11
	Total	8,107,545,948.12

- Total Risk Weighted Exposure calculation table;**

Particulars	Amount in NPR
Risk weighted exposures for Credit Risk	8,107,545,948.12
Risk weighted exposures for Operational Risk	155,261,470.06
Risk weighted exposures for Market Risk	17,588,802.51
Add : 3% of Total RWE due insufficient risk management system (as prescribed by NRB)	248,411,886.62
Add : 5% of Gross Income for Operational Risk (as prescribed by NRB)	76,322,795.24
Total Risk Weighted Exposure	8,605,130,902.54
Total Capital Fund	1,260,823,816.25
Total Capital to Total Risk Weighted Exposures	14.65%

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

➤ Restructure Loan/Reschedule Loan	Nil
➤ Substandard Loan	
* Gross	64,450,864
* Net	48,338,148
➤ Doubtful Loan	Nil
* Gross	32,651,859
* Net	16,325,930
➤ Bad Loan	Nil
* Gross	833,605
* Net	0

- Non Performing Assets (NPAs) ratios**

➤ Gross NPA to Gross Advances	1.19%
➤ Net NPA to Net Advances	0.80%

- Movement of Non Performing Assets**

NPA Categories	Last Quarter	This Quarter	Increase/ (Decrease)
Sub-Standard	32,651,859.04	64,450,863.58	31,799,004.54
Doubtful	0.00	32,651,859.04	32,651,859.04
Bad	0.00	833,605.46	833,605.46

- **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	79,929,618.80	114,437,225.55	34,507,606.75
Interest Suspense	12,761,852.43	21,063,798.35	8,301,945.92

The Gross NPA Ratio of Century Commercial Bank Limited enhanced by 0.74% and reached to same 1.19% than previous quarter, for which, provision has been made as per the NRB Directives. Similarly, all interest suspense include interest accrued but not due on performing and non-performing credit exposures, which has been and being settled in due course of business.

- **Details of additional Loan Loss Provisions:** besides specific loan loss provision on sub-standard loan as per NRB Directives, no additional loan loss provision has been made up to this quarter end.

- **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	1,301,767,030.00
Available For Sale	-

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*, consisting non executive directors & Chief Executive Officer, reviews the Credit Risk, analyzes the trend, assesses the exposure impact on capital and provides a view to the *Credit Sub-Committee* and *Board of Directors* (BOD). The bank's BOD had developed the Credit Policy Guidelines to strengthen of Bank's exposure in credit. All Retail and Small Medium Enterprises credits are provided under the Bank's separate 'Product Paper' for each type of such credit.

In respect of operational risk 'Standard Operation Manual' has been implemented. A separate 'Operational Risk Department' has been introduced to analyse, review and control regarding the operational lapses timely and make them strengthen on the mean time. All the section & sub-section of operation side have been operating under the specialized manual passed by Bank's Management and BOD as the case may be. Besides, The core banking system has been tested periodically against the recovery and detection of fraud in case of casualty, and problem register is maintained to solve the lapses in the system. The bank adopted centralized operation system all over the branches of bank. The transaction and system of Bank's branches has been reviewing from the Head Office directly. Finance & Strategic Planning checks the capital charge on operational risk regularly.

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
- Treasury Back office.

Treasury front office is entrusted with the functions of market watch, research (both fundamental and technical) and analyse the market position of Bank. 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) each week to ensure the bank's better position.