

**CENTURY COMMERCIAL BANK LIMITED**  
**Disclosure as per BASEL III (NEW Capital Adequacy Framework)**  
**(For the Quarter ending on Ashad 32, 2075)**

**1. CAPITAL STRUCTURE AND CAPITAL ADEQUACY**

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

Particulars	Amount in NPR
Paid Up Capital	8,063,434,929
Share Premium	7,439,513
Statutory General Reserves	506,336,347
Retained Earnings	(64,672,061)
Capital Adjustment Reserves	76,608,964
Un-audited current year cumulative profit	875,738,000
Other Free Reserve	32,081,991
Less: Deferred Tax Assets	33,103,359
<b>Core Capital</b>	<b>9,463,864,326</b>

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

Particulars	Amount in NPR
General Loan Loss Provision	565,874,687
Exchange Equalization Reserves	11,936,407
Investment Adjustment Reserve	3,290,593
<b>Supplementary Capital</b>	<b>581,101,687</b>

• **Detail of Subordinated Term Debts:**

There is no any Subordinated Term Debts as on Ashad End 2075.

• **Deductions from capital:**

Deferred Tax Assets amounting Rs. 33.10 million has been deducted from core capital.

• **Total qualifying capital:**

Particulars	Amount in NPR
Core Capital	9,463,864,326
Supplementary Capital	581,101,687
<b>Total Qualifying Capital (Total Capital Fund)</b>	<b>10,044,966,013</b>

• **Capital Adequacy Ratio:**

Particulars	Percentage of Total RWE
Capital Adequacy Ratio – Core Capital	15.28%
Capital Adequacy Ratio – Total Capital Fund	16.22%

**2. RISK EXPOSURE**

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

Particulars	Amount in NPR
Risk weighted exposures for Credit Risk	57,055,394,611
Risk weighted exposures for Operational Risk	1,807,670,248
Risk weighted exposures for Market Risk	95,113,415
<b>Total</b>	<b>58,958,178,275</b>

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

Claims Categories	Risk Weighted Amount (NPR)
Claims on govt. and central Bank	-
Claims on other official entities	-
Claims on Banks	832,893,193
Claims on corporate and securities firm	32,470,809,012
Claims on regulatory retail portfolio	8,523,185,968
Claim secured by residential properties	2,638,499,845
Claims secured by commercial real state	335,986,057
Past due Claims	603,546,643
High risk claims	5,455,751,245
Other Assets	1,989,115,805
Off Balance sheet Items	4,205,606,844
<b>Total</b>	<b>57,055,394,611</b>

- Total Risk Weighted Exposure calculation table;**

Particulars	Amount in NPR
Risk weighted exposures for Credit Risk	57,055,394,611
Risk weighted exposures for Operational Risk	1,807,670,248
Risk weighted exposures for Market Risk	95,113,415
Overall risk management policies and procedures are not satisfactory, add 4% of RWE	2,358,327,131
Add RWE equivalent to reciprocal of capital charge of 4 % of gross income	619,500,000
ALM policies & practices are not satisfactory, add 1% of net interest income to RWE	11,396,668
<b>Total Risk Weighted Exposure</b>	<b>61,947,402,074</b>
Total Capital Fund	10,044,966,013
Total Capital to Total Risk Weighted Exposures	16.22%

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

Particulars	Amount in NPR
➤ <b>Restructure Loan/Reschedule Loan</b>	-
➤ <b>Substandard Loan</b>	
* Gross	47,739,022
* Net	35,804,267
➤ <b>Doubtful Loan</b>	
* Gross	15,987,742
* Net	7,993,871
➤ <b>Bad Loan</b>	
* Gross	153,849,382
* Net	-

- Non Performing Assets (NPAs) ratios**

➤ Gross NPA to Gross Advances	0.40%
➤ Net NPA to Net Advances	0.08%

- Movement of Non Performing Assets (Amount in NPR):**

NPA Categories	Last Quarter	This Quarter	Increase/ (Decrease)
Sub-Standard	161,925,413	47,739,022	(114,186,391)
Doubtful	76,288,962	15,987,742	(60,301,220)
Bad	140,412,257	153,849,382	13,437,125

- Write off of Loans and Interest Suspense**

Nil

- Movements in Loan Loss Provisions and Interest Suspense(Amount in NPR):**

Description	Last Quarter	This Quarter	Increase/ (Decrease)
Loan Loss Provision	738,701,742	739,652,695	950,953
Interest Suspense	141,695,598	106,839,898	(34,855,700)

The Gross NPA Ratio of the bank is 0.40% which was 1.15% in the corresponding period of previous year. Provision for loan loss has been made as per the NRB Directives. The Loan Loss Provision to total NPA is 339.95%. Similarly interest suspense includes interest income accrued and due but not realized in cash and interest income accrued but not due on the credit exposures.

- Details of additional Loan Loss Provisions:**

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

Investment Portfolio	Amount in NPR
Held For Trading	-
Held To Maturity	6,124,114,350
Available For Sale	355,191,475
<b>Total</b>	<b>6,479,305,825</b>

### **3. RISK MANAGEMENT STRATEGIES AND FUNCTION**

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 & departments heads, reviews the Credit Risk, analyses 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, together with Risk Management 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. An independent Credit Risk Department analyse the all kind of credit proposal from the view point of risk and recommend independently to the approval authority in regard to proposed funded or non-funded credit exposure.

In respect of operational risk 'Standard Operation Manual' has been implemented along with the Risk Management Guidelines. A separate 'Operational Risk Department' has been established to analyse, review and control the operational issues and to make timely effective decisions. 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 three tiered treasury department structure viz:

- a) Treasury Front Office
- b) Treasury Mid Office
- c) 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 perview 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) to ensure the bank's better position.

Internal audit function is being conducted by the outsourced Audit Firm. The Internal Audit Function is directly responsible to Audit Committee consisting of non-executive Directors. The bank has Internal Audit Department as well. Head of Internal Audit Department acts as liaison officer during the audit and inspection by internal/external auditors and regulating body. The periodic reports of Internal Audit department is discussed in the Audit Committee meeting which instructs management for timely control and actions.