

CENTURY COMMERCIAL BANK LIMITED
Disclosure as per BASEL III (NEW Capital Adequacy Framework)
As at Ashwin 2075

1. CAPITAL STRUCTURE AND CAPITAL ADEQUACY

1.1. Capital Adequacy Ratio

Capital Adequacy Ratios	Ratio
Common Equity Tier 1 Ratio	13.38%
Core Capital Ratio - Tier I	13.38%
Total Capital Ratio - Tier I + Tier II	14.25%

1.2. Total Qualifying Capital:

Qualifying Capital	Amount
Core Capital (Tier I Capital)	9,687,728,348
Supplementary Capital (Tier II)	630,484,250
Total Capital Fund (Tier I and Tier II)	10,318,212,598

1.3. Tier 1 Capital and breakdowns of its Components

Particulars	Amount (Rs.)
Paid up Equity Share Capital	8,063,434,929
Share Premium	7,439,513
Proposed Bonus Equity Shares	-
Statutory General Reserves	506,336,347
Retained Earnings	844,255,134
Un-audited current year cumulative profit/(loss)	200,075,823
Capital Redemption Reserve	-
Capital Adjustment Reserve	76,608,964
Dividend Equalization Reserves	-
Other Free Reserve	32,081,991
Less: Goodwill	-
Less: Intangible Assets	9,400,996
Less: Deferred Tax Assets	33,103,359
Less: Fictitious Assets	-
Less: Investment in equity in licensed Financial Institutions	-
Less: Investment in equity of institutions with financial interests	-
Less: Investment in equity of institutions in excess of limits	-
Less: Investments arising out of underwriting commitments	-
Less: Reciprocal crossholdings	-
Less: Purchase of land & building in excess of limit and unutilized	-
Less: Cash Flow Hedge	-
Less: Defined Benefits Pension Assets	-
Less: Unrecognized Defined Benefit Pension Liabilities	-
Less: Other Deductions	-
Adjustments under Pillar II	
Less: Shortfall in Provision	-
Less: Loans & Facilities extended to related parties and restricted lending	-
Common Equity Tier I (CET 1)	9,687,728,348
Perpetual Non Cumulative Preference Share Capital	-
Perpetual Debt Instruments	-
Stock Premium	-
Additional Tier I (AT 1)	-
Tier 1 Capital (Core Capital) (CET1 + AT1)	9,687,728,348

1.4. Tier 2 Capital and breakdowns of its Components

Particulars	Amount (Rs.)
Cumulative and/or Redeemable Preference Share	-
Subordinated Term Debt	-
Hybrid Capital Instruments	-
Stock Premium	-
General Loan Loss Provision	615,257,250.14
Exchange Equalization Reserve	11,936,407.28
Investment Adjustment Reserve	3,290,592.86
Assets Revaluation Reserve	-
Other Reserves	-
Supplementary Capital (Tier II)	630,484,250.28

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

- a) Periodic supervision by the top management.

Summary of terms, conditions and main features of all capital instruments, especially in case of subordinated term debts including hybrid capital instruments:

- a) Bank does not have any other capital and instruments except fully paid equity shares as qualifying capital.

2. RISK EXPOSURE**Risk weighted exposures for Credit Risk, Market Risk and Operational Risk:**

Particulars	Amount (Rs.)
Risk Weighted Exposure for Credit Risk	65,881,626,146
Risk Weighted Exposure for Operational Risk	2,570,775,248
Risk Weighted Exposure for Market Risk	217,523,722
Total Risk Weighted Exposures	68,669,925,117
Adjustments under Pillar II	
ALM policies & practices are not satisfactory, add 1% of net interest income to RWE	18,320,000
Add% of the total deposit due to insufficient Liquid Assets	-
Add RWE equivalent to reciprocal of capital charge of 4 % of gross income.	972,876,000
Overall risk management policies and precedures are not satisfactory. Add 4% of RWE	2,746,797,005
If desired level of disclosure requirement has not been achieved, Add% of RWE	-
Total Risk weighted Exposures (After bank's Adjustment of Pillar II)	72,407,918,121

2.2 Risk Weighted Exposures under each of 11 categories of Credit Risk:

Particulars	Amount (Rs.)
a) Claims on government & central bank	-
b) Claims on other official entities	-
c) Claims on banks	1,671,918,513
d) Claims on corporate & securities firms	35,408,527,945
e) Claims on regulatory retail portfolio	8,695,377,565
f) Claims secured by residential properties	2,688,051,615
g) Claims secured by commercial real state	315,651,540
h) Past due claims	604,826,626
i) High risk claims	5,861,792,453
j) Other assets	1,759,885,258
k) Off balance sheet items	8,875,594,631
Total Risk Weightage Assets	65,881,626,146

Details of Non-Performing Assets (Gross amount and Net amount)

Particulars	Loan (Rs.)
Restructured and rescheduled loan	
Sub-standard loan	331,460,193
Doubtful loans	14,636,166
Bad loan	128,406,141
Total	474,502,500
Provision For Loss(Non-Performing Loans Only)	218,589,272
Net Amount	255,913,228

NPA Ratio

Particulars	Ratio
Gross NPA to Gross Advances	0.82%
Net NPA to Net Advances	0.45%

Movement of Nonperforming Assets:

Particulars	This Quarter	Previous Quarter	Changes (%)
Non Performing Assets (Gross)	474,502,500	217,576,146	118.09%
Non Performing Assets (Net of Provisions)	255,913,228	43,798,137	484.30%

Write off of loans and interest Suspense during the Period :

Nil

Movements in Loan Loss Provisions and interest suspense

Particulars	This Quarter	Previous Quarter	Changes (%)
Loan Loss Provision	833,846,522	739,652,695	12.73%
Interest Suspense	200,887,292	106,839,898	88.03%

Details of additional Loan Loss Provision:

Particulars	This Quarter
1. a. Pass	23,701,705
1. b. WatchList	25,680,858
2. Restructured	-
3. Substandard	70,930,293
4. Doubtful	(675,788)
5. Loss	(25,443,241)
Total Loan Loss Provision	94,193,827

Segregation of Investment Portfolio:

Particulars	This Quarter
Held for Trading	-
Held to Maturity	5,775,580,570.00
Available for Sale	590,747,052.68
Total Investments	6,366,327,623

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 maintain 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) each week 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 periodic reports of Internal Audit department is discussed in the Audit Committee meeting which instructs management for timely control and actions.