

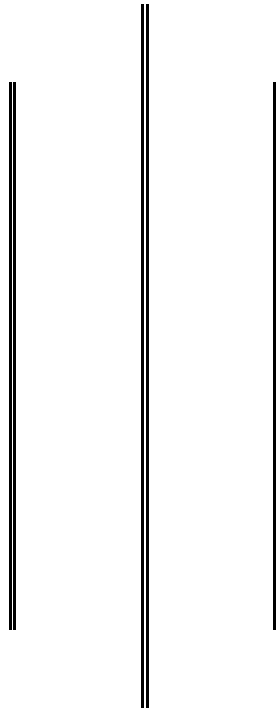


RELIANCE FINANCE LIMITED
रिलायन्स फाइनेन्स लिमिटेड

Pradarshanimarga, Kathmandu-28

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BASEL II DISCLOSURE



As on 30 Poush, 2079

Reliance Finance Limited
Disclosure Under Basel II
At the month end of Poush, 2079

1. Capital Structure and Capital Adequacy

(amount in '000)

A. Core Capital (Tier I)	1,206,327
Paid up Equity Share Capital	1,053,006
Irredeemable Non-cumulative preference shares	-
Share Premium	1,141
Proposed Bonus Equity Shares	-
Statutory General Reserves	154,386
Retained Earnings	59,210
Un-audited current year cumulative profit/(loss)	(38,496)
Capital Redemption Reserve	-
Capital Adjustment Reserve	-
Dividend Equalization Reserves	-
Other Free Reserve	-
Less: Goodwill	-
Less: Deferred Tax Assets	(9,810)
Less: Fictitious Assets	-
Less: Investment in equity in licensed Financial Institutions	(13,110)
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: Other Deductions	-
<u>Adjustments under Pillar II</u>	
B. Supplementary Capital (Tier II)	111,936
Cumulative and/or Redeemable Preference Share	-
Subordinated Term Debt	-
Hybrid Capital Instruments	-
General Loan Loss Provision	76,808
Exchange Equalization Reserve	-
Investment Adjustment Reserve	35,128
Assets Revaluation Reserve	-
Other Reserves	-
Total Capital Fund (Tier I and Tier II)	1,318,263

1.3 Capital Adequacy Ratio	
Tier I Capital to Total RWE	15.80%
Total Capital Fund to Total RWE	17.62%

2 Risk Weighted Exposure (RWE)

RWE for Credit Risk	6,940,053
RWE for Operational Risk	539,908
RWE for Market Risk	-
Total RWE	7,479,961

3 Risk Weighted Exposure under each 11 Categories of Credit Risk

A.	A. Balance Sheet Exposures	Net Value
1	Claims on Government and Central Bank	-
2	Claims on Other Entities	-
3	Claims on Banks	139,238
4	Claims on Corporate & Securities firm	692,799
5	Claims on Regulatory Retail Portfolio (Not Overdue)	884,301
6	Claims secured by residential properties	567,950
7	Claims secured by Commercial real estate	6,705
8	Past due claims (except for claims secured by residential properties)	2,365,843
9	High Risk claims	1,551,540
10	Other Assets	
	a) Investments in equity and other capital instruments of institutions listed in stock exchan	219,976
	b) Staff loan secured by residential property	21,607
	c) Other Assets (as per attachment)	490,094
B.11	B. Off Balance Sheet Exposures	-
	Total RWE for Credit Risk	6,940,053

4 Eligible Credit Risk Mitigation

Eligible credit Risk Mitigation	Amount
	115,325
	-
Total Eligible CRM	115,325

DETAIL CREDIT RISK ANALYSIS

5.Amount of Non Performing Loan

Category	Gross	Provision	Net
Substandard	118,052	29,458	88,594
Doubtful	149,276	74,467	74,809
Loss	11,305	11,305	-
Total	278,634	115,231	163,403

6.Non Performing Loan Ratio

Gross Loan	5,702,150
Net Loan	5,510,111
Gross NPL to Gross Loan & Advances	4.89%
Net NPL to Net Loan & Advances	2.97%

7.Movement of Non Performing Loan

Particulars	Opening Balance	Closing Balance	Movement
Non Performing Loan	167,567	278,634	111,067
Restructured	-	-	-
Substandard	77,573	118,052	40,479
Doubtful	33,864	149,276	115,413
Loss	56,131	11,305	(44,825)

8. Write off of Loans & Interest Suspense

Particulars	Loan Amount	Interest Suspense	Provision Write back
Total Loan Write Off	-	-	-

9. Movement of Loan Loss Provision

Particulars	Opening Balance	Closing Balance	Movement
Pass	63,411	67,646	4,235
Watch List	8,956	9,163	207
Restructured	-	-	-
Substandard	19,393	29,458	10,065
Doubtful	16,932	74,467	57,535
Loss	56,131	11,305	(44,825)
PG & Third Party Collateral	-	-	-
Total Loan Loss Provision	164,823	192,039	27,216

10. Movements of Loan & Loan Loss Provision

Particulars	Opening Balance	Closing Balance	Movement
Total Loan & Advances	5,260,006	5,702,150	442,144
Total Loan Loss Provision	164,823	192,039	27,216

11. Segregation of Finance's Investment Portfolio

Held for Trading	
Held for Maturity	2,327,329
Available for Sale	123,102

Note: Opening balance consider of Poush end 2078.