

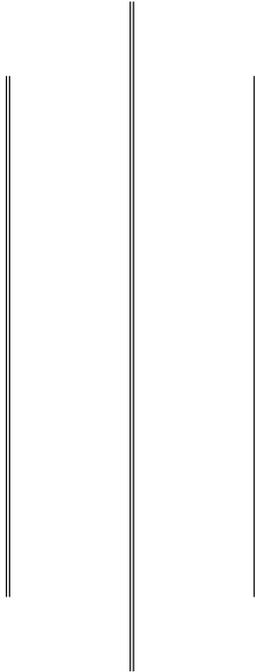


**RELIANCE FINANCE LIMITED**  
**रिलायन्स फाइनेन्स लिमिटेड**

**Kamaladi, Kathmandu-1**

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# **BASEL II DISCLOSURE**



**As on 30 Poush, 2082**

**Reliance Finance Limited**  
**Disclosure Under Basel II**  
**At the month end of Poush, 2082**

**1. Capital Structure and Capital Adequacy**

(amount in '000)

<b>A. Core Capital (Tier I)</b>	<b>1,081,670</b>
Paid up Equity Share Capital	1,121,452
Irredeemable Non-cumulative preference shares	-
Share Premium	1,141
Proposed Bonus Equity Shares	-
Statutory General Reserves	178,126
Retained Earnings	(217,662)
Un-audited current year cumulative profit/(loss)	1,723
Capital Redemption Reserve	-
Capital Adjustment Reserve	-
Dividend Equalization Reserves	-
Other Free Reserve	-
Less: Goodwill	-
Less: Deferred Tax Assets	-
Less: Fictitious Assets	-
Less: Investment in equity in licensed Financial Institutions	(3,110)
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>B. Supplementary Capital (Tier II)</b>	<b>239,134</b>
Cumulative and/or Redeemable Preference Share	-
Subordinated Term Debt	-
Hybrid Capital Instruments	-
General Loan Loss Provision	108,104
Exchange Equalization Reserve	-
Investment Adjustment Reserve	-
Assets Revaluation Reserve	33,294
Other Reserves	97,736
<b>Total Capital Fund (Tier I and Tier II)</b>	<b>1,320,803</b>

<b>1.3 Capital Adequacy Ratio</b>	
<b>Tier I Capital to Total RWE</b>	11.90%
<b>Total Capital Fund to Total RWE</b>	14.54%

**2 Risk Weighted Exposure (RWE)**

RWE for Credit Risk	8,296,816
RWE for Operational Risk	427,548
RWE for Market Risk	-
<b>Total RWE</b>	<b>8,724,364</b>

### 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	172,430
4	Claims on Corporate & Securities firm	1,449,985
5	Claims on Regulatory Retail Portfolio (Not Overdue)	2,178,133
6	Claims secured by residential properties	497,387
7	Claims secured by Commercial real estate	-
8	Past due claims (except for claims secured by residential properties)	2,317,875
9	High Risk claims	0
10	Real Estate loans for land acquisition and development (Other than mentioned in Capital Adequacy framework 2007-point 3.3(j)(1)(j))	247,843
11	Lending against Shares(above Rs.5 Million)	
12	Lending Against Shares(upto Rs. 5 Million)	217,123
13	Personal Hirepurchase/Personal Auto Loans	36,177
<b>14</b>	<b>Other Assets</b>	
	a)Investments in equity and other capital instruments of institutions listed in stock exchange	252,745
	b) Staff loan secured by residential property	23,128
	c)Other Assets (as per attachment)	863,798
<b>B.11</b>	<b>B. Off Balance Sheet Exposures</b>	<b>40,191</b>
	<b>Total RWE for Credit Risk</b>	<b>8,296,816</b>

### 4 Eligible Credit Risk Mitigation

Eligible credit Risk Mitigation	Amount
	127,520
<b>Total Eligible CRM</b>	<b>127,520</b>

### DETAIL CREDIT RISK ANALYSIS

#### 5.Amount of Non Performing Loan

Category	Gross	Provision	Net
Substandard	314,689	78,262	236,427
Doubtful	154,958	77,479	77,479
Loss	216,959	214,694	2,265
<b>Total</b>	<b>686,605</b>	<b>370,434</b>	<b>316,171</b>

#### 6.Non Performing Loan Ratio

Gross Loan	7,549,896
Net Loan	7,071,357
Gross NPL to Gross Loan & Advances	9.09%
Net NPL to Net Loan & Advances	4.47%

#### 7.Movement of Non Performing Loan

Particulars	Opening Balance	Closing Balance	Movement
<b>Non Performing Loan</b>	<b>964,752</b>	<b>686,605</b>	<b>(278,147)</b>
Restructured	-	-	-
Substandard	584,685	314,689	<b>(269,997)</b>
Doubtful	162,936	154,958	<b>(7,978)</b>
Loss	217,131	216,959	<b>(172)</b>

#### 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	51,527	58,712	7,185
Watch List	55,566	49,392	(6,174)
Restructured	-	-	-
Substandard	146,029	78,262	(67,767)
Doubtful	79,370	77,479	(1,891)
Loss	191,979	214,694	22,715
PG & Third Party Collateral	-	-	-
<b>Total Loan Loss Provision</b>	<b>524,471</b>	<b>478,539</b>	<b>(45,932)</b>

#### 10. Movements of Loan & Loan Loss Provision

Particulars	Opening Balance	Closing Balance	Movement
Total Loan & Advances	6,740,553	7,549,896	809,342
Total Loan Loss Provision	524,471	478,539	(45,932)

#### 11. Segregation of Finance's Investment Portfolio

Held for Trading	
Held for Maturity	1,485,443
Available for Sale	179,611

Note: Opening balance consider of Poush end 2081.