



Disclosures under Basel II For Fourth Quarter of FY 2079-80 ending Ashad 2080

Capital Structure and Capital Adequacy:

1.1. Capital Adequacy Ratio

Particular	Ratio
Core Capital Ratio – Tier I	19.60%
Total Capital Ratio - Tier I + Tire II	20.78%

1.2. Total qualifying capital:

Qualifying Capital	Amount '000'
Tier I Core Capital Fund	1,223,303
Tire II Supplementary Capital Fund	73,482
Total Capital Fund	1,296,785

1.3. Tier 1 Capital and a breakdown of its components:

S.N.	Particular	Amount '000'
1	Paid up Equity Share Capital	981,683
2	Irredeemable Non-cumulative preference shares	
3	Share Premium	
4	Proposed Bonus Equity Shares	
5	Statutory General Reserves	244,664
6	Retained Earnings	1,732
7	Un-audited current year cumulative profit/(loss)	65,526
8	Capital Redemption Reserve	
9	Capital Adjustment Reserve	
10	Dividend Equalization Reserves	
11	Other Free Reserve	
12	Less: Goodwill	
13	Less: Deferred Tax Assets	
14	Less: Fictitious Assets	
15	Less: Investment in equity in licensed Financial Institutions	
16	Less: Investment in equity of institutions with financial interests	
17	Less: Investment in equity of institutions in excess of limits	
18	Less: Investments arising out of underwriting commitments	
19	Less: Reciprocal crossholdings	
20	Less: Purchase of land & building in excess of limit and unutilized	70,302
21	Less: Other Deductions	
	Total Tier I Capital	1,223,303

Shree Investment & Finance Co. Ltd.



1.4. Tier 2 Capital and Breakdown of its Components:

S.N.	Particular	Amount '000'
1	Cumulative and/or Redeemable Preference Share	
2	Subordinated Term Debt	
3	Hybrid Capital Instruments	
4	General loan loss provision	72,633
5	Exchange Equalization Reserve	
6	Investment Adjustment Reserve	849
7	Asset Revaluation Reserve	
8	Other Reserves	
	Total Tier II Capital	73,482

1.5. Deduction from capital.

Shree Investment and Finance Ltd has deducted purchase of land NPR 70,302,239 in calculation of Tier I capital fund.

2. Risk Exposures:

2.1 Risk weighted exposures for credit Risk, Market Risk and Operational Risk:

Risk Weighted Exposures	Amount '000'
Risk Weighted Exposure for Credit Risk	5,554,554
Risk Weighted Exposure for Operational Risk	430,772
Risk Weighted Exposure for Market Risk	
Add: 3% of the total RWE due to non-compliance of Disclosure Requirement (6.4 a 10)	76,028
Add: 3% of the total deposit due to insufficient Liquid Assets (6.4 a 6)	179,560
Total Risk Weighted Exposures	6,240,914

2.2 Risk weighted exposures under different categories of Credit Risk:

S.N	Categories	Amount '000'
1	Claims on Government and Central Bank	
2	Claims on Other Financial Entities	
3	Claims on Banks	113,071
4	Claims on Domestic Corporate and Securities Firms	3,264,581
5	Claims on Regulatory Retail Portfolio & Other Retail Portfolio	801,282
6	Claims secured by residential properties	312,477
7	Claims secured by Commercial real estate	94,838
8	Past due claims	51,473
9	High Risk claims	398,051
10	Lending against Share (Up to Rs.2.5 million)	11,530
11	Investment in equity and other Capital Instrument	93,065
12	Other Assets	195,779
13	Off Balance Sheet Items	218,407
	Total	5,554,554



2.3 Total Risk Weight Exposures calculation Table:

RISK WEIGHTED EXPOSURES	Amount '000'
Risk Weighted Exposure for Credit Risk	5,554,554
Risk Weighted Exposure for Operational Risk	430,772
Risk Weighted Exposure for Market Risk	
Add: 3% of the total RWE due to non-compliance of Disclosure Requirement (6.4 a 7)	76,028
Add: 3% of the total deposit due to insufficient Liquid Assets (6.4 a 9)	179,560
Total Risk Weighted Exposures (After Bank's adjustment of Pillar II)	6,240,914
Total Core Capital	1,223,303
Total Capital Fund	1,296,785
Total Tier I Capital to Total Risk Weighted Exposures	19.60%
Total Capital Fund to Total Risk Weighted Exposures	20.78%

3 Details of Non-Performing loan

3.1 Amount of Non-Performing Assets (both Gross and Net):

'000'				
S.N	Particulars	Gross Amount	Loan Loss Provision	Net NPL
1	Restructured	-	-	-
2	Sub-Standard	28,569	30,526	(1,957)
3	Doubtful	9,021	9,351	(330)
4	Loss	22,077	31,041	(8,964)
	Total	59,667	70,918	(11,251)

3.2. NPA Ratio:

NPA Ratio	%
Gross NPA to Gross Advances	1.05
Net NPA to Net Advances	0.60

3.3 Movement in Non-Performing Assets:

'000'			
Particulars	This Quarter	Previous Quarter	Change (%)
Non-Performing Assets	59,668	70,918	(15.86)

Shree Investment & Finance Co. Ltd.



3.4 Write off Loans and Interest Suspense:

Particulars	Amount '000'
Write off loans during the quarter	-
Write off Interest Suspense quarter	-
Total	-

3.5. Movement in Loan Loss Provision:

Particulars	This Quarter	Previous Quarter	'000'
			Change (%)
Loan Loss Provision	109,286	127,637	(14.38)

3.6. Details of Additional Loan Loss Provision during the year:

Particulars	Amount '000'
Pass	72,633
Watch List	2,923
Restructured	0
Sub-Standard	7,142
Doubtful	4,511
Loss	22,078
Additional	0
Total	109,286

3.7 Segregation of Investment Portfolio:

Particulars	Amount '000'
Held for Trading	-
Held to Maturity	16,380
Available for sales	76,309
Total Investment	92,689

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

Shree Investment and Finance follows the Internal Capital Adequacy Assessment Process (ICAAP) and Risk Management Guideline while deciding on any business. It covers qualitative and quantitative information on risk capital adequacy assessment made by the management along with capital plan for the future business growth expected by the finance and meet the pillar I and pillar II risk to which the finance is exposed to.

The committees like Audit Committee, Risk Management Committee review the business and risk periodically and take necessary care of stress test result, return and capital in a sustainable manner. The finance has setup Assets Liability Management Committee to manage interest rate risk, liquidity risk, exchange risk, market risk etc. The finance perform gap analysis of its Assets and Liabilities to manage the liquidity risk. The finance consider the capital adequacy requirement



pursuant to the provision set by Nepal Rastra Bank. The finance is well capitalized and able to maintain the required capital through internal generation and equally through capital market if needed.

6. Risk Management Function

The Shree Investment and Finance Ltd is vigilant to the risk factor and has adequate systems/procedures to assess the risk associated with day to day business. The finance takes risk considering the risk appetite of the finance and after assessment of strength and weaknesses in the internal and external environment. Periodic review are done in order to explore every possibility to gain insight on various risk factors and in order to find the best way to mitigate the risk associated.