



Disclosures under Basel II For Third Quarter of FY 2080-81 ending Ashad 2081

Capital Structure and Capital Adequacy:

1.1. Capital Adequacy Ratio

Particular	Ratio
Core Capital Ratio – Tier I	18.87%
Total Capital Ratio - Tier I + Tire II	20.02%

1.2. Total qualifying capital:

Qualifying Capital	Amount '000'
Tier I Core Capital Fund	1,239,080
Tire II Supplementary Capital Fund	75,281
Total Capital Fund	1,314,361

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	259,667
6	Retained Earnings	1,190
7	Un-audited current year cumulative profit/(loss)	66,843
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	1,239,080

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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	74,432
5	Exchange Equalization Reserve	
6	Investment Adjustment Reserve	849
7	Asset Revaluation Reserve	
8	Other Reserves	
	Total Tier II Capital	75,281

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	5,902,671
Risk Weighted Exposure for Operational Risk	397,413
Risk Weighted Exposure for Market Risk	
Add: 3% of the total RWE due to non-compliance of Disclosure Requirement (6.4 a 10)	77,105
Add: 3% of the total deposit due to insufficient Liquid Assets (6.4 a 6)	189,002
Total Risk Weighted Exposures	6,566,192

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 domestic banks that meet capital adequacy requirement	119,824
4	Claims on Domestic Corporate and Securities Firms	1,630,947
5	Regulatory Retail Portfolio (Not Overdue)	907,974
6	Claims fulfilling all criterion of regularity retail except granularity	200,167
6	Claims secured by residential properties	294,457
7	Claims secured by residential properties (Overdue)	29,002
8	Claims secured by Commercial real estate	438,364
9	Past due claims (except for claims secured by residential properties)	241,262
10	High Risk claims	498,445

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11	Real Estate loans for land acquisition and development (Other than mentioned in Capital Adequacy framework 2007-point 3.3(j)(1)(j))	473,651
12	Lending Against Shares (above Rs. 5 Million)	448,493
13	Lending Against Shares(upto Rs. 5 Million)	65,099
14	Personal Hirepurchase/Personal Auto Loans	33,131
16	Investments in equity and other capital instruments of institutions listed in stock exchange	111,333
17	Investments in equity and other capital instruments of institutions not listed in the stock exchange	1,129
18	Staff loan secured by residential property	27,916
19	Other Assets	206,748
	Total	5,727,942

2.3 Total Risk Weight Exposures calculation Table:

RISK WEIGHTED EXPOSURES	Amount '000'
Risk Weighted Exposure for Credit Risk	5,902,671
Risk Weighted Exposure for Operational Risk	397,413
Risk Weighted Exposure for Market Risk	
Add: 3% of the total RWE due to non-compliance of Disclosure Requirement (6.4 a 7)	77,105
Add: 3% of the total deposit due to insufficient Liquid Assets (6.4 a 9)	189,002
Total Risk Weighted Exposures (After Bank's adjustment of Pillar II)	6,566,192
Total Core Capital	1,239,080
Total Capital Fund	1,314,361
Total Tier I Capital to Total Risk Weighted Exposures	18.87%
Total Capital Fund to Total Risk Weighted Exposures	20.02%

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	129,136	32,284	96,852
3	Doubtful	19,752	9,876	9,876
4	Loss	13,309	13,309	-
	Total	162,197	55,469	106,728

3.2. NPA Ratio:

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NPA Ratio	%
Gross NPA to Gross Advances	2.86
Net NPA to Net Advances	1.93

3.3 Movement in Non-Performing Assets:

‘000’

Particulars	This Quarter	Previous Quarter	Change (%)
Non-Performing Assets	162,196	147,476	9.98

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:

‘000’

Particulars	This Quarter	Previous Quarter	Change (%)
Loan Loss Provision	129,901	149,934	(13.36)

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

Particulars	Amount ‘000’
Pass	63,366
Watch List	11,066
Restructured	0
Sub-Standard	32,284
Doubtful	9,876
Loss	13,309
Additional	0
Total	129,901

3.7 Segregation of Investment Portfolio:

Particulars	Amount ‘000’
Held for Trading	-
Held to Maturity	2,237,450
Available for sales	112,086
Total Investment	2,349,536



4. 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.

5. 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.