

Basel II Disclosure
As per Capital Adequacy Framework 2007 (Updated 2008)

A Tier 1 capital and a breakdown of its component

(Figures in 000)

		Current Period (Quarter)	Previous Period (Quarter)
Core Capital (Tier 1) (a+b+c+d+e+f)		647,258	666,654
a	Paid up Equity Share Capital	828,914	828,914
b	Share Premium	3,025	3,025
c	Statutory General Reserves	169,706	169,706
d	Retained Earnings	-336,424	-351,615
e	Un-audited current year cumulative profit/(loss)	-21,592	12,995
f	Capital Adjustment Reserve	3,629	3,629

B Tier 2 capital and a breakdown of its component

(Figures in 000)

		Current Period (Quarter)	Previous Period (Quarter)
Supplementary Capital (Tier 2) (a+b)		33,371	33,351
a	General loan loss provision	33,371	31,607
b	Other Reserves	-	1,744

C Detailed information about the Subordinated Term Debts with information on the outstanding amount, maturity, amount raised during the year and amount eligible to be reckoned as capital funds.

There are no Subordinated Term Debts Issues by Finance.

D Deductions From Capital

There are no items eligible for deduction from capital.

E Total Qualifying Capital

(Figures in 000)

		Current Period (Quarter)	Previous Period (Quarter)
a	Tire 1 Capital as per A	647,258	666,654
b	Tier 2 Capital as per B	33,371	33,351
Total Qualifying Capital (a+b)		680,629	700,005

F Capital Adequacy Ratio

(Figures in %)

	Current Period (Quarter)	Previous Period (Quarter)
Tier 1 Capital to Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)	24.24%	26.36%
Tier 1 and Tier 2 Capital to Total Risk Weighted Exposures(After Bank's adjustments of Pillar II)	25.49%	27.68%

G Risk Weighted Exposures for Credit Risk, Market Risk and Operatinal Risk

(Figures in 000)

RISK WEIGHTED EXPOSURES		Current Period (Quarter)	Previous Period (Quarter)
a	Risk Weighted Exposure for Credit Risk	2,256,199.30	2,317,678.05
b	Risk Weighted Exposure for Operational Risk	266,358.50	210,953.83
c	Risk Weighted Exposure for Market Risk	-	-
d	Total Risk Weighted Exposures (Before adjustments of Pillar II) (a+b+c)	2,522,557.80	2,528,631.88
Adjustments under Pillar II			
SRP 6.4a (7)	Add RWE equivalent to reciprocal of capital charge of 3 % of gross income.	46,242.00	-
SRP 6.4a (9)	Overall risk management policies and procedures are not satisfactory. Add 3% of RWE	75,676.73	-
SRP 6.4a (10)	Desired level of disclosure requirement has not been achieved. Add 1% of RWE	25,225.58	-
e	Total Adjustments under pillar II (SRP 6.4a(7)+SRP 6.4a (9)+SRP 6.4a (10))	147,144.31	-
Total Risk Weighted Exposures (After Bank's adjustments of Pillar II) (d+e)		2,669,702.11	2,528,631.88

H Risk Weighted Exposures under each of 11 categories of Credit Risk

(Figures in 000)

		Current Period (Quarter)	Previous Period (Quarter)
a	Claims on government & central bank	-	-
b	Claims on other official entities	-	-
c	Claims on banks	169,466	170,683
d	Claims on corporate & securities firms	366,085	359,719
e	Claims on regulatory retail portfolio	1,002,496	107,994.25
f	Claims secured by residential properties	69,681	79,882
g	Claims secured by commercial real state	-	-
h	Past due claims	143,975	144,618
i	High risk claims	125,426	92,148
j	Other assets	344,711	357,957
k	Off balance sheet items	34,361	32,726.40
Total		2,256,199	2,317,678

I Total Risk Weight Exposure calculation Table (Relevant items only) For current period (Quarter)

(Figures in 000)

A. Balance Sheet Exposures	Book Value	Specific Provision	Eligible CRM	Net Value	Risk Weight	Risk Weighted Exposures
	a	b	c	d=a-b-c	e	f=d*e
Cash Balance	52,126.00			52,126.00	0%	-
Balance With Nepal Rastra Bank	86,047.00			86,047.00	0%	-
Investment in Nepalese Government Securities	205,000.00			205,000.00	0%	-
Investment in Nepal Rastra Bank securities	50,000.00			50,000.00	0%	-
Claims on domestic banks that meet capital adequacy requirements	847,329.00		-	847,329.00	20%	169,465.80
Claims on Domestic Corporates (Unrated)	366,085.00		-	366,085.00	100%	366,085.00
Regulatory Retail Portfolio (Not Overdue)	1,341,135.00		13,685.00	1,327,450.00	75%	995,587.50
Claims fulfilling all criterion of regularity retail except granularity	6,908.00		-	6,908.00		6,908.00
Claims secured by residential properties	105,535.00		-	105,535.00	60%	63,321.00
Claims secured by residential properties (Overdue)	38,548.00	32,188.00	-	6,360.00		6,360.00
Past due claims (except for claims secured by residential properties)	352,705.00	256,722.00	-	95,983.00		143,974.50
High Risk claims	71,347.00		-	71,347.00		107,020.50
Lending Against Securities (Bonds & Shares)	18,405.00		-	18,405.00	100%	18,405.00
Investments in equity and other capital instruments of institutions listed in stock exchange	17,074.00		-	17,074.00		17,074.00
Investments in equity and other capital instruments of institutions not listed in the stock exchange	2,816.00		-	2,816.00		4,224.00
Interest Receivable/claim on government securities	1,468.00		-	1,468.00	0%	-
Other Assets (as per attachment)	714,473.00	391,060.00	-	323,413.00		323,413.00
TOTAL (A)	4,277,001.00	679,970.00	13,685.00	3,583,346.00		2,221,838.30

B. Off Balance Sheet Exposures	Book Value	Specific Provision	Eligible CRM	Net Value	Risk Weight	Risk Weighted Exposures
	a	b	c	d=a-b-c	e	f=d*e
Bid Bond, Performance Bond and Counter guarantee domestic counterparty	100.00		-	100.00	50%	50.00
Irrevocable Credit commitments (short term)	71,620.00		-	71,620.00	20%	14,324.00
Other Contingent Liabilities	19,987.00		-	19,987.00	100%	19,987.00
TOTAL (B)	91,707.00	-	-	91,707.00		34,361.00
Total RWE for credit Risk Before Adjustment (A) +(B)	4,368,708.00	679,970.00	13,685.00	3,675,053.00		2,256,199.30
Adjustments under Pillar II						
Answer the question SRP 6.4a (3) in SRP sheet						-
Answer the question SRP 6.4a (4) in SRP sheet						-
Total RWE for Credit Risk after Bank's adjustments under Pillar II	4,368,708.00	679,970.00	13,685.00	3,675,053.00		2,256,199.30

J Amount of NPA's (Both Gross and Net)

		<i>(Figures in 000)</i>			
		Current Period (Quarter)		Current Period (Quarter)	
SN	Loan Classification	Gross NPA	Net NPA	Gross NPA	Net NPA
a	Restucture/Reschedule Loan	-	-	-	-
b	Substandard Loan	37,166	27,875	56,159.00	42,119.00
c	Doubtful Loan	22,781	11,391	30,203.00	15,102.00
d	Loss Loan	268,228	-	237,834.00	-

k NPA Ratios

		<i>(Figures in %)</i>	
		Current Period (Quarter)	Previous Period (Quarter)
a	Gross NPA to Gross Advances	14.26%	13.52%
b	Net NPA to Net Advances	1.99%	2.75%

L Movement of Non Performing Assets

				<i>(Figures in 000)</i>
SN	Loan Classification	Previous Period (Quarter)	Movement in - or + (Net)	Current Period (Quarter)
a	Restucture/Reschedule Loan	-	-	-
b	Substandard Loan	56,159	-18,993	37,166
c	Doubtful Loan	30,203	-7,422	22,781
d	Loss Loan	237,834	30,394	268,228

M Write off of Loan and Interest Suspense

There are no Loans and Interest Suspense Written off in current Period.

N Movement in Loan Loss Provision and Interest Suspense

				<i>(Figures in 000)</i>
SN	Items	Previous Period (Quarter)	Movement in - or + (Net)	Current Period (Quarter)
a	Loan Loss Provision	317,223	5,529	322,752
b	Interest Suspense	310,644	17,261	327,905

O Details Of Additional Loan Loss Provisions

There are no Additional Loan Loss Provisions in current Period.

P Segregation of investment portfolio into Held for trading, Held to maturity and Available for sale category

		<i>(Figures in 000)</i>	
SN	Investment Category	Current Period (Quarter)	Previous Period (Quarter)
a	Held For Trading	-	-
b	Held to Maturity	255,000	180,000
c	Available for sale	19,890	19,890

Q Summary of the bank's internal approach to assess the adequacy of its capital to support current and future activities

Best Finance adopts healthy risk management framework. The company follows Internal Capital Adequacy Assessment Process (ICAAP) and Risk Management Guideline while taking decision on any business. It has always taken note of ICAAP and has taken steps accordingly in ensuring soundness of capital position and sustainability of the business. The company policies and procedures are approved by the Board of Directors and these documents provide guidance on independent identification, measurement and management of risks across various businesses. Finance's different committees like Audit Committee, Risk Management Committee review the business and risks periodically and take account of stress test results, scenario analysis so as to align risk, return and capital in sustainable manner.

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

There are no Subordinated Terms Debts and hybrid capital Instruments.