

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)		767,142	535,202
a	Paid up Equity Share Capital	828,914	828,914
b	Share Premium	3,025	3,025
c	Statutory General Reserves	185,171	169,706
d	Retained Earnings	-342,100	-336,288
e	Un-audited current year cumulative profit/(loss)	88,503	-133,784
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)		27,925	30,649
a	General loan loss provision	27,925	30,649
b	Other Reserves	-	-

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	767,142	535,202
b	Tier 2 Capital as per B	27,925	30,649
Total Qualifying Capital (a+b)		795,067	565,851

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)	24.58%	20.12%
Tier 1 and Tier 2 Capital to Total Risk Weighted Exposures(After Bank's adjustments of Pillar II)	25.47%	21.27%

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

(Figures in 000)

		Current Period (Quarter)	Previous Period (Quarter)
RISK WEIGHTED EXPOSURES			
a	Risk Weighted Exposure for Credit Risk	2,713,877	2,247,224
b	Risk Weighted Exposure for Operational Risk	251,474	266,359
c	Risk Weighted Exposure for Market Risk	-	-
d	Total Risk Weighted Exposures (Before adjustments of Pillar II) (a+b+c)	2,965,351	2,513,583
Adjustments under Pillar II			
SRP 6.4a (7)	Add RWE equivalent to reciprocal of capital charge of 3 % of gross income.	37,311	46,242
SRP 6.4a (9)	Overall risk management policies and precedures are not satisfactory. Add 3% of RWE	89,253	75,407
SRP 6.4a (10)	Desired level of disclosure requirement has not been achieved. Add 1% of RWE	29,751	25,136
e	Total Adjustments under pillar II (SRP 6.4a(7)+SRP 6.4a (9)+SRP 6.4a (10))	156,315	146,785
Total Risk Weighted Exposures (After Bank's adjustments of Pillar II) (d+e)		3,121,666	2,660,368

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	295,295	206,279
d	Claims on corporate & securities firms	436,788	321,348
e	Claims on regulatory retail portfolio	805,870	824,411.5
f	Claims secured by residential properties	44,622	58,380.6
g	Claims secured by commercial real state	-	-
h	Past due claims	240,416	270,223.5
i	High risk claims	332,707	148,198.5
j	Other assets	520,244	379,400
k	Off balance sheet items	37,935	38,983.00
Total		2,713,877	2,247,224

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	46,618			46,618	0%	-
Balance With Nepal Rastra Bank	98,509			98,509	0%	-
Investment in Nepalese Government Securities	155,000			155,000	0%	-
Investment in Nepal Rastra Bank securities	50,000			50,000	0%	-
Claims on domestic banks that meet capital adequacy requirements	1,476,474		-	1,476,474	20%	295,295
Claims on Domestic Corporates (Unrated)	452,288		15,500	436,788	##	436,788
Regulatory Retail Portfolio (Not Overdue)	1,076,158		9,327	1,066,831	75%	800,123
Claims fulfilling all criterion of regularity retail except granularity	12,747		7,000	5,747		5,747
Claims secured by residential properties	66,044		-	66,044	60%	39,626
Claims secured by residential properties (Overdue)	10,472	5,476	-	4,996		4,996
Past due claims (except for claims secured by residential properties)	418,605	256,694	1,634	160,277		240,416
High Risk claims	193,122		-	193,122		289,683
Lending Against Securities (Bonds & Shares)	43,024		-	43,024	##	43,024
Investments in equity and other capital instruments of institutions listed in stock exchange	96,368		-	96,368		96,368
Investments in equity and other capital instruments of institutions not listed in the stock exchange	2,816		-	2,816		4,224
Interest Receivable/claim on government securities	2,340			2,340	0%	-
Other Assets (as per attachment)	769,191	349,539	-	419,652		419,652
TOTAL (A)	4,969,776	611,709	33,461	4,324,606		2,675,942

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		-	100	50%	50
Irrevocable Credit commitments (short term)	89,492		-	89,492	20%	17,898
Other Contingent Liabilities	19,987		-	19,987	00%	19,987
TOTAL (B)	109,579	-	-	109,579		37,935
Total RWE for credit Risk Before Adjustment (A)+(B)	5,079,355	611,709	33,461	3,675,053		2,713,877
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	5,079,355	611,709	33,461	3,675,053		2,713,877

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

		<i>(Figures in 000)</i>			
SN	Loan Classification	Current Period (Quarter)		Previous Period (Quarter)	
		Gross NPA	Net NPA	Gross NPA	Net NPA
a	Restructure/Reschedule Loan	-	-	-	-
b	Substandard Loan	69,175	51,881	217,339.00	163,004.00
c	Doubtful Loan	41,531	20,766	22,277.00	11,139.00
d	Loss Loan	224,110	-	372,404.00	-

k NPA Ratios

		<i>(Figures in %)</i>	
		Current Period (Quarter)	Previous Period (Quarter)
a	Gross NPA to Gross Advances	14.73%	27.22%
b	Net NPA to Net Advances	3.66%	9.79%

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	Restructure/Reschedule Loan	-	-	-
b	Substandard Loan	217,339	(148,164)	69,175
c	Doubtful Loan	22,277	19,254	41,531
d	Loss Loan	372,404	(148,294)	224,110

M Write off of Loan and Interest Suspense

There are no Loans Writtenoff in Current Period
Interest Suspense has been Written off by 44,474,000 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	468,527	(178,433)	290,094
b	Interest Suspense	308,269	(102,352)	205,917

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	205,000	205,000	
c	Available for sale	134,184	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.