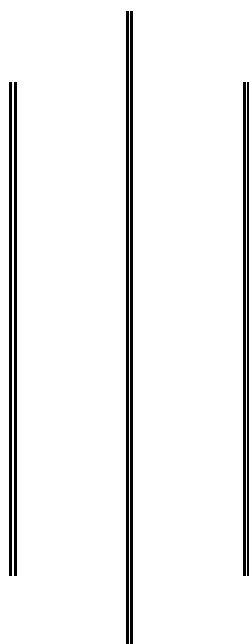




Kamaladi, Kathmandu-1

class "C" licenced financial institution licenced by Nepal Rastra Bank

BASEL II DISCLOSURE



As on 31 Chaitra, 2081

Reliance Finance Limited
Disclosure Under Basel II
At the month end of Chaitra, 2081

1.Capital Structure and Capital Adequacy

(amount in '000)

| | |
|---|----------------|
| A. Core Capital (Tier I) | 779,723 |
| Paid up Equity Share Capital | 1,121,452 |
| Irredeemable Non-cumulative preference shares | - |
| Share Premium | 1,141 |
| Proposed Bonus Equity Shares | - |
| Statutory General Reserves | 154,523 |
| Retained Earnings | (318,302) |
| Un-audited current year cumulative profit/(loss) | (174,711) |
| Capital Redemption Reserve | - |
| Capital Adjustment Reserve | - |
| Dividend Equalization Reserves | - |
| Other Free Reserve | - |
| Less: Goodwill | - |
| Less: Deferred Tax Assets | (1,269) |
| 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. Supplementary Capital (Tier II) | 134,077 |
| Cumulative and/or Redeemable Preference Share | - |
| Subordinated Term Debt | - |
| Hybrid Capital Instruments | - |
| General Loan Loss Provision | 97,726 |
| Exchange Equalization Reserve | - |
| Investment Adjustment Reserve | 5,229 |
| Assets Revaluation Reserve | 31,121 |
| Other Reserves | - |
| Total Capital Fund (Tier I and Tier II) | 913,799 |

| | |
|--|--------|
| 1.3 Capital Adequacy Ratio | |
| Tier I Capital to Total RWE | 8.78% |
| Total Capital Fund to Total RWE | 10.29% |

2 Risk Weighted Exposure (RWE)

| | |
|--------------------------|------------------|
| RWE for Credit Risk | 8,113,004 |
| RWE for Operational Risk | 426,556 |
| RWE for Market Risk | - |
| Total RWE | 8,539,560 |

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 | 77,381 |
| 4 | Claims on Corporate & Securities firm | 843,068 |
| 5 | Claims on Regulatory Retail Portfolio (Not Overdue) | 1,892,970 |
| 6 | Claims secured by residential properties | 443,382 |
| 7 | Claims secured by Commercial real estate | - |
| 8 | Past due claims (except for claims secured by residential properties) | 2,525,747 |
| 9 | High Risk claims | 553,150 |
| 10 | Real Estate loans for land acquisition and development (Other than mentioned in | 333,445 |
| 11 | Lending against Shares(above Rs.5 Million) | 174,201 |
| 12 | Lending Against Shares(upto Rs. 5 Million) | 128,887 |
| 13 | Personal Hirepurchase/Personal Auto Loans | 44,873 |
| 14 | Other Assets | |
| | a)Investments in equity and other capital instruments of institutions listed in stock exchange | 192,028 |
| | b) Staff loan secured by residential property | 19,243 |
| | c)Other Assets (as per attachment) | 858,077 |
| B.11 | B. Off Balance Sheet Exposures | 26,553 |
| | Total RWE for Credit Risk | 8,113,004 |

4 Eligible Credit Risk Mitigation

| Eligible credit Risk Mitigation | Amount |
|---------------------------------|---------------|
| | 87,284 |
| Total Eligible CRM | 87,284 |

DETAIL CREDIT RISK ANALYSIS

5.Amount of Non Performing Loan

| Category | Gross | Provision | Net |
|--------------|------------------|----------------|----------------|
| Substandard | 433,994 | 108,483 | 325,511 |
| Doubtful | 462,504 | 231,130 | 231,374 |
| Loss | 204,584 | 175,747 | 28,836 |
| Total | 1,101,082 | 515,360 | 585,721 |

6.Non Performing Loan Ratio

| | |
|------------------------------------|-----------|
| Gross Loan | 6,846,921 |
| Net Loan | 6,233,835 |
| Gross NPL to Gross Loan & Advances | 16.08% |
| Net NPL to Net Loan & Advances | 9.40% |

7.Movement of Non Performing Loan

| Particulars | Opening Balance | Closing Balance | Movement |
|----------------------------|-----------------|------------------|----------------|
| Non Performing Loan | 533,565 | 1,101,082 | 567,516 |
| Restructured | - | - | - |

| | | | |
|-------------|---------|---------|----------------|
| Substandard | 101,136 | 433,994 | 332,858 |
| Doubtful | 294,008 | 462,504 | 168,496 |
| Loss | 138,421 | 204,584 | 66,162 |

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 | 63,983 | 47,738 | (16,245) |
| Watch List | 31,219 | 49,988 | 18,769 |
| Restructured | - | - | - |
| Substandard | 25,106 | 108,483 | 83,377 |
| Doubtful | 147,004 | 231,130 | 84,126 |
| Loss | 138,421 | 175,747 | 37,326 |
| PG & Third Party Collateral | - | - | - |
| Total Loan Loss Provision | 405,734 | 613,087 | 207,353 |

10. Movements of Loan & Loan Loss Provision

| Particulars | Opening Balance | Closing Balance | Movement |
|---------------------------|-----------------|-----------------|----------|
| Total Loan & Advances | 6,292,994 | 6,846,921 | 553,927 |
| Total Loan Loss Provision | 405,734 | 613,087 | 207,353 |

11. Segregation of Finance's Investment Portfolio

| | |
|--------------------|-----------|
| Held for Trading | |
| Held for Maturity | 1,538,972 |
| Available for Sale | 83,981 |

Note: Opening balance consider of Chaitra end 2080.