PRIME COMMERCIAL BANK LIMITED

Disclosures under BASEL II as at 32.03.2068

1. **Capital Structure and Capital Adequacy**

- **Tier 1 Capital and a breakdown of its components:**

	Core Capital (Tier I)	Amount (Rs.)
a	Paid up Capital	2,245,746,000.00
b	Statutory General Reserve	99,140,866.00
c	Retained Earnings	65,591,620.44
D	Unaudited Current Year Profit	370,015,266.93
	Sub- Total	**2,780,493,753.37**
	Less : Fictitious Assets	-
	Total Core Capital (Tier I)	**2,780,493,753.37**

- **Tier 2 Capital and a breakdown of its components:**

Supplementary Capital (Tier 2)	Amount (Rs.)
General Loan Loss Provision	170,021,236.14
Total Supplementary Capital (Tier II)	**170,021,236.14**

- **Detailed information about the Subordinated Term Debts with information on the outstanding amount, maturity, amount eligible to be reckoned as capital funds:** Nil
- **Deductions from Capital** Nil
- **Total Qualifying Capital** 2,950,514,989.50
- **Capital Adequacy Ratio** 16.34%

2. **Risk Exposures**

Risk weighted exposures for Credit Risk, Market Risk and Operational Risk

	Risk Weighted Exposure	Amount (Rs.)
a	Risk weighted exposure for Credit Risk	16,790,593,766.18
b	Risk weighted exposure for Operational Risk	631,128,006.44
c	Risk weighted exposure for Market Risk	111,043,864.08

- **Risk Weighted Exposure under each of 11 categories**

	Credit Risk	Claim	RWE
1	Claims on Govt. and Central Bank	2,922,256,076.90	-
2	Claims on other Financial Entities	-	-
3	Claims on Banks	1,421,401,387.04	324,712,132.54
4	Claims on Corporate and Securities Firm	8,119,276,966.21	7,954,825,563.89
5	Claims on Regulatory Retail Portfolio	1,650,120,581.61	618,576,235.65
6	Claims Secured by Residential Properties	1,076,983,872.22	650,866,982.97
7	Claims Secured by Commercial Real Estate	2,594,973,549.26	2,594,973,549.26
8	Past due Claims	71,526,161.56	47,394,257.72
9	High Risk Claims	3,143,004,386.95	2,392,942,134.15
10	Other Assets	442,584,404.96	327,125,844.43
11	Off Balance Sheet Items	3,888,686,125.75	1,879,177,065.57

- **Total Risk weighted exposure calculation table:**

A. Balance Sheet Exposures	Book Value (a)	Specific provisions (b)	Eligible CRM (c)	Net Value (d=a-b-c)	Risk weight (e)	Risk Weighted Exposures (f=d*e)
Cash Balance	905,065,439.83		-	905,065,439.83	0%	-
Balance with Nepal Rastra Bank	1,735,541,646.91		-	1,735,541,646.91	0%	-
Investment in Nepalese Government Securities	1,068,911,930.00		-	1,068,911,930.00	0%	-
All claims on Government of Nepal	117,802,499.99		-	117,802,499.99	0%	-
Investment in Nepal Rastra Bank securities			-	-	0%	-
All claims on Nepal Rastra Bank			-	-	0%	-
Claims on Foreign Governmnet and Central Bank(ECA rating 0-1)			-	-	0%	-
Claims on Foreign Governmnet and Central Bank(ECA rating 2)			-	-	20%	-
Claims on Foreign Governmnet and Central Bank(ECA rating 3)			-	-	50%	-
Claims on Foreign Governmnet and Central Bank(ECA rating 4-6)			-	-	100%	-
Claims on Foreign Governmnet and Central Bank(ECA rating 7)			-	-	150%	-
Claims on BIS,IMF,ECB,EC and on Multilateral Development Banks recognized by the framework			-	-	0%	-
Claims on other Multilateral Development Banks			-	-	100%	-
Claims on Public Sector Entity (ECA 0-1)			-	-	20%	-
Claims on Public Sector Entity (ECA- 2)			-	-	50%	-
Claims on Public Sector Entity (ECA-3-6)			-	-	100%	-
Claims on Public Sector Entity (ECA -7)			-	-	150%	-
Claims on Domestic banks that meet capital adequacy requirements	1,103,278,614.49		-	1,103,278,614.49	20%	220,655,722.90
Claims on Domestic banks that do not meet capital adequacy requirements	45,752,517.88		-	45,752,517.88	100%	45,752,517.88
Claims on Foreign Bank (ECA 0-1)	247,704,352.70		-	247,704,352.70	20%	49,540,870.54
Claims on Foreign Bank (ECA 2)	12,766,136.10		-	12,766,136.10	50%	6,383,068.05
Claims on Foreign Bank (ECA 3-6)			-	-	100%	-
Claims on Foreign Bank (ECA 7)			-	-	150%	-

Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective capital requirement	11,899,765.87		-	11,899,765.87	20%	2,379,953.17
Claims on Domestic Corporates	8,119,276,966.21		164,451,402.32	7,954,825,563.89	100%	7,954,825,563.89
Claims on Foreign Corporates (ECA 0-1)			-	-	20%	-
Claims on Foreign Corporates (ECA 2)			-	-	50%	-
Claims on Foreign Corporates (ECA3-6)			-	-	100%	-
Claims on Foreign Corporates (ECA 7)			-	-	150%	-
Regulatory Retail Portfolio (Not Overdue)	1,548,214,272.10		773,629,703.92	774,584,568.18	75%	580,938,426.14
Claims fulfilling all criterion of regulatory retail except granularity	101,906,309.51		64,268,500.00	37,637,809.51	100%	37,637,809.51
Claims secured by residential properties	1,057,614,925.53		-	1,057,614,925.53	60%	634,568,955.32
Claims not fully secured by residential properties			-	-	150%	-
Claims secured by residential properties (Overdue)	19,368,946.69	3,070,919.04	-	16,298,027.66	100%	16,298,027.66
Claims secured by Commercial real estate	2,594,973,549.26		-	2,594,973,549.26	100%	2,594,973,549.26
Past due claims (except for claim secured by residential properties)	71,526,161.56	39,929,989.75	-	31,596,171.82	150%	47,394,257.72
High Risk claims	3,143,004,386.95	123,327.68	1,547,586,303.17	1,595,294,756.10	150%	2,392,942,134.15
Investments in equity & other capital instruments of institutions listed in the stock exchange			-	-	100%	-
Investments in equity & other capital instruments of institutions not listed in the stock exchange	3,900,000.00		-	3,900,000.00	150%	5,850,000.00
Other Assets (as per attachment)	438,684,404.96	117,408,560.53	-	321,275,844.43	100%	321,275,844.43
TOTAL	**22,347,192,826.54**	**160,532,796.99**	**2,549,935,909.41**	**19,636,724,120.13**		**14,911,416,700.61**

B.OFF BALANCE SHEET EXPOSURES	Book Value (a)	Specific provisions (b)	Eligible CRM (c)	Net Value (d=a-b-c)	Risk weight (e)	Risk Weighted Exposures (f=d*e)
Revocable Commitments				-	0%	-
Bills under Collection				-	0%	-
Forward exchange contract liabilities					10%	
LC Commitments with Original Maturity upto 6 months(domestic counterparty)	384,577,227.43	-	24,746,321.86	359,830,905.57	20%	71,966,181.11
Foreign Counterparty (ECA Rating 0-1)		-		-	20%	-
Foreign Counterparty (ECA Rating 2)		-		-	50%	-
Foreign Counterparty (ECA Rating 3-6)		-		-	100%	-
Foreign Counterparty (ECA Rating 7)		-		-	150%	-
LC Commitments with Original Maturity Over 6 months(domestic counterparty)	248,899,066.54	-	9,138,879.29	239,760,187.25	50%	119,880,093.63
Foreign Counterparty (ECA Rating 0-1)		-		-	20%	-
Foreign Counterparty (ECA Rating 2)		-		-	50%	-
Foreign Counterparty (ECA Rating 3-6)		-		-	100%	-
Foreign Counterparty (ECA Rating 7)		-		-	150%	-
Bid Bond and Performance Bond(domestic counterparty)	1,115,264,325.90	-	82,151,564.80	1,033,112,761.10	50%	516,556,380.55
Foreign Counterparty (ECA Rating 0-1)		-		-	20%	-
Foreign Counterparty (ECA Rating 2)		-		-	50%	-
Foreign Counterparty (ECA Rating 3-6)		-		-	100%	-
Foreign Counterparty (ECA Rating 7)		-		-	150%	-
Underwriting commitments		-		-	50%	-
Lending of Bank's securities or posting of securities as collateral		-		-	100%	-
Repurchase agreements, Assets sale with recourse	410,000,000.00	-		410,000,000.00	100%	410,000,000.00
Advance Payment Guarantee	826,206,609.35	-	282,379,048.67	543,827,560.67	100%	543,827,560.67
Financial Guarantee	545,000.00	-	20,000.00	525,000.00	100%	525,000.00
Acceptances and Endorsement		-		-	100%	-
Unpaid portion of partly paid shares and securities		-		-	100%	-
Irrevocable Credit commitments (Short term)	798,975,150.52	-		798,975,150.52	20%	159,795,030.10
Irrevocable Credit commitments (Long term)	101,207,115.01	-		101,207,115.01	50%	50,603,557.51

Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective capital requirement					20%	
Other Contingent Liabilities		-		-	100%	-
Unpaid Guarantee Claims	3,011,631.00			3,011,631.00	200%	6,023,262.00
Total	**3,888,686,125.75**	**-**	**398,435,814.62**	**3,490,250,311.12**		**1,879,177,065.57**
Total RWE for credit risk Before Adjustment (A)+(B)	**26,235,878,952.28**	**160,532,796.99**	**2,948,371,724.03**	**23,126,974,431.25**		**16,790,593,766.18**
Adjustment under Pillar II						
Add: 10% of the Loan and facilities in excess of Single Obligor Limits (6.4 a 3)						
Add: 1% of the contract (sale) value in case of the sale of credit with recourse (6.4 a 4)	4,100,000.00					
Total RWE for credit risk (After Bank's Adjustment of Pillar II)	**26,239,978,952.28**	**160,532,796.99**	**2,948,371,724.03**	**23,126,974,431.25**	**-**	**16,790,593,766.18**

Risk Weighted Exposure for Opertional Risk			
Particulars	**Year 1**	**Year 2**	**Year 3**
Net Interest Income	103,165,404.00	258,029,890.08	556,783,886.00
Commission and Discount Income	5,209,120.00	21,515,908.47	25,662,272.43
Other Operating Income	35,908,523.00	81,789,918.22	129,949,575.66
Exchange Fluctuation Income	3,402,571.00	10,961,165.01	21,772,254.00
Additional Interest Suspense during the period	17,926.00	1,417,016.00	6,670,583.00
Gross Income (a)	147,703,544.00	373,713,897.78	740,838,571.09
Alfa (b)	15%	15%	15%
Fixed Percentage of Gross Income [c=(a*b)]	22,155,531.60	56,057,084.67	111,125,785.66
Capital Requirement for operational risk (d) (average of c)			63,112,800.64
Risk Weight (reciprocal of capital requirement of 10%) in times (e)			10.00
Equivalent Risk Weight Exposure[f=(d*e)]			631,128,006.44
PILLAR II ADJUSTMENT			
Gross Income for all the last three years is negative (6.4 a 8)			
Total Credit and Investment (net of Specific Provisions)			
Capital Requirement for operational risk (5%)			
Risk Weight (reciprocal of capital requirement of 10%) in times			
Equivalent Risk Weight Exposure[g]			
Equivalent Risk Weight Exposure [h=f+g]			**631,128,006.44**

Risk Weighted Exposure for Market Risk			
Currency	**Open Position (FCY)**	**Open Position (NPR)**	**Relevant Open Position**
INR	49,706,041.34	79,529,666.14	79,529,666.14
USD	1,468,264.93	104,099,983.42	104,099,983.42
EURO	269,862.26	26,977,860.65	26,977,860.65
GBP	63,128.93	7,198,943.27	7,198,943.27
CHF	-	-	-
AUD	256.84	19,284.38	19,284.38
CAD	10.07	744.65	744.65
SGD	380.05	22,016.30	22,016.30
JPY	4,342,516.00	3,882,037.38	3,882,037.38
CNY	6,991.14	76,539.76	76,539.76
SAR	12,259.98	229,949.65	229,949.65
QAR	836.77	16,160.10	16,160.10
THB	2,211.83	5,203.00	5,203.00
AED	1,225.30	23,461.65	23,461.65
MYR	236.05	5,514.21	5,514.21
SEK	-	-	-
DKK	-	-	-
HKD	40.00	363.60	363.60
KRW	-	-	-
Total Open Position (a)			222,087,728.16
Fixed Percentage (b)			5%
Capital Charge for Market Risk [c=(a*b)]			11,104,386.41
Risk Weight (reciprocal of capital requirement of 10%) in times (d)			10.00
Equivalent Risk Weight Exposure [e=(c*d)]			111,043,864.08

- **Amount of NPAs**

	Gross NPA	Net NPA
➢ **Restructured/ Rescheduled Loan**	Nil	Nil
➢ **Sub- Standard Loan**	50,919,760.72	38,189,820.54
➢ **Doubtful Loan**	Nil	Nil
➢ **Loss Loan**	30,270,968.60	30,270,968.60

- **NPA Ratios**

Gross NPA to Gross Advances	0.48%
Net NPA to Net Advances	0.23%

- **Movement of Non Performing Assets**

Particulars	Opening Balance	Closing Balance	Movement
Sub- Standard Loan	32,316,758.78	50,919,760.72	57.56%
Doubtful Loan	29,970,968.60	30,270,968.60	1%

- **Write off of Loans and Interest Suspense** **Nil**

- **Movement in Loan Loss Provisions and Interest Suspense**

Loan Loss Provisions

Particulars	Opening Balance	Closing Balance	Movement
Pass Loan	172,962,534.53	170,021,236.14	-1.70%
Sub- Standard Loan	8,079,189.70	12,729,940.18	57.56%
Doubtful Loan	14,985,484.30	-	-100%
Loss Loan	-	30,270,968.60	100%
Personal Guarantee	123,989.37	123,327.68	-0.53%

Interest Suspense

Particulars	Opening Balance	Closing Balance	Movement
Interest Suspense	17,723,871.00	31,454,189.69	13,730,318.69

- **Details of additional Loan Loss Provisions**

Particulars	Opening Balance	Closing Balance	Movement
Pass Loan	172,962,534.53	170,021,236.14	-2,941,298.39
Sub- Standard Loan	8,079,189.70	12,729,940.18	4,650,750.48
Doubtful Loan	14,985,484.30	-	-14,985,484.30
Loss Loan	-	30,270,968.60	30,270,968.60
Personal Guarantee	123,989.37	123,327.68	-661.69

- **Segregation of investment portfolio into Held for Trading, Held to Maturity and Available for Sale Category**

a. **Held for Trading** **Nil**
b. **Held to Maturity**

Treasury Bills	1,068,911,930.00
Placement with Foreign Banks	140,834,008.69
Other Investment	152,400,000.00

c. **Available for Sale**

Nepal Clearing House Ltd.	2,500,000.00
Mahila Sahayatri Microfinance Development Bank Ltd.	1,400,000.00

- **Summary of the Bank's Internal Approach to assess the adequacy of its capital to support current and future activities:**
  a. Internal Audit department regularly monitors the adequacy of the capital.
  b. The capital adequacy is also monitored by the management and Board of Directors on periodic basis.

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