

PRIME COMMERCIAL BANK LIMITED

Disclosures under BASEL II as at 31.03.2070

Amount in NPR

1. Tier 1 capital and a breakdown of its components:

Core Capital (Tier 1)	Amount (Rs.)
Paid up Equity Share Capital	2,340,405,276
Statutory General Reserves	321,016,717
Retained Earnings	7,825,354
Un-audited current year cumulative profit	383,692,087
Other Free Reserve	17,282,541
Less: Fictitious Assets	-
Total Core Capital (Tier I)	3,070,221,975

2. Tier 2 capital and a breakdown of its components:

Supplementary Capital (Tier 2)	Amount
General loan loss provision	212,617,723
Exchange Equalization Reserve	75,734
Investment Adjustment Reserve	420,000
Total Core Capital (Tier II)	213,113,457

3. Detailed information about the Subordinated Term Debts with information on the outstanding amount, maturity, amount eligible to be reckoned as capital funds:

Nil

4. Deductions from Capital:

Nil

5. Total Qualifying Capital:

Total Qualifying Capital	Amount
Core Capital (Tier 1)	3,070,221,975
Core Capital (Tier 2)	213,113,457
Total qualifying capital	3,283,335,432

6. Capital Adequacy Ratio:

Capital Adequacy Ratio	Percentage
Tier 1 Capital to Total Risk Weighted Exposures	12.28%
Tier 1 & Tier 2 Capital to Total Risk Weighted Exposures	13.14%

7. Risk weighted exposures for credit risk, operational risk and market risk

Risk Weighted Exposures	Amount
Risk weighted Exposures for Credit Risk	22,062,442,211
Risk weighted Exposures for Operational Risk	1,304,031,505
Risk weighted exposures for Market Risk	417,218,592
Adjustment under Pillar II	
Add: 3% of the total RWE due to non compliance to Disclosure	

Requirement (6.4 a 10)	
Add:% of the total deposit due to insufficient Liquid Assets (6.4 a)	
Add: Supervisory Haircut (5 % of Gross Income)	495,800,000
Add: Supervisory Haircut (3 % of Gross RWE)	713,510,769
Total Risk Weighted Exposures(After Bank's adjustments of Pillar II)	24,993,003,078

8. Risk weighted exposure under each of 11 categories

Credit Risk	Claim	RWE
Claims on Govt. and Central Bank	9,453,779,069	-
Claims on Other Financial Entities	-	-
Claims on Banks	1,904,958,886	654,540,515
Claims on Corporate and Securities Firm	10,662,567,439	10,428,118,755
Claims on Regulatory Retail Portfolio	2,220,417,676	890,950,377
Claims on Secured by Residential Properties	1,253,253,091	751,560,342
Claims on Secured by Commercial Real Estate	2,174,287,065	2,174,287,065
Past due Claims	1,197,406,907	1,387,600,637
High Risk Claims	3,589,939,724	2,381,065,026
Other Assets	1,112,185,820	605,949,514
Off Balance Sheet Items	5,811,512,469	2,788,369,980
Total	39,380,308,145	22,062,442,211

9. Total risk weighted exposure calculation table:

i. Risk Weighted Exposure of Credit Risk

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	1,627,641,674	-	-	1,627,641,674	0%	-
Balance with Nepal Rastra Bank	3,055,234,138	-	-	3,055,234,138	0%	-
Gold	27,744,458	27,744,458	-	-	0%	-
Investment in Nepalese Government Securities	4,625,356,299	-	-	4,625,356,299	0%	-
All claims on Government of Nepal	117,802,500	-	-	117,802,500	0%	-
Investment in Nepal Rastra Bank securities	-	-	-	-	0%	-
All claims on Nepal Rastra Bank	-	-	-	-	0%	-
Claims on Foreign Government and Central Bank(ECA rating 0-1)	-	-	-	-	0%	-
Claims on Foreign Government and Central Bank(ECA rating 2)	-	-	-	-	20%	-
Claims on Foreign Government and Central Bank(ECA rating 3)	-	-	-	-	50%	-
Claims on Foreign Government and Central Bank(ECA rating 4-6)	-	-	-	-	100%	-
Claims on Foreign Government 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	863,473,361	-	-	863,473,361	20%	172,694,672
Claims on Domestic banks that do not meet capital adequacy requirements	344,855,271	68,752,750	-	276,102,521	100%	276,102,521
Claims on Foreign Bank (ECA 0-1)	468,025,497	-	-	468,025,497	20%	93,605,099
Claims on Foreign Bank (ECA 2)	221,390,902	-	-	221,390,902	50%	110,695,451
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	7,213,854	-	-	7,213,854	20%	1,442,771
Claims on Domestic Corporate	10,662,567,439	-	234,448,684	10,428,118,755	100%	10,428,118,755
Claims on Foreign Corporate (ECA 0-1)	-	-	-	-	20%	-
Claims on Foreign Corporate (ECA 2)	-	-	-	-	50%	-
Claims on Foreign Corporate (ECA3-6)	-	-	-	-	100%	-
Claims on Foreign Corporate (ECA 7)	-	-	-	-	150%	-
Regulatory Retail Portfolio (Not Overdue)	2,220,417,676	-	1,032,483,840	1,187,933,836	75%	890,950,377
Claims fulfilling all criterion of regulatory retail except granularity	-	-	-	-	100%	-
Claims secured by residential properties	1,139,261,586	-	-	1,139,261,586	60%	683,556,951
Claims not fully secured by residential properties	-	-	-	-	150%	-
Claims secured by residential properties (Overdue)	113,991,506	45,988,115	-	68,003,391	100%	68,003,391
Claims secured by Commercial real estate	2,174,287,065	-	-	2,174,287,065	100%	2,174,287,065
Past due claims (except for claim secured by residential properties)	1,197,406,907	272,339,815	-	925,067,092	150%	1,387,600,637
High Risk claims	3,589,939,724	124,594	2,002,438,446	1,587,376,684	150%	2,381,065,026
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	23,500,000	-	-	23,500,000	150%	35,250,000
Staff loan secured by residential property	-	-	-	-	60%	-
Interest Receivable/claim on government securities	9,384,632	-	-	9,384,632	0%	-
Cash in transit and other cash items in the porcess of collection	108,598,364	-	-	108,598,364	20%	21,719,673
Other Assets (as per attachment)	970,702,824	421,722,983	-	548,979,841	100%	548,979,841
TOTAL	33,568,795,676	836,672,715	3,269,370,970	29,462,751,991		19,274,072,231

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)	441,005,169	-	30,805,279	410,199,890	20%	82,039,978
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)	295,126,543	-	9,028,125	286,098,419	50%	143,049,209
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)	2,153,565,049	-	183,681,540	1,969,883,509	50%	984,941,754
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	-	-	-	-	100%	-
Advance Payment Guarantee	1,727,411,571	-	539,038,454	1,188,373,117	100%	1,188,373,117
Financial Guarantee	105,380,000	-	-	105,380,000	100%	105,380,000
Acceptances and Endorsement	-	-	-	-	100%	-
Unpaid portion of partly paid shares and securities	-	-	-	-	100%	-
Irrevocable Credit commitments (Short term)	998,633,709	-	-	998,633,709	20%	199,726,742
Irrevocable Credit commitments (Long term)	63,947,783	-	-	63,947,783	50%	31,973,892
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	26,442,644	-	-	26,442,644	200%	52,885,288
Total	5,811,512,469	-	762,553,398	5,048,959,071		2,788,369,980
Total RWE for credit risk Before Adjustment (A)+(B)						

	39,380,308,145	836,672,715	4,031,924,368	34,511,711,062		22,062,442,211
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)						
Total RWE for credit risk (After Bank's Adjustment of Pillar II)	39,380,308,145	836,672,715	4,031,924,368	34,511,711,062	-	22,062,442,211

ii. Risk Weighted Exposure of Operational Risk

Particulars	Year 1	Year 2	Year 3
Net Interest Income	556,783,886	696,629,518	716,430,032
Commission and Discount Income	25,662,272	46,341,237	54,490,267
Other Operating Income	129,949,576	105,374,760	121,275,446
Exchange Fluctuation Income	21,772,254	15,471,028	15,116,120
Additional Interest Suspense during the period	6,670,583	11,829,373	84,266,658
Gross Income (a)	740,838,571	875,645,917	991,578,523
Alfa (b)	15%	15%	15%
Fixed Percentage of Gross Income [c=(a*b)]	111,125,786	131,346,888	148,736,778
Capital Requirement for operational risk (d) (average of c)			130,403,151
Risk Weight (reciprocal of capital requirement of 10%) in times (e)			10
Equivalent Risk Weight Exposure[f=(d*e)]			1,304,031,505
PILLAR II ADJUSTMENT			-
If 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]			1,304,031,505

iii. Risk Weighted Exposure of Market Risk

Currency	Open Position (FCY)	Exchange Rate	Open Position (NPR)	Relevant Open Position
INR	277,309,270	1.60	443,694,832	443,694,832
USD	(3,754,861)	95.50	(358,589,220)	358,589,220
GBP	59,692	143.19	8,547,448	8,547,448
EUR	141,000	123.79	17,453,931	17,453,931
THB	5,182	3.06	15,841	15,841
CHF	201	99.77	20,064	20,064
AUD	2,173	85.99	186,862	186,862
CAD	337	91.20	30,716	30,716
SGD	142	75.06	10,635	10,635
JPY	5,108,817	0.95	4,859,483	4,859,483
HKD	8,898	12.30	109,470	109,470
DKK	-	16.58	-	-
SEK	-	14.20	-	-
SAR	4,170	25.26	105,347	105,347
QAR	2,258	26.01	58,740	58,740
AED	22,848	25.79	589,243	589,243
MYR	3,123	29.67	92,659	92,659
KRW	100,484	0.08	8,510	8,510
CNY	4,135	15.52	64,184	64,184
Total Open Position (a)			117,258,745	834,437,184
Fixed Percentage (b)				5%
Capital Charge for Market Risk [c=(a*b)]				41,721,859
Risk Weight (reciprocal of capital requirement of 10%) in times (d)				10
Equivalent Risk Weight Exposure [e=(c*d)]				417,218,592

10. Amount of NPAs

Classification of Loan	Gross NPA	Net NPA
Restructured/Rescheduled Loan	Nil	Nil
Sub-Standard Loan	67,268,040	50,451,030
Doubtful Loan	231,059,705	115,529,853
Loss Loan	185,981,068	0

11. NPA ratios

Gross NPA to Gross Advance	2.23%
Net NPA to Net Advances	0.78%

12. Movement of Non-performing Assets

Particulars	Opening Balance	Closing Balance	Difference
Sub-standard Loan	361,891,414	67,268,040	(294,623,374)
Doubtful Loan	103,617,725	231,059,705	127,441,980
Loss Loan	175,222,176	185,981,068	10,758,891

13. Write off of loans and interest suspense Nil

14. Movements in loan loss provisions and Interest suspense

i. Movement of Loan Loss Provision

Particulars	Opening Balance	Closing Balance	% Change
Pass Loan	212,806,330	212,617,723	-0.09%
Sub-standard Loan	90,472,853	16,817,010	-81.41%
Doubtful Loan	51,808,862	115,529,853	122.99%
Loss Loan	175,222,176	185,981,068	6.14%
Personal Guarantee	126,000	124,594	-1.12%

ii. Movement of Interest Suspense

Particulars	Opening Balance	Closing Balance	% Change
Interest Suspense	246,884,034	240,023,328	-2.78%

15. Details of additional loan loss provisions

Particulars	Opening Balance	Closing Balance	Additional Provision
Pass Loan	212,806,330	212,617,723	(188,607)
Sub-standard Loan	90,472,853	16,817,010	(73,655,844)
Doubtful Loan	51,808,862	115,529,853	63,720,990
Loss Loan	175,222,176	185,981,068	10,758,891
Personal Guarantee	126,000	124,594	(1,406)

16. Segregation of investment portfolio into held for trading, held to maturity and available for sale category

Investment Portfolio	Amount
Held for Trading	-
Held to Maturity	5,240,217,069
Treasury Bills	4,355,356,299
Development Bond -3 years	270,000,000
Money at Call	368,752,750
Other Investments	246,108,020
Available for sale	23,500,000
Nepal Clearing House Ltd.	2,500,000
Mahila Sahayatri Microfinance Dev. Bank Ltd.	14,000,000
Mero Microfinance Bittiya Sanstha Ltd	7,000,000

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

- To ensure sound capital assessment process; the board, management, audit committee and internal audit frequently monitor and review overall internal control system.
- Credit Risk Management Department reviews the credit risk, analyzes the trends, assesses the exposure and strictly monitors the risk factors.

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

Nil