

# PRIME COMMERCIAL BANK LIMITED

## Disclosures under BASEL III as at 2077.03.31

Amount in NPR

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

<b>Core Capital (Tier 1)</b>	<b>Amount (Rs.)</b>
Paid up Equity Share Capital	13,985,249,504
Statutory General Reserves	3,365,205,078
Proposed Bonus Equity Shares	-
Share Premium	644,823
Retained Earnings	-
Un-audited current year cumulative profit	1,764,348,421
Capital Redemption Reserve	322,211,268
Other Free Reserve	-
Less: Fictitious Assets	-
Less: Intangible Assets	15,995,335
Less: Deferred Tax Assets	49,346,393
Less: Investment in equity in licensed Financial Institutions	60,023,000
<b>Total Core Capital (Tier I)</b>	<b>19,312,294,367</b>

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

<b>Suplimentary Capital (Tier 2)</b>	<b>Amount (Rs.)</b>
General loan loss provision	1,043,281,142
Exchange Equalisation Reserve	3,675,967
Investment Adjustment Reserve	2,131,943
<b>Total Core Capital (Tier II)</b>	<b>1,049,089,051</b>

### 3. 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:

Nil

### 4. Deductions from Capital:

The bank has deducted to the following items in calculation of Tier I Capital:

<b>Deduction from Tier I Capital</b>	<b>Amount</b>
Intangible Assets	15,995,335
Deferred Tax Assets	49,346,393
Investment in equity in licensed Financial Institutions	60,023,000
<b>Total Deduction from Tier I Capital</b>	<b>125,364,728</b>

### 5. Total Qualifying Capital:

<b>Total Qualifying Capital</b>	<b>Amount</b>
Core Capital (Tier 1)	19,312,294,367
Suplimentary Capital (Tier 2)	1,049,089,051
<b>Total qualifying capital</b>	<b>20,361,383,418</b>

## 6. Capital Adequacy Ratio:

Capital Adequacy Ratio	Percentage
Tier 1 Capital to Total Risk Weighted Exposures	12.71%
Tier 1 & Tier 2 Capital to Total Risk Weighted Exposures	13.40%

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

Risk Weighted Exposures	Amount
Risk weighted Exposures for Credit Risk	138,260,906,861
Risk weighted Exposures for Operational Risk	6,818,548,645
Risk weighted exposures for Market Risk	172,766,391
<b>Total Risk Weighted Exposures (Before adjustments of Pillar II)</b>	<b>145,252,221,897</b>
<b><i>Adjustment under Pillar II</i></b>	
ALM policies & practices are not satisfactory, add 1% of net interest income to RWE	-
Add .....% of the total deposit due to insufficient Liquid Assets	-
Add RWE equivalent to reciprocal of capital charge of 5 % of gross income.	2,293,497,900
Overall risk management policies and procedures are not satisfactory. Add 3% of RWE	4,357,566,657
If desired level of disclosure requirement has not been achieved, Add .....% of RWE	-
<b>Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)</b>	<b>151,903,286,454</b>

## 8. Risk weighted exposure under each of 11 categories

Credit Risk	Claim	RWE
Claims on Govt. and Central Bank	24,711,135,293	-
Claims on Other Financial Entities	-	-
Claims on Banks	13,751,229,435	4,433,376,447
Claims on Corporate and Securities Firm	57,133,675,724	56,807,788,481
Claims on Regulatory Retail Portfolio	27,023,356,326	17,921,546,935
Claims on Secured by Residential Properties	8,515,182,959	5,136,930,084
Claims on Secured by Commercial Real Estate	5,498,591,814	5,444,413,433
Past due Claims	3,045,511,879	3,155,182,663
High Risk Claims	7,027,865,172	7,394,641,321
Lending against securities (bonds & shares)	2,927,418,739	2,906,360,467
Other Assets	5,478,951,189	2,619,448,799
Off Balance Sheet Items	63,737,785,371	32,441,218,231
<b>Total</b>	<b>218,850,703,901</b>	<b>138,260,906,861</b>

## 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 weigh t (e)	Risk Weighted Exposures (f=d*e)
Cash Balance	4,168,483,850	-	-	4,168,483,850	0%	-
Balance With Nepal Rastra Bank	8,716,147,441	-	-	8,716,147,441	0%	-
Gold	12,967,149	12,967,149	-	-	0%	-
Investment in Nepalese Government Securities	11,659,250,000	-	-	11,659,250,000	0%	-
All Claims on Government of Nepal	154,286,854	-	-	154,286,854	0%	-
Investment in Nepal Rastra Bank securities	-	-	-	-	0%	-
All claims on Nepal Rastra Bank	-	-	-	-	0%	-
Claims on Foreign Government and Central Bank (ECA 0-1)	-	-	-	-	0%	-
Claims on Foreign Government and Central Bank (ECA -2)	-	-	-	-	20%	-
Claims on Foreign Government and Central Bank (ECA -3)	-	-	-	-	50%	-
Claims on Foreign Government and Central Bank (ECA-4-6)	-	-	-	-	100%	-
Claims on Foreign Government and Central Bank (ECA -7)	-	-	-	-	150%	-
Claims On BIS, IMF, ECB, EC and MDB's 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	6,398,779,720	-	-	6,398,779,720	20%	1,279,755,944
Claims on domestic banks that do not meet capital adequacy requirements	48,224,484	48,224,484	-	-	100%	-
Claims on foreign bank (ECA Rating 0-1)	1,206,385,703	-	-	1,206,385,703	20%	241,277,141
Claims on foreign bank (ECA Rating 2)	5,642,584,856	-	-	5,642,584,856	50%	2,821,292,428
Claims on foreign bank (ECA Rating 3-6)	-	-	-	-	100%	-
Claims on foreign bank (ECA Rating 7)	-	-	-	-	150%	-
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	455,254,672	-	-	455,254,672	20%	91,050,934
Claims on Domestic Corporates	57,133,675,724	125,441,872	200,445,372	56,807,788,481	100%	56,807,788,481
Claims on Foreign Corporates (ECA 0-1)	-	-	-	-	20%	-
Claims on Foreign Corporates (ECA 2)	-	-	-	-	50%	-
Claims on Foreign Corporates (ECA 3-6)	-	-	-	-	100%	-
Claims on Foreign Corporates (ECA 7)	-	-	-	-	150%	-
Regulatory Retail Portfolio (Not Overdue)	27,023,356,326	133,439,096	2,994,521,317	23,895,395,913	75%	17,921,546,935
Claims fulfilling all criterion of regularity retail except granularity	-	-	-	-	100%	-
Claims secured by residential properties	8,181,422,030	61,102,209	-	8,120,319,821	60%	4,872,191,892
Claims not fully secured by residential properties	-	-	-	-	150%	-
Claims secured by residential properties (Overdue)	333,760,928	69,022,737	-	264,738,191	100%	264,738,191
Claims secured by Commercial real estate	5,498,591,814	54,178,382	-	5,444,413,433	100%	5,444,413,433
Past due claims (except for claims secured by residential properties)	3,045,511,879	942,056,770	-	2,103,455,109	150%	3,155,182,663
High Risk claims	7,027,865,172	41,979,390	2,056,124,901	4,929,760,881	150%	7,394,641,321
Lending against securities (bonds & shares)	2,927,418,739	21,058,272	-	2,906,360,467	100%	2,906,360,467

Investments in equity and other capital instruments of institutions listed in stock exchange	742,661,784	-	-	742,661,784	100%	742,661,784
Investments in equity and other capital instruments of institutions not listed in the stock exchange	49,910,340	-	-	49,910,340	150%	74,865,510
Staff loan secured by residential property	246,637,168	-	-	246,637,168	50%	123,318,584
Interest Receivable/claim on government securities	120,845,075	120,845,075	-	-	0%	-
Cash in transit and other cash items in the process of collection	162,509,849	-	-	162,509,849	20%	32,501,970
Other Assets (as per attachment)	4,156,386,973	2,510,286,022	-	1,646,100,951	100%	1,646,100,951
<b>TOTAL</b>	<b>155,112,918,530</b>	<b>4,140,601,457</b>	<b>5,251,091,590</b>	<b>145,721,225,483</b>		<b>105,819,688,630</b>

<b>B. Off-Balance Sheet Exposures</b>	<b>Book Value (a)</b>	<b>Specific provisions (b)</b>	<b>Eligible CRM (c)</b>	<b>Net Value (d=a-b-c)</b>	<b>Risk weight (e)</b>	<b>Risk Weighted Exposures (f=d*e)</b>
Revocable Commitments	-	-	-	-	0%	-
Bills Under Collection	-	-	-	-	0%	-
Forward Exchange Contract Liabilities	5,691,057,029	-	-	5,691,057,029	10%	569,105,703
LC Commitments With Original Maturity Upto 6 months domestic counterparty	3,132,463,354	-	115,592,800	3,016,870,555	20%	603,374,111
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	3,860,462,916	-	95,346,678	3,765,116,238	50%	1,882,558,119
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, Performance Bond and Counter guarantee domestic counterparty	28,959,013,828	-	-	28,959,013,828	50%	14,479,506,914
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	10,365,464,953	-	-	10,365,464,953	100%	10,365,464,953
Financial Guarantee	-	-	-	-	100%	-
Acceptances and Endorsements	147,885,277	-	-	147,885,277	100%	147,885,277
Unpaid portion of Partly paid shares and Securities	-	-	-	-	100%	-
Irrevocable Credit commitments (short term)	8,183,041,174	-	-	8,183,041,174	20%	1,636,608,235
Irrevocable Credit commitments (long term)	1,693,385,840	-	-	1,693,385,840	50%	846,692,920
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	-	-	-	-	20%	-
Other Contingent Liabilities	1,500,000,000	-	-	1,500,000,000	100%	1,500,000,000
Unpaid Guarantee Claims	205,011,000	-	-	205,011,000	200%	410,022,000
<b>Total</b>	<b>63,737,785,371</b>	<b>-</b>	<b>210,939,477</b>	<b>63,526,845,893</b>		<b>32,441,218,231</b>
<b>Total RWE for credit risk Before Adjustment (A)+(B)</b>	<b>218,850,703,901</b>	<b>4,140,601,457</b>	<b>5,462,031,067</b>	<b>209,248,071,377</b>		<b>138,260,906,861</b>
<b><u>Adjustment under Pillar II</u></b>						<b>-</b>

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)						-
<b>Total RWE for credit risk ( After Bank's Adjustment of Pillar II)</b>	<b>218,850,703,901</b>	<b>4,140,601,457</b>	<b>5,462,031,067</b>	<b>209,248,071,377</b>		<b>138,260,906,861</b>

## ii. Risk Weighted Exposure of Operational Risk

Particulars	Year 1	Year 2	Year 3
Net Interest Income	2,808,757,407.52	3,628,576,355.41	4,991,941,992.95
Commission and Discount Income	738,053,289.54	677,637,025.98	793,794,730.49
Other Operating Income	272,989,346.47	295,536,899.82	284,991,105.18
Exchange Fluctuation Income	122,569,639.85	185,551,427.15	238,135,406.77
Additional Interest Suspense during the period	(5,518,560.78)	(29,574,918.73)	(1,133,898.44)
Gross Income (a)	<b>3,936,851,123</b>	<b>4,757,726,790</b>	<b>6,307,729,337</b>
Alfa (b)	15%	15%	15%
Fixed Percentage of Gross Income [c=(a*b)]	590,527,668	713,659,018	946,159,401
Capital Requirement for operational risk (d) (average of c)			750,115,362
Risk Weight (reciprocal of capital requirement of 11%) in times (e)			9.09
Equivalent Risk Weight Exposure[f=(d*e)]			6,818,548,645
<u>PILLAR II ADJUSTMENT</u>			-
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 11%) in times			9.09
Equivalent Risk Weight Exposure[g]			-
<b>Equivalent Risk Weight Exposure [h=f+g]</b>			<b>6,818,548,645</b>

## iii. Risk Weighted Exposure of Market Risk

Currency	Open Position (FCY)	Exchange Rate	Open Position (NPR)	Relevant Open Position
INR	194,347,887	1.60	310,956,619	310,956,619
USD	411,858	119.95	49,402,353	49,402,353
GBP	27,171	150.68	4,094,108	4,094,108
EUR	32,300	136.56	4,410,923	4,410,923
THB	31,424	3.80	119,410	119,410
CHF	3,478	127.19	442,326	442,326
AUD	27,797	83.75	2,328,021	2,328,021
CAD	11,312	88.02	995,713	995,713
SGD	3,212	86.09	276,483	276,483
JPY	1,552,865	1.12	1,732,998	1,732,998
HKD	23,799	15.46	367,934	367,934
DKK	70,092	18.34	1,285,493	1,285,493
SEK	452	13.20	5,963	5,963
SAR	21,458	31.73	680,854	680,854
QAR	11,232	32.67	366,964	366,964
AED	23,686	32.39	767,196	767,196
MYR	22,963	27.95	641,806	641,806
KRW	379,710	0.10	37,781	37,781
CNY	60,569	17.14	1,038,156	1,038,156
KWD	447	386.66	172,973	172,973
BHD	-	-	-	-
<b>Total Open Position (a)</b>			<b>380,124,072</b>	<b>380,124,072</b>
<b>Fixed Percentage (b)</b>			-	5%
<b>Capital Charge for Market Risk [c=(a*b)]</b>				19,006,204
<b>Risk Weight (reciprocal of capital requirement of 11%) in times (d)</b>				9.09
<b>Equivalent Risk Weight Exposure [e=(c*d)]</b>				<b>172,766,391</b>

**10. Amount of NPAs**

Classification of Loan	Gross NPA	Net NPA
Restructured/Rescheduled Loan	Nil	Nil
Sub-Standard Loan	638,213,112	478,659,834
Doubtful Loan	631,714,353	315,857,177
Loss Loan	504,473,329	-

**11. NPA ratios**

Gross NPA to Gross Loan & Advance	1.54%
Net NPA to Net Loan & Advances	0.70%

**12. Movement of Non-performing Assets**

Particulars	Opening Balance	Closing Balance	Difference
Sub-standard Loan	553,695,203	638,213,112	84,517,909
Doubtful Loan	155,144,374	631,714,353	476,569,980
Loss Loan	410,868,267	504,473,329	93,605,062

**13. Write off of loans and interest suspense**

Particulars	Opening Balance	Closing Balance	Difference
Loan and Interest Suspense write-off	-	-	-

**14. Movements in loan loss provisions and Interest suspense****i. Movement of Loan Loss Provision**

Particulars	Opening Balance	Closing Balance	% Change
Pass Loan	1,102,613,307.87	1,043,281,141.91	-5.38%
Watch list	181,971,224.04	468,394,943.91	157.40%
Sub-standard Loan	138,423,800.70	159,553,278.01	15.26%
Doubtful Loan	77,572,186.92	315,857,176.69	307.18%
Loss Loan	410,868,267.29	504,473,329.14	22.78%
Personal Guarantee	441,000.00	-	-100.00%

**ii. Movement of Interest Suspense**

Particulars	Opening Balance	Closing Balance	% Change
Interest Suspense	2,403,130,610.40	1,372,448,906.54	-42.89%

**15. Details of additional loan loss provisions**

Particulars	Opening Balance	Closing Balance	Additional Provision
Pass Loan	1,102,613,307.87	1,043,281,141.91	(59,332,166)
Watch List	181,971,224.04	468,394,943.91	286,423,720
Sub-standard Loan	138,423,800.70	159,553,278.01	21,129,477
Doubtful Loan	77,572,186.92	315,857,176.69	238,284,990
Loss Loan	410,868,267.29	504,473,329.14	93,605,062
Personal Guarantee	441,000.00	-	(441,000)

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

<b>Investment Portfolio</b>	<b>Amount (Rs.)</b>	
<b>Held for Trading</b>	-	
<b>Held to Maturity</b>	<b>17,159,570,974</b>	
<b>Treasury Bills</b>	-	
<b>Development Bond</b>	11,659,250,000	
<b>Money at Call</b>	48,224,484	
<b>Other Investments</b>	5,452,096,490	
<b>Available for sale</b>		
<b>Particulars</b>	<b>Cost Price</b>	<b>Fair Value</b>
Annapurna Developers	2,000,000.00	2,000,000.00
Banking Finance & Insurance Institution	3,000,000.00	3,300,000.00
Chilime Hydro power Company Limited	33,511,686.83	19,616,624.00
Citizen Mutual Fund-1	12,503,065.30	12,578,018.00
Civil Laghubitta Bittiya Sanstha Limited	-	1,534.00
Deprosc Laghubitta Bittiya Sanstha Limited	-	355.06
Divya Laghubitta Bittiya Sanstha Limited	11,770,000.00	11,770,000.00
Global IME Laghubitta Bittiya Sanstha Limited	1,055.26	1,318.00
Global IME Sammunat Scheme-1	42,725,265.67	36,658,255.92
Jalpa Laghubitta Bittiyta Sanstha Limited	7,000,000.00	7,000,000.00
Karja Suchana Kendra	94,500.00	1,181,300.00
Laxmi Equity Fund	58,460,297.44	51,270,182.99
Life Insurance Corporation Nepal Limited	16,166,526.26	16,494,660.00
Mahila Sahayatra Laghubitta Bittiya Sanstha Ltd.- Ordinary	-	1,520.00
Mahila Sahayatra Laghubitta Bittiya Sanstha-Promoter	14,000,000.00	14,000,000.00
Mero Microfinance Bittiya Sanstha Ltd.	37,023,000.00	37,023,000.00
Nabil Balance Fund-2	2,500,000.00	2,475,000.00
NABIL Equity Fund	22,642,720.00	21,125,657.76
Neco Insurance	105,899,056.41	104,958,191.00
Nepal Clearing House Ltd.	4,089,300.00	8,126,240.00
Nepal Doorsanchar Co. Ltd	79,934,830.29	78,232,545.00
Nepal Electronic Payment System Ltd	15,000,000.00	15,000,000.00
Nerude Laghubitta Bikas Bank	13,386,254.00	148,582,416.15
NIBL Pragati Fund	20,587,397.97	16,781,371.60
NIBL Samriddhi Fund 1	27,882,035.73	27,603,724.50
NIC Asia Balance Fund	2,500,000.00	2,595,000.00
NIC Asia Growth Fund	2,500,000.00	2,547,500.00
NLG Insurance	135,554,098.37	115,260,138.00
NLIC insurance	116,325.88	147,420.00
NMB 50	2,500,000.00	2,500,000.00
NMB Hybrid Fund-1	25,413,078.02	24,142,160.00
Prabhu Capital Ltd. Promoter Share	1,500,000.00	1,532,800.00
Prime Life Insurance Company Limited	-	1,062.00
Ridi Hydropower Development Company Limited	564.00	1,344.00
RMDC Laghubitta Bittiya Sanstha Limited	-	23,834.00
Sana Kisan Laghubitta Bittiya Sanstha Limited	-	94,973.00
Sanima Equity Fund	29,000,000.00	28,797,000.00
Siddhartha Equity Fund	19,356,940.19	19,356,960.00
Siddhartha Insurance Limited	-	2,900.00
Siddhartha Investment Growth Scheme-2	5,000,000.00	5,000,000.00



Soaltee Hotel Ltd	2,121,780.00	1,521,366.00
Surya Life Insurance Company Limited Promoter Share	2,545,355.00	4,290,273.00
Swabhimaan Laghubitta Bittiya Sanstha Limited	9,000,000.00	9,000,000.00
<b>Grand Total</b>	<b>767,285,132.62</b>	<b>852,596,643.98</b>

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

- Overall risk of the bank is monitored by risk management committee and Audit Committee where the board members are involved.
- To ensure sound capital assessment process; the board, management, audit committee, internal audit and compliance frequently monitor and review quality and effectiveness of the control and mitigate risk to protect the assets of the bank regularly.
- The bank has established sound credit appraisal system and formation of committees with at least 3 members in various levels of approval of final credit disbursement. Regular site visits, analysis of market trend, value of collaterals and adjustments in its policy accordingly, will minimize credit risks.
- The bank has set up Assets Liability Management Committee chaired by CEO to manage interest rate risk, liquidity risk, exchange risk, market risk etc. The bank periodically performs gap analysis of its Assets and Liabilities to manage the liquidity risks.

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

Nil