

# PRIME COMMERCIAL BANK LIMITED

Disclosures under BASEL III as at 31.03.2074

*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	6,325,432,181
Statutory General Reserves	951,837,947
Proposed Bonus Equity Shares	-
Share Premium	181,260,155
Retained Earnings	107,678,750
Un-audited current year cumulative profit	1,477,001,235
Capital Redemption Reserve	358,265,319
Other Free Reserve	41,899,745
Less: Intangible Assets	15,682,898
Less: Deferred Tax Assets	53,748,183
Less: Investment in equity in licensed Financial Institutions	28,000,000
<b>Total Core Capital (Tier I)</b>	<b>9,345,944,250</b>

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

<b>Supplementary Capital (Tier 2)</b>	<b>Amount</b>
General loan loss provision	612,598,231
Exchange Equalization Reserve	75,734
Investment Adjustment Reserve	7,995,722
<b>Total Core Capital (Tier II)</b>	<b>620,669,686</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	15,682,898.33
Deferred Tax Assets	53,748,182.78
Investment in equity in licensed Financial Institutions	28,000,000.00
<b>Total Deduction from Tier I Capital</b>	<b>97,431,081.11</b>

**5. Total Qualifying Capital:**

<b>Total Qualifying Capital</b>	<b>Amount</b>
Core Capital (Tier 1)	9,345,944,250
Supplementary Capital (Tier 2)	620,669,686
<b>Total qualifying capital</b>	<b>9,966,613,937</b>

6. Capital Adequacy Ratio:

Capital Adequacy Ratio	Percentage
Tier 1 Capital to Total Risk Weighted Exposures	12.52%
Tier 1 & Tier 2 Capital to Total Risk Weighted Exposures	13.35%

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

Risk Weighted Exposures	Amount
Risk weighted Exposures for Credit Risk	68,819,757,119
Risk weighted Exposures for Operational Risk	2,686,947,991
Risk weighted exposures for Market Risk	146,596,900
<b>Total Risk Weighted Exposures (Before adjustments of Pillar II)</b>	<b>71,653,302,010</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.	853,000,000
Overall risk management policies and procedures are not satisfactory. Add 3% of RWE	2,149,599,060
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>74,655,901,071</b>

8. Risk weighted exposure under each of 11 categories

Credit Risk	Claim	RWE
Claims on Govt. and Central Bank	14,816,332,416	-
Claims on Other Financial Entities	-	-
Claims on Banks	5,759,480,556	1,806,713,363
Claims on Corporate and Securities Firm	29,062,620,314	28,913,744,636
Claims on Regulatory Retail Portfolio	8,846,889,835	4,731,767,799
Claims on Secured by Residential Properties	3,372,370,044	2,039,593,162
Claims on Secured by Commercial Real Estate	6,724,297,903	6,724,297,903
Past due Claims	978,132,869	970,244,253
High Risk Claims	7,483,836,747	6,517,656,362
Other Assets	2,057,176,558	1,358,517,220
Off Balance Sheet Items	31,405,244,621	15,757,222,419
<b>Total</b>	<b>110,506,381,863</b>	<b>68,819,757,119</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 weight (e)	Risk Weighted Exposures (f=d*e)
Cash Balance	2,519,558,160	-	-	2,519,558,160	0%	-
Balance with Nepal Rastra Bank	8,296,127,517	-	-	8,296,127,517	0%	-
Gold	13,806,199	13,806,199	-	-	0%	-
Investment in Nepalese Government Securities	3,845,921,550	-	-	3,845,921,550	0%	-
All claims on Government of Nepal	140,918,990	-	-	140,918,990	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	3,027,843,483	-	-	3,027,843,483	20%	605,568,697
Claims on Domestic banks that do not meet capital adequacy requirements	48,224,484	48,224,484	-	-	100%	-
Claims on Foreign Bank (ECA 0-1)	444,863,111	-	-	444,863,111	20%	88,972,622
Claims on Foreign Bank (ECA 2)	2,214,873,828	-	-	2,214,873,828	50%	1,107,436,914
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	23,675,650	-	-	23,675,650	20%	4,735,130
Claims on Domestic Corporate	29,062,620,314	-	148,875,678	28,913,744,636	100%	28,913,744,636
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)	8,846,889,835	-	2,537,866,103	6,309,023,733	75%	4,731,767,799
Claims fulfilling all criterion of regulatory retail except granularity	-	-	-	-	100%	-
Claims secured by residential properties	3,316,052,188	-	-	3,316,052,188	60%	1,989,631,313
Claims not fully secured by residential properties	-	-	-	-	150%	-
Claims secured by residential properties (Overdue)	56,317,856	6,356,007	-	49,961,849	100%	49,961,849
Claims secured by Commercial real estate	6,724,297,903	-	-	6,724,297,903	100%	6,724,297,903
Past due claims (except for claim secured by residential properties)	978,132,869	331,303,367	-	646,829,502	150%	970,244,253
High Risk claims	7,483,836,747	420,000	3,138,312,506	4,345,104,242	150%	6,517,656,362

Investments in equity & other capital instruments of institutions listed in the stock exchange	374,786,075	-	-	374,786,075	100%	374,786,075
Investments in equity & other capital instruments of institutions not listed in the stock exchange	18,100,000	-	-	18,100,000	150%	27,150,000
Staff loan secured by residential property	56,965,328	-	-	56,965,328	60%	34,179,197
Interest Receivable/claim on government securities	16,684,090	16,684,090	-	-	0%	-
Cash in transit and other cash items in the process of collection	104,849	-	-	104,849	20%	20,970
Other Assets (as per attachment)	1,590,536,215	668,155,237	-	922,380,978	100%	922,380,978
<b>TOTAL</b>	<b>79,101,137,243</b>	<b>1,084,949,384</b>	<b>5,825,054,286</b>	<b>72,191,133,572</b>		<b>53,062,534,700</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	2,618,122,098	-	-	2,618,122,098	10%	261,812,210
LC Commitments with Original Maturity upto 6 months (domestic counterparty)	2,205,426,849	-	119,046,076	2,086,380,773	20%	417,276,155
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)	4,024,721,908	-	163,784,178	3,860,937,731	50%	1,930,468,865
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)	13,151,765,607	-	525,259,199	12,626,506,408	50%	6,313,253,204
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	5,989,623,330	-	84,465,210	5,905,158,120	100%	5,905,158,120
Financial Guarantee	-	-	-	-	100%	-
Acceptances and Endorsement	2,481,632	-	-	2,481,632	100%	2,481,632
Unpaid portion of partly paid shares and securities	-	-	-	-	100%	-
Irrevocable Credit commitments (Short term)	2,607,114,550	-	-	2,607,114,550	20%	521,422,910
Irrevocable Credit commitments (Long term)	804,418,646	-	-	804,418,646	50%	402,209,323
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	1,570,000	-	-	1,570,000	200%	3,140,000
<b>Total</b>	<b>31,405,244,621</b>	<b>-</b>	<b>892,554,662</b>	<b>30,512,689,959</b>		<b>15,757,222,419</b>
Total RWE for credit risk Before Adjustment (A)+(B)	<b>110,506,381,863</b>	<b>1,084,949,384</b>	<b>6,717,608,948</b>	<b>102,703,823,531</b>		<b>68,819,757,119</b>
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)						-
<b>Total RWE for credit risk ( After Bank's Adjustment of Pillar II)</b>	<b>110,506,381,863</b>	<b>1,084,949,384</b>	<b>6,717,608,948</b>	<b>102,703,823,531</b>		<b>68,819,757,119</b>

## ii. Risk Weighted Exposure of Operational Risk

Particulars	Year 1	Year 2	Year 3
Net Interest Income	1,059,965,805.99	1,387,782,918.00	1,588,461,085.00
Commission and Discount Income	71,049,554.38	103,923,820.00	150,562,047.00
Other Operating Income	241,470,395.62	256,920,387.00	331,044,044.00
Exchange Fluctuation Income	36,164,535.45	74,147,855.00	100,813,834.00
Additional Interest Suspense during the period	45,289,550.00	(35,413,977.00)	(38,285,872.00)
Gross Income (a)	<b>1,453,939,841</b>	<b>1,787,361,003</b>	<b>2,132,595,138</b>
Alfa (b)	15%	15%	15%
Fixed Percentage of Gross Income [c=(a*b)]	218,090,976	268,104,150	319,889,271
Capital Requirement for operational risk (d) (average of c)			268,694,799
Risk Weight (reciprocal of capital requirement of 10%) in times (e)			10
Equivalent Risk Weight Exposure[f=(d*e)]			2,686,947,991
<b>PILLAR II ADJUSTMENT</b>			-
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			10
Equivalent Risk Weight Exposure[g]			-
<b>Equivalent Risk Weight Exposure [h=f+g]</b>			<b>2,686,947,991</b>

## iii. Risk Weighted Exposure of Market Risk

Currency	Open Position (FCY)	Exchange Rate	Open Position (NPR)	Relevant Open Position
INR	171,042,699	1.60	273,668,319	273,668,319
USD	77,141	102.85	7,933,981	7,933,981
GBP	18,500	132.65	2,453,974	2,453,974
EUR	46,502	116.81	5,431,904	5,431,904
THB	8,488	3.03	25,718	25,718
CHF	131	105.85	13,835	13,835
AUD	700	79.07	55,312	55,312
CAD	6,179	80.48	497,258	497,258
SGD	1,259	74.60	93,900	93,900
JPY	2,244,272	0.91	2,031,515	2,031,515
HKD	1,003	13.16	13,200	13,200
DKK	151	15.71	2,369	2,369
SEK	-	12.27	-	-
SAR	3,852	27.21	104,813	104,813
QAR	1,153	27.75	31,999	31,999
AED	7,108	27.78	197,468	197,468
MYR	14,470	23.79	344,233	344,233
KRW	-	0.09	-	-
CNY	19,432	15.13	294,002	294,002
KWD	-	336.10	-	-
BHD	-	270.78	-	-
<b>Total Open Position (a)</b>			<b>293,193,801</b>	<b>293,193,801</b>
<b>Fixed Percentage (b)</b>			-	5%
<b>Capital Charge for Market Risk [c=(a*b)]</b>				14,659,690
<b>Risk Weight (reciprocal of capital requirement of 10%) in times (d)</b>				10
<b>Equivalent Risk Weight Exposure [e=(c*d)]</b>				<b>146,596,900</b>

## 10. Amount of NPAs

Classification of Loan	Gross NPA	Net NPA
Restructured/Rescheduled Loan	Nil	Nil
Sub-Standard Loan	111,873,787	83,905,340
Doubtful Loan	77,377,772	38,688,886
Loss Loan	270,036,307	0

## 11. NPA ratios

Gross NPA to Gross Advance	0.78%
Net NPA to Net Advances	0.21%

## 12. Movement of Non-performing Assets

Particulars	Opening Balance	Closing Balance	Difference
Sub-standard Loan	242,406,676	111,873,787	(130,532,888)
Doubtful Loan	154,439,994	77,377,772	(77,062,221)
Loss Loan	280,552,236	270,036,307	(10,515,929)

## 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	482,629,602	574,287,703	18.99%
Watch list	29,921,952	38,310,528	28.03%
Sub-standard Loan	60,601,669	27,968,447	-53.85%
Doubtful Loan	77,219,997	38,688,886	-49.90%
Loss Loan	280,552,236	270,036,307	-3.75%
Personal Guarantee	990,000	1,385,734	39.97%

### ii. Movement of Interest Suspense

Particulars	Opening Balance	Closing Balance	% Change
Interest Suspense	263,341,610	217,422,277.93	-17.44%

## 15. Details of additional loan loss provisions

Particulars	Opening Balance	Closing Balance	Additional Provision
Pass Loan	482,629,602	574,287,703	91,658,101
Watch List	29,921,952	38,310,528	8,388,577
Sub-standard Loan	60,601,669	27,968,447	(32,633,222)
Doubtful Loan	77,219,997	38,688,886	(38,531,111)
Loss Loan	280,552,236	270,036,307	(10,515,929)
Personal Guarantee	990,000	1,385,734	395,734

**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>5,800,844,928</b>
Treasury Bills	782,441,550
Development Bond	3,063,480,000
Money at Call	48,224,484
Other Investments	1,906,698,894
<b>Available for sale</b>	<b>392,886,075.22</b>
NGADI GROUP POWER LIMITED	57,900.00
PRABHU CAPITAL LIMITED	500,000.00
NERUDE LAGHUBITTA LTD.-ORDINARY	4,275,000.00
NERUDE LAGHUBITTA LTD.-PROMOTER	14,025,200.00
NLG INSURANCE CO.LTD	78,300.00
HYDROELECTRICITY DEV.CO.LTD (HIDCL)	1,448,200.00
LAXMI EQUITY FUND	58,495,870.00
Mahila Sahayatra Micro Finance Dev	14,000,000.00
MERO MICRO FINANCE BITTIYA SA	14,000,000.00
GLOBAL IME SAMUNNAT SCHEME-1	37,972,680.00
NEPS LTD.	15,000,000.00
NMB HYBIRD FUND	12,619,210.00
NABIL EQUITY FUND	11,265,040.00
NEPAL DOORSANCHAR CO.LTD (NTC)	196,274,605.22
NIBL PRAGATI FUND	10,274,070.00
Nepal Clearing House Ltd.	2,600,000.00
NGADI GROUP POWER LIMITED	<b>392,886,075.22</b>
PRABHU CAPITAL LIMITED	57,900.00

**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