

# PRIME COMMERCIAL BANK LIMITED

## Disclosures under BASEL III as at 2076.03.31

Amount in NPR

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

	Amount (Rs.)
Core Capital (Tier 1)	
Paid up Equity Share Capital	9,318,626,689
Statutory General Reserves	1,590,393,302
Proposed Bonus Equity Shares	-
Share Premium	-
Retained Earnings	65,559,847
Un-audited current year cumulative profit	2,058,839,456
Capital Redemption Reserve	-
Other Free Reserve	10,579,902
Less: Fictitious Assets	-
Less: Intangible Assets	7,708,980
Less: Deferred Tax Assets	51,950,493
Less: Investment in equity in licensed Financial Institutions	51,023,000
<b>Total Core Capital (Tier I)</b>	<b>12,933,316,722</b>

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

Supplementary Capital (Tier 2)	Amount
General loan loss provision	782,830,823
Exchange Equalization Reserve	2,709,748
Investment Adjustment Reserve	1,500,000
<b>Total Core Capital (Tier II)</b>	<b>787,040,571</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:

Deduction from Tier I Capital	Amount
Intangible Assets	7,708,980
Deferred Tax Assets	51,950,493
Investment in equity in licensed Financial Institutions	51,023,000
<b>Total Deduction from Tier I Capital</b>	<b>110,682,474</b>

### 5. Total Qualifying Capital:

Total Qualifying Capital	Amount
Core Capital (Tier 1)	12,933,316,722
Supplementary Capital (Tier 2)	787,040,571
<b>Total qualifying capital</b>	<b>13,720,357,294</b>

6. Capital Adequacy Ratio:

Capital Adequacy Ratio	Percentage
Tier 1 Capital to Total Risk Weighted Exposures	12.05%
Tier 1 & Tier 2 Capital to Total Risk Weighted Exposures	12.78%

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

Risk Weighted Exposures	Amount
Risk weighted Exposures for Credit Risk	98,173,308,226
Risk weighted Exposures for Operational Risk	4,391,499,539
Risk weighted exposures for Market Risk	149,735,663
<b>Total Risk Weighted Exposures (Before adjustments of Pillar II)</b>	<b>102,714,543,428</b>
<b><u>Adjustment under Pillar II</u></b>	
ALM policies & practices are not satisfactory, add 1% of net interest income to RWE	-
Add 3 % of the total deposit due to insufficient Liquid Assets	-
Add RWE equivalent to reciprocal of capital charge of 4 % of gross income.	1,534,200,000
Overall risk management policies and procedures are not satisfactory. Add 3% of RWE	3,081,436,303
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>107,330,179,731</b>

8. Risk weighted exposure under each of 11 categories

Credit Risk	Claim	RWE
Claims on Govt. and Central Bank	19,857,016,898	-
Claims on Other Financial Entities	-	-
Claims on Banks	7,665,072,482	2,302,866,133
Claims on Corporate and Securities Firm	43,278,315,327	42,982,466,086
Claims on Regulatory Retail Portfolio	13,664,367,715	8,047,305,043
Claims on Secured by Residential Properties	4,870,752,274	2,936,824,337
Claims on Secured by Commercial Real Estate	3,940,807,201	3,940,807,201
Past due Claims	1,302,553,835	1,326,886,877
High Risk Claims	3,994,882,522	3,052,670,324
Lending against Securities (Bond & Shares)	2,064,461,653	2,058,792,141
Other Assets	3,334,838,267	1,857,493,742
Off Balance Sheet Items	56,735,926,657	29,667,196,340
<b>Total</b>	<b>160,708,994,831</b>	<b>98,173,308,226</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	2,503,769,359	-	-	2,503,769,359	0%	-
Balance with Nepal Rastra Bank	7,807,981,176	-	-	7,807,981,176	0%	-
Gold	543,196,336	543,196,336	-	-	0%	-
Investment in Nepalese Government Securities	8,862,695,000	-	-	8,862,695,000	0%	-
All claims on Government of Nepal	139,375,027	-	-	139,375,027	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	3,859,148,043	-	-	3,859,148,043	20%	771,829,609
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)	1,136,964,008	-	-	1,136,964,008	20%	227,392,802
Claims on Foreign Bank (ECA 2)	2,598,321,778	-	-	2,598,321,778	50%	1,299,160,889
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	22,414,169	-	-	22,414,169	20%	4,482,834
Claims on Domestic Corporate	43,278,315,327	-	295,849,241	42,982,466,086	100%	42,982,466,086
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)	13,664,367,715	-	2,934,627,657	10,729,740,058	75%	8,047,305,043
Claims fulfilling all criterion of regulatory retail except granularity	-	-	-	-	100%	-
Claims secured by residential properties	4,772,208,758	-	-	4,772,208,758	60%	2,863,325,255
Claims not fully secured by residential properties	-	-	-	-	150%	-
Claims secured by residential properties (Overdue)	98,543,515	25,044,433	-	73,499,082	100%	73,499,082
Claims secured by Commercial real estate	3,940,807,201	-	-	3,940,807,201	100%	3,940,807,201
Past due claims (except for claim secured by residential properties)	1,302,553,835	417,962,583	-	884,591,252	150%	1,326,886,877
High Risk claims	3,994,882,522	-	1,959,768,973	2,035,113,550	150%	3,052,670,324
Lending against Securities(Bond & Shares)	2,064,461,653	-	5,669,512	2,058,792,141	100%	2,058,792,141
Investments in equity & other capital instruments of institutions listed in the stock exchange	532,877,892	21,612,669	-	511,265,223	100%	511,265,223

Investments in equity & other capital instruments of institutions not listed in the stock exchange	22,100,000	-	-	22,100,000	150%	33,150,000
Staff loan secured by residential property	129,328,248	-	-	129,328,248	60%	77,596,949
Interest Receivable/claim on government securities	82,023,800	82,023,800	-	-	0%	-
Cash in transit and other cash items in the process of collection	203,626,818	-	-	203,626,818	20%	40,725,364
Other Assets (as per attachment)	2,364,881,509	1,170,125,302	-	1,194,756,207	100%	1,194,756,207
<b>TOTAL</b>	<b>103,973,068,174</b>	<b>2,308,189,607</b>	<b>5,195,915,383</b>	<b>96,468,963,184</b>		<b>68,506,111,886</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	3,958,908,280	-	-	3,958,908,280	10%	395,890,828
LC Commitments with Original Maturity upto 6 months (domestic counterparty)	3,835,875,690	-	115,067,255	3,720,808,435	20%	744,161,687
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)	3,415,266,274	-	173,491,674	3,241,774,599	50%	1,620,887,300
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)	21,498,034,393	-	831,303,145	20,666,731,248	50%	10,333,365,624
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	12,727,742,657	-	85,950,184	12,641,792,472	100%	12,641,792,472
Financial Guarantee	-	-	-	-	100%	-
Acceptances and Endorsement	251,363,972	-	-	251,363,972	100%	251,363,972
Unpaid portion of partly paid shares and securities	-	-	-	-	100%	-
Irrevocable Credit commitments (Short term)	7,857,278,476	-	-	7,857,278,476	20%	1,571,455,695
Irrevocable Credit commitments (Long term)	2,261,133,256	-	-	2,261,133,256	50%	1,130,566,628
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective capital requirement	-	-	-	-	20%	-
Other Contingent Liabilities	882,935,184	-	-	882,935,184	100%	882,935,184
Unpaid Guarantee Claims	47,388,475	-	-	47,388,475	200%	94,776,950
<b>Total</b>	<b>56,735,926,657</b>	<b>-</b>	<b>1,205,812,259</b>	<b>55,530,114,398</b>		<b>29,667,196,340</b>
<b>Total RWE for credit risk Before Adjustment (A)+(B)</b>	<b>160,708,994,831</b>	<b>2,308,189,607</b>	<b>6,401,727,642</b>	<b>151,999,077,582</b>		<b>98,173,308,226</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>160,708,994,831</b>	<b>2,308,189,607</b>	<b>6,401,727,642</b>	<b>151,999,077,582</b>		<b>98,173,308,226</b>

## ii. Risk Weighted Exposure of Operational Risk

Particulars	Year 1	Year 2	Year 3
Net Interest Income	1,588,461,085.00	1,904,341,192.89	2,562,109,610.00
Commission and Discount Income	150,562,047.00	362,216,883.41	475,753,880.00
Other Operating Income	331,044,044.00	419,802,479.97	507,284,320.00
Exchange Fluctuation Income	100,813,834.00	122,512,090.85	185,077,300.00
Additional Interest Suspense during the period	(38,285,872.00)	6,136,187.00	105,169,995.34
Gross Income (a)	2,132,595,138	2,815,008,834	3,835,395,105
Alfa (b)	15%	15%	15%
Fixed Percentage of Gross Income [c=(a*b)]	319,889,271	422,251,325	575,309,266
Capital Requirement for operational risk (d) (average of c)			439,149,954
Risk Weight (reciprocal of capital requirement of 10%) in times (e)			10
Equivalent Risk Weight Exposure[f=(d*e)]			4,391,499,539
<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>4,391,499,539</b>

## iii. Risk Weighted Exposure of Market Risk

Currency	Open Position (FCY)	Exchange Rate	Open Position (NPR)	Relevant Open Position
INR	182,083,096	1.60	291,332,954	291,332,954
USD	12,209	109.55	1,337,514	1,337,514
GBP	1,590	136.09	216,443	216,443
EUR	2,652	122.71	325,407	325,407
THB	43,464	3.53	153,428	153,428
CHF	653	110.72	72,335	72,335
AUD	6,144	76.78	471,711	471,711
CAD	8,995	83.60	751,996	751,996
SGD	2,869	80.44	230,751	230,751
JPY	1,979,303	1.01	1,997,117	1,997,117
HKD	7,792	14.01	109,169	109,169
DKK	46,124	16.42	757,350	757,350
SEK	452	11.66	5,270	5,270
SAR	20,036	28.98	580,641	580,641
QAR	2,875	29.85	85,809	85,809
AED	15,781	29.59	466,958	466,958
MYR	10,559	26.47	279,508	279,508
KRW	53,258	0.09	4,932	4,932
CNY	11,536	15.90	183,419	183,419
KWD	305	356.47	108,617	108,617
BHD	-	288.30	-	-
<b>Total Open Position (a)</b>			<b>299,471,326</b>	<b>299,471,326</b>
<b>Fixed Percentage (b)</b>			-	5%
<b>Capital Charge for Market Risk [c=(a*b)]</b>				14,973,566
<b>Risk Weight (reciprocal of capital requirement of 10%) in times (d)</b>				10
<b>Equivalent Risk Weight Exposure [e=(c*d)]</b>				<b>149,735,663</b>

**10. Amount of NPAs**

Classification of Loan	Gross NPA	Net NPA
Restructured/Rescheduled Loan	Nil	Nil
Sub-Standard Loan	230,040,112	172,530,084
Doubtful Loan	167,234,726	83,617,363
Loss Loan	301,753,625	-

**11. NPA ratios**

Gross NPA to Gross Loan & Advance	0.92%
Net NPA to Net Loan & Advances	0.34%

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

Particulars	Opening Balance	Closing Balance	Difference
Sub-standard Loan	267,552,772	230,040,112	(37,512,660)
Doubtful Loan	439,639,579	167,234,726	(272,404,853)
Loss Loan	458,118,698	301,753,625	(156,365,073)

**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	708,620,495.97	749,276,870.72	5.74%
Watch list	89,636,256.71	33,553,952.55	-62.57%
Sub-standard Loan	66,888,193.11	57,510,028.03	-14.02%
Doubtful Loan	219,819,789.50	83,617,363.20	-61.96%
Loss Loan	458,118,697.88	301,753,625.21	-34.13%
Personal Guarantee	126,000.00	126,000.00	0.00%

**ii. Movement of Interest Suspense**

Particulars	Opening Balance	Closing Balance	% Change
Interest Suspense	521,650,638.02	397,806,710.45	-23.74%

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

Particulars	Opening Balance	Closing Balance	Additional Provision
Pass Loan	708,620,495.97	749,276,870.72	40,656,375
Watch List	89,636,256.71	33,553,952.55	(56,082,304)
Sub-standard Loan	66,888,193.11	57,510,028.03	(9,378,165)
Doubtful Loan	219,819,789.50	83,617,363.20	(136,202,426)
Loss Loan	458,118,697.88	301,753,625.21	(156,365,073)
Personal Guarantee	126,000.00	126,000.00	-

**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>11,792,551,860</b>	
Treasury Bills	-	
Development Bond	8,862,695,000	
Money at Call	48,224,484	
Other Investments	2,881,632,376	
<b>Available for sale</b>		
<b>Particulars</b>	<b>Cost Price</b>	<b>Fair Value</b>
BANKING FINANCE AND INSURANCE INSTITUTE OF NEPAL LTD	3,000,000	3000000
GLOBAL IME SAMUNNAT SCHEME-1	37,978,706	31826133.84
LAXMI EQUITY FUND	58,455,870	44601828.81
NABIL EQUITY FUND	11,265,040	10510282.32
NECO INSURANCE COMPANY LTD.	172,866,982	124735545
NEPAL CLEARING HOUSE LTD.	2,600,000	3744000
NEPAL DOORSANCHAR CO.LTD (NTC)	88,507,473	91766367
NEPS LTD.	15,000,000	15000000
NEPAL LIFE INSURANCE COMPANY LTD (BONUS SHARE)	-	3604
NERUDE LAGHUBITTA LTD.-PROMOTER	13,303,198	94923388
NIBL PRAGATI FUND	10,298,322	7661951.903
NLG INSURANCE CO.LTD	127,566,173	82155792
NMB HYBIRD FUND	12,636,128	12673757.55
PRABHU CAPITAL LIMITED	1,500,000	1500000
<b>Grand Total</b>	<b>554,977,892</b>	<b>524,102,650</b>
<b>Investment in Associates</b>	<b>Amount (Rs.)</b>	
<b>MAHILA SAHAYATRA MICRO FINANCE BITTIYA SANSTHA LTD.</b>	14,000,000	
<b>MERO MICRO FINANCE BITTIYA SANSTHA LTD.</b>	37,023,000	

**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**